TRADING UPDATE FOR 1 JANUARY – 31 MARCH 2021

UNDERLYING BUSINESS IMPROVEMENT IN A CONTINUED CHALLENGING ENVIRONMENT

HIGHLIGHTS

- Organic growth was (5.6)% in Q1 2021 (Q4 2020: (11.0)%), representing a notable improvement compared to previous quarters supported by continued solid demand for above-base work, especially deep-cleaning and disinfection.
- Execution of the OneISS strategy progressed as planned in Q1 2021 with good momentum on the divestment programme and early enhancement initiatives of the operating model.
- The turnaround initiatives driving the recovery of underperforming contracts and countries are progressing as planned.
- The overall financial results in Q1 2021 were in line with expectations. The underlying operating margin has continued to improve since Q2 2020, and total readily available liquidity increased compared to 31 December 2020. Based on the stabilised financial performance and available liquidity, ISS has decided to cancel a EUR 700 million revolving credit facility, which was established in 2020 as backup liquidity.
- Seven divestments were signed or completed in 2021 up until 30 April. Total net proceeds amount to approximately DKK 1 billion, entailing a solid reduction in net debt upon expected completion in Q2 2021. The divestment programme targets approximately DKK 2 billion in total net proceeds in 2021 and 2022.
- The Outlook for 2021 and the Turnaround targets are confirmed. The Outlook assumes a gradual easing of restrictions and lockdowns in key markets starting from Q2 2021.

Jacob Aarup-Andersen Group CEO, ISS A/S, says:
"I am pleased with the continued successful execution of the OneISS strategy and how we are gradually improving the underlying business. The global workplace continues to be heavily impacted by Covid-19 restrictions and lockdowns, but the ISS organisation and our frontline employees show impressive resilience by supporting our customers with passion and pride in these challenging times.

The financial performance is developing as planned. We are seeing the impact of our restructuring efforts in the improved profitability at lower volumes in our food business, while we are leveraging the increased demand for deep-cleaning and disinfection. Our OneISS investments are continuing in the commercial, operational and technology areas, creating a strong platform to leverage the business opportunities when markets re-open."

REVENUE OVERVIEW					
DKK million	Q1 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Revenue	17,213	18,885	16,597	16,943	17,398
Organic growth	(5.6)%	3.9 %	(9.9)%	(8.8)%	(11.0)%
Acquisitions & Divestments	(0.4)%	(1.7)%	(1.7)%	(2.3)%	(1.4)%
Currency adjustment	(2.9)%	(0.0)%	(1.0)%	(2.5)%	(3.3)%
Revenue growth	**(8.9)%**	**2.2 %**	**(12.6)%**	**(13.6)%**	**(15.7)%**

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STRATEGIC UPDATE

The OneISS strategy, announced in December 2020, outlines our strategic direction with dual priorities of ensuring the long-term improvement of the operating model, while simultaneously delivering a short-term turnaround.

The initiatives to enhance the operating model are developing according to plan. In Q1 2021, the work has been focused on organisational design, including a detailed roadmap targeting a standardised segmentation, structure and organisation per country. Execution of these roadmaps has been initiated in the countries.

TURNAROUND INITIATIVES

Recovery of the underperforming contracts and countries is progressing according to plan with financial run-rate improvements compared to 2020.

In Q1 2021, **the UK** continued to be impacted by heavy lockdowns. The efforts to improve financial performance progressed according to plan, including ongoing restructurings and renegotiation of food services contracts. Furthermore, on 1 May 2021 the new Country Manager of UK & Ireland and member of the Executive Group Management joined ISS.

The large restructuring plan in **France** is progressing according to plan. The majority of the planned FTE reductions were executed in March 2021. The related costs were fully provided for in 2020 and the full cash impact will be recognised within 2021. The business activity continues to be impacted by restrictions and lockdowns, particularly within the aviation industry. The temporarily reduced scope with certain customers was, however, largely offset by higher demand for above-base work, mainly deep-cleaning and disinfection, partly offsetting organic revenue decline.

