INTERIM REPORT FOR THE PERIOD 1 JANUARY – 31 MARCH 2018

The first three months of 2018 reflects significant contract phasing

ISS (ISS.CO, ISS DC, ISSDY), a leading global provider of facility services, announces its interim financial report for the first three months of 2018:

Highlights

- Organic revenue growth of 3.1% in the first three months (Q4 2017: 3.6%), supported by non-portfolio revenue and better than expected timing in contract transitions.
- Total revenue decreased by 0.4% in the first three months (Q4 2017: 1.4%) driven by negative currency effects of 5.6% partly offset by organic growth and a positive net impact from acquisitions and divestments of 2.1%.
- Operating margin of 4.0% in the first three months (Q1 2017: 4.5%) reflecting mainly the impact of contracts phasing in and out. The net impact of acquisitions and divestments as well as currency translation effects was negative by 6 bps.
- Operating profit before other items decreased to DKK 763 million in the first three months (Q1 2017: DKK 875 million).
- Cash conversion over the last twelve months of 102% (Q4 2017: 104%).
- Net profit (adjusted) decreased to DKK 296 million in the first three months (Q1 2017: DKK 546 million), mainly due to increased other income and expenses, net and lower operating profit before other items.
- Net profit decreased to DKK 185 million in the first three months (Q1 2017: DKK 444 million).
- Free cash flow was an outflow of DKK 1,250 million for the first three months (Q1 2017: an outflow of DKK 976 million). The decrease was driven by lower cash flow from operating activities.
- Leverage at 31 March 2018 was 2.5x (31 March 2017: 2.3x), impacted among others by the acquisition of Guckenheimer in 2017. Our capital allocation and leverage objectives remain unchanged.
- Revenue from Key Account customers corresponded to 52% of Group revenue (Q4 2017: 52%)
- Revenue from Global Key Accounts increased by 4% in constant currency in the first three months and represents 13% of Group revenue (Q4 2017: 12%).
- Revenue generated from IFS increased by 11% in constant currency in the first three months leading to a total share of 38% of Group revenue (Q4 2017: 40%).
- Strategic initiatives, including sharper focus on key customers, continue to be implemented according to plan. Implementation of GREAT in France was successfully initiated and the transition and mobilisation of Deutsche Telekom remains on track.
- The 2018 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 three months of 2018 were encouraging. We delivered solid organic growth, supported by contract launches and demand for non-portfolio services within our strategic customer segments. Our margin performance was as expected impacted by acquisitions and divestments and currency effects, as well as phasing in and out of significant contracts. We launched a number of major contracts, such as LEGO Group and an international food and beverage company, and we saw several new wins during the quarter, among others Royal Philips, a major international air carrier and a new customer in the pharmaceutical industry. We will continue to strengthen our business with the implementation of strategic initiatives and our focus on key accounts. We are proud that our efforts were once again recognised on the IAOP Global Outsourcing Top 100 list where we achieved the highest possible rating for the sixth year in a row."

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

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KEY FIGURES AND FINANCIAL RATIOS[1)]

DKK million (unless otherwise stated)	Q1 2018	Q1 2017	1 January - 31 March 2018	1 January - 31 March 2017
Income statement				
Revenue	19,303	19,382	19,303	19,382
Operating profit before other items	763	875	763	875
Operating margin [2)]	4.0%	4.5%	4.0%	4.5%
EBITDA before other items	926	1,050	926	1,050
EBITDA	727	1,046	727	1,046
Operating profit (adjusted)	564	871	564	871
Operating profit	420	741	420	741
Financial income	7	19	7	19
Financial expenses	(157)	(130)	(157)	(130)
Net profit (adjusted)	296	546	296	546
Net profit from continuing operations [3)]	195	457	195	457
Net profit/(loss) from discontinued operations [3)]	(10)	(13)	(10)	(13)
Net profit	185	444	185	444
Cash flow				
Cash flow from operating activities	(1,026)	(781)	(1,026)	(781)
Acquisition of intangible assets and property, plant and equipment, net	(205)	(180)	(205)	(180)
Free cash flow	(1,250)	(976)	(1,250)	(976)
Cash conversion	102%	98%	102%	98%
Financial position				
Total assets	49,967	49,193	49,967	49,193
Goodwill	22,667	22,569	22,667	22,569
Additions to property, plant and equipment	194	173	194	173
Equity (attributable to owners of ISS A/S)	13,778	13,027	13,778	13,027
Equity ratio	27.6%	26.5%	27.6%	26.5%
Employees				
Number of employees end of period	482,763	491,147	482,763	491,147
Full-time employees	76%	74%	76%	74%
Growth				
Organic growth	3.1 %	2.6 %	3.1 %	2.6 %
Acquisitions and divestments, net	2.1 %	(0.6)%	2.1 %	(0.6)%
Currency adjustments	(5.6)%	(0.3)%	(5.6)%	(0.3)%
Total revenue growth	(0.4)%	1.7 %	(0.4)%	1.7 %
Financial leverage				
Pro forma adjusted EBITDA	5,075	5,210	5,075	5,210
Net debt	12,558	11,919	12,558	11,919
Net debt / Pro forma adjusted EBITDA	2.5x	2.3x	2.5x	2.3x
Stock market ratios				
Earnings per share				
Basic earnings per share (EPS), DKK	1.0	2.4	1.0	2.4
Diluted earnings per share, DKK	1.0	2.4	1.0	2.4
Adjusted earnings per share, DKK	1.6	2.9	1.6	2.9
Earnings per share from continuing operations				
Basic earnings per share (EPS), DKK	1.1	2.5	1.1	2.5
Diluted earnings per share, DKK	1.0	2.5	1.0	2.5
Adjusted earnings per share, DKK	1.7	3.0	1.7	3.0
Number of shares				
Number of shares issued (in thousands)	185,668	185,668	185,668	185,668
Number of treasury shares (in thousands)	1,001	1,514	1,001	1,514
Average number of shares (basic) (in thousands)	184,227	183,622	184,227	183,622
Average number of shares (diluted) (in thousands)	185,360	185,481	185,360	185,481

1) See definitions in the Annual Report 2017.
2) The Group uses Operating profit before other items for the calculation of Operating margin.
3) As of 30 June 2017, Argentina and Uruguay are classified as discontinued operations. Comparative figures for 2017 have been restated accordingly.

GROUP PERFORMANCE

OPERATING RESULTS

January – March 2018

Group revenue was DKK 19.3 billion, representing a decrease of 0.4% compared with the same period last year. Organic growth amounted to 3.1%, while the impact from acquisitions and divestments, net, increased revenue by 2.1% and currency effects impacted revenue negatively by 5.6%.

