



## Company Announcement

Copenhagen, 2 November 2022

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# Trading Update for 1 January – 30 September 2022

ISS enters the next phase of the OneISS strategy with strong growth momentum

### Highlights

- Organic growth was 8.1% in Q3 2022 (Q3 2021: 2.8%) and 7.2% in the first nine months of 2022. The total revenue in Q3 2022 amounted to DKK 19.3 billion.
- The strong organic growth in Q3 2022 was driven by price and scope increases as well as solid project revenue. In Q3 2022, portfolio revenue grew organically by around 10% and projects and above-base revenue remained flat.
- Tight inflationary management continued, resulting in a positive effect on organic growth with the operating margin generally remaining unaffected.
- ISS is now entering the next phase of the OneISS strategy. The financial turnaround targets announced in 2020 have been achieved, and ISS has structurally improved the operating model for sustainable long-term performance. An update of the strategic direction as well as new financial targets will be presented at ISS' Capital Markets Day on 7 November 2022.
- The commercial momentum continued to improve. ISS won a key account contract with a US-based pharmaceutical company and extended and expanded the key account contract with a manufacturing customer in Denmark. In addition, a number of other key account contracts were extended in the quarter.
- ISS has completed the acquisition of the Swiss facility management provider, Livit FM, which will increase Group revenue with around 0.5%. The integration of the acquired company is expected to be completed in Q1 2023.

- On the back of the performance in Q3 2022, the outlook for the full year is updated. Organic growth is now expected to be around 6.5% (previously above 5%). Operating margin is expected to be around 3.8% (previously above 3.75%), and free cash flow is expected to be around DKK 1.5 billion (previously above DKK 1.5 billion). The outlook is before any effects from IAS 29.

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

*“Q3 2022 marks the point where we formally have reached our financial turnaround targets. The organic growth accelerated compared to the first half and ISS continues to gain strength operationally and financially, making us poised to set new ambitions and targets.*

*At our Capital Markets Day, we will announce our future journey in an unpredictable macroeconomic environment and with risk of an imminent recession in key markets. I have confidence that we will continue our positive development as we build on the inherent resilient and stable characteristics of our business model.*

*Once again, I want to thank the organisation and our dedicated placemakers across the world. During the last two years, they have proved that we are a learning and developing organisation. An organisation that continues to adapt and grow even in the most challenging environments”.*

Revenue overview				
DKK million	Q3 2022	Q3 2021 <sup>1)</sup>	YTD 2022	YTD 2021 <sup>1)</sup>
Revenue	19,311	17,723	56,254	52,616
Organic growth	8.1%	2.8%	7.2%	0.7%
Acquisitions & Divestments	(1.7)%	(0.2)%	(1.8)%	(0.4)%
Currency & other adjustments	2.6%	0.7%	1.5%	(1.3)%
<b>Revenue growth</b>	<b>9.0%</b>	<b>3.3%</b>	<b>6.9%</b>	<b>(1.0)%</b>

<sup>1)</sup> Restated due to Chile being reclassified to continuing operations as of 31 December 2021.

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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. 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](http://www.issworld.com)