



## Company Announcement

Copenhagen, 11 August 2021

No. 21/2021

### INTERIM REPORT FOR 1 JANUARY – 30 JUNE 2021

#### IMPORTANT MILESTONES ACHIEVED IN THE TURNAROUND EXECUTION. UPGRADE OF 2021 OUTLOOK FOR FREE CASH FLOW

##### HIGHLIGHTS

- Organic growth was (0.2)% in H1 2021 (H1 2020: (3.0%)) and 5.8% in Q2 2021 (Q1 2021: (5.6%)), supported by continued solid demand for above-base work, especially deep-cleaning and disinfection. Portfolio revenue continues to be impacted by generally moderate re-opening of global activities with large variations across geographies.
- Operating margin (before other items) was 1.5% in H1 2021 (H1 2020: (2.2)% or around 0% excluding restructuring costs and one-offs).
- Free cash flow was DKK 1.6 billion in H1 2021 driven by improved operating profit and working capital development. A large part of the cash flow from working capital is temporary and will result in a cash outflow in H2 2021. Utilisation of factoring of DKK 1.0 billion at 30 June 2021 was unchanged from 31 December 2020.
- Eight divestments were completed in H1 2021. Total net proceeds amounted to approximately DKK 1 billion.
- The improved operating profit and cash flow, including divestment proceeds, decreased the net debt to DKK 13.5 billion from DKK 15.8 billion at 31 December 2020 reducing the leverage ratio to 5.3x (adjusted) (31 December 2020: 7.3x (adjusted)).
- The execution of the OneISS strategy progressed as planned and important milestones were achieved in the turnaround of the underperforming contracts and countries.
- While turnaround initiatives in France progressed according to plan in H1 2021, increasing interest rates and continued uncertainty around the pace of market recovery from Covid-19 led to an increase in the applied WACC and consequently recognition of a goodwill impairment of DKK 450 million.
- The performance in H1 2021 provides solid support for our 2021 outlook of positive organic growth and operating margin above 2%. Free cash flow is now expected to be above DKK 1.0 billion (previously "slightly positive").

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

*"The first half of 2021 was an important period for ISS, where we have built a solid foundation for the new operating model and our short-term turnaround. The business environment continues to be challenged by Covid-19 restrictions, but it is truly inspirational to see the resilience and agility of our frontline employees as they support our customers' health and productivity. I am also pleased to see how the ISS organisation is coming together under the OneISS strategy. The underlying financial performance is developing well, driven by our turnaround initiatives. The opportunities to improve our financial performance are significant, and we are moving in the right direction. At the same time, we acknowledge that we have a lot of hard work in front of us."*

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Financial overview	Q1 2021	Q2 2021	H1 2021	H1 2020
DKKm (unless otherwise stated)				
Revenue	17,213	17,191	34,404	35,481
Organic growth, %	(5.6)	5.8	(0.2)	(3.0)
Operating profit before other items	-	-	508	(762)
Operating margin (before other items), %	-	-	1.5	(2.2)
Free cash flow	-	-	1,645	(1,730)

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### About ISS

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