



Company announcement

Copenhagen, 13 August 2024

No. 38/2024

Interim report for 1 January – 30 June 2024

Robust financial development. Second tranche of the share buyback programme increased by DKK 250 million to DKK 750 million

Highlights

Financial performance update

- Organic growth was 5.8% in Q2 2024 (Q2 2023: 10.9%), and 5.9% in H1 2024 (H1 2023: 11.4%), mainly driven by price increases implemented across the Group and positive volume growth.
- Operating margin before other items (excl. IAS 29) improved to 4.0% in H1 2024 from 3.6% in H1 2023 as a result of continued operational improvements across the Group.
- Free cash flow was DKK (1.1) billion in H1 2024 (H1 2023: DKK (1.1) billion) reflecting normal seasonality with negative effect from changes in working capital, including Deutsche Telekom withholding certain payments.

Business update

- As announced on 8 August 2024, ISS has been awarded a 7-year contract, subject to signing, with the UK Department of Work and Pensions (DWP) with an expected annual revenue of around DKK 1.2 billion.
- ISS extended several key account contracts including the longstanding global IFS partnership with Barclays.
- The contracts with DEFRA in the UK and the Danish Building and Property Agency are now fully operational and performing according to expectations.
- In April 2024, ISS acquired gammaRenax in Switzerland and completed the divestment of ISS France.
- The arbitration process with Deutsche Telekom progressed according to plan.

Capital distribution and outlook

- Credit rating upgraded to BBB from BBB- by S&P Global and financial leverage at 2.6x at 30 June 2024.

- On 9 August 2024, ISS concluded the first DKK 500 million tranche of its share buyback programme. The second tranche has been increased by DKK 250 million to DKK 750 million due to the strong liquidity position and cash flow outlook. The total share buyback programme will thereby amount to DKK 1.25 billion.
- 2024 outlook for organic growth is narrowed to 5 – 6% (previously 4 – 6%) on the back of the performance in H1 2024. Outlook for operating margin above 5% and free cash flow above DKK 1.8 billion are maintained.

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

"I'm pleased that we continued to meet our financial and operational targets in the first half of 2024. I am especially pleased that our operating margin is improving in line with our expectations. Our growth and robust financial performance are the results of our steadfast focus on managing inflationary pressure, as well as the outstanding, dedicated efforts of our placemakers, who deliver value to our customers every day. We have successfully mobilised new large customer contracts, such as DEFRA and the Danish Building and Property Agency, and we are well on track to deliver on our targets for the full year. Due to the strong liquidity position and cash flow outlook, we are today able to increase our share buyback programme with DKK 250 million for the next six months."

| Financial overview | Q1 2024 | Q2 2024 | H1 2024 | H1 2023 |
|--|---------|---------|---------|---------|
| DKK million (unless otherwise stated) | | | | |
| Revenue | 20,090 | 20,591 | 40,681 | 38,336 |
| Organic growth, % | 6.0 | 5.8 | 5.9 | 11.4 |
| Operating profit before other items | | | 1,580 | 1,347 |
| Operating profit before other items, excl. IAS 29 | | | 1,600 | 1,403 |
| Operating margin (before other items), % | | | 3.9 | 3.5 |
| Operating margin (before other items), %, excl. IAS 29 | | | 4.0 | 3.6 |
| Free cash flow | | | (1,095) | (1,074) |

For investor enquiries

Michael Vitfell-Rasmussen, Head of Group Investor Relations, +45 53 53 87 25

For media enquiries

Charlotte Holm, Head of External Communication, +45 41 76 19 89

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 2023, Group revenue was DKK 78.7 billion. For more information on the ISS Group, visit www.issworld.com.