Organic growth was supported by contract launches within our strategic customer segments and demand for non-portfolio services on key account contracts. All regions delivered positive organic growth mainly driven by strong portfolio growth in Continental Europe and Asia & Pacific. Furthermore, Americas and Northern Europe delivered solid organic growth due to start-up of large key account contracts and expansion of Global Key Account contracts in North America within catering. The positive organic growth was partly offset by the reduction of revenue related to DXC Technology, HP Inc. and an international bank in EMEA.

Operating profit before other items amounted to DKK 763 million (Q1 2017: DKK 875 million) for an operating margin of 4.0% (Q1 2017: 4.5%). The operating margin was negatively impacted by acquisitions and divestments and currency effects of 6 bps. Furthermore, the margin was negatively impacted by large key account contracts phasing in and out across all regions and continued investments in selected countries and businesses. Corporate costs amounted to 0.7% of revenue (2017: 0.8%), which was in line with expectations.

Other income and expenses, net was an expense of DKK 199 million (Q1 2017: 4 million), predominantly related to the implementation of GREAT especially in France and Sweden. Furthermore, gain and loss on divestments, net was a net loss of DKK 29 million (Q1 2017: gain of DKK 48 million) mainly related to the divestment of the Group's activities in Greece.

Financial income and expenses, net was an expense of DKK 150 million for the first three months of 2018 (Q1 2017: DKK 111 million). The increase was partly a result of higher interest expenses on the back of the acquisition of Guckenheimer in April 2017 as well as slightly higher cost of debt following the refinancing in August 2017. In addition, foreign exchange losses, net was DKK 7 million compared with a gain of DKK 11 million last year.

The effective tax rate per 31 March 2018 was 26.0% (Q1 2017: 26.4%) calculated as Income taxes (adjusted) of DKK 108 million divided by Profit before tax (adjusted) of DKK 414 million.

The Group's activities in Argentina and Uruguay continue to be classified as discontinued operations and presented separately in the income statement, as sales processes were initiated 30 June 2017. Net profit from discontinued operations was a loss of DKK 10 million for the first three months of 2018. Comparative figures have been restated accordingly as described in note 9 in the interim financial statements.

Net profit (adjusted) amounted to DKK 296 million (Q1 2017: DKK 546 million), mainly due to higher other income and expenses, net and a decrease in operating profit before other items compared to last year.

Net profit amounted to DKK 185 million (2017: DKK 444 million).

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 these key accounts represent 52% of our total revenue (Q4 2017: 52%).

Revenue generated from Global Key Accounts increased by 4% in constant currencies to DKK 2.5 billion, representing approximately 13% of Group revenue. Growth was mainly driven by 2017 contract launches with Shire, Huawei and a customer in the retail and wholesale segment as well as contract start-ups with LEGO Group and an international food and beverage company in 2018. Combined this more than offset the revenue reduction related to DXC Technology, HP Inc. and an international bank in EMEA.

The IFS share of Group revenue in Q1 was up by 11% in constant currencies to DKK 7.4 billion, representing approximately 38%. In addition to the growth from Global Key Accounts, the growth was driven by IFS contract launches such as the MTR Corporation contract in Hong Kong, Adana Hospital in Turkey, ABB in Asia & Pacific and Sengkang Hospitals in Singapore. Furthermore, we extended and expanded the Danish Defence contract in Denmark as well as converted existing contracts with National Westminster Bank and a professional service company to IFS contracts in the UK.

CASH FLOWS

The LTM (last twelve months) cash conversion for March 2018 was 102%, which was positively influenced by the timing of collections and payments around Easter.

Cash flow from operating activities

Cash flow from operating activities in the first three months represented a net cash outflow of DKK 1,026 million (Q1 2017: DKK 781 million). The higher cash outflow compared to last year was primarily due to lower cash inflow from Operating profit before other items and a negative impact from changes in working capital.

MAJOR KEY ACCOUNT DEVELOPMENTS [1]	COUNTRIES	TERM	EFFECTIVE DATE
WINS			
Arriva Rail Northern Ltd	UK	1 year	Q1 2018
Royal Philips	Americas, the Netherlands, UK and Singapore	5 years	Q2 2018
International air carrier	North America	5+2 years	Q1 2018
Pharmaceutical segment company	North America	3 years	Q3 2018
EXTENSIONS/EXPANSIONS			
City and County of Denver Aviation	North America	3 years	Q1 2018
International investment bank	UK	3 years	Q1 2018
IT and telephone service provider	UK	5 years	Q1 2018
BMW AG	Germany	5 years	Q3 2018
LOSSES			
AcelorMittal	France	-	Q2 2018
Ipswich Hospital NHS Trust	UK	-	Q2 2018

1) Updates since Annual Report 2017

Cash flow from investing activities

Cash flow from investing activities was a net cash outflow of DKK 182 million (Q1 2017: DKK 105 million). Investments in intangible assets and property, plant and equipment, net, was DKK 205 million (Q1 2017: DKK 180 million), which represented 1.1% of Group revenue (Q1 2017: 0.9%). The increase in investments is mainly due to timing between quarters. The cash inflow from acquisition and divestment of businesses, net of DKK 42 million mainly related to divestment of the engineering consulting business and the archiving services in Finland as well as the divestment of the kitchen maintenance activities in Belgium. This was partly offset by deferred payments regarding previous years' acquisitions.

Cash flow from financing activities

Cash flow from financing activities was a cash inflow of DKK 108 million (Q1 2017: DKK 500 million), primarily related to drawing on working capital facilities due to normal seasonality.

Free cash flow

Free cash flow was an outflow of DKK 1,250 million (Q1 2017: 976 million). The increased cash outflow was mainly due to higher cash outflow from operating activities and higher cash outflow from investments in intangible assets and property, plant and equipment, net.

STRATEGIC ACQUISITIONS AND DIVESTMENTS

In Q1 we completed the divestment of the Group's activities in Greece as well as minor non-core activities in Belgium, Hungary, Brazil, Denmark and North America.

On 23 February 2018, we announced the divestment of the landscaping activities in the UK. The transaction awaits formal closing.

At 31 March 2018, four businesses continued to be classified as held for sale, including the landscaping business in the UK, Argentina and Uruguay and a business in Continental Europe. Assets and liabilities held for sale amounted to DKK 1,247 million and DKK 428 million, respectively.

We will continue to review our existing business for potential divestments of non-core activities and likewise will consider making acquisitions which enhance our core competencies subject to tight strategic and financial filters.

CAPITAL STRUCTURE

ISS's financings mainly consist of a senior unsecured bank facility and corporate bonds issued under an EMTN programme.

