



Company Announcement

Copenhagen, 4 November 2021

No. 23/2021

INTERIM REPORT FOR 1 JANUARY – 30 SEPTEMBER 2021

UPGRADE OF FINANCIAL OUTLOOK DRIVEN BY FUNDAMENTAL BUSINESS IMPROVEMENTS

HIGHLIGHTS

- Organic growth was 0.7% in the first nine months of 2021 and 2.6% in Q3 2021. Organic growth improved through the third quarter, predominantly in September, as customers started to return to office in some geographies, which impacted activity levels positively.
- Portfolio revenue showed initial signs of recovery, which more than offset a smaller decline in projects and above-base work due to lapsed ad-hoc Covid-19 related services.
- Execution of the OneISS strategy progressed as planned with ISS being further streamlined and standardised for enhanced future execution.
- The turnaround initiatives driving recovery of the underperforming contracts and countries and the restructurings initiated in response to Covid-19 continued to progress as planned.
- 12 divestments were signed or completed in the first nine months of 2021 corresponding to total net proceeds of approximately DKK 1.4 billion.
- The outlook for organic growth is confirmed and still expected to be positive. The outlook is upgraded for operating margin and free cash flow as a result of the continued progress of the underperforming contracts and countries and progress of the Covid-19 restructuring initiatives:
 - Operating margin is now expected to be around 2.5% compared to previously “above 2%”
 - Free cash flow is now expected to be around DKK 1.5 billion compared to previously “above DKK 1 billion”

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

“In the third quarter, we continued our work to create a healthier and fundamentally stronger ISS. I am very pleased with our ability to execute on our OneISS strategy while simultaneously navigating a challenging environment with volatile activity levels as well as high wage inflation and scarcity of qualified employees in certain regions.

We are seeing customers gradually returning to the office, albeit at varying pace across geographies. We expect a continued measured pace of return in the coming period as infection levels remain high in many countries creating a sense of caution.

Our turnaround initiatives are clearly paying off and the success of our execution allows us to upgrade our outlook on operating margin and free cash flow. Progress on these two financial metrics is key to create a healthy foundation and reach our turnaround targets for 2022. I want to thank all employees for achieving this important milestone and for staying agile and passionate in their support to our customers.”

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Revenue overview

DKKm (unless otherwise stated)	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Revenue	17,479	16,943	51,882	52,424
Organic growth	2.6 %	(8.8)%	0.7 %	(5.0)%
Acquisitions & Divestments	(0.2)%	(2.3)%	(0.4)%	(1.9)%
Currency adjustment	0.8 %	(2.5)%	(1.3)%	(1.2)%
Revenue growth	3.2 %	(13.6)%	(1.0)%	(8.1)%

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About ISS

ISS is a leading workplace experience and facility management company. 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, ISS Group's global revenue amounted to DKK 70 billion. For more information on the ISS Group, visit www.issworld.com.