



## ISS A/S - Trading Update

ISS today announces preliminary results for the period 1 January – 31 March 2011 as an update on the Group's performance in the current year, ahead of the release of the Interim Report for the period 1 January – 31 March 2011.

- **Revenue up by DKK 1.4 bln or 8% to DKK 18.9 bln driven by organic growth of 5.6% for the quarter**
- **Each geographical region grew revenue, with double digit organic growth in North America, Asia and Latin America**
- **Operating profit before other items up by almost DKK 50 million to DKK 850 million equal to a 5.5% increase**
- **The operating margin before other items of 4.5% for the quarter was in line with expectations**

### **Jeff Gravenhorst, ISS' Group CEO, commented:**

*"We are encouraged that our platform for delivery of large international IFS contracts is in place and is adding to our growth. ISS started the year delivering an organic growth rate of 5.6%, taking advantage of the growth opportunities in the Facility Service markets across the globe. Our organic growth is positively impacted by the start-up of the large contract wins from 2010 and even more importantly by a widespread positive momentum in the organic growth, including our largest regions Western Europe and Nordics. This further enhances our confidence in our financial outlook."*

### **Group Performance**

The positive organic growth trend seen in the fourth quarter of 2010 has continued, fuelled by the start-up of several large Integrated Facility Services (IFS) contracts. Revenue is expected to grow by DKK 1.4 bln or 8% to DKK 18.9 bln for the first three months of 2011, compared with the prior year period, driven mainly by an organic growth of around 5.6%, and favourable development in foreign exchange rates. North America, Asia and Latin America delivered double-digit organic growth rates. This marks the sixth consecutive quarter with an increase in our organic growth rate.

Ensuring the successful start-up of several international IFS contract wins from 2010 has been a key focus area for ISS in first quarter of 2011. ISS is already delivering under the sizeable IFS contracts with Hewlett-Packard for the Americas region and Citi for EMEA, and both contract implementations are progressing well. In addition, ISS commenced service delivery on 31 March 2011 throughout the Asia Pacific region with the United Kingdom Foreign & Commonwealth Office.

Operating profit before other items is expected to grow by almost DKK 50 million to DKK 850 million equal to a 5.5% increase for the period 1 January – 31 March 2011.

The operating margin (operating profit before other items as a percentage of revenue) of approximately 4.5% for the first three months of 2011 was in line with our expectations and in line with the operating margin of 4.6% for the comparable period in 2010. The margin achieved in the first three months of each year is historically lower due to seasonality. That trend is expected to reverse in the following quarters where historically significantly higher margins have been achieved. Unique to this quarter is the impact of start-up costs of a sizeable IFS contract in the Americas.

### **Outlook**

The financial outlook for 2011 remains unchanged.

ISS expects revenue growth in 2011 to be approximately 4%, assuming constant foreign exchange rates and before the impact of any acquisition or divestment in 2011. This expected revenue growth is negatively impacted by approximately 1 percentage point related to the net impact of the acquisition and divestments completed in 2010.

The operating margin in 2011 is expected to be slightly above the level realised in 2010, and cash conversion for 2011 is expected to be similar to the level realised in 2010.

### **Financial Position**

There have been no significant changes in the financial position in the period since 31 December 2010. The financial position is impacted by the normal seasonality of our business.

### **Acquisitions and divestments**

There have been no acquisitions or divestments in the first three months of 2011.

### **Interim Report**

ISS expects to publish its final Interim Report for the period 1 January – 31 March 2011 on 12 May 2011.

Ole Andersen, Chairman

Jeff Gravenhorst, Group CEO

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#### **About the ISS Group**

The ISS Group was founded in Copenhagen in 1901 and has grown to become one of the world's leading Facility Services companies. ISS offers a wide range of services: cleaning services, property services, catering services, support services, security services and facility management services. Global revenue amounted to DKK 74 billion in 2010 and ISS now has more than 520,000 employees and direct operations in more than 50 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers. For more information about ISS, please visit our website at [www.issworld.com](http://www.issworld.com).