



## Company Announcement

Copenhagen, 3 May 2023

No. 15/2023

### Trading update for 1 January – 31 March 2023

#### Strong start to the year and upgrade of 2023 outlook for organic growth

##### Highlights

- Organic growth was 11.3% in Q1 2023 (Q1 2022: 5.4%), mainly driven by the implementation of price increases across the Group and underlying volume growth. Price increases in Turkey contributed with approximately 3%-points to the organic growth in Q1 2023.
- The tight management of cost inflation was maintained. The margin was in general kept unaffected as negative effects were mitigated through price increases and operational efficiencies. Minimum wages and collective agreements are typically adjusted during Q1; therefore, prices were increased accordingly.
- The underlying operating margin developed positively across the Group, primarily driven by continued operational improvements on the Deutsche Telekom contract and in the UK, as well as positive effects from realising the planned OneISS efficiencies. In France, however, improvements are yet to be seen.
- Commercial momentum remained solid with increased activity levels and further improved customer retention.
- A survey among office-based customers highlighted the importance of cleaning to drive customer satisfaction. As the world's largest cleaning company, ISS has efficient service products with strong value propositions to meet customer needs.
- On 16 March 2023, Group CEO Jacob Aarup-Andersen submitted his resignation. The Board of Directors has initiated a process to find his successor with both internal and external candidates being evaluated. Jacob Aarup-Andersen will stay with ISS until a successor has been found, and the strategic direction and operational execution is unchanged.
- The outlook for organic growth is upgraded to 6 – 8% (4 – 6%). The upgrade is driven by successful implementation of price increases to offset the cost impact from inflation and higher underlying volume growth. Outlook for operating margin of 4.25 – 4.75% and free cash flow of around DKK 2 billion is confirmed.

- As a consequence of higher-than-expected organic growth, and thereby higher nominal revenue in H1 2023, receivables will increase temporarily. Together with reversal of customer prepayments received in Q4 2022, changes in working capital and free cash flow are therefore expected to be negative in the first half of the year.

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

*"We had a strong start to the year delivering double digit organic growth in the first quarter. This is a result of our continued strategic focus on creating sustainable growth across our business after we completed the financial turnaround last year. As expected, high inflation and wage increases impacted the quarter, but we have managed this tightly and implemented the necessary steps to offset any negative effects. This also means that we continue to see a positive development in our underlying margins. We are commercially well-positioned with a continued solid customer retention rate, and the execution of the next phase of the OneISS strategy continues as planned, not least due to the dedicated efforts from our more than 350,000 placemakers around the world."*

Revenue overview					
DKK million	Q1 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Revenue	19,930	18,075	18,868	19,311	20,284
Organic growth	11.3 %	5.4 %	8.0 %	8.1 %	9.4 %
Acquisitions & Divestments	0.3 %	(2.0)%	(1.9)%	(1.7)%	(1.2)%
Currency & other adjustments	(1.3)%	0.2 %	2.1 %	2.6 %	(0.0)%
<b>Revenue growth</b>	<b>10.3 %</b>	<b>3.6 %</b>	<b>8.2 %</b>	<b>9.0 %</b>	<b>8.2 %</b>

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**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 2022, Group revenue was DKK 76.5 billion. For more information on the ISS Group, visit [www.issworld.com](http://www.issworld.com).