INTERIM REPORT FOR THE PERIOD 1 JANUARY – 31 MARCH 2017

Good start to 2017

ISS (ISS.CO, ISS DC, ISSDY), a leading global provider of facility services, announces its interim financial report for the first three months of 2017:

Highlights

- Organic revenue growth of 2.6% in the first three months (Q4 2016: 2.9%).
- Total revenue increased by 2% in the first three months (Q4 2016: 0%), driven by organic growth, partly offset by negative net impact from acquisitions and divestments of 1%.
- Operating margin of 4.5% in the first three months (Q1 2016: 4.5%).
- Cash conversion over the last twelve months of 98% (Q4 2016: 98%).
- Net profit (adjusted) increased to DKK 546 million in the first three months (Q1 2016: DKK 518 million).
- Net profit increased to DKK 444 million in the first three months (Q1 2016: DKK 399 million).
- Leverage at 31 March 2017 was 2.3x (31 March 2016: 2.3x). Our capital allocation and leverage objectives remain unchanged.
- Revenue generated from IFS increased by 6% in local currency in Q1, leading to a total share of 36% of Group revenue.
- Revenue from Global Corporate Clients increased by 10% in local currency in Q1 and represents 11% of Group revenue. In Q1, we added 3 new Global Corporate Clients to the existing portfolio.
- 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 the margin.
- On 28 April 2017, we completed the DKK 1.5 billion acquisition of Guckenheimer, a leading US food services company with an annual revenue of approximately DKK 2,300 million and 3,200 employees in 33 US states.
- The 2017 outlook for organic revenue growth, operating margin and cash conversion remains unchanged.

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

"Our results for the first quarter of 2017 were encouraging. We delivered solid organic growth, a consistent margin and strong cash conversion. We remained focused on key accounts. Revenue from Global Corporate Clients increased by 10% and we added three new Global Corporate Clients during the quarter. We continued to grow our Integrated Facility Services segment, driven by contract launches and extensions with Heineken in the Netherlands, Bombardier in North America and Royal Mail in the UK, as well as conversion of existing single service contracts into Integrated Facility Service contracts. In April, we announced the acquisition of Guckenheimer, which will strengthen our IFS capabilities in the US significantly. We are confident that we will deliver on our outlook for the year, and we will continue strengthening our business with the implementation of strategic initiatives such as our procurement programme. For the fifth year in a row, ISS has achieved the highest possible rating on the IAOP Global Outsourcing Top 100 list."

Lord Allen of Kensington Kt CBE Chairman	**Jeff Gravenhorst** Group CEO

For investor enquiries
Nicholas Ward, Head of Group Investor Relations, +45 38 17 62 51
Martin Kjær Hansen, Senior Investor Relations Manager, +45 38 17 64 31

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

KEY FIGURES AND FINANCIAL RATIOS[1)]

DKK million (unless otherwise stated)	Q1 2017	Q1 2016	1 January - 31 March 2017	1 January - 31 March 2016
Income statement				
Revenue	19,505	19,178	19,505	19,178
Operating profit before other items	868	854	868	854
Operating margin	4.5%	4.5%	4.5%	4.5%
EBITDA	1,040	1,005	1,040	1,005
Adjusted EBITDA	1,044	1,033	1,044	1,033
Operating profit (adjusted)	864	826	864	826
Operating profit	734	665	734	665
Financial income	18	27	18	27
Financial expenses	(134)	(134)	(134)	(134)
Net profit (adjusted)	546	518	546	518
Net profit	444	399	444	399
Cash flow				
Cash flow from operating activities	(781)	(771)	(781)	(771)
Acquisition of intangible assets and property, plant and equipment, net	(180)	(148)	(180)	(148)
Free cash flow	(976)	(902)	(976)	(902)
Cash conversion	98%	99%	98%	99%
Financial position				
Total assets	49,193	48,320	49,193	48,320
Goodwill	22,569	22,512	22,569	22,512
Additions to property, plant and equipment	173	130	173	130
Total equity (attributable to owners of ISS A/S)	13,027	14,330	13,027	14,330
Equity ratio	26.5%	29.7%	26.5%	29.7%
Employees				
Number of employees end of period	491,147	499,490	491,147	499,490
Full-time employees	74%	74%	74%	74%
Growth				
Organic growth	2.6%	3.7%	2.6%	3.7%
Acquisitions and divestments, net	(1)%	(1)%	(1)%	(1)%
Currency adjustments	0 %	(3)%	0 %	(3)%
Total revenue growth	2 %	0 %	2 %	0 %
Financial leverage				
Pro forma adjusted EBITDA	5,221	5,227	5,221	5,227
Net debt	11,919	12,281	11,919	12,281
Net debt / Pro forma adjusted EBITDA	2.3x	2.3x	2.3x	2.3x
Stock market ratios				
Basic earnings per share (EPS), DKK	2.4	2.2	2.4	2.2
Diluted earnings per share, DKK	2.4	2.2	2.4	2.2
Adjusted earnings per share, DKK	2.9	2.8	2.9	2.8
Number of shares issued (in thousands)	185,668	185,668	185,668	185,668
Number of treasury shares (in thousands)	1,514	2,120	1,514	2,120
Average number of shares (basic) (in thousands)	183,622	183,810	183,622	183,810
Average number of shares (diluted) (in thousands)	185,481	185,123	185,481	185,123

1) See definitions in the Annual Report 2016.

GROUP PERFORMANCE

OPERATING RESULTS

January – March 2017

Group revenue was DKK 19.5 billion, representing an increase of 2% compared with the same period last year. Organic growth amounted to 2.6%, while the impact from acquisitions and divestments, net, reduced revenue by 1%.

Organic growth was mainly driven by a good performance in emerging markets and strong growth in North America, the UK and Germany. 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, except Asia & Pacific which was impacted by expected organic revenue reduction in Australia.

Operating profit before other items amounted to DKK 868 million (Q1 2016: DKK 854 million) for an operating margin of 4.5% (Q1 2016: 4.5%). The operating margin was supported by margin increases in Asia & Pacific, mainly driven by Singapore, and a strong performance in Continental Europe. This was partly offset by a negative group margin impact from divestments and acquisitions, mainly related to the divestment of the security activities in Finland and the acquisition of Evantec in Germany as well as a negative currency translation effect. Finally, we saw margin decreases in Northern Europe and the Americas compared with the same period last year. Corporate costs amounted to 0.8% of revenue (Q1 2016: 0.7%), which was in line with expectations.

Emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey which represent 27% of Group revenue, delivered organic growth of 5% (Q4 2016 4%) and an operating margin of 6.9% (Q1 2016: 6.1%).

Financial income and expenses, net amounted to an expense of DKK 116 million at 31 March 2017 (Q1 2016: DKK 107 million). The increase was due to slightly lower foreign exchange gains, net of DKK 10 million (Q1 2016: foreign exchange rate gains, net DKK 18 million).

The effective tax rate per 31 March 2017 was 27.0% (Q1 2016: 28.0%) calculated as Income taxes (adjusted) of DKK 202 million divided by Profit before tax (adjusted) of DKK 748 million.

Net Profit (adjusted) increased to DKK 546 million (Q1 2016: DKK 518 million).

Net profit was up by DKK 45 million to DKK 444 million.

BUSINESS DEVELOPMENT

Revenue generated from IFS was up by