INTERIM REPORT FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2016

Steady performance and extraordinary dividend at DKK 4.00 per share

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

Highlights

- Organic revenue growth of 3.6% in the first nine months and 3.3% in Q3 (Q2 2016: 3.8%).
- Total revenue decreased by 1% in the first nine months and decreased by 1% in Q3 (Q2 2016: decrease of 2%), driven by currency effects which reduced revenue by 4% in the first nine months and 3% in Q3.
- Operating margin of 5.5% in the first nine months (2015: 5.4%) and 6.5% in Q3 (Q3 2015: 6.5%).
- Cash conversion over the last twelve months of 95% (Q2 2016: 97%).
- Profit before amortisation/impairment of acquisition-related intangibles increased to DKK 1,944 million in the first nine months (2015: DKK 1,764 million).
- Net profit increased to DKK 1,569 million in the first nine months (2015: DKK 1,392 million).
- Leverage at 30 September 2016 was 2.4x (30 September 2015: 2.7x). Our capital allocation and leverage objectives remain unchanged.
- ISS will on 11 November 2016 distribute an extraordinary dividend of DKK 4.00 per share or DKK 743 million, which is in addition to the DKK 1,358 million ordinary dividend paid in April 2016.
- Revenue generated from IFS increased by 15% in local currency in Q3 (Q2 2016: 15%), leading to a total share of 37% of Group revenue (Q2 2016: 37%).
- Revenue from Global Corporate Clients increased by 18% in local currency in Q3 (Q2 2016: 16%) and represents 11% of Group revenue (Q2 2016: 11%).
- 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.
- On 28 October 2016, we acquired Apunto, a leading catering company in Chile. The enterprise value amounts to DKK 67 million.
- The 2016 outlook for organic revenue growth is narrowed to around 3% (from previously 2.5%-4.0%). 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 our steady performance, delivering robust organic growth, improved margin and strong cash conversion. Strong demand for Integrated Facility Services continues to drive both organic growth and margin improvements. During the quarter, we signed multiple new contracts and extensions including with Bombardier and John Crane in North America as well as Royal Mail and Hitachi Rail in the United Kingdom and Heineken in the Netherlands. Since our 2014 IPO we have steadily reduced our leverage to 2.4x at the end of Q3. Given our continued steady performance we will distribute an extraordinary dividend of DKK 4.00 per share, consistent with our stated capital allocation policy. We are confident that we will continue our steady performance, delivering organic growth for 2016 of around 3% and a margin higher than delivered in 2015."

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

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KEY FIGURES AND FINANCIAL RATIOS[1)]

DKK million (unless otherwise stated)	Q3 2016	Q3 2015	1 January - 30 September 2016	1 January - 30 September 2015
Income statement				
Revenue	19,565	19,688	58,628	59,044
Operating profit before other items	1,277	1,276	3,196	3,186
Operating margin	6.5%	6.5%	5.5%	5.4%
EBITDA	1,398	1,408	3,584	3,635
Adjusted EBITDA	1,435	1,463	3,709	3,753
Operating profit	1,240	1,221	3,071	3,068
Financial income	(7)	9	33	31
Financial expenses	(137)	(177)	(404)	(579)
Profit before amortisation/impairment of acquisition-related intangibles	789	737	1,944	1,764
Net profit for the period	672	616	1,569	1,392
Cash flow				
Cash flow from operating activities	918	884	949	1,045
Acquisition of intangible assets and property, plant and equipment, net	(172)	(173)	(467)	(627)
Cash conversion (LTM)	95%	99%	95%	99%
Financial position				
Total assets	47,759	47,945	47,759	47,945
Goodwill	22,343	22,710	22,343	22,710
Additions to property, plant and equipment	160	124	442	537
Total equity (attributable to owners of ISS A/S)	13,630	13,445	13,630	13,445
Equity ratio	28.5%	28.0%	28.5%	28.0%
Employees				
Number of employees end of period	497,146	510,570	497,146	510,570
Full-time employees	74%	73%	74%	73%
Growth				
Organic growth	3.3%	4.8%	3.6%	4.3%
Acquisitions and divestments, net	(1)%	(1)%	(1)%	(2)%
Currency adjustments	(3)%	3 %	(4)%	5 %
Total revenue growth	(1)%	7 %	(1)%	7 %
Financial leverage				
Pro forma adjusted EBITDA	5,218	5,180	5,218	5,180
Net debt	12,469	13,955	12,469	13,955
Net debt / Pro forma adjusted EBITDA	2.4x	2.7x	2.4x	2.7x
Stock market ratios				
Basic earnings per share (EPS), DKK	3.7	3.3	8.5	7.5
Diluted earnings per share, DKK	3.6	3.3	8.5	7.5
Adjusted earnings per share, DKK	4.3	4.0	10.5	9.5
Number of shares issued (in thousands)	185,668	185,668	185,668	185,668
Number of treasury shares (in thousands)	2,120	1,777	2,120	1,777
Average number of shares (basic) (in thousands)	183,548	183,891	183,635	184,104
Average number of shares (diluted) (in thousands)	184,971	185,072	185,013	185,237

1) See definitions in the Annual Report 2015.

GROUP PERFORMANCE

OPERATING RESULTS

January – September 2016

Group revenue was DKK 58.6 billion, representing a decrease of 1% compared with the same period last year. Organic growth amounted to 3.6%, while the impact from currency effects and acquisitions and divestments, net, reduced revenue by 4% and 1%, respectively.

Organic growth was mainly driven by a good performance in emerging markets and contract launches in the Continental Europe and Northern Europe regions. Our integrated facility services (IFS) business continues to grow and be a focus point for the Group. All regions delivered continued positive organic growth rates, although we experienced difficult market conditions in certain European countries and notable negative organic growth in Brazil and Australia.

Operating profit before other items amounted to DKK 3,196 million (2015: DKK 3,186 million) for an operating margin of 5.5% (2015: 5.4%). The operating margin was supported by margin increases in Asia, mainly driven by Singapore, and Northern Europe. This was partly offset by a 5 bps negative group margin impact from divestments, mainly related to the high margin call centre activities in Turkey and slight margin decrease in Continental Europe. Corporate costs amounted to 0.7% of revenue (2015: 0.7%), which was in line with expectations.

Emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey which represent 25% of Group revenue, delivered organic growth of 8% and an operating margin of 6.2% (2015: 6.2%).

Financial income and expenses, net amounted to an expense of DKK 371 million (2015: DKK 548 million). The decrease was mainly due to foreign exchange gains, net of DKK 7 million (2015: net loss of DKK 93 million) as well as a decline in interest expenses, net, as a result of the lower interest margins combined with the lower average net debt.

The effective tax rate per 30 September 2016 was 28.0% (2015: 30.0%) calculated as Income taxes of DKK 756 million divided by Profit before tax and amortisation/impairment of acquisition-related intangibles of DKK 2,700 million. The effective tax rate of 28.0% is in line with expectations for the year.

Profit before amortisation/impairment of acquisition-related intangibles increased to DKK 1,944 million (2015: DKK 1,764 million), mainly supported by a decline in financial expenses, net.

Net profit was up by DKK 177 million to DKK 1,569 million.

Q3 2016

Group revenue in Q3 was DKK 19.6 billion, which is a decrease of 1% compared with the same period last year. Organic growth amounted to 3.3% (Q2 2016: 3.8%) while the impact from currency effects and acquisitions and divestments, net, reduced revenue by 3% and 1%, respectively.