The senior unsecured bank facility consists of a revolving credit facility of EUR 1,000 million with a group of 15 banks maturing in November 2022. The applicable drawn margin is determined semi-annually based on a leverage grid.

Our objective is to maintain an investment grade financial profile, and the target is for the financial leverage to be below 2.5x pro forma adjusted EBITDA, taking seasonality into account. At the end of March 2018, the financial leverage was 2.5x (31 December 2017: 2.2x and 31 March 2017: 2.3x), impacted among others by the acquisition of Guckenheimer in 2017.

ISS currently holds the investment grade corporate credit rating of BBB / Stable outlook by S&P and Baa2 / Stable outlook by Moody's.

Net debt

Net debt was DKK 12,558 million at 31 March 2018, an increase of DKK 1,233 million compared with 31 December 2017. The increase was mainly the result of normal seasonality in operating cash flows.

EQUITY

Total equity was DKK 13,790 million at 31 March 2018 equivalent to an equity ratio of 27.6% (31 December 2017: 27.2%). The DKK 24 million decrease in total equity from December 2017 was mainly the result of negative foreign exchange adjustments of subsidiaries of DKK 206 million. This was partly offset by a net profit of DKK 185 million. The negative currency adjustments were mainly due to depreciation of USD, SEK and AUD towards DKK.

SUBSEQUENT EVENTS

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to 31 March 2018, which are expected to have a material impact on the Group's financial position.

OUTLOOK

OUTLOOK 2018

This section should be read in conjunction with “Forward-looking statements” as shown in the table below.

The outlook for 2018 for organic growth, operating margin and cash conversion remains unchanged from our Annual Report 2017.

The outlook for 2018 for organic growth, operating margin and cash conversion is as follows.

- Organic growth is expected to be 1.5%-3.5%.
- Operating margin in 2018 is expected to be around 5.6%, excluding the impact from acquisitions and divestments as well as currency translation effects.
- Cash conversion is expected to remain above 90%.

EXPECTED IMPACT FROM DIVESTMENTS, ACQUISITIONS AND FOREIGN EXCHANGE RATES IN 2018

We expect the divestments and acquisitions completed by 30 April 2018 (including in 2017) to have immaterial net impact on the revenue growth in 2018. Based on the forecasted average exchange rates for the year 2018[1)] we expect a negative impact on revenue growth in 2018 of approximately 4.0%-points.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements including, but not limited to, the statements and expectations contained in the Outlook section on page 6. 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 these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. ISS has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which 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 the Annual Report 2017 of ISS A/S 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.

The Annual Report 2017 of ISS A/S is available at the Group’s website, www.issworld.com.

1) The forecasted average exchange rates for the financial year 2018 are calculated using the realised average exchange rates for the first four months of 2018 and the average forward exchange rates (as of 1 May 2018) for the last eight months of 2018.

Q1 REVENUE AND GROWTH

DKK million	Q1 2018	Q1 2017	Organic growth	Acq./div.	Currency adj.	Growth Q1 2018
Continental Europe [1)]	7,579	7,685	3 %	(2)%	(2)%	(1)%
Northern Europe [2)]	5,896	6,076	1 %	(2)%	(2)%	(3)%
Asia & Pacific [3)]	3,540	3,736	5 %	-	(10)%	(5)%
Americas [4)]	2,286	1,881	4 %	33 %	(15)%	22 %
Other countries [5)]	19	27	(27)%	-	(1)%	(28)%
Corporate / eliminations	(17)	(23)	-	-	-	26 %
Group	**19,303**	**19,382**	**3.1 %**	**2.1 %**	**(5.6)%**	**(0.4)%**

Q1 OPERATING PROFIT AND MARGIN [6)]

DKK million	Q1 2018		Q1 2017		Growth Q1 2018
Continental Europe	339	4.5 %	362	4.7 %	(6)%
Northern Europe	287	4.9 %	338	5.6 %	(15)%
Asia & Pacific	206	5.8 %	286	7.7 %	(28)%
Americas	56	2.5 %	43	2.5 %	30 %
Other countries	0	2.5 %	(0)	(0.7)%	100 %
Corporate / eliminations	(125)	(0.7)%	(154)	(0.8)%	19 %
Group	**763**	**4.0 %**	**875**	**4.5 %**	**(13)%**

Grouping of countries into regions:
1) Continental Europe comprises Austria, Belgium & Luxembourg, Bulgaria, the Czech Republic, Estonia, France, Germany, Greece (divested Jan 2018), Hungary, Israel, Italy, Latvia, Lithuania, the Netherlands, Poland, Romania, Russia, Slovakia, Slovenia, Spain & Portugal, Switzerland, Turkey.
2) Northern Europe comprises Denmark, Finland, Norway, Sweden and the UK & Ireland.
3) Asia & Pacific comprises Australia & New Zealand, Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Taiwan and Thailand.
4) Americas comprises Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, and the USA & Canada.
5) Other Countries comprise Algeria, Bahrain, Cayman Islands, Croatia, Egypt, Greece, Jordan, Kuwait, Monaco, Morocco, Nigeria, Pakistan, South Africa, South Korea, Ukraine, United Arab Emirates and Vietnam.
6) The Group uses Operating profit before other items for the calculation of Operating margin.

REGIONAL PERFORMANCE

CONTINENTAL EUROPE

Revenue decreased 1% to DKK 7,579 million in the first three months of 2018. Organic growth amounted to 3% (Q4 2017: 6%) while acquisitions and divestments, net decreased revenue by 2% and currency effects impacted revenue negatively by 2%. The organic growth in Continental Europe was mainly driven by Turkey, Austria and Switzerland with the main drivers being contract launches in the healthcare segment and price increases in Turkey as well as key account contract launches in Austria and Switzerland. Growth was partly offset by revenue reduction from DXC Technology.

Operating profit before other items amounted to DKK 339 million in the first three months generating an operating margin of 4.5% (Q1 2017: 4.7%). The decreased operating margin was mainly due to large key account contracts phasing in and out, underperformance in the Netherlands and investments in operational improvements in Spain. This was partly offset by operating improvements in several countries in the region.

NORTHERN EUROPE

Revenue was reduced by 3% to DKK 5,896 million in the first three months of 2018. Organic growth was 1% (Q4 2017: 0%), while acquisitions and divestments, net reduced revenue by 2%. Furthermore, currency effects reduced revenue by 2% mainly due to a depreciation of NOK and GBP against DKK. Organic growth was mainly supported by the start-up of the Danish Defence contract in Denmark as well as higher demand for non-portfolio services and key account contract launches in the UK, which was partly offset by the revenue reduction from DXC Technology and an international bank in EMEA.

