



Company announcement

Copenhagen, 25 February 2021
No. 2/2021

H2 2020 INTERIM REPORT

TURBULENT 2020 CONCLUDED AS EXPECTED. RECOVERY JOURNEY HAS COMMENCED

HIGHLIGHTS

- The OneISS strategy was launched in December 2020 to sharpen the strategic focus, enhance the operating model and outline the path for ISS's short-term turnaround. The strategic agenda is developing as planned under the new Executive Group Management (EGM). Additional key external roles have been filled - a newly created Chief Digital & Technology Officer position, a Country Manager in United Kingdom & Ireland and a Country Manager in Germany.
- The key turnaround initiatives are progressing with dedicated improvement programmes to enhance performance of the specific and well-known underperforming contracts and countries. On 10 February 2021, ISS announced that it had commenced negotiations on the possible termination of the contract with the Danish Defence.
- The effects of the IT security incident have been resolved with all related costs fully recognised and with the majority paid in 2020. The restructuring efforts related to the effects of Covid-19 are on track and the associated provisions are in place. The underlying operating margin has improved sequentially each quarter since Q2 2020. ISS is poised to capitalise on the expected easing of lockdowns, supporting customers in creating the flexible, clean and safe working environments of the future.
- The financial results in H2 2020 developed as expected. Organic growth and operating margin were in line with the latest outlook. Free Cash Flow was DKK (1.8) billion for 2020 against the latest financial outlook of "around DKK (2.0) billion", and the factoring level was reduced by DKK 0.4 billion compared to the factoring level at the end of 2019. Restructuring costs and one-offs were in total DKK 3.5 billion in 2020 compared to the expectation of DKK 3.0 – 3.5 billion.
- The preliminary 2021 guidance announced on 16 December 2020 is confirmed. Uncertainty continues to be high as Covid-19 impacts activity levels in an unprecedented manner, particularly within Food services. Underpinned by the development of the underperforming countries and contracts, the turnaround targets are confirmed (entering 2023 at an operating margin above 4% and leverage below 3x EBITDA).

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

"2020 was a year that will not be forgotten. The global pandemic challenged ISS, economies and businesses around the globe. Our financial performance was negatively impacted by global lockdowns and throughout these challenging times, we have focused on the safety and health of our colleagues as they made a real difference for our customers and their employees.

Towards the end of 2020, we announced our OneISS strategy to enhance execution. We have kept significant pace, fundamentally improving the operating model while managing a short-term turnaround. The pandemic has made our offerings strategically more important for our customers, and we are using our scale to leverage the increased focus on workplaces that promote health, culture and performance. With our proven leadership in cleaning, we are well positioned for a Covid-19 recovery and emerge as an even stronger business."

ISS A/S, ISIN DK0060542181
ISS A/S, ISIN US4651472056

ISS Global A/S, ISIN XS1330300341
ISS Global A/S, ISIN XS1145526825
ISS Global A/S, ISIN XS1673102734
ISS Finance B.V., ISIN XS2199343513

ISS A/S, CVR 28 50 47 99
Buddingevej 197
DK-2860 Søborg
Denmark

Phone: (+45) 38 17 00 00
Telefax: (+45) 38 17 00 11
www.issworld.com

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For investor enquiries

Michael Bjergby, Head of Group Investor Relations, +45 31 37 41 71

Louisa Baruch Larsson, Senior Investor Relations Manager, +45 38 17 63 38

For media enquiries

Kenni Leth, Head of Global PR & Media Relations, +45 51 71 43 68

About ISS

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