In Q3, organic growth was primarily driven by a strong performance in emerging markets, large contract launches in the Northern and Continental Europe regions and Americas, specifically the USA, as well as our integrated facility services (IFS) business in general. Furthermore, Q3 was positively impacted by a few larger one-off projects. All regions delivered positive organic growth rates, although organic growth in Asia & Pacific was reduced compared with Q2, as a result of negative organic growth in Australia.

Operating profit before other items amounted to DKK 1,277 million (Q3 2015: DKK 1,276 million) for an operating margin of 6.5% (Q3 2015: 6.5%). The operating margin was mainly supported by margin increases in Americas, mainly the USA, and Northern Europe, partly offset by a margin decrease in Continental Europe. Furthermore the group margin was negatively impacted by 2 bps from divestments, mainly related to the high margin call centre activities in Turkey. Corporate costs amounted to 0.7% of revenue (Q3 2015: 0.7%), which was in line with expectations.

BUSINESS DEVELOPMENT

In Q3, revenue generated from IFS was up by 15% (Q2 2016: 15%) in local currencies to DKK 7.2 billion, which corresponds to approximately 37% of Group revenue (Q2 2016: 37%). The growth was driven by IFS contract launches and expansions including DSB and Danske Bank in Denmark, Global Corporate Clients contracts in general, changes in our customer mix as well as the successful conversion of existing single service contracts to IFS contracts.

In Q3, we won a significant IFS contracts with Bombardier Inc. in North America, the Royal Mail Group ltd. in the United Kingdom, Heineken in the Netherlands and John Crane in the USA. Furthermore, ISS Sweden extended and expanded an IFS contract with ICA, one of the largest retail companies in the Nordic countries. Finally, we further strengthened our position within the healthcare sector in Singapore, as we expanded a significant IFS contract with a local hospital.

Revenue generated from Global Corporate Clients[1)] increased by 18% (Q2 2016: 16%) in local currencies to DKK 2.2 billion, representing approximately 11% of Group revenue (Q2 2016: 11%).

1) Figures have been adjusted for certain Global Corporate Clients contracts where responsibilities have been transferred to regional and local management. Comparative figures have been restated accordingly.

CASH FLOWS

The LTM (last twelve months) cash conversion for September 2016 was 95%, driven by a generally strong cash performance across the Group. Ensuring a strong cash performance is a key priority, and the result reflects our consistent efforts to ensure timely payment for work performed and focus on strong working capital processes.

Cash flow from operating activities

Cash flow from operating activities in the first nine months was a net cash inflow of DKK 949 million (2015: cash inflow of DKK 1,045 million). The decrease in cash inflow was primarily due to a higher cash outflow from changes in working capital of DKK 184 million mainly related to quarterly timing differences as well as certain one-off payments. Furthermore, cash outflow from provisions, pensions and similar obligations increased by DKK 52 million, mainly due to a one-off positive impact in 2015 from pension obligations related to new contracts. This was partly offset by a decrease in cash outflow from other expenses paid of DKK 96 million.

Cash flow from operating activities in Q3 represented a net cash inflow of DKK 918 million (Q3 2015: cash inflow of DKK 884 million). The increase in cash inflow was primarily due to lower other expenses paid and income taxes paid, partly offset by a higher cash outflow from changes in working capital of DKK 60 million, mainly due to quarterly timing differences in other receivables and certain one-off payments.

Cash flow from investing activities

Cash flow from investing activities was a net cash outflow of DKK 496 million (2015: cash outflow of DKK 1,109 million). Investments in intangible assets and property, plant and equipment, net, was DKK 467 million (2015: DKK 627 million), which represented 0.8% of Group revenue (2015: 1.1%) and is mainly impacted by quarterly timing differences. The cash outflow relating to acquisitions and divestments, net, of DKK 45 million related to the divestment of ISS Greenland as well as adjustments to prior year acquisitions and divestments.

Cash flow from financing activities

Cash flow from financing activities was a net cash outflow of DKK 2,110 million (2015: net outflow of DKK 1,105 million). The cash flow was primarily related to dividends paid to shareholders of DKK 1,358 million (2015: DKK 901 million), repayment of working capital facilities of DKK 599 million (2015: inflow of DKK 114 million) and purchase of treasury shares of DKK 149 million (2015: DKK 204 million), with the purpose of hedging obligations arising from ISS's share-based incentive programme (LTIP).

Free cash flow

Free cash flow[1)] was a cash inflow of DKK 482 million compared with a cash inflow of DKK 418 million in 2015. The improved free cash inflow was supported by a lower cash outflow from investments in intangible assets and property, plant and equipment, net, which was partly offset by a lower cash inflow from operating activities.

STRATEGIC ACQUISITIONS AND DIVESTMENTS

On 30 April 2016, we divested our activities in Greenland, consistent with our strategy to focus on geographies where we see the greatest opportunities for customer growth.

In August 2016, we divested our non-core Pest activities in Czech Republic and Slovakia.

On 28 October 2016, we acquired Apunto, a leading catering company in Chile with an annual revenue of DKK 116 million in 2015 and more than 700 employees. The enterprise value amounts to DKK 67 million. The acquisition supports our strategic aim of strengthening our catering capabilities in the Americas region.

At 30 September 2016, four businesses in Asia & Pacific, the Northern and Continental Europe regions were classified as held for sale. Assets and liabilities held for sale amounted to DKK 1,802 million and DKK 523 million, respectively.

We will continue to review our existing business for potential divestments of non-core activities and likewise will consider making acquisitions which enhance our core competencies subject to tight strategic and financial filters.

CAPITAL STRUCTURE

ISS's financings mainly consist of senior unsecured bank facilities and corporate bonds issued under an EMTN programme.

The unsecured senior bank facilities consist of a term facility of EUR 300 million and a revolving credit facility of EUR 850 million, both maturing in 2019. The applicable drawn margin is determined semi-annually on the basis of a leverage grid.

Our objective is to maintain an investment grade financial profile, and the target is for the financial leverage to remain below 2.5x pro forma adjusted EBITDA, taking seasonality into account. At the end of September 2016 the financial leverage was 2.4x (31 December 2015: 2.1x and 30 September 2015: 2.7x).

ISS currently holds the corporate credit rating of BBB / Stable outlook by S&P and Baa2 / Stable outlook by Moody's.

Net debt

Net debt was DKK 12,469 million at 30 September 2016, an increase of DKK 1,354 million compared with 31 December 2015. The increase in net debt is mainly the result of normal seasonality in operating cash flows as well as dividends paid to shareholders.

EQUITY

Total equity was DKK 13,639 million at 30 September 2016 equivalent to an equity ratio of 28.5% (31 December 2015: 29.4%). The DKK 865 million decrease

1) Free cash flow is defined as cash flow from operating activities minus investments in intangible assets and property, plant and equipment, net.

in total equity from December 2015 was mainly the result of dividends paid to shareholders of DKK 1,358 million, negative currency adjustments relating to investments in foreign subsidiaries of DKK 721 million and actuarial losses of DKK 275 million net of tax due to decreasing discount rates in Switzerland and the United Kingdom. Furthermore, the purchase of treasury shares had a negative impact of DKK 149 million. This was partly offset by net profit for the period of DKK 1,569 million. The negative currency adjustments were mainly due to depreciation of GBP, SEK, NOK and HKD against DKK.

ADDITIONAL SHAREHOLDER RETURN

The Board of Directors has decided to pay out an extraordinary dividend of DKK 743 million corresponding to DKK 4.00 per ISS A/S share of nominal value DKK 1 pursuant to the authorisation in article 10.8 in the Articles of Association. This is in addition to the DKK 1,358 million ordinary dividend paid in April 2016. The extraordinary dividend will be paid on 11 November 2016, with an ex-dividend date of 9 November 2016 and record date of 10 November 2016.