Operating profit before other items amounted to DKK 287 million, resulting in an operating margin of 4.9% (Q1 2017: 5.6%). The decrease in operating margin was mainly due to large key account contracts phasing in and out in the UK and Denmark and investments in strengthening our technical services capabilities. Furthermore, margin continues to be impacted by operational challenges and low performance in Sweden, where turnaround initiatives are being implemented.

ASIA & PACIFIC

Revenue decreased by 5% to DKK 3,540 million in the first three months of 2018. Organic growth was 5% (Q4 2017: 4%), while currency effects reduced revenue by 10%. The organic growth was mainly due to key account contract launches and higher demand for non-portfolio services in Australia and Singapore as well as contract launches in Hong Kong. Growth remains partly offset by the decision to exit non-strategic contracts in China.

Operating profit before other items increased to DKK 206 million, resulting in an operating margin of 5.8% (Q1 2017: 7.7%). The operating margin decrease was mainly due to a one-off income in Q1 2017 in Singapore and one-off costs in Q1 2018 in Thailand. Furthermore, margin decreased in Australia due to contract launches and extensions and in China due to exit of non-strategic contracts.

AMERICAS

Revenue was DKK 2,286 million, up 22% compared to the same period last year. Organic growth was 4% (Q4 2017: 8%) in the first three months of 2018, while acquisitions and divestments, net increased revenue by 33% and currency effects reduced revenue by 15%. Organic growth was mainly driven by catering and key account contract launches in North America. Furthermore, growth in Chile was solid. Growth was partly offset by revenue reduction from DXC Technology and HP Inc. as well as contract exits and losses in Brazil.

Operating profit before other items was DKK 56 million for an operating margin of 2.5% in the first three months of 2018 (Q1 2017: 2.5%). The operating margin was supported by contract expansions and synergies within the catering division in North America. This was offset by the impact from large key account contracts phasing in and out as well as continued underperformance in Brazil and within the specialised services division in North America, where turnaround initiatives continue.

MANAGEMENT STATEMENT

Copenhagen, 9 May 2018

The Board of Directors and the Executive Group Management Board have today discussed and approved the interim report of ISS A/S for the period 1 January – 31 March 2018.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports for listed companies. The interim report has not been reviewed or audited.

In our opinion, the condensed consolidated interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 31 March 2018 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2018.

Furthermore, in our opinion the Management Review gives a fair review of the development and performance of the Group's activities and of the Group's result for the period and financial position taken as a whole.

Executive Group Management Board

Jeff Gravenhorst
Group Chief Executive Officer

Pierre-François Riolacci
Group Chief Financial Officer

Board of Directors

Lord Allen of Kensington Kt CBE
Chairman

Thomas Berglund
Deputy Chairman

Claire Chiang

Henrik Poulsen

Ben Stevens

Cynthia Mary Trudell

Pernille Benborg [1)]

Joseph Nazareth [1)]

Palle Fransen Queck [1)]

[1)] Employee representative

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

1 JANUARY – 31 MARCH

DKK million	Note	YTD 2018 Adjusted results	YTD 2018 Acquisition-related	YTD 2018 Reported results	YTD 2017 Adjusted results	YTD 2017 Acquisition-related	YTD 2017 Reported results
Revenue	4	**19,303**	**-**	**19,303**	**19,382**	**-**	**19,382**
Staff costs		(12,473)	-	(12,473)	(12,817)	-	(12,817)
Consumables		(1,871)	-	(1,871)	(1,678)	-	(1,678)
Other operating expenses		(4,033)	-	(4,033)	(3,837)	-	(3,837)
Depreciation and amortisation [1]		(163)	-	(163)	(175)	-	(175)
Operating profit before other items		**763**	**-**	**763**	**875**	**-**	**875**
Other income and expenses, net	6	(199)	-	(199)	(4)	-	(4)
Goodwill impairment	7	-	(24)	(24)	-	-	-
Amortisation/impairment of brands and customer contracts		-	(120)	(120)	-	(130)	(130)
Operating profit		**564**	**(144)**	**420**	**871**	**(130)**	**741**
Financial income	8	7	-	7	19	-	19
Financial expenses	8	(157)	-	(157)	(130)	-	(130)
Profit before tax		**414**	**(144)**	**270**	**760**	**(130)**	**630**
Income taxes		(108)	33	(75)	(201)	28	(173)
Net profit from continuing operations		**306**	**(111)**	**195**	**559**	**(102)**	**457**
Net profit/(loss) from discontinued operations	9	**(10)**	**-**	**(10)**	**(13)**	**(0)**	**(13)**
Net profit		**296**	**(111)**	**185**	**546**	**(102)**	**444**
Attributable to:							
Owners of ISS A/S				184			444
Non-controlling interests				1			0
Net profit				**185**			**444**
Earnings per share:							
Basic earnings per share (EPS), DKK				1.0			2.4
Diluted earnings per share, DKK				1.0			2.4
Adjusted earnings per share, DKK [2]				1.6			2.9
Earnings per share from continuing operations:							
Basic earnings per share (EPS), DKK				1.1			2.5
Diluted earnings per share, DKK				1.0			2.5
Adjusted earnings per share, DKK [3]				1.7			3.0

[1] Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[2] Calculated as Net profit (adjusted) divided by the average number of shares (diluted).
[3] Calculated as Net profit from continuing operations (adjusted) divided by the average number of shares (diluted).

Background for the income statement presentation is described in the 2017 Group Annual Report in section 1, p. 67.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 MARCH

DKK million	Note	YTD 2018	YTD 2017
Net profit		**185**	**444**
Items to be reclassified to the income statement in subsequent periods:			
Foreign exchange adjustments of subsidiaries and non-controlling interests		(206)	124
Other comprehensive income		**(206)**	**124**
Comprehensive income		**(21)**	**568**
Attributable to:			
Owners of ISS A/S		(23)	567
Non-controlling interests		2	1
Comprehensive income		**(21)**	**568**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

1 JANUARY – 31 MARCH

DKK million	Note	YTD 2018	YTD 2017
Operating profit before other items		763	875
Operating profit before other items from discontinued operations	9	(0)	(3)
Depreciation and amortisation		163	176
Share-based payments		20	1
Changes in working capital		(1,446)	(1,376)
Changes in provisions, pensions and similar obligations		(25)	(5)
Other expenses paid	6	(70)	(53)
Interest received		8	9
Interest paid		(161)	(149)
Income taxes paid		(278)	(256)
Cash flow from operating activities	9	**(1,026)**	**(781)**
Acquisition of businesses		(21)	14
Divestment of businesses	10	63	76
Acquisition of intangible assets and property, plant and equipment		(224)	(194)
Disposal of intangible assets and property, plant and equipment		19	14
(Acquisition)/disposal of financial assets		(19)	(15)
Cash flow from investing activities	9	**(182)**	**(105)**
Other financial payments, net		108	500
Cash flow from financing activities	9	**108**	**500**
Total cash flow		**(1,100)**	**(386)**
Cash and cash equivalents at the begining of the period		6,275	4,300
Total cash flow		(1,100)	(386)
Foreign exchange adjustments		(83)	57
Cash and cash equivalents at 31 March		**5,092**	**3,971**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1 JANUARY – 31 MARCH

