



Company announcement

Copenhagen, 23 February 2017

No. 1/2017

Financial report for fourth quarter and full year 2016

Robust growth, increased margin and profit

ISS (ISS.CO, ISS DC, ISSDY), a leading global provider of facility services, announces its financial results for the fourth quarter and full year 2016:

Highlights

- Organic revenue growth of 3.4% for the year and 2.9% in Q4 (Q3 2016: 3.3%).
- Total revenue decreased by 1% for the year and was flat year-on-year in Q4 (Q3 2016: decrease of 1%) driven by currency effects which reduced revenue by 3% for the year and 3% in Q4.
- Operating margin of 5.8% for the year (2015: 5.7%) and 6.7% in Q4 (Q4 2015: 6.6%).
- Cash conversion over the last twelve months of 98% (Q3 2016: 95% and 2015: 99%).
- Net profit (adjusted) increased to DKK 2,873 million for the year (2015: DKK 2,785 million).
- Net profit was DKK 2,220 million (2015: DKK 2,218 million).
- Free cash flow increased to DKK 2,910 million (2015: DKK 2,835 million).
- Proposed dividend for 2016 of DKK 7.70 (2015: DKK 7.40) per share of DKK 1, an increase of 4%, equivalent to a total of DKK 1,430 million.
- Revenue from Global Corporate Clients increased by 19% in local currency in 2016 (2015: 11%) and represents 11% of Group revenue (2015: 10%).
- Revenue generated from IFS amounted to 37% of Group revenue.
- Strategic initiatives, including sharper focus on key customers, the procurement programme and our global concepts and tools, continue to be implemented according to plan and support positive margin development.
- Five businesses divested during the year, including our security activities in Finland, our activities in Greenland and the remaining landscaping activities in USA.
- During the year, we acquired Apunto, a leading catering company in Chile.

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

“ISS had a good year in 2016 with robust growth, increased operating margin and profit, and strong cash flows. We saw a good Q4, driven by a high level of non-portfolio work, which enabled our organic growth to reach 3.4% for the year. Integrated Facility Services continued to bolster our results including strong growth from our Global Corporate Clients. We signed a number of new contracts during the year among others with Bombardier, John Crane, Hitachi Rail, Heineken and the Royal Mail Group. We continued to refine our business platform to meet our target customers’ needs, including a number of strategic acquisitions and divestments. We expect continued macroeconomic challenges in 2017, but we enter the year on a strong footing. By accelerating the implementation of our strategic initiatives and driven by our engaged employees, we remain confident we will continue to deliver strong results.”

Outlook

In 2017, we expect an organic revenue growth rate of 1.5%-3.5%, an operating margin above the 5.77% achieved in 2016, and cash conversion above 90%.

Lord Allen of Kensington Kt CBE

Chairman

Jeff Gravenhorst

Group CEO

Conference call details

A conference call will be held on 23 February 2017 at 10:00 CET.

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

Dial-in details:

Denmark: +45 35445580

UK: +44 2033645374

USA: +1 8557532230

Link: <http://edge.media-server.com/m/p/xezok766>

For investor enquiries

Nicholas Ward, Head of Group Investor Relations, +45 3817 6251

Martin Kjær Hansen, Senior Investor Relations Manager, +45 3817 6431

For media enquiries

Kenth Kærhøg, Head of Group Communications, +45 3817 6205

Lena Stennicke, Global Media Relations Manager, +45 38 17 65 03

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 79.1 billion in 2016 and ISS has more than 494,000 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.