ISS's capital allocation policy remains unchanged and consistent with our communication since the IPO. As explained, we wish to maintain a strong and efficient balance sheet and an investment grade financial profile. We will continue to invest in the business, including working capital and capital expenditure. Our ordinary dividend policy targets a pay-out ratio of approximately 50% of Profit before amortisation/impairment of acquisition-related intangibles. We will also pursue acquisitions – subject to tight strategic and financial filters. Finally, we will periodically look to return surplus funds to shareholders and we consider both extraordinary dividends and share buy-backs as viable options.

SUBSEQUENT EVENTS

On 28 October 2016, we acquired Apunto, a leading catering company in Chile. The acquisition supports our strategic aim of strengthening our catering capabilities in the Americas region.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to 30 September 2016, which are expected to have a material impact on the Group's financial position.

OUTLOOK

OUTLOOK 2016

This section should be read in conjunction with “Forward-looking statements” as shown in the table below.

Our 2016 full year organic revenue growth expectation has been narrowed from 2.5%-4% to be around 3%. Expectations for margin and cash conversion remain unchanged from our Annual Report 2015. The narrowing of the organic growth expectation is a result of our increased visibility on full year performance. We have had a solid organic growth for the first nine months of 2016, which is supported by the large contract launches in especially Europe and Americas as well as in our IFS business in general. For Q4, we are impacted by negative growth in Brazil and Australia as well as the annualisation of some larger contracts in Northern Europe. Finally, we remain cautious as to the level of non-portfolio services for the remainder of 2016.

The outlook for 2016 for organic growth, operating margin and cash conversion is as follows.

- Organic growth is expected to be around 3%.
- Operating margin in 2016 is expected to be above the 5.7% realised in 2015.
- Cash conversion is expected to remain above 90%.

EXPECTED IMPACT FROM DIVESTMENTS, ACQUISITIONS AND FOREIGN EXCHANGE RATES IN 2016

We expect the divestments and acquisitions completed by 31 October 2016 (including in 2015) to negatively impact the revenue growth in 2016 by approximately 0-1 percentage points. We expect a negative impact on revenue growth in 2016 from the development in foreign exchange rates of approximately 3-4 percentage points based on the forecasted average exchange rates for the year 2016[1)]. Consequently, we expect total revenue growth in 2016 to be in the range -2.0 percentage points to 0.0 percentage point.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements including, but not limited to, the statements and expectations contained in the Outlook section on page 6. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words ‘‘may’’, “will”, “should”, ‘‘expect’’, ‘‘anticipate’’, ‘‘believe’’, ‘‘estimate’’, ‘‘plan’’, "predict," ‘‘intend’ or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. ISS has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of ISS.

Although ISS believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the facility service industry in general or ISS in particular including those described in the Annual Report 2015 of ISS A/S and other information made available by ISS.

As a result, you should not rely on these forward-looking statements. ISS undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

The Annual Report 2015 of ISS A/S is available at the Group’s website, www.issworld.com.

1) The forecasted average exchange rates for the financial year 2016 are calculated using the realised average exchange rates for the first nine months of 2016 and the average forward exchange rates (as of 27 October 2016) for the last three months of 2016.

Q3 2016

DKK million	Revenue			Growth components		
	Q3 2016	Q3 2015	Growth	Organic	Acq./div.	Currency
Continental Europe [1]	7,443	7,357	1 %	4 %	(2)%	(1)%
Northern Europe [2]	6,399	6,784	(6)%	3 %	(0)%	(9)%
Asia & Pacific [3]	3,696	3,618	2 %	1 %	-	1 %
Americas [4]	2,017	1,925	5 %	7 %	-	(2)%
Other Countries [5]	26	25	6 %	9 %	-	(3)%
Corporate / eliminations	(16)	(21)	24 %	-	-	-
Group	**19,565**	**19,688**	**(1)%**	**3.3 %**	**(1)%**	**(3)%**
Emerging markets [6]	5,083	4,898	4 %	7 %	(2)%	(1)%

Q3 2016

DKK million	Operating profit before other items			Operating margin [7]	
	Q3 2016	Q3 2015	Growth	Q3 2016	Q3 2015
Continental Europe	457	467	(2)%	6.1 %	6.3 %
Northern Europe	568	587	(3)%	8.9 %	8.7 %
Asia & Pacific	288	282	2 %	7.8 %	7.8 %
Americas	97	86	13 %	4.8 %	4.5 %
Other Countries	(0)	0	-	(1.2)%	0.1 %
Corporate / eliminations	(133)	(146)	9 %	(0.7)%	(0.7)%
Group	**1,277**	**1,276**	**0 %**	**6.5 %**	**6.5 %**
Emerging markets	313	315	(1)%	6.2 %	6.4 %

YTD September 2016

DKK million	Revenue			Growth components		
	2016	2015	Growth	Organic	Acq./div.	Currency
Continental Europe	22,362	22,290	0 %	4 %	(2)%	(2)%
Northern Europe	19,623	20,077	(2)%	3 %	0 %	(5)%
Asia & Pacific	10,909	10,824	1 %	4 %	(0)%	(3)%
Americas	5,708	5,846	(2)%	5 %	-	(7)%
Other Countries	75	73	3 %	8 %	-	(5)%
Corporate / eliminations	(49)	(66)	26 %	-	-	-
Group	**58,628**	**59,044**	**(1)%**	**3.6 %**	**(1)%**	**(4)%**
Emerging markets	14,921	14,866	0 %	8 %	(2)%	(6)%

YTD September 2016

DKK million	Operating profit before other items			Operating margin	
	2016	2015	Growth	2016	2015
Continental Europe	1,194	1,203	(1)%	5.3 %	5.4 %
Northern Europe	1,424	1,446	(2)%	7.3 %	7.2 %
Asia & Pacific	774	734	5 %	7.1 %	6.8 %
Americas	232	240	(3)%	4.1 %	4.1 %
Other Countries	(1)	(1)	-	(1.2)%	(0.7)%
Corporate / eliminations	(427)	(436)	2 %	(0.7)%	(0.7)%
Group	**3,196**	**3,186**	**0 %**	**5.5 %**	**5.4 %**
Emerging markets	920	919	0 %	6.2 %	6.2 %

Grouping of countries into regions:
1) Continental Europe comprises Austria, Belgium & Luxembourg, Bulgaria, the Czech Republic, Estonia, France, Germany, Greece, Hungary, Israel, Italy, Latvia, Lithuania, the Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Switzerland, Turkey.
2) Northern Europe comprises Denmark, Finland, Greenland, Iceland, Ireland, Norway, Sweden and the United Kingdom.
3) Asia & Pacific comprises Australia, Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, Taiwan and Thailand.
4) Americas comprises Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, Uruguay, the USA and Venezuela.
5) Other Countries comprise Algeria, Bahrain, Cayman Islands, Croatia, Cyprus, Egypt, Guam, Jordan, Kuwait, Monaco, Morocco, Nigeria, Pakistan, Qatar, South Africa, South Korea, Ukraine, United Arab Emirates and Vietnam.
6) Emerging Markets comprise Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey. See country overview in the Annual Report 2015.
7) The Group uses Operating profit before other items for the calculation of Operating margin.

REGIONAL PERFORMANCE

Following the changed organisational structure in 2015, the regional management structure has been adjusted as of 1 January 2016 to include four regions; 1) Continental Europe, 2) Northern Europe, 3) Asia & Pacific and 4) Americas. The structure is consistent with how we manage our business geographically.