DKK million	Note	31 March 2018	31 March 2017	31 December 2017
ASSETS				
Intangible assets		26,321	26,465	26,665
Property, plant and equipment		1,592	1,575	1,593
Deferred tax assets		727	898	700
Other financial assets		343	362	331
Non-current assets		**28,983**	**29,300**	**29,289**
Inventories		284	288	286
Trade receivables		11,789	11,852	11,583
Tax receivables		217	266	204
Other receivables		2,355	1,939	1,988
Cash and cash equivalents		5,092	3,971	6,275
Assets classified as held for sale	12	1,247	1,577	1,210
Current assets		**20,984**	**19,893**	**21,546**
Total assets		**49,967**	**49,193**	**50,835**
EQUITY AND LIABILITIES				
Total equity attributable to owners of ISS A/S		13,778	13,027	13,804
Non-controlling interests		12	11	10
Total equity		**13,790**	**13,038**	**13,814**
Loans and borrowings		17,313	15,070	17,290
Pensions and similar obligations		1,247	1,639	1,291
Deferred tax liabilities		1,250	1,379	1,267
Provisions		191	248	218
Non-current liabilities		**20,001**	**18,336**	**20,066**
Loans and borrowings		410	850	381
Trade payables		3,770	3,182	4,428
Tax payables		186	307	279
Other liabilities		11,140	12,784	11,206
Provisions		242	246	233
Liabilities classified as held for sale	12	428	450	428
Current liabilities		**16,176**	**17,819**	**16,955**
Total liabilities		**36,177**	**36,155**	**37,021**
Total equity and liabilities		**49,967**	**49,193**	**50,835**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 31 MARCH

YTD 2018 DKK million	Note	Attributable to owners of ISS A/S Share capital	Retained earnings	Trans-lation reserve	Treasury shares	Proposed dividends	Total	Non-con-trolling interests	Total equity
Equity at 1 January		**185**	**13,301**	**(815)**	**(297)**	**1,430**	**13,804**	**10**	**13,814**
Net profit		-	184	-	-	-	184	1	185
Other comprehensive income		-	-	(207)	-	-	(207)	1	(206)
Comprehensive income		**-**	**184**	**(207)**	**-**	**-**	**(23)**	**2**	**(21)**
Share-based payments		-	20	-	-	-	20	-	20
Settlement of vested PSUs		-	(123)	-	100	-	(23)	-	(23)
Transactions with owners		**-**	**(103)**	**-**	**100**	**-**	**(3)**	**-**	**(3)**
Changes in equity		**-**	**81**	**(207)**	**100**	**-**	**(26)**	**2**	**(24)**
Equity at 31 March		**185**	**13,382**	**(1,022)**	**(197)**	**1,430**	**13,778**	**12**	**13,790**

YTD 2017	Note	Share capital	Retained earnings	Trans-lation reserve	Treasury shares	Proposed dividends	Total	Non-con-trolling interests	Total equity
Equity at 1 January		**185**	**12,717**	**(4)**	**(418)**	**1,430**	**13,910**	**10**	**13,920**
Net profit		-	444	-	-	-	444	0	444
Other comprehensive income		-	-	123	-	-	123	1	124
Comprehensive income		**-**	**444**	**123**	**-**	**-**	**567**	**1**	**568**
Share-based payments		-	23	-	-	-	23	-	23
Settlement of vested PSUs		-	(174)	-	115	-	(59)	-	(59)
Settlement of vested RSUs		-	-	-	5	-	5	-	5
Dividends to shareholders (declared)		-	-	-	-	(1,430)	(1,430)	-	(1,430)
Dividends, treasury shares (declared)		-	11	-	-	-	11	-	11
Transactions with owners		**-**	**(140)**	**-**	**120**	**(1,430)**	**(1,450)**	**-**	**(1,450)**
Changes in equity		**-**	**304**	**123**	**120**	**(1,430)**	**(883)**	**1**	**(882)**
Equity at 31 March		**185**	**13,021**	**119**	**(298)**	**-**	**13,027**	**11**	**13,038**

1 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 31 March 2018 comprise ISS A/S and its subsidiaries (together referred to as "the Group"), associates and joint ventures.

STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2017. A full description of the Group's accounting policies is included in the consolidated financial statements for 2017.

CHANGES IN ACCOUNTING POLICIES

From 1 January 2018, the Group has adopted the below standards and interpretations with no significant impact on recognition and measurement:

- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 9 "Financial Instruments";
- Amendments to IFRS 2 “Share-based Payments“: Classification and Measurement of Share-based Payment Transactions;
- Amendments to IAS 28 "Investments in Associates and Joint Ventures”: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice;
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration”; and
- Parts of Annual Improvements to IFRSs 2014-2016 Cycle.

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" using the cumulative effect method, however, the impact is considered immaterial to the condensed consolidated interim financial statements and no effect has been recognised in equity at 1 January 2018. The comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The main principle is that revenue is recognised when control of goods or services transfers to a customer, i.e. when the performance obligation is satisfied.

The Group has adopted IFRS 9 “Financial Instruments”, which introduces a new expected credit loss (ECL) model, which requires recognition of impairment based on ECL rather than incurred losses as was the case under IAS 39. The impact of the adoption of IFRS 9 is considered immaterial to the condensed consolidated interim financial statements and no effect has been recognised in equity at 1 January 2018.

2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Except for the judgements and estimates commented upon in the notes of these condensed consolidated interim financial statements and in relation to the implementation of IFRS 15 as described below, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

REVENUE

Performance obligations satisfied over time Revenue is mainly generated from rendering of services. Services are provided to customers on a daily basis continuously over the term of the contracts and customers simultaneously receive and consume the benefits provided. Thus, revenue is recognised over time as services are provided.

Revenue is recognised based on the extent of progress towards complete satisfaction of the performance obligation. The method to measure progress towards completion requires judgement and is based on the nature of the service to be provided. For key account contracts, we generally use an input-based method to measure progress as it best depicts the transfer of service to the customer. The input-based method recognises revenue on the basis of our inputs, e.g. labour hours incurred, resources consumed, costs incurred, relative to the total expected inputs required to satisfy the performance obligations. Services are billed and paid for on a monthly basis.

