



Company announcement

Copenhagen, 06 May 2020

No. 09/2020

Solid organic growth and strong liquidity despite significant COVID-19 impact towards the quarter-end

TRADING UPDATE FOR 1 JANUARY – 31 MARCH 2020:

ISS (ISS.CO, ISS DC, ISSDY), a leading workplace experience and facility management company, announces its trading update for Q1 2020:

Highlights

- Revenue increased by 2.4% year-over-year in Q1 2020 with solid organic growth of 4.1% driven in particular by key account organic growth of 9.1% and strong demand for deep-cleaning and disinfection services.
- Our number one priority is the health and safety of our colleagues. At the same time, we are taking a central role in the business continuity plans of thousands of customers around the world.
- With the COVID-19 crisis unfolding, we have seen an increasing impact on our operations over the last weeks. The estimated negative organic growth in April was around 20%. In isolation the estimated negative organic growth impact from COVID-19 was around 25% with an operating profit drop-through of around 25%.
- As a result of the sudden short-term reduction in activity, we focus on cost control and cash generation. We are adjusting our cost base and investments and have had to furlough or lay-off many hard-working employees.
- Total readily available liquidity was strong at above DKK 11 billion at 30 April 2020 (20 March 2020 announcement: above DKK 8 billion) positively impacted since our update 20 March 2020 by additional undrawn liquidity facilities of DKK 2.2 billion and broadly neutral free cash flow. We have no financial covenants and no short-term debt maturities.
- Following the IT malware attack, we have now regained control of the vast majority of our IT infrastructure and have relaunched business-critical systems in the vast majority of operations. The negative impact in 2020 on organic growth and operating profit before other items, as a result of the IT security incident, is estimated to be immaterial. The net negative one-off impact in 2020-2021 on free cash flow is estimated to be DKK 500-750 million (previously DKK 450-800 million).
- On 20 March 2020 we withdrew the proposal to pay an ordinary dividend in 2020 and also withdrew the outlook for 2020 as the short-term negative consequences and duration of COVID-19 remain too uncertain to estimate.

Jeff Gravenhorst Group CEO, ISS A/S, said:

“Our number one priority is the health and safety of our employees and our customers. Our solid organic growth, our ability to adapt swiftly to unprecedented circumstances, as well as the central role we take in the business continuity plans of our customers are all the result of our strategic focus towards key accounts. I am immensely proud of the hard work of all of my colleagues and the role ISS currently plays in society at large. The awareness and perception of the role of facility services and the work of our employees have changed significantly. With our international reach, flexible costs base and solid liquidity, ISS is well positioned to come out as an even stronger company.”

Lord Allen of Kensington Kt CBE

Chairman

Jeff Gravenhorst

Group CEO

Conference call details

A conference call will be held on 06 May 2020 at 9:00 am CET. Presentation material will be available online prior to the conference call.

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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. In 2019, ISS Group's global revenue amounted to DKK 78.6 billion. For more information on the ISS Group, visit www.issworld.com.