CONTINENTAL EUROPE

Revenue was DKK 22,362 million in the first nine months of 2016. Organic growth amounted to 4%, while the impact from divestments reduced revenue by 2% and currency effects impacted revenue negatively by 2%. Continental Europe delivered strong organic growth with Turkey, Switzerland, Belgium, Austria and Spain being the main contributors. The strong organic growth was mainly driven by volume and price increases in Turkey, contract launches in Switzerland, Belgium and Spain, as well as contract scope increases in Austria. This was partly offset by lower activity in Greece.

Operating profit before other items amounted to DKK 1,194 million generating an operating margin of 5.3% (2015: 5.4%). The operating margin was mainly supported by good performances in Switzerland, Germany and Austria. The operating margin was negatively impacted by the divestment of the high margin call centre activities in Turkey as well as difficult market conditions in Spain and certain Eastern European countries.

In Q3, revenue amounted to DKK 7,443 million driven by strong organic growth of 4% (Q2 2016: 4%) while the impact from divestments and currency effects reduced revenue by 2% and 1%, respectively. The organic growth was positively impacted by volume and price increases in Turkey and contract launches in Switzerland and Belgium, which was partly offset by lower activity in France as well as planned contract exits in Greece. Operating profit before other items amounted to DKK 457 million, resulting in an operating margin of 6.1% (Q3 2015: 6.3%). The reduced operating margin was mainly due to the divestment of the high margin call centre activities in Turkey as well as difficult market conditions in Spain and certain Eastern European countries. This was partly offset by good performances in France and Germany.

NORTHERN EUROPE

Revenue was DKK 19,623 million in the first nine months of 2016 and organic growth was 3%, while currency effects reduced revenue by 5% mainly due to a depreciation of GBP and NOK against DKK. Organic growth was mainly driven by contract launches and increased demand for non-portfolio services in Denmark as well as 2015 contract launches in the United Kingdom. This was partly offset by contract downsizing in particular within the technology sector and a lower demand for non-portfolio services in Finland.

Operating profit before other items amounted to DKK 1,424 million, reflecting an operating margin of 7.3% (2015: 7.2%). The operating margin was supported by a generally good performance across the region, including property services in Denmark and the Security division in Finland. This was partly offset by lower activity in the catering division in Norway and operational challenges within the healthcare sector in Sweden.

In Q3, revenue amounted to DKK 6,399 million and organic growth was 3% (Q2 2016: 4%), while the impact from currency effects reduced revenue by 9% mainly due to a depreciation of GBP and NOK against DKK. The organic growth was mainly supported by strong performance within the financial sector and public segment in the United Kingdom as well as contract launches in Denmark. This was partly offset by Sweden mainly due to lack of project work in the industry and manufacturing segment, and Finland mainly as a result of contract downsizing in particular within the technology sector. Operating profit before other items amounted to DKK 568 million, resulting in an operating margin of 8.9% (Q3 2015: 8.7%). The increased operating margin was driven by a good performance across most countries in the region, including property services in Denmark and the IFS division in Norway. This was partly offset by operational challenges within the healthcare sector in Sweden.

In the first nine months of 2016, our operations in the United Kingdom experienced no meaningful BREXIT-related impact. In recent weeks, we have seen some increased pressure on food costs following further weakness in the GBP. However, the vast majority of our services are produced, delivered and invoiced in GBP with minimal exposure from imported components and hence a low level of transactional risk. A weaker GDP growth in the United Kingdom may impact our business but we operate a balanced and resilient business which has proven to be robust in economic downturns. We continue to pursue some attractive new contract opportunities in the United Kingdom[1)].

ASIA & PACIFIC

Revenue was DKK 10,909 million in the first nine months of 2016 driven by an organic growth of 4%, while the impact from currency effects reduced revenue by 3%. The organic growth was mainly driven by Singapore, Indonesia and India with double-digit organic growth rates. The growth in Singapore was mainly due to increased demand for non-portfolio services while the growth in Indonesia was supported by a strong performance within the security division. In India the strong growth was mainly driven by new sales and contract scope increases. This was partly offset by reduced services within the remote site resource sector and the loss of a large contract within the hospital sector in Australia.

Operating profit before other items increased to DKK 774 million reflecting an improved operating margin of 7.1% (2015: 6.8%). The increase in operating margin was mainly supported by operational efficiencies in Singapore. Furthermore, the margin was supported by a strong performance in Hong Kong. This was partly offset by the impact from investments in operational improvements in Indonesia.

1) From an accounting perspective, we are exposed to risks relating to translation into DKK of income statements and net assets of foreign subsidiaries, including intercompany items such as loans, royalties, management fees and interest payments between entities with different functional currencies.

In Q3, revenue amounted to DKK 3,696 million driven by an organic growth of 1% (Q2 2016: 4%) while the impact from currency effects increased revenue by 1%. The decrease in organic growth compared to Q2 2016 was mainly due to negative organic growth in Australia as a result of reduced services within the remote site resource sector as well as the retail segment in China. Operating profit before other items increased 2%, resulting in an operating margin of 7.8% (Q3 2015: 7.8%). The operating margin was mainly supported by operational efficiencies in Australia and Singapore, which was partly offset by investments in operational improvements in Indonesia.

AMERICAS

Revenue was DKK 5,708 million in the first nine months of 2016 and organic growth was 5%, while currency effects impacted revenue negatively by 7%. Organic growth was mainly supported by strong performance in the IFS division as well as contract start-ups in the aviation segment in the USA. We remain optimistic about the future growth potential within the USA as a result of market opportunities and investments in our commercial organisation. Furthermore, Argentina delivered a strong organic growth as a result of price increases and increased demand for non-portfolio services within the IFS division. This was partly offset by contract exits in Brazil within certain business segments following the structural adjustments of our business platform.

Operating profit before other items decreased to DKK 232 million, reflecting an operating margin of 4.1% (2015: 4.1%). The operating margin was supported by a strong performance within the IFS division in the USA mainly due to new contracts started up in 2016 and increased demand for non-portfolio services. This was partly offset by profitability challenges in Brazil.

In Q3, revenue increased 5% to DKK 2,017 million reflecting an organic growth of 7% (Q2 2016: 4%) and a negative impact from currency effects of 2%. Organic growth was mainly driven by contract start-ups and projects within the IFS division and aviation segment in the USA as well as contract start-ups and stronger demand for non-portfolio services in Mexico. This was partly offset by contract exits in Brazil within certain business segments following the structural adjustments of our business platform. Operating profit before other items was DKK 97 million, resulting in an operating margin of 4.8% for Q3 2016, compared with 4.5% in the same period last year. The increase in operating margin was mainly due to a strong performance within the IFS division in the USA mainly due to new contracts started up in 2016 and increased demand for non-portfolio services as well as a margin increase in Mexico, partly due to timing differences.

MANAGEMENT STATEMENT

Copenhagen, 2 November 2016

The Board of Directors and the Executive Group Management Board have today discussed and approved the interim report of ISS A/S for the period 1 January – 30 September 2016.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports for listed companies. The interim report has not been reviewed or audited.

In our opinion, the condensed consolidated interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 September 2016 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 September 2016.

Furthermore, in our opinion the Management Review gives a fair review of the development and performance of the Group's activities and of the Group's result for the period and financial position taken as a whole.

