



Company announcement

Copenhagen, 12 November 2014

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Interim report for the period 1 January – 30 September 2014

Resilient growth and strong margin performance

ISS (ISS.CO, ISS DC), one of the world's leading facility services companies, announces its interim financial report for the first nine months of 2014:

Highlights

- Resilient organic revenue growth of 2.4% in the first nine months (2013: 4.1%) and 2.4% in Q3 (2013: 5.2%).
- Strong operating margin of 5.3% in the first nine months (2013: 5.3%) and 6.4% in Q3 (2013: 6.3%). Adjusted for the impact of the divested pest control activities in 2013, the YTD operating margin increased from 5.2% in 2013 to 5.3% in 2014.
- Strong cash conversion over the last twelve months of 97% (2013: 109%) as a result of continued focus on cash flows across the Group.
- Profit before goodwill impairment and amortisation/impairment of brands and customer contracts increased to DKK 1,210 million in the first nine months (2013: DKK 726 million).
- The strategic initiatives including customer segmentation and central procurement are progressing according to plan and support margin progression.
- Emerging markets represent 24% of total revenue for the Group (2013: 23%) and delivered 10% organic growth (2013: 11%) and 6.1% operating margin in the first nine months (2013: 6.1%). Western Europe represents 51% of total revenue for the Group (2013: 50%) and delivered flat organic growth against a backdrop of difficult market conditions (2013: 5%) and 5.7% operating margin in the first nine months of 2014 (2013: 5.4%).
- Revenue generated from Integrated Facility Services contracts increased 9% (currency adjusted) in the first nine months and amounted to DKK 16.5 billion representing 30% of overall revenue (2013: 26%). Significant IFS contract wins in Q3 included Bankia and Aller. The IFS segment includes Global Corporate Clients, where revenue increased 4% (currency adjusted) in the first nine months.
- An EMTN programme is being established to give ISS increased flexibility to pursue refinancings in the bond market when considered relevant. European investor marketing will commence shortly and issuance of bonds may follow subject to market conditions.
- The 2014 outlook for organic growth, operating margin and cash conversion remains unchanged from our Q2 Interim report.

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

“ISS has delivered a resilient performance in the third quarter as we continue to grow profitably within the attractive global facility services market.

Against a softer global macro backdrop, we realised resilient organic growth supported by strong performance in Emerging Markets and an increasing share of IFS revenue, now 30% of Group total. Significant contract wins in this quarter included Bankia, Vattenfall, Aller, Norwegian Defence Forces and Molson Coors.

Our focus on profitable contracts along with progress on our strategic initiatives such as customer segmentation, central procurement, business process outsourcing and the successful divestment of non-core activities has supported another quarter of strong operating margins.

Whilst we expect operating conditions, particularly in Europe, to remain challenging through the rest of this year and into next, we remain confident in our ability to grow organically, with strong operating margins and excellent cash conversion.”

Lord Allen of Kensington Kt CBE

Chairman

Jeff Gravenhorst

Group CEO

Conference call details

A conference call will be held on 12 November 2014 at 10:00 CET. Presentation material will be available online prior to the conference call.

Link: <http://inv.issworld.com/events.cfm>

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About ISS

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 such as: Cleaning, Catering, Security, Property and Support Services as well as Facility Management. Global revenue amounted to DKK 78.5 billion in 2013 and ISS has more than 520,000 employees and local 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 on the ISS Group, visit www.issworld.com.