On the **Deutsche Telekom** contract, the execution programme towards stabilisation and improvement of operational and financial performance is progressing. The partnership with the customer continues to be productive and is further supported by the new Country Manager in Germany, who joined ISS on 1 March 2021.

In Q1 2021, constructive negotiations on the possible termination of the **Danish Defence** contract continued. The contract became onerous in 2020, and a provision was recognised for all expected future unavoidable costs of meeting the performance obligations under the contract until expiry.

DIVESTMENT PROGRAMME

The strategic divestment programme had good momentum in the first three months of 2021. ISS signed an agreement to divest its activities in four Eastern European markets: the Czech Republic, Slovakia, Romania and Hungary. Furthermore, two minor business units in Sweden were divested in Q1 2021. In addition, an agreement was reached in April to divest our Swiss sewer maintenance business, Kanal Services. The divestment is expected to complete in Q2 2021.

By the end of Q1 2021, agreements had been reached to divest activities in 12 countries out of the 18 countries in the programme scope.

The total net proceeds from the above divestments amount to approximately DKK 1 billion, entailing a solid reduction in net debt upon completion in Q2 2021. ISS targets approximately DKK 2 billion in total net proceeds from the divestment programme in 2021 and 2022.

GROUP PERFORMANCE

REVENUE DEVELOPMENT

Group revenue in the first three months of 2021 was DKK 17.2 billion, a decrease of 8.9% compared with the same period last year. Organic growth was (5.6)%. The impact from acquisitions and divestments, net was (0.4)%. Currency effects reduced revenue by 2.9%, mainly due to depreciation of TRY and USD against DKK.

Organic growth was (5.6)% in the first three months of 2021 as a result of the continued negative impacts from Covid-19 compared to the same period last year. The growth rate improved compared to H2 2020 as ISS continued to improve its capabilities to perform under Covid-19 restrictions. Revenue from key accounts continued to show some resilience with organic growth of (3.4)%. Projects and above-base work grew organically by around 21%, especially due to strong demand for deep-cleaning and disinfection. The scale of the decline in revenue continued to vary across service type, customer segment and geography, but followed the pattern seen in 2020.

The services suffering the most were those depending on our customers' employees being on site. Consequently, revenue from food services declined approximately 40% to account for around 10% (2020: 11%) of Group revenue. All other service lines were less impacted. From a customer segment perspective, the most significant revenue impact was within Hotels, and Aviation (part of the Transportation segment).

All regions reported negative organic growth in the first quarter of 2021 due to Covid-19, albeit improved compared to Q4 2020 in Continental Europe, Northern Europe and Asia & Pacific. Americas continued to report significant double-digit negative growth driven by its relatively large exposure to food services.

REVENUE AND GROWTH Q1 2021

DKK million	Q1 2021	Q1 2020	Organic growth	Acq./div.	Currency adj.	Growth Q1 2021
Continental Europe	6,904	7,352	(2)%	(0)%	(4)%	(6)%
Northern Europe	5,692	5,948	(4)%	(0)%	0 %	(4)%
Asia & Pacific	3,129	3,316	(2)%	(0)%	(4)%	(6)%
Americas	1,358	2,115	(30)%	-	(6)%	(36)%
Other countries	140	164	17 %	(27)%	(5)%	(15)%
Corporate / eliminations	(10)	(10)	-	-	-	-
Group	**17,213**	**18,885**	**(5.6)%**	**(0.4)%**	**(2.9)%**	**(8.9)%**

KEY ACCOUNT DEVELOPMENT

Revenue from key accounts was 68% of Group revenue in the first three months of 2021 (2020: 67%) and generated negative organic growth of 3.4%, which was accretive to the Group's organic growth. As such, the demand from key accounts continued to show some resilience despite Covid-19 lockdowns and restrictions. Main contributors were Hong Kong, driven by the launch of the Hospital Authority contract in the healthcare segment, as well as Spain, with the commencement of the five-year contract with Iberdrola. Additionally, the gradual start-up of the five-year IFS contract with a large international manufacturing customer across the Americas was initiated according to plan. These positives were more than offset by the negative impact from Covid-19.