Executive Group Management Board

Jeff Gravenhorst
Group Chief Executive Officer

Board of Directors

Lord Allen of Kensington Kt CBE
Chairman

Thomas Berglund
Deputy Chairman

Claire Chiang

Henrik Poulsen

Ben Stevens

Cynthia Mary Trudell

Pernille Benborg [1)]

Joseph Nazareth [1)]

Palle Fransen Queck [1)]

[1)] Employee representative

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CONDENSED CONSOLIDATED INCOME STATEMENT

1 January – 30 September

DKK million	Note	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Revenue	4	**19,565**	**19,688**	**58,628**	**59,044**
Staff costs		(12,508)	(12,522)	(38,293)	(38,653)
Consumables		(1,618)	(1,636)	(4,987)	(5,095)
Other operating expenses		(4,004)	(4,067)	(11,639)	(11,543)
Depreciation and amortisation [1]		(158)	(187)	(513)	(567)
Operating profit before other items [2]		**1,277**	**1,276**	**3,196**	**3,186**
Other income and expenses, net	6	(37)	(55)	(125)	(118)
Operating profit [1]	4	**1,240**	**1,221**	**3,071**	**3,068**
Financial income	8	(7)	9	33	31
Financial expenses	8	(137)	(177)	(404)	(579)
Profit before tax and amortisation/impairment of acquisition-related intangibles		**1,096**	**1,053**	**2,700**	**2,520**
Income taxes [3]		(307)	(316)	(756)	(756)
Profit before amortisation/impairment of acquisition-related intangibles		**789**	**737**	**1,944**	**1,764**
Goodwill impairment	7	-	-	(24)	(6)
Amortisation/impairment of brands and customer contracts		(157)	(163)	(474)	(494)
Income tax effect [4]		40	42	123	128
Net profit for the period		**672**	**616**	**1,569**	**1,392**
Attributable to:					
Owners of ISS A/S		671	615	1,567	1,388
Non-controlling interests		1	1	2	4
Net profit for the period		**672**	**616**	**1,569**	**1,392**
Earnings per share:					
Basic earnings per share (EPS), DKK		3.7	3.3	8.5	7.5
Diluted earnings per share, DKK		3.6	3.3	8.5	7.5
Adjusted earnings per share, DKK [5]		4.3	4.0	10.5	9.5

[1] Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[2] Excluding Other income and expenses, net, Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[3] Excluding tax effect of Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[4] Income tax effect of Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[5] Calculated as Profit before amortisation/impairment of acquisition-related intangibles divided by the average number of shares (diluted).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January – 30 September

DKK million	Note	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Net profit for the period		**672**	**616**	**1,569**	**1,392**
Other comprehensive income					
Items not to be reclassified to the income statement in subsequent periods:					
Actuarial gains/(losses)	11	-	6	(353)	(153)
Impact from asset ceiling regarding pensions	11	-	-	4	-
Tax		-	(1)	74	34
Items to be reclassified to the income statement in subsequent periods:					
Foreign exchange adjustments of subsidiaries and non-controlling interests		(147)	(639)	(721)	281
Fair value adjustment of hedges, net		-	-	-	(3)
Fair value adjustment of hedges, net, transferred to Financial expenses		-	-	-	12
Tax		-	-	-	(2)
Total other comprehensive income		**(147)**	**(634)**	**(996)**	**169**
Total comprehensive income for the period		**525**	**(18)**	**573**	**1,561**
Attributable to:					
Owners of ISS A/S		523	(16)	570	1,559
Non-controlling interests		2	(2)	3	2
Total comprehensive income for the period		**525**	**(18)**	**573**	**1,561**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

1 January – 30 September

DKK million	Note	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Operating profit before other items	4	1,277	1,276	3,196	3,186
Depreciation and amortisation		158	187	513	567
Share-based payments (non-cash)		23	22	68	65
Changes in working capital		(286)	(226)	(1,833)	(1,649)
Changes in provisions, pensions and similar obligations		(15)	(43)	(96)	(44)
Other expenses paid		(39)	(81)	(124)	(220)
Interest received		13	7	35	31
Interest paid		(53)	(67)	(203)	(266)
Income taxes paid		(160)	(191)	(607)	(625)
Cash flow from operating activities		**918**	**884**	**949**	**1,045**
Acquisition of businesses	9	(4)	(5)	(29)	(446)
Divestment of businesses	9	(1)	(9)	(16)	(18)
Acquisition of intangible assets and property, plant and equipment		(180)	(183)	(517)	(673)
Disposal of intangible assets and property, plant and equipment		8	10	50	46
(Acquisition)/disposal of financial assets		(4)	3	16	(18)
Cash flow from investing activities		**(181)**	**(184)**	**(496)**	**(1,109)**
Proceeds from borrowings		-	-	-	795
Repayment of borrowings		-	-	-	(914)
Other financial payments, net		(654)	(647)	(599)	114
Capital increase, non-controlling interests		-		-	11
Purchase of treasury shares		-	-	(149)	(204)
Dividends paid to shareholders		-	-	(1,358)	(901)
Dividends paid to non-controlling interests		(1)	(4)	(4)	(6)
Cash flow from financing activities		**(655)**	**(651)**	**(2,110)**	**(1,105)**
Total cash flow		**82**	**49**	**(1,657)**	**(1,169)**
Cash and cash equivalents at the beginning of the period		2,714	2,454	4,526	3,557
Total cash flow		82	49	(1,657)	(1,169)
Foreign exchange adjustments		(19)	(110)	(92)	5
Cash and cash equivalents at 30 September		**2,777**	**2,393**	**2,777**	**2,393**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK million	Note	30 September 2016	30 September 2015	31 December 2015
Assets				
Intangible assets	7	26,191	27,187	27,242
Property, plant and equipment		1,529	1,576	1,613
Deferred tax assets		943	878	931
Other financial assets		387	428	425
Non-current assets		**29,050**	**30,069**	**30,211**
Inventories		293	291	299
Trade receivables		11,539	11,451	10,770
Tax receivables		232	227	263
Other receivables		2,066	1,757	1,677
Cash and cash equivalents		2,777	2,393	4,526
Assets classified as held for sale	10	1,802	1,757	1,539
Current assets		**18,709**	**17,876**	**19,074**
Total assets		**47,759**	**47,945**	**49,285**
Equity and liabilities				
Total equity attributable to owners of ISS A/S		13,630	13,445	14,494
Non-controlling interests		9	20	10
Total equity		**13,639**	**13,465**	**14,504**
Loans and borrowings		14,936	14,919	14,926
Pensions and similar obligations	11	1,953	1,606	1,683
Deferred tax liabilities		1,412	1,454	1,475
Provisions		257	251	277
Non-current liabilities		**18,558**	**18,230**	**18,361**
Loans and borrowings		350	1,456	752
Trade payables		3,101	2,981	3,411
Tax payables		385	325	386
Other liabilities		11,027	10,836	11,235
Provisions		176	189	192
Liabilities classified as held for sale	10	523	463	444
Current liabilities		**15,562**	**16,250**	**16,420**
Total liabilities		**34,120**	**34,480**	**34,781**
Total equity and liabilities		**47,759**	**47,945**	**49,285**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January – 30 September

