



## Company Announcement

Copenhagen, 02 May 2022

No. 11/2022

# Trading update for 1 January – 31 March 2022

Q1 organic growth of 5.4% – upgrade of 2022 outlook for organic growth

### Highlights

- Organic growth was 5.4% in Q1 2022 (Q1 2021: (5.6)%), driven by return-to-office trends in large markets, price increases and continued solid demand for projects and above-base work.
- Revenue in Q1 2022 was 3% above pre-Covid-19 levels in Q1 2019 (excluding M&A and FX effects). Revenue from both cleaning and technical services were above pre-Covid-19 levels indicating continued structural demand and growth of ISS' core service lines.
- The underlying run-rate for operating margin continued to improve in Q1 2022 compared to previous quarters. Cost inflation and protection of margins have been managed tightly through price increases and cost reductions. A large part of this year's expected price increases has already been implemented in the quarter.
- The turnaround initiatives related to the underperforming contracts and countries progressed according to plan. The UK has reached its turnaround target nine months ahead of plan, and the turnaround focus is now on the recovery of the remaining underperforming areas; the Deutsche Telekom contract and France.
- Execution of the divestment programme is nearing completion. Divestments of Taiwan, Russia and two smaller business units have been completed.
- ISS has carried out a large study (ISS Pulse) to gain insight into recent industry trends. Customers are increasing investments in upgrading workplaces to enhance employee engagement. The majority of office-based customers in the survey are not planning to reduce their real estate footprint.

- The outlook for organic growth is upgraded to 'Above 4%' (previously 'Above 2%'), due to the solid start to the year. The gradual recovery from Covid-19 and return-to-office development are expected to continue during the year. Outlook for operating margin and free cash flow is confirmed.

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

*"The first quarter was a good start to the year and the development is a testimony to the continued growing demand for our services. Our customers are returning to the offices and continue to demand more project-based services than before Covid-19. Revenue from all of our service lines - except Food Services - are now above pre-Covid-19 levels and our collaboration with large global customers continues to emphasise increased investments in workplaces, also evidenced by our ISS Pulse study. I want to thank all of our more than 350,000 employees for delivering excellent service to our customers in a continued demanding environment."*

Revenue overview					
DKK million	Q1 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Revenue	18,075	17,454	17,439	17,723	18,747
Organic growth	5.4 %	(5.6)%	5.8 %	2.8 %	5.8 %
Acquisitions & Divestments	(2.0)%	(0.4)%	(0.6)%	(0.2)%	(1.0)%
Currency adjustment	0.2 %	(2.8)%	(1.5)%	0.7 %	1.6 %
<b>Revenue growth</b>	<b>3.6 %</b>	<b>(8.8)%</b>	<b>3.7 %</b>	<b>3.3 %</b>	<b>6.4 %</b>

### For media enquiries

Kenni Leth, Head of Global PR & Media Relations, +45 5171 4368

### For investor enquiries

Jacob Johansen, Head of Group Investor Relations, +45 2169 3591

Kristian Tankred, Senior Investor Relations Manager, +45 3067 3525

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