2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

REVENUE (CONTINUED)

The **transaction price** for services performed comprises a guaranteed fixed amount. For key accounts and other large contracts, the transaction price may include variable consideration based on achievement of certain key performance indicators. The Group estimates variable consideration based on the most likely amount to which we expect to be entitled on a contract by contract basis. Management makes a detailed assessment of the amount of revenue expected to be received and the probability of success in each case. Variable consideration is included in revenue as services are performed to the extent that it is highly probable that the amount will not be subject to significant reversal.

Contract modifications Key account contracts are often modified to account for changes in contract specification and service requirements. The major part of modifications are agreed with the customer in accordance with a specified change management procedure and are accounted for going forward with no impact on already recognised revenue.

Gross or net presentation of revenue In some instances, ISS does not self-deliver all services under a contract, either because the service is outside our selected strategic services or because we do not have the capabilities ourselves. In those cases, ISS delivers services through selected partners or subcontractors. The issue is whether revenue should be presented gross, i.e. based on the gross amount billed to the customer (ISS is the principal) or based on the net amount retained (the amount billed to the customer less the amount paid to the subcontractor) because ISS has only earned a commission fee (ISS is the agent).

Management considers whether the nature of its promise is a performance obligation to provide the specified services itself, i.e. ISS is acting as a principal, or to arrange for those services to be provided by another party, i.e. ISS is acting as an agent. This is based on an evaluation of whether ISS controls the specified services before it is transferred to the customer. Judgement is required when evaluating all relevant facts and circumstances.

3 SEASONALITY

The operating margin before other items is typically lowest in the first quarter of the year and increasing quarter by quarter to reach the highest level in the fourth quarter of the year. Cash flow from operations tends to be lower in the first quarter of the year due to a number of cash payments relating to, among other things, pension contributions, insurance premium payments, holiday payments and the payment of bonuses earned in the prior year. Cash flow from operations becomes increasingly positive throughout the year and is usually highest in the fourth quarter of the year, when revenue recognised in the third quarter of the year is collected.

4 SEGMENT AND REVENUE INFORMATION

NATURE OF SERVICES

ISS is a global facility services company, that operates in 74 countries. Revenue is generated from rendering of services within cleaning, property, catering, support, security and facility management. Cleaning, property (technical) and catering are delivered as single-service, multi-service or Integrated Facility Services (IFS) solutions. Support, security and facility management are principally offered as part of IFS contracts.

Based on our customers' different needs we have grouped them into key accounts (mainly IFS contracts), specialised (single-service solutions) and direct (small mainly route-based contracts). The vast majority of revenue is generated from multi-year contracts, typically with an initial term of 3-5 years for our key account contracts.

We disaggregate revenue into customer type and geographical region, see below under Reportable segments, as we believe it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

REPORTABLE SEGMENTS

Operations are generally managed based on a geographical structure in which countries are grouped into regions. The regions have been identified based on a key principle of grouping countries that share market conditions and cultures. However, countries with limited activities which are managed by the Global Key Account organisation are excluded from the geographical segments and combined in a separate segment called "Other countries".

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure. Transactions between reportable segments are made on market terms.

YTD 2018 DKK million	Continental Europe	Northern Europe	Asia & Pacific	Americas	Other countries	Total reportable segments
Revenue [1]	7,579	5,896	3,540	2,286	19	**19,320**
Operating profit before other items [2]	339	287	206	56	0	**888**
Operating profit	136	182	190	47	0	**555**
Total assets	19,514	17,797	7,949	5,000	13	**50,273**
Total liabilities	9,982	8,295	3,570	3,876	9	**25,732**

YTD 2017 DKK million	Continental Europe	Northern Europe	Asia & Pacific	Americas	Other countries	Total reportable segments
Revenue [1]	7,685	6,076	3,736	1,881	27	**19,405**
Operating profit before other items [2]	362	338	286	43	(0)	**1,029**
Operating profit	311	299	269	22	(1)	**900**
Total assets	19,843	17,506	8,486	3,816	15	**49,666**
Total liabilities	10,661	7,363	3,687	2,427	14	**24,152**

[1] Including internal revenue which due to the nature of the business is insignificant and is therefore not disclosed.
[2] Excluding Other income and expenses, net, Goodwill impairment and Amortisation/impairment of brands and customer contracts.

4 SEGMENT AND REVENUE INFORMATION (CONTINUED)

RECONCILIATION OF OPERATING PROFIT

DKK million	YTD 2018	YTD 2017
Operating profit for reportable segments	555	900
Unallocated corporate costs	(125)	(158)
Unallocated other income and expenses, net	(10)	(1)
Operating profit	**420**	**741**

REVENUE BY CUSTOMER TYPE

DKK million	YTD 2018
Key Account customers	9,981
Large and medium customers	7,860
Small and route-based customers	1,462
Total revenue	**19,303**

5 SHARE-BASED PAYMENTS

SHARE-BASED INCENTIVE PROGRAMMES

Long-Term Incentive Programme (LTIP) On 1 March 2018, new performance-based share units (PSUs) were granted under the LTIP to members of the EGM (EGMB and Corporate Senior Officers of the Group) and other senior officers of the Group. The programme is described in the consolidated financial statements for 2017. The number of PSUs granted was 819,887. Like for previous grants under the LTIP, the PSUs are subject to achievement of certain performance targets the following three years and will vest on the date of the third anniversary of the grant. Upon vesting, each PSU entitles the holder to receive one share at no cost.

	LTIP 2018
Total PSUs granted	819,887
Number of participants	145
Number of PSUs expected to vest at grant date	402,088
Fair value of PSUs expected to vest at grant date, DKK million	100

LTIP 2015 In March 2018, the LTIP 2015 programme vested and the participants received shares in ISS A/S at no cost. Based on the annual EPS and TSR performances for 2015, 2016 and 2017, 91% of the granted PSUs, equal to 609,334 PSUs, vested. After this vesting, no further PSUs are outstanding under LTIP 2015 and the programme has lapsed.

6 OTHER INCOME AND EXPENSES, NET

DKK million	YTD 2018	YTD 2017
Gain on divestments	1	48
Other income	**1**	**48**
Restructuring projects [1)]	(167)	(44)
Loss on divestments	(30)	-
Acquisition and integration costs [1)]	(3)	(8)
Other expenses	**(200)**	**(52)**
Other income and expenses, net	**(199)**	**(4)**

[1)] Presented as Other expenses paid in the statement of cash flows when paid.

Gain on divestments mainly related to the divestment of BioSystems in Brazil. In 2017, the gain related to the divestment of ISS Kloak- & Industriservice, the Danish sewage and industrial services business and adjustments to prior year's divestments.