YTD 2016 DKK million	Attributable to owners of ISS A/S Share capital	Retained earnings	Trans-lation reserve	Trea-sury shares	Proposed dividends	Total	Non-con-trolling interests	Total equity
Equity at 1 January	**185**	**12,666**	**592**	**(323)**	**1,374**	**14,494**	**10**	**14,504**
Comprehensive income for the period								
Net profit for the period	**-**	**824**	**-**	**-**	**743**	**1,567**	**2**	**1,569**
Other comprehensive income								
Foreign exchange adjustments of sub-sidiaries and non-controlling interests	-	-	(722)	-	-	(722)	1	(721)
Actuarial gains/(losses)	-	(353)	-	-	-	(353)	-	(353)
Impact from asset ceiling regarding pensions	-	4	-	-	-	4	-	4
Tax	-	74	-	-	-	74	-	74
Total other comprehensive income	**-**	**(275)**	**(722)**	**-**	**-**	**(997)**	**1**	**(996)**
Total comprehensive income for the period	**-**	**549**	**(722)**	**-**	**743**	**570**	**3**	**573**
Transactions with owners								
Purchase of treasury shares	-	-	-	(149)	-	(149)	-	(149)
Share-based payments	-	68	-	-	-	68	-	68
Settlement of vested PSUs	-	(49)	-	49	-	-	-	-
Settlement of vested RSUs	-	-	-	5	-	5	-	5
Dividends paid to shareholders	-	-	-	-	(1,358)	(1,358)	-	(1,358)
Dividends, treasury shares	-	16	-	-	(16)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4)	(4)
Total transactions with owners	**-**	**35**	**-**	**(95)**	**(1,374)**	**(1,434)**	**(4)**	**(1,438)**
Total changes in equity	**-**	**584**	**(722)**	**(95)**	**(631)**	**(864)**	**(1)**	**(865)**
Equity at 30 September	**185**	**13,250**	**(130)**	**(418)**	**743**	**13,630**	**9**	**13,639**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January – 30 September

YTD 2015 DKK million	Attributable to owners of ISS A/S								
	Share capital	Retained earnings	Translation reserve	Hedging reserve	Treasury shares	Proposed dividends	Total	Non-controlling interests	Total equity
Equity at 1 January	**185**	**11,959**	**45**	**(29)**	**(160)**	**910**	**12,910**	**10**	**12,920**
Comprehensive income for the period									
Net profit for the period	**-**	**1,388**	**-**	**-**	**-**	**-**	**1,388**	**4**	**1,392**
Other comprehensive income									
Foreign exchange adjustments of subsidiaries and non-controlling interests	-	-	283	-	-	-	283	(2)	281
Adjustment relating to previous years	-	(22)	-	22	-	-	-	-	-
Fair value adjustment of hedges, net	-	-	-	(3)	-	-	(3)	-	(3)
Fair value adjustment of hedges, net, transferred to Financial expenses	-	-	-	12	-	-	12	-	12
Actuarial gains/(losses)	-	(153)	-	-	-	-	(153)	-	(153)
Tax	-	34	-	(2)	-	-	32	-	32
Total other comprehensive income	**-**	**(141)**	**283**	**29**	**-**	**-**	**171**	**(2)**	**169**
Total comprehensive income for the period	**-**	**1,247**	**283**	**29**	**-**	**-**	**1,559**	**2**	**1,561**
Transactions with owners									
Purchase of treasury shares	-	-	-	-	(204)	-	(204)	-	(204)
Share-based payments	-	65	-	-	-	-	65	-	65
Settlement of vested PSUs	-	(41)	-	-	41	-	-	-	-
Disposal of shares in subsidiary	-	(14)	-	-	-	-	(14)	14	-
Capital increase, non-controlling interests	-	30	-	-	-	-	30	-	30
Dividends paid to shareholders	-	-	-	-	-	(901)	(901)	-	(901)
Dividends, treasury shares	-	9	-	-	-	(9)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(6)	(6)
Total transactions with owners	**-**	**49**	**-**	**-**	**(163)**	**(910)**	**(1,024)**	**8**	**(1,016)**
Total changes in equity	**-**	**1,296**	**283**	**29**	**(163)**	**(910)**	**535**	**10**	**545**
Equity at 30 September	**185**	**13,255**	**328**	**-**	**(323)**	**-**	**13,445**	**20**	**13,465**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 30 September 2016 comprise ISS A/S and its subsidiaries (together referred to as "the Group"), associates and joint ventures.

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies.

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015. A full description of the Group's accounting policies is included in the consolidated financial statements for 2015.

Changes in accounting policies

With effect from 1 January 2016, the Group has implemented:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs 2012-2014 Cycle.

The adoption of these standards and interpretations did not affect recognition and measurement for 2016.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Except for the judgements and estimates commented upon in the notes of these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

NOTE 3 SEASONALITY

The operating margin before other items is typically lower in the first quarter of the year and higher in the third quarter of the year, compared with other quarters. Cash flow from operations tends to be lower in the first quarter of the year due to a number of cash payments relating to, among other things, pension contributions, insurance premium payments, holiday payments and the payment of bonuses earned in the prior year. Cash flow from operations becomes increasingly positive throughout the year and is usually highest in the fourth quarter of the year, when revenue recognised in the third quarter of the year is collected.

NOTE 4 SEGMENT INFORMATION

Reportable segments

ISS is a global facility services company, that operates in more than 75 countries and delivers a wide range of services within the areas cleaning services, support services, property services, catering services, security services and facility management.

Operations are generally managed based on a geographical structure in which countries are grouped into regions. Following the changed organisational structure in 2015, the regional management structure has been adjusted as of 1 January 2016 from seven regions to four regions; 1) Continental Europe, 2) Northern Europe, 3) Asia & Pacific and 4) Americas.

Continental Europe consists of the previous Western Europe and Eastern Europe regions excluding the United Kingdom and Ireland. Northern Europe includes the previous Nordic region plus the United Kingdom and Ireland. Asia & Pacific is a merger of the previous two separate regions. Americas is a merger of the previous Latin America and North America regions. Comparative figures have been adjusted to reflect the new regional structure.

The regions have been identified based on a key principle of grouping countries that share market conditions and cultures. However, countries with limited activities which are managed by the Global Corporate Clients organisation are excluded from the geographical segments and combined in a separate segment called "Other countries".

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure. Segment revenue, costs, assets and liabilities comprise items that can be directly referred to the individual segments.

Transactions between reportable segments are made on market terms.

YTD 2016

DKK million	Continental Europe	Northern Europe	Asia & Pacific	Americas	Other countries	Total reportable segments
Revenue [1)]	22,362	19,623	10,909	5,708	75	**58,677**
Operating profit before other items [2)]	1,194	1,424	774	232	(1)	**3,623**
Operating profit [3)]	1,142	1,396	781	180	(1)	**3,498**
Total assets	19,778	17,676	7,951	3,711	15	**49,131**
Total liabilities	10,790	7,774	3,593	2,388	13	**24,558**

YTD 2015

DKK million	Continental Europe	Northern Europe	Asia & Pacific	Americas	Other countries	Total reportable segments
Revenue [1)]	22,290	20,077	10,824	5,846	73	**59,110**
Operating profit before other items [2)]	1,203	1,446	734	240	(1)	**3,622**
Operating profit [3)]	1,164	1,430	720	198	(1)	**3,511**
Total assets	20,052	17,806	7,568	3,776	16	**49,218**
Total liabilities	10,892	7,763	3,467	2,393	13	**24,528**

1) Including internal revenue which due to the nature of the business is insignificant and is therefore not disclosed.
2) Excluding Other income and expenses, net, Goodwill impairment and Amortisation/impairment of brands and customer contracts.
3) Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.

Reconciliation of operating profit

DKK million	YTD 2016	YTD 2015
Operating profit for reportable segments	3,498	3,511
Unallocated corporate costs	(427)	(436)
Unallocated other income and expenses, net	-	(7)
Operating profit according to the income statement	**3,071**	**3,068**

NOTE 5 SHARE-BASED PAYMENTS

Share-based incentive programmes

Long-Term Incentive Programme (LTIP) On 11 March 2016, new performance-based share units (PSUs) were granted under the LTIP to members of EGM (the EGMB and Corporate Senior Officers of the Group) and other senior officers of the Group. The programme is described in the consolidated financial statements for 2015. The number of PSUs granted was 750,850. In April 2016, additional PSUs were granted to adjust for the distribution of ordinary dividends as adopted at the annual general meeting of ISS A/S on 5 April 2016. The number of additional PSUs granted was 20,492. Like for previous grants under the LTIP, the PSUs are subject to achievement of certain performance targets the following three years and will vest on the date of the third anniversary of the grant. Upon vesting, each PSU entitles the holder to receive one share at no cost.