Despite the continued suppressed activity in the bidding environment, which is gradually ramping up, ISS secured contract extensions with three major key account customers. As announced 1 March 2021, ISS extended the global contract with Barclays for five years and also extended the Rolls Royce contract across 8 countries for two years. Finally, ISS signed a one-year extension of the contract with Victorian Department of Education and Training in Australia.

MAJOR KEY ACCOUNT DEVELOPMENTS [1)]	COUNTRIES	SEGMENT	TERM	EFFECTIVE DATE
WINS				
-	-	-	-	-
EXTENSIONS/EXPANSIONS				
Rolls Royce	8 countries	Industry & Manufacturing	2 years	Q1 2021
Barclays	Global	Business Services & IT	5 years	Q2 2021
Victorian Department of Education and Training	Australia	Public Administration	1 year	Q2 2021
LOSSES/REDUCTIONS				
-	-	-	-	-

[1)] Annual revenue above DKK 100m.

REGIONAL PERFORMANCE

CONTINENTAL EUROPE

Revenue decreased 6% in the first quarter of 2021 to DKK 6,904 million, reflecting a negative organic growth of 2% (Q4 2020: (9)%) and negative currency effects of 4%.

Covid-19 related lockdowns and revenue reductions continued to negatively impact the region, most significantly in Belgium and the Netherlands due to high exposure to food services, but also in Germany, France and Austria. This was partly offset by strong performance and positive organic growth in Turkey, Spain, Italy and Switzerland. In Turkey, the growth was supported by price increases due to high inflation as well as the continued growth from launches of the new hospital contracts in the second half of 2020. Spain, Italy and Switzerland experienced continued high demand for projects and above-base work, especially deep cleaning and disinfection. Across the region, projects and above-base work increased around 17% organically.

NORTHERN EUROPE

Revenue decreased 4% to DKK 5,692 million in the first three months of 2021 compared with the same period last year as a result of negative organic growth of 4% (Q4 2020: (10)%).

The continued Covid-19 lockdowns and restrictions across the region were the main drivers behind the negative organic growth, with Norway, the UK and Sweden being the most significantly impacted. The region has a high exposure to food services, where the total revenue decreased by 39% compared to the same quarter last year. Norway reported double-digit negative organic growth due to high exposure to food services and customers in the Hotels and Aviation segments. The UK was negatively impacted, predominantly by the extended Covid-19 restrictions in the Education segment in most of the quarter, partly offset by a pickup within the healthcare segment due to additional above-base work. Organic growth in Finland and Denmark was positive due to high demand for projects and above-base work, mainly deep-cleaning and disinfection. Projects and above-base work for the region increased around 20% organically.

ASIA & PACIFIC

Revenue decreased 6% to DKK 3,129 million in Q1 2021 compared to last year, representing an organic growth of (2)% (Q4 2020: (7)%), and negative currency effects of 4%.

Covid-19 continues to negatively impact the region, most significantly in India, Indonesia and Singapore. This was partly offset by positive organic growth in Hong Kong, Australia and China, mainly driven by the continued high demand for projects and above-base work, mostly related to deep cleaning and disinfection. In Australia, this was further driven by the pickup of activity in the domestic Aviation segment. Across the region, projects and above-base work increased around 37% organically.

AMERICAS

Revenue decreased 36% to DKK 1,358 million in the first three months of 2021 compared with the same period last year. Organic growth was (30)% (Q4 2020: (28)%) and negative currency effects were 6%.

Due to high exposure to food services and the Aviation segment, the Americas region continued to report the largest revenue decline in the Group. As such revenue from food services declined by 62% compared to Q1 2020 and accounted for almost 22% of revenue compared to 10% for the Group. Mexico delivered organic growth of 6.5%, mainly due to solid revenue growth from key accounts.