Restructuring projects mainly related to the continued implementation of GREAT across the Group, especially in France and Sweden, but also in Spain, Belgium and at Group level. The costs primarily comprised redundancy payments. In 2017, costs mainly related to Brazil, Norway, the Netherlands and France.

Loss on divestments mainly related to the Group's activities in Greece (country exit) and the security activities in the USA.

Acquisition and integration costs mainly related to Guckenheimer in the USA and mainly comprised fees to advisors and costs incurred as a consequence of the continued integration of the business. In 2017, costs mainly related to Evantec in Germany and SIGNAL in Denmark.

CASH FLOW EFFECT FROM OTHER EXPENSES

DKK million	YTD 2018	YTD 2017
Restructuring projects	(64)	(34)
Restructuring projects (presented as discontinued operations)	(3)	(4)
Acquisition and integration costs	(3)	(8)
Other	(0)	(7)
Total	**(70)**	**(53)**

Restructuring projects mainly comprised payments related to projects initiated and expensed in 2017 and 2018 in France, Sweden, Spain, Belgium, the Netherlands and Denmark. In Q1 2018, payments were lower than the amount expensed mainly due to France, where the main part of the costs have not yet been paid.

Restructuring projects (presented as discontinued operations) related to payments in Argentina regarding contract exits.

7 GOODWILL IMPAIRMENT

DKK million	YTD 2018	YTD 2017
Impairment losses derived from divestment of businesses	24	-
Goodwill impairment	**24**	**-**

Impairment losses derived from divestment of businesses related to the divestment of the fruit business in Denmark.

IMPAIRMENT TESTS

The Group performs impairment tests on intangibles[1)] annually and whenever there is an indication that intangibles may be impaired. The annual impairment test is performed as per 31 December based on financial budgets approved by management covering the following financial year.

At 31 March 2018, the Group performed a review for indications of impairment of the carrying amount of intangibles. It is management's opinion that there are no significant changes to the assumptions applied in the impairment tests presented in note 4.8 in the consolidated financial statements for 2017.

[1)] Intangibles cover the value of goodwill, brands and customer contracts.

8 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	YTD 2018	YTD 2017
Interest income on cash and cash equivalents	7	8
Foreign exchange gains	-	11
Financial income	**7**	**19**
Interest expenses on loans and borrowings	(120)	(98)
Other bank fees	(19)	(17)
Amortisation of financing fees	(6)	(9)
Net interest on defined benefit obligations	(5)	(6)
Foreign exchange losses	(7)	-
Financial expenses	**(157)**	**(130)**

Foreign exchange gains and losses mainly related to exchange rate movements on intercompany loans from the parent company to foreign subsidiaries as well as on external loans and borrowings denominated in currencies other than DKK. In addition, fair value adjustments of currency swaps were included.

Interest expenses on loans and borrowings The increase in interest expenses was mainly a result of the refinancing in August 2017 where debt under the Senior Facilities was replaced with 10 year EMTN bonds with a higher coupon. In addition, in 2018, as a result of the acquisition of Guckenheimer in April 2017, a greater part of the debt was effectively denominated in USD carrying a higher interest rate.

Amortisation of financing fees At the date of borrowing financing fees are recognised as part of loans and borrowings. Subsequently, financing fees are amortised over the term of the loan and recognised in financial expenses. Amortisation of financing fees are non-cash financial expenses.

9 DISCONTINUED OPERATIONS

In June 2017, management decided to initiate sales processes for the Group's activities in Argentina and Uruguay, which are operated as a regional cluster. The decision was based on a strategic review of the Group's activities in the Americas region with the conclusion that the two countries were no longer considered as strategic to the Group. Management assessed that the sales processes will be finalised within a year. As a result, the Group's activities in Argentina and Uruguay have been classified as held for sale and discontinued operations.

Net profit/(loss) from discontinued operations consists of the following:

DKK million	YTD 2018	YTD 2017
Revenue	75	123
Expenses [1)]	(75)	(126)
Operating profit before other items from discontinued operations	**(0)**	**(3)**
Other income and expenses, net	(7)	(4)
Amortisation/impairment of brands and customer contracts	-	(0)
Operating profit from discontinued operations	**(7)**	**(7)**
Financial expenses, net	(3)	(5)
Profit/(loss) before tax from discontinued operations	**(10)**	**(12)**
Income taxes	(0)	(1)
Net profit/(loss) from discontinued operations	**(10)**	**(13)**
Earnings per share from discontinued operations:		
Basic earnings per share (EPS), DKK	(0.1)	(0.1)
Diluted earnings per share, DKK	(0.1)	(0.1)
Adjusted earnings per share, DKK	(0.1)	(0.1)

[1)] Including depreciation and amortisation of DKK 0 million (2017: DKK 1 million)

Cash flows from discontinued operations are included in the statement of cash flows with the following amounts:

DKK million	YTD 2018	YTD 2017
Cash flow from operating activities	**(4)**	**(16)**
Cash flow from investing activities	**(0)**	**(1)**
Cash flow from financing activities	**(1)**	**2**

10 DIVESTMENTS

The Group completed six divestments during 1 January - 31 March 2018 (two during 1 January - 31 March 2017).

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1)] (DKK million)	Number of employees [1)]
ISS Greece	Greece	Country exit	January	100%	251	1,705
Kitchen maintenance	Belgium	Cleaning	January	Activities	27	54
Profi Komfort	Hungary	Cleaning	February	100%	43	700
BioSystems	Brazil	Property	March	Activities	2	9
Frugt.dk	Denmark	Fruit business (route-based)	April	Activities	66	25
Uniguard	USA	Security	April	Activities	79	342
Total					**468**	**2,835**

[1)] Unaudited financial information.

In addition, on 23 February 2018, The Group signed an agreement to divest its landscaping business in the UK with an annual revenue of approximately DKK 426 million (unaudited) and 1,000 employees. The transaction is subject to satisfaction of certain conditions precedent customary in a transaction of this nature, including anti-trust approval.

DIVESTMENT IMPACT

DKK million	YTD 2018	YTD 2017
Goodwill	9	-
Customer contracts	-	6
Other non-current assets	40	27
Current assets	172	53
Other non-current liabilities	(5)	(5)
Other current liabilities	(65)	(23)
Net assets disposed	**151**	**58**
Gain/(loss) on divestment of businesses, net	(29)	48
Divestment costs, net of tax	32	8
Consideration received	**154**	**114**
Cash and cash equivalents in divested businesses	(96)	(9)
Cash consideration received	**58**	**105**
Contingent and deferred consideration	45	6
Divestment costs paid	(40)	(35)
Divestment of businesses (cash flow)	**63**	**76**

DIVESTMENTS SUBSEQUENT TO 31 MARCH 2018

The Group completed no divestments in the period 1 April to 30 April 2018.