	LTIP 2016
Total PSUs granted	771,342
Number of participants	138
Number of PSUs expected to vest at grant date	402,249
Fair value of PSUs expected to vest at grant date, DKK million	103

Transition Share Programme (TSP) In March 2016, the remaining 50% of the PSUs under the TSP equal to 249,136 PSUs vested and the participants received shares in ISS A/S at no cost corresponding to their granted number of PSUs. After this vesting, no further PSUs are outstanding and the programme has lapsed.

Deferred bonus programme

50% of the restricted share units (RSUs) equal to 25,988 RSUs, which were granted in settlement of the deferred bonus awarded under the Group's annual bonus programme for the financial year 2014, were converted into shares in ISS A/S in March 2016. Each RSU entitles the holder to receive one share. The remaining 50% will be converted into shares in 2017.

NOTE 6 OTHER INCOME AND EXPENSES, NET

DKK million	YTD 2016	YTD 2015
Gain on divestments	3	2
Other	-	9
Other income	**3**	**11**
Restructuring projects	(84)	(105)
Loss on divestments	(41)	(2)
Acquisition and integration costs	(3)	(12)
Other	-	(10)
Other expenses	**(128)**	**(129)**
Other income and expenses, net	**(125)**	**(118)**

Gain on divestments related to adjustments to prior years' divestments.

Restructuring projects mainly related to the implementation of GREAT under which the review of the customer segmentation and organisational structure has led to structural adjustments in a number of countries as well as the initiation of structural adjustments of the business platform in Brazil which was partly offset by reassessment of previously recognised exceptional provisions for impairment losses on receivables. In general, the costs primarily comprised redundancy payments, termination of leaseholds and relocation costs as well as contract termination costs and related labour claim costs in Brazil. In 2016, costs mainly related to Brazil, Spain, Portugal, Finland, Belgium, Argentina and China. In 2015, costs related to Belgium, Brazil, Denmark, Germany, Spain and the USA.

Loss on divestments comprised divestment of the Group's activities in Greenland as well as adjustments to prior years' divestments, most significantly the landscaping business in France.

Acquisition and integration costs related to GS Hall and mainly comprised financial and legal fees to advisors as well as costs incurred as a consequence of the integration.

NOTE 7 GOODWILL IMPAIRMENT

DKK million	YTD 2016	YTD 2015
Impairment losses derived from divestment of businesses	24	6
Goodwill impairment	**24**	**6**

Impairment losses derived from divestment of businesses

Impairment losses related to the divestment of the Group's activities in Greenland. In 2015, impairment losses related to the divestment of the landscaping activities in Belgium.

Impairment tests

The Group performs impairment tests on intangibles[1)] annually and whenever there is an indication that intangibles may be impaired. The annual impairment test is performed as per 31 December based on financial budgets approved by management covering the following financial year.

At 30 September 2016, the Group performed a review for indications of impairment of the carrying amount of intangibles. It is management's opinion that there are no significant changes to the assumptions applied in the impairment tests presented in note 4.4 in the consolidated financial statements for 2015.

[1)] Intangibles cover the value of goodwill, brands and customer contracts.

NOTE 8 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	YTD 2016	YTD 2015
Interest income on cash and cash equivalents	26	31
Foreign exchange gains	7	-
Financial income	**33**	**31**
Interest expenses on loans and borrowings	(300)	(363)
Other bank fees	(50)	(61)
Amortisation of financing fees	(26)	(27)
Net interest on defined benefit obligations	(28)	(23)
Net change in fair value of cash flow hedges	-	(12)
Foreign exchange losses	-	(93)
Financial expenses	**(404)**	**(579)**

Foreign exchange gains and losses mainly related to exchange rate movements on intercompany loans from the parent company to foreign subsidiaries as well as on external loans and borrowings denominated in currencies other than DKK. In addition, fair value adjustments of currency swaps were included.

Interest expenses on loans and borrowings The lower leverage and amendment of the unsecured senior facilities in June 2015 resulted in lower interest margins in the first nine months of 2016. The lower margins combined with the lower average net debt during the first nine months of 2016 reduced interest expenses on loans and borrowings with DKK 63 million compared to the same period in 2015.

Amortisation of financing fees At the date of borrowing financing fees are recognised as part of loans and borrowings. Subsequently, financing fees are amortised over the term of the loan and recognised in financial expenses. Amortisation of financing fees are non-cash expenses.

NOTE 9 ACQUISITIONS AND DIVESTMENTS

Acquisition impact

DKK million	YTD 2016	YTD 2015
Customer contracts	-	249
Other non-current assets	-	52
Trade receivables	-	183
Other current assets	-	78
Pensions, deferred tax liabilities and non-controlling interests	-	(53)
Current loans and borrowings	-	(103)
Other current liabilities	-	(320)
Total identifiable net assets	**-**	**86**
Goodwill	2	445
Consideration transferred	**2**	**531**
Cash and cash equivalents in acquired businesses	-	(17)
Cash consideration transferred	**2**	**514**
Contingent and deferred consideration	27	(68)
Total payments regarding acquisition of businesses	**29**	**446**

The Group made no acquisitions during 1 January - 30 September 2016 (one during 1 January - 30 September 2015).

YTD 2015

GS Hall plc On 20 January 2015, ISS acquired 100% of the shares in the UK based technical services company GS Hall plc. Please refer to the consolidated financial statements for 2015 for details about the acquisition.

NOTE 9 ACQUISITIONS AND DIVESTMENTS (CONTINUED)

Divestment impact

DKK million	YTD 2016	YTD 2015
Goodwill	-	9
Customer contracts	0	1
Other non-current assets	17	1
Trade receivables	7	2
Other current assets	8	10
Pensions, deferred tax liabilities and non-controlling interests	-	(4)
Loans and borrowings	(3)	-
Other current liabilities	(18)	(6)
Total identifiable net assets	**11**	**13**
Gain/(loss) on divestment of businesses, net	(38)	0
Divestment costs, net of tax	3	8
Consideration received/(paid)	**(24)**	**21**
Cash and cash equivalents in divested businesses	4	(9)
Cash consideration received/(paid)	**(20)**	**12**
Contingent and deferred consideration	43	21
Divestment costs paid, net of tax	(39)	(51)
Net proceeds received/(paid) regarding divestment of businesses	**(16)**	**(18)**

The Group made two divestments during 1 January - 30 September 2016 (two during 1 January - 30 September 2015).

Company/activity	Country	Service type	Excluded from the income statement	Percentage interest	Annual revenue [1] (DKK million)	Number of employees [1]
ISS Greenland	Denmark	Country exit	May	100%	87	266
Pest Control	Czech Republic and Slovakia	Property	August	Activities	5	11
Total					**92**	**277**

[1] Approximate figures based on information available at the time of divestment extracted from unaudited financial information.

Acquisitions and divestments subsequent to 30 September 2016

The Group made no divestments subsequent to 30 September 2016.

On 28 October 2016, ISS acquired 100% of the shares in Apunto, a leading catering company in Chile, with an annual revenue of DKK 116 million in 2015 and more than 700 employees. The enterprise value amounts to DKK 67 million. The acquisition supports our strategic aim of strengthening our catering capabilities in the Americas region.

In accordance with usual Group procedures, purchase price allocation is prepared during the first months following the acquisition. Hence, the opening balance is not yet available.