LIQUIDITY

Total readily available liquidity at 31 March increased compared to 31 December 2020 (31 December 2020: DKK 14.1 billion). The Group has undrawn facilities of EUR 1 billion in a revolving credit facility maturing November 2024 and EUR 700 million additional credit facility maturing 31 March 2022.

Based on the stabilised financial performance and available liquidity, ISS has decided to cancel the EUR 700 million additional credit facility, which was established in 2020 as backup liquidity.

ISS has no unaddressed material debt maturities until 2024 onwards. In addition, we have no financial covenants in our capital structure.

MANAGEMENT CHANGES

On 13 April 2021 at the Annual General Meeting, Niels Smedegaard was elected as new Chair of the Board of Directors (Board), as Lord Allen of Kensington, previous Chair, did not seek re-election. Furthermore, Kelly Kuhn was elected as new member of the Board, as Claire Chiang did not seek re-election.

On 1 May 2021, Liz Benizon took up the position as Country Manager of ISS UK & Ireland and joined the Executive Group Management.

OUTLOOK

OUTLOOK 2021

ISS confirms the Outlook for 2021 as announced in the Annual Report 2020. The financial performance in Q1 2021 was in line with expectations and the execution of the OneISS strategy is progressing with the ongoing recovery of the underperforming contracts and countries.

Global uncertainties remain significant as governments across the globe continue to change Covid-19 restrictions and lockdowns. The global vaccination programmes are progressing but the impact on the activity levels within ISS's core services remain uncertain. The outlook is consequently still communicated in open-ended ranges.

Organic growth is expected to be positive in 2021 (2020: (6.5)%) but with high uncertainty related to the impact from Covid-19. We expect to gradually recover part of our lost Covid-19 revenue over some years starting from Q2 2021.

Operating margin is expected to be above 2% in 2021 (2020: (4.6)%). The main drivers of the improvement are a significant reduction in restructuring costs and one-offs, the ongoing recovery of the underperforming contracts and countries and, finally, improved operational results on the back of the restructurings initiated in 2020 in response to Covid-19.

Free cash flow is expected to be slightly positive (2020: DKK (1.8) billion) despite material cash payments related to restructuring costs recognised in 2020. The factoring level is expected to increase slightly, predominately related to the launch of the IFS contract with a large American customer in early 2021.

TURNAROUND TARGETS

ISS confirms the turnaround targets announced as part of the launch of the OneISS strategy in December 2020. The targets focus on the short-term recovery of the business and are outlining a healthy recovery with focus on profitability and cash generation:

- Operating margin above 4% as run-rate when entering 2023
- Net debt / Pro forma adjusted EBITDA to be reduced to below 3x by the end of 2022
- Positive free cash flow in 2021, improving strongly in 2022.

	OUTLOOK 2021	TURNAROUND TARGETS
Organic growth	Positive	-
Operating margin [1]	Above 2%	Above 4% as run-rate entering 2023
Free cash flow	Slightly positive	Strongly improving in 2022
Leverage	-	Below 3x by the end of 2022

[1] Based on operating profit before other items

EXPECTED REVENUE IMPACT FROM DIVESTMENTS, ACQUISITIONS AND FOREIGN EXCHANGE RATES IN 2021

Divestments and acquisitions completed by 31 March 2021 (including in 2020) are expected to have a negative impact on revenue growth in 2021 of approximately 0-1%-point. In the absence of acquisitions, the negative revenue impact is likely to increase during the year as we execute on the strategic divestment programme. Business units to be divested are included in Group revenue until the time of divestment. Countries to be divested continue to be reported as discontinued operations. Consequently, only business units will impact revenue growth upon divestment. Based on the current exchange rates, a negative impact on revenue growth of 1-2%-points is expected in 2021 from the development of foreign exchange rates.

[1] The forecasted average exchange rates for the financial year 2021 are calculated using the realised average exchange rates for the first four months of 2021 and the average forward exchange rates (as of 1 May 2021) for the remaining eight months of 2021.

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 event 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, expect to the extent required by law.

The Annual Report 2020 of ISS A/S is available at the Group's website, www.issworld.com.

OTHER

CONFERENCE CALL

A conference call will be held on 5 May 2021 at 10:00 am CEST. Presentation material will be available online prior to the conference call.

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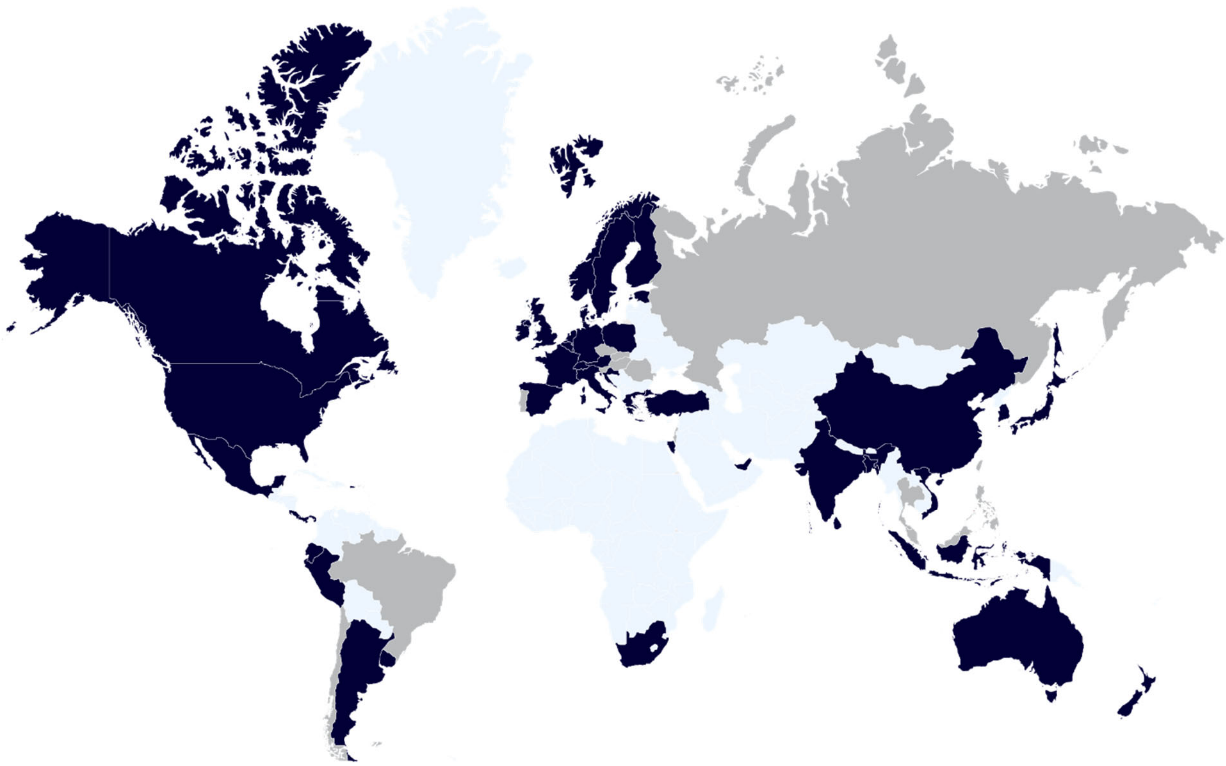
OUR GLOBAL FOOTPRINT



ISS is a leading, global provider of workplace and facility service solutions. In partnership with customers, ISS drives the engagement and well-being of people, minimises the impact on the environment, and protects and maintains property. ISS brings all of this to life through a unique combination of data, insight and service excellence at offices, factories, airports, hospitals and other locations across the globe. In 2020, Group revenue was DKK 69.8 billion.