



Company announcement

Copenhagen, 16 August 2016

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INTERIM REPORT FOR THE PERIOD 1 JANUARY – 30 JUNE 2016

Good performance for the first six months of 2016

ISS (ISS.CO, ISS DC, ISSDY), a leading global provider of facility services, announces its interim financial report for the first six months of 2016:

Highlights

- Organic revenue growth of 3.8% in H1 and 3.8% in Q2 (Q1 2016: 3.7%).
- Total revenue growth of negative 1% in H1 and negative 2% in Q2 (Q1 2016: 0%), driven by currency effects which reduced revenue by 4% in H1 and 5% in Q2.
- Operating margin of 4.9% in H1 (H1 2015: 4.9%) and 5.4% in Q2 (Q2 2015: 5.3%).
- Cash conversion over the last twelve months of 97% (Q1 2016: 99%).
- Profit before amortisation/impairment of acquisition-related intangibles increased to DKK 1,155 million in H1 (H1 2015: DKK 1,027 million).
- Net profit increased to DKK 897 million in H1 (H1 2015: DKK 776 million).
- Leverage at 30 June 2016 was 2.5x (31 December 2015: 2.1x). Our capital allocation and leverage objectives remain unchanged.
- Revenue generated from IFS increased by 15% in local currency in Q2 (Q1 2016: 11%), leading to a total share of 37% of Group revenue (Q1 2016: 35%).
- Revenue from Global Corporate Clients increased by 16% in local currency in Q2 (Q1 2016: 15%) and represents 11% of Group revenue (Q1 2016: 10%).
- Strategic initiatives, including sharper focus on key customers, Business Process Outsourcing and the procurement programme, continue to be implemented according to plan and support margin development.
- Pierre-François Riolacci has been appointed Group Chief Financial Officer and will join ISS in early November 2016.

- The 2016 outlook for organic revenue growth is narrowed to 2.5%-4.0% (from 2%-4% previously). Our expectations for operating margin (above 5.7%) and cash conversion (above 90%) are unchanged.

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

"We continued to deliver a good performance in Q2 both in terms of solid organic growth, driven by growing demand for Integrated Facility Services, and an improved operating margin, underpinned by our strategic initiatives. We have signed new contracts and extensions as well as commenced delivery with numerous clients across the world. These include a major logistics company and a number of public institutions in the United Kingdom, SKANSKA and SEB in Sweden, a major international bank in Mexico and Jakarta Airport in Indonesia. We expect the global macroeconomic conditions to remain challenging for the rest of the year. However, we are confident that we will continue to grow and deliver on our strategic objectives. Given the solid organic growth for the first half of 2016, we have decided to narrow the span for expected full year organic growth from 2-4% to 2.5-4.0%. We maintain our 2016 outlook for margin and cash conversion."

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

Conference call details

A conference call will be held on 16 August 2016 at 10:00 CET.

Presentation material will be available online prior to the conference call.

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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 79.6 billion in 2015 and ISS has approximately 500,000 employees and activities in more than 75 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.