NOTE 9 ACQUISITIONS AND DIVESTMENTS (CONTINUED)

Pro forma revenue and operating profit before other items

Assuming all acquisitions and divestments during 1 January - 30 September 2016 were included as of 1 January the effect on revenue and operating profit before other items is estimated as follows:

DKK million	YTD 2016	YTD 2015
Pro forma revenue		
Revenue recognised in the income statement	58,628	59,044
Acquisitions	-	65
Divestments	(31)	(18)
Pro forma revenue	**58,597**	**59,091**
Pro forma operating profit before other items		
Operating profit before other items recognised in the income statement	3,196	3,186
Acquisitions	-	5
Divestments	1	(1)
Pro forma operating profit before other items	**3,197**	**3,190**

For the purpose of estimating pro forma revenue and operating profit before other items, adjustments relating to acquisitions and divestments are based on estimates made by local ISS management in the respective jurisdictions in which the acquisitions and divestments occurred at the time of the acquisition and divestment or actual results where available. Synergies from acquisitions are not included for periods in which the acquisitions were not controlled by the Group. The estimates are based on unaudited financial information.

These adjustments and the computation of total revenue and operating profit before other items on a pro forma basis are presented for informational purposes only. This information does not represent the results the Group would have achieved had the acquisitions and divestments during the year occurred on 1 January. In addition, the information should not be used as the basis for or prediction of any annualised calculation.

NOTE 10 DISPOSAL GROUPS

At 31 December 2015, assets classified as held for sale comprised three businesses in Continental Europe and Northern Europe for which sales processes were initiated during 2014 and 2015. At 30 September 2016, sales processes were still ongoing and the three businesses continued to be held for sale at 30 September 2016.

During the first nine months of 2016, the continued evaluation of our activities has led to the sales process initiation for one additional business in the Asia & Pacific region. At 30 September 2016, this activity was classified as held for sale and presented in separate line items of the statement of financial position at the lower of the carrying amount and fair value less costs to sell. The reclassification did not result in any impairment losses.

NOTE 11 PENSIONS AND SIMILAR OBLIGATIONS

For interim periods the Group’s defined benefit obligations are based on valuations from external actuaries carried out at the end of the prior financial year taking into account any subsequent movements in the obligation due to pension costs, contributions etc. up until the reporting date. For interim periods actuarial calculations are only updated to the extent that significant changes in applied assumptions have occurred. Based on an overall analysis carried out by management it is determined whether updated actuarial calculations should be obtained for interim periods.

At 30 June 2016, the overall evaluation carried out by management resulted in updated actuarial calculations being obtained for Switzerland and the United Kingdom due to a decrease in the discount rates. As a consequence of the updated calculations, at 30 June 2016 actuarial losses of DKK 349 million (DKK 275 million net of tax), were recognised in Other comprehensive income with a resulting increase in the defined benefit obligation.

As per 30 September 2016, the overall analysis did not lead to the conclusion that updated actuarial calculations should be obtained.

NOTE 12 CONTINGENT LIABILITIES

Guarantee commitments

Indemnity and guarantee commitments (mainly towards public authorities and insurance companies) at 30 September 2016 amounted to DKK 477 million (31 December 2015: DKK 480 million).

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,766 million (31 December 2015: DKK 1,773 million) of which DKK 1,308 million (31 December 2015: DKK 1,280 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry to guarantee towards our customers satisfactory completion of work in accordance with service contracts.

Divestments

The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 30 September 2016 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestment of companies will not adversely affect the Group's activities, results of operations and financial position.

Legal proceedings

The Group is party to certain legal proceedings. Management believes that these proceedings (many of which are labour-related cases incidental to the business) will not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 30 September 2016.

Restructurings

Restructuring projects, e.g. related to implementation of the strategic initiative GREAT, have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 30 September 2016.

NOTE 13 RELATED PARTIES

Parent and ultimate controlling party

The Group's parent ISS A/S is the ultimate controlling party. At 30 September 2016, ISS had no related parties with either control of the Group or significant influence in the Group.

Key management personnel

Members of the Board of Directors (the Board) and the Executive Group Management (the EGM)[1)] have authority and responsibility for planning, implementing and controlling the Group's activities and are therefore considered as the Group's key management personnel.

Apart from remuneration, there were no significant transactions during the first nine months of 2016 with members of the Board and the EGM.

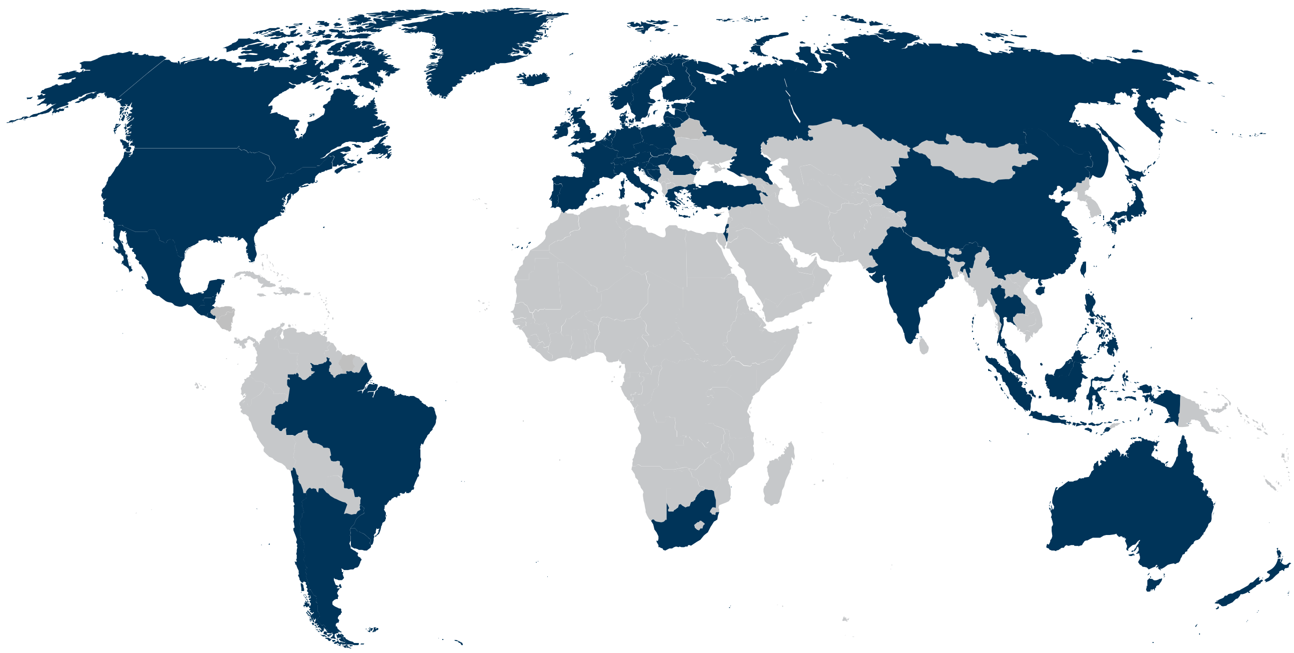
[1)] The EGM comprise the Executive Group Management Board (the EGMB) and Corporate Senior Officers of the Group.

NOTE 14 SUBSEQUENT EVENTS

On 28 October 2016, we acquired Apunto, a leading catering company in Chile. The acquisition supports our strategic aim of strengthening our catering capabilities in the Americas region.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to 30 September 2016, which are expected to have a material impact on the Group’s financial position.

THE ISS REPRESENTATION AROUND THE GLOBE



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.