



INTERIM REPORT FOR 1 JANUARY – 30 JUNE 2020

RESILIENT REVENUE REINFORCES THE IMPORTANCE OF THE GLOBAL STRATEGY IN UNPRECEDENTED TIMES

HIGHLIGHTS

- Organic growth of (2.9)% in H1 2020 and (9.9)% in Q2 2020, impacted especially by COVID-19 lockdowns, but underpinned by key accounts (2.2% organic growth in H1 2020) as well as strong demand for deep cleaning and disinfection. Organic growth in July was (7.8)%.
- Operating margin (before other items) of (2.2)% in H1 2020 (H1 2019: 3.7%) or around 0% excluding restructuring costs and one-offs. Performance was impacted by the operating profit drop-through from revenue lost as a result of COVID-19 as well as other operational impacts including inefficiencies and delays in a number of key operational priorities as a result of the significant redirection of resources on the back of COVID-19 and the IT malware attack.
- Free cash flow improved to DKK (1.7) billion in H1 2020 (H1 2019: DKK (2.6) billion). The free cash flow of DKK (1.7) billion was negatively impacted by seasonality, impact of COVID-19 and the IT malware attack on operating performance, while positively impacted by short-term benefits of DKK 1.6 billion from postponed payment of VAT and social charges offered under government support schemes. The utilisation of factoring reduced by DKK 0.7 billion.
- Total readily available liquidity remained above DKK 11 billion at 30 June 2020 (30 April 2020: above DKK 11 billion) and around DKK 14 billion at 31 July 2020.
- Net debt reduced from DKK 18.6 billion at 30 June 2019 to DKK 16.4 billion at 30 June 2020. However, as a result of weaker operating profit, leverage at 30 June 2020 increased to 5.9x pro forma adjusted EBITDA (30 June 2019: 3.4x). Excluding restructuring costs and one-offs impacting operating profit, leverage at 30 June 2020 was 4.3x. While leverage is expected to peak in 2020, we expect a significant reduction in 2021 as performance is expected to normalise and the divestment programme completes. ISS has no financial covenants and no material unaddressed debt until 2024.
- Uncertainty remains high as we reinstate guidance for 2020. Organic growth in 2020 is expected to be (2)%-(10)% with a mid-range of (6)%-(8)%. The operating margin excluding restructurings and one-off costs (0% in H1 2020) is expected to be marginally positive in 2020. Free cash flow in 2020 is expected to be DKK (0.5)-(3.5) billion with a mid-range of around DKK (2) billion.

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

“The first half of 2020 has proven extraordinarily challenging for ISS given the combined impact of the malware attack and COVID-19. Our financial performance has suffered from the loss of revenue and a delay of certain transformational projects as we reprioritised during the crisis. That said, the strategic decisions we have made over the past few years have made ISS more resilient in these unprecedented times. Our revenue from key account customers has continued to grow, with the strength of our value proposition becoming more apparent. We have helped customers break the chain of infection and supported the safe return of people to their workplaces. We have increased our liquidity, strengthened our cash flows and reduced net debt. We have now started the shift from crisis management back towards execution of our strategic priorities. Global uncertainty remains considerable, but we are well placed to capitalise on the recovery as it comes through and the positive, long-term structural trends.”

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

ISS A/S, ISIN DK 0060542181
ISS A/S, ISIN US4651472056
ISS Global A/S, ISIN XS2013618421
ISS Global A/S, ISIN XS1330300341
ISS Global A/S, ISIN XS1145526825
ISS Global A/S, ISIN XS1673102734
ISS FINANCE BV, 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



Conference call details

A conference call will be held on 12 August 2020 at 9:00 am CET. Presentation material will be available online prior to the conference call.

Dial-in details:

DK: +45 7876 8490

SE: +46 8 1241 0952

UK: +44 203 7696 819

US: +1 646 787 0157

PIN Code for all countries: 283234

Link: <https://iss.eventcdn.net/2020h1/>

For investor enquiries:

Martin Kjær Hansen, Head of Group Investor Relations, +45 38 17 64 31

For media enquiries:

Maja Korshin, PR & Media Senior Manager, +45 20 69 65 50

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.

ISS A/S, ISIN DK 0060542181
ISS A/S, ISIN US4651472056
ISS Global A/S, ISIN XS2013618421
ISS Global A/S, ISIN XS1330300341
ISS Global A/S, ISIN XS1145526825
ISS Global A/S, ISIN XS1673102734
ISS FINANCE BV, 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