11 PRO FORMA REVENUE AND OPERATING PROFIT BEFORE OTHER ITEMS

Assuming all acquisitions and divestments during 1 January - 31 March were included/excluded as of 1 January, the effect on revenue and operating profit before other items is estimated as follows:

DKK million	YTD 2018	YTD 2017
Revenue	19,303	19,382
Acquisitions	-	2
Divestments	(40)	(6)
Pro forma revenue	**19,263**	**19,378**
Operating profit before other items	763	875
Acquisitions	-	0
Divestments	(2)	(0)
Pro forma operating profit before other items	**761**	**875**

For the purpose of estimating pro forma revenue and operating profit before other items, adjustments relating to acquisitions and divestments are based on estimates made by local ISS management in the respective jurisdictions in which the acquisitions and divestments occurred at the time of acquisition and divestment, or actual results where available. Synergies from acquisitions are not included for periods in which the acquisitions were not controlled by the Group. The estimates are based on unaudited financial information.

These adjustments and the computation of total revenue and operating profit before other items on a pro forma basis are presented for informational purposes only. This information does not represent the results the Group would have achieved had the divestments during the year occurred on 1 January. In addition, the information should not be used as the basis for or prediction of any annualised calculation.

12 ASSETS AND LIABILITIES HELD FOR SALE

At 31 December 2017, assets classified as held for sale comprised four businesses in the Continental Europe, Northern Europe and Americas regions. On 23 February 2018, we signed an agreement to divest one of the businesses, the landscaping activities in the UK. At 31 March 2018, sales processes were still ongoing for the other three businesses.

During the first three months of 2018, no additional businesses were classified as held for sale.

13 CONTINGENT LIABILITIES

GUARANTEE COMMITMENTS

Indemnity and guarantee commitments (mainly towards public authorities and insurance companies) at 31 March 2018 amounted to DKK 414 million (31 December 2017: DKK 427 million).

PERFORMANCE GUARANTEES

The Group has issued performance guarantee bonds for service contracts amounting to DKK 3,115 million (31 December 2017: DKK 3,190 million) of which DKK 1,267 million (31 December 2017: DKK 1,294 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry to guarantee towards our customers satisfactory completion of work in accordance with service contracts.

DIVESTMENTS

The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 31 March 2018 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestment of companies will not adversely affect the Group's activities, results of operations and financial position.

LEGAL PROCEEDINGS

The Group is party to certain legal proceedings. Management believes that these proceedings (many of which are labour-related cases incidental to the business) will not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 March 2018.

RESTRUCTURINGS

Restructuring projects, e.g. related to implementation of the strategic initiative GREAT, have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 March 2018.

14 RELATED PARTIES

PARENT AND ULTIMATE CONTROLLING PARTY

The Group's parent ISS A/S is the ultimate controlling party. At 31 March 2018, ISS had no related parties with either control of the Group or significant influence in the Group.

KEY MANAGEMENT PERSONNEL

Members of the Board of Directors (the Board) and the Executive Group Management (the EGM)[1)] have authority and responsibility for planning, implementing and controlling the Group's activities and are therefore considered as the Group's key management personnel.

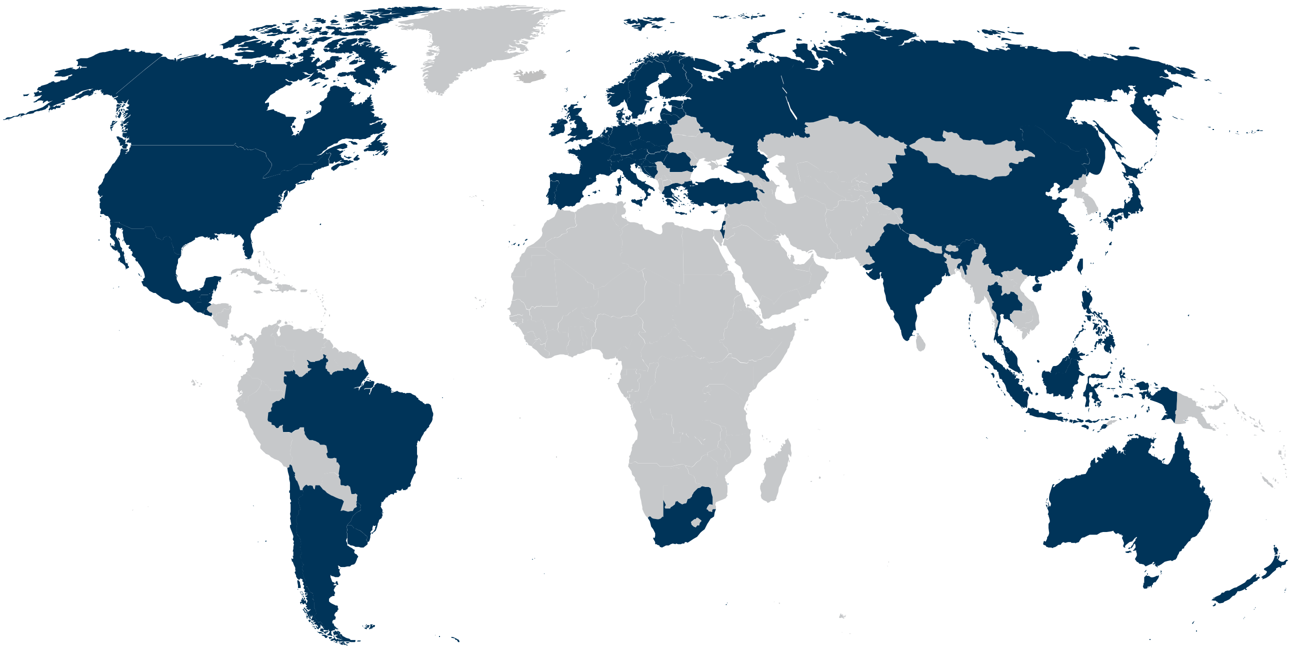
Apart from remuneration, including Long-Term Incentive Programmes, there were no significant transactions with members of the Board and the EGM during the first three months of 2018.

[1)] The EGM comprise the Executive Group Management Board (the EGMB) and Corporate Senior Officers of the Group.

15 SUBSEQUENT EVENTS

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to 31 March 2018, which are expected to have a material impact on the Group's financial position.

THE ISS REPRESENTATION AROUND THE GLOBE



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 80 billion in 2017 and ISS has more than 482,000 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.