



Company announcement

Copenhagen, 1 November 2023

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Trading update for 1 January – 30 September 2023

Continued strong organic growth and strengthened focus on the execution of the OneISS strategy

Highlights

- Organic growth was 9.3% in Q3 2023 and 10.7% for the first nine months of 2023. Total revenue for the quarter amounted to DKK 20.0 billion.
- The continued strong organic growth in Q3 2023 was driven by price increases and underlying volume growth. Organic growth for projects and above-base work was slightly positive.
- The OneISS strategic direction remains unchanged. Now, three years after the launch of the strategy, the new and streamlined Executive Group Management team has reviewed and prioritised OneISS initiatives to ensure all initiatives generate the expected value and strengthen the strategic execution.
- The enhanced focus on strategic initiatives is expected to generate operational benefits and cost savings of an estimated DKK 200-250 million annually with the majority expected to have effect in 2024. Related to the review, one-off costs of around DKK 200-250 million are expected to be recognised in H2 2023.
- Improvements in underlying margin have been realised, and ISS is well on track to deliver the targeted operating margin of above 5% in 2024.
- Commercial development remained solid, and customer retention rate was maintained at a high level at 95% (LTM).

- The divestment process of ISS France is developing in line with plan. Due diligence is in progress with potential buyers. In Spain, the bolt-on acquisition of Grupo Fissa was completed in September 2023. The integration is progressing according to plan and is expected to be finalised during Q1 2024.
- The 2023 outlook is updated. Organic growth is now expected to be around 9% (previously '7 – 9%). Operating margin remains within the previous range ('4.25% - 4.75%') with underlying margin expected to be around 4.6%. Including one-off costs related to the OneISS review, operating margin is expected to be reported at around 4.3%. Given the high growth, free cash flow is now expected to be around DKK 1.8 billion (previously around DKK 2.0 billion).

Kasper Fangel Group CEO, ISS A/S, says:

"It is satisfying that our strong growth and development throughout 2023 was maintained in the third quarter. ISS is well on track to deliver on our financial targets for 2024. The demand for our services is still increasing across markets and we are constantly focusing on improving our service offerings whilst delivering best-in-class service experiences for our many customers world-wide – achieved through the tireless efforts of our more than 350,000 dedicated placemakers. The OneISS strategy execution continues to drive value. We launched the strategy three years ago and during the second half of this year we have reviewed and focused the strategic initiatives to further improve the execution, accelerate strategic development and continue to build a stronger and value-creating ISS. This will enhance our ability to seize the opportunities that lie ahead."

Revenue overview				
DKK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue	19,973	18,648	58,309	54,222
Organic growth	9.3%	8.7%	10.7%	7.8%
Acquisitions & Divestments	0.6%	(5.7)%	0.5%	(6.0)%
Currency & other adjustments	(2.8)%	2.2%	(3.7)%	1.3%
Revenue growth	7.1%	5.2%	7.5%	3.1%

For investor enquiries

Jacob Johansen, Head of Group Investor Relations, +45 21 69 35 91

Kristian Tankred, Senior Investor Relations Manager, +45 30 67 35 25

For media enquiries

Kenni Leth, Director of External Communications, +45 51 71 43 68

About ISS

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. ISS has more than 350,000 employees around the globe, who we call "placemakers". In 2022, Group revenue was DKK 73.8 billion. For more information on the ISS Group, visit www.issworld.com.