



Company Announcement

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ISS announces next phase of the OneISS journey and new financial targets

ISS A/S (ISS.CO, ISS DC, ISS DY), a leading workplace experience and facility management company, today holds its Capital Markets Day at Canary Wharf in London. At the Capital Markets Day, ISS presents the next phase of the OneISS strategy and new financial targets.

ISS's journey is evolving from a period of turnaround to a new phase of strong growth at sustainable and attractive margins. All financial targets and commitments have been achieved since the launch of the OneISS strategy in 2020, and ISS's financial health has recovered. ISS is now poised to enhance its performance by strengthening its competitiveness in the facility management industry and delivering strong organic growth combined with disciplined acquisitive revenue.

The growth agenda will be focused on providing integrated facility services to key accounts in three segments (office-based, production-based and healthcare) from a stronghold as global leader in Cleaning. ISS's unique service offering is self-delivered by passionate placemakers around the globe, and this unique offering is particularly effective when it is delivered as integrated facility management services. ISS's position in integrated facility management services is unique and benefitting from attractive market growth compared to the general facility management market.

ISS is focusing and investing in three key commercial areas that are *enabling growth* - operational efficiency, technology and sustainability. These areas will become differentiating factors for performance at current customers' workplaces and in future customer bids. Operational efficiency is delivered through the enhanced operating model, which is enabling the launch of a portfolio of scalable service products to drive a step-change in global productivity. The investments in technology are focused on creating value throughout an ecosystem of scalable platforms with data and innovation. The first key applications are already launched for customers and placemakers to improve the service across workplaces globally. Finally, ISS is determined to become the sustainability leader in the industry by championing sustainable workplaces. Through this agenda, ISS is launching an ambition to become the Global Company of Belonging through three bold signature objectives. At the same time, ISS is progressing on its own environmental commitments while supporting our customers' journey to reduce carbon, energy, waste and materials.

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Following the delivery of the financial turnaround targets, ISS has now re-established a healthy financial platform and is consequently announcing **new financial targets and a new capital allocation strategy**. ISS will stringently allocate capital by fulfilling four clear ambitions in prioritized order: 1) Maintain investment grade rating and adhere to the updated financial leverage target of net debt of 2.0-2.5 times EBITDA, 2) Pay dividends to shareholders with a commitment of annual dividend pay-out ratio of 20-40% of adjusted net profit¹⁾, 3) Allocate capital to value-creating investments in the form of acquisitions or business enhancements and finally 4) distribute excess cash to shareholders through share buyback programmes.

ISS will adhere to the targeted financial leverage in 2023, and, as such, initiate dividend payments in 2023 (related to the 2022 financial year). With the ambition to pay stable and increasing dividends to shareholders over time, ISS will initiate a dividend payment of 20% of the adjusted net profit for 2022 (subject to approval at the Annual General Meeting). ISS will also consider deploying capital for M&A or share buybacks on an ongoing basis during 2023.

The new financial targets are focusing on the delivery of strong growth over time through strengthened competitiveness and a scalable operating model. ISS is targeting 4 - 6% organic growth annually from 2024 and will additionally add volume to the operating model through selective acquisitive growth. The new target for the operating margin is to be sustainably above 5% from 2024 and thereafter. ISS expects that consistent annual revenue growth creates further margin improvement potential over time. ISS also expects to continue to be highly cash generative by converting more than 60% of the operating profit before other items into Free cash flow. The preliminary 2023 outlook for the operating margin is 4.25%-4.75%.

For further details and information, the Capital Markets Day will commence at 1.30 p.m. CET with live webcast at the following [link](#).

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1) Adjusted net profit is defined as reported net profit excluding Other income & expenses, goodwill impairments, amortisation/impairment of brands and customer contracts and net profit from discontinued operations

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. ISS has more than 350,000 employees around the globe, who we call "placemakers". In 2021, ISS Group's global revenue amounted to DKK 71 billion. For more information on the ISS Group, visit www.issworld.com.