



## TRADING UPDATE FOR 1 JANUARY – 30 SEPTEMBER 2020

### IMPACT FROM COVID-19 PANDEMIC CONTINUES. OUTLOOK CONFIRMED.

#### HIGHLIGHTS

- Organic growth of (4.9)% in the first nine months of 2020 and (8.7)% in Q3 2020, negatively impacted by COVID-19, where we started to see second wave impacts, but supported by continued strong demand for projects and above-base work, especially deep cleaning and disinfections.
- Key account organic growth of (1.8)% in the first nine months of 2020 and (9.3)% in Q3 2020. During COVID-19, the strength of our value proposition has become even more apparent and we continue to benefit from our key account focus.
- On 28 October 2020, we announced the win of a 5-year IFS contract with a large international manufacturing customer across the Americas corresponding to 1% of Group revenue. Service delivery will be initiated in Q1 2021.
- We expect COVID-19 related restructuring costs of DKK 1.2-1.4 billion. In addition, we expect one-off costs of DKK 1.8-2.1 billion covering among others provisions related to a large loss-making contract in Denmark and impacts related to delayed mobilisation and operational challenges on the Deutsche Telekom contract. Following a comprehensive risk review of our balance sheet, we expect total restructuring and one-off costs of DKK 3.0-3.5 billion in FY 2020 (H1 2020: DKK 0.8bn).
- Our strategic divestment programme is progressing with the divestment of ISS Brazil completed on 8 October 2020, ISS Malaysia being divested on 30 October 2020 and an agreement reached to divest ISS Thailand on 21 October 2020. Combined net proceeds of around DKK 500 million are expected to be received in 2020.
- Total readily available liquidity increased to above DKK 15 billion at 30 September 2020 (30 June 2020: above DKK 11 billion) supported by cash flow from operations and EUR 500 million EMTNs raised in July. On 2 November 2020, we completed the early redemption of EUR 300 million EMTNs maturing 2021, which equally reduces the available liquidity position.
- Despite continued high uncertainty and increasing COVID-19 second wave impacts, we confirm the existing mid-range outlook for 2020: Organic growth of (6)%-(8)%, marginally positive operating margin excluding restructurings and one-off costs and free cash flow of around DKK (2) billion.
- On 16 December 2020, we will host an investor call to provide a Strategy Refresh. Initial review confirms the focused key account strategy.

#### Jacob Aarup-Andersen, Group CEO, ISS A/S, said:

*“We face an unprecedented and challenging environment with new COVID-19 infection waves and lockdowns in most of our geographies. Our focus remains on serving customers and society in a safe manner through this difficult time. As a global leader, we have a responsibility to help society break the chain of infection and we are using our knowledge of large-scale cleaning, disinfection and workplace experience to support our customers with products like Pure Space. I thank all my colleagues – our frontline heroes – who serve our customers every single day, going above and beyond.*

*Despite the tough global environment, we today confirm our guidance for the full year. We are not satisfied with our operational performance in the past year and are working hard to prepare the business for the coming years, including focusing on ensuring that all growth comes with the right profitability and cash flow. While the direction of our strategy is right, we are currently undergoing a strategy and operating model review and will share key conclusions in December. I am confident that we will emerge from the current headwinds as a stronger global leader in services, innovation and people.”*

**Lord Allen of Kensington Kt CBE**  
Chairman

**Jacob Aarup-Andersen**  
Group CEO

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**Conference call details**

A conference call will be held on 4 November 2020 at 9:00 am CET. Presentation material will be available online prior to the conference call.

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PIN Code for all countries: 283234

Link: <https://iss.eventcdn.net/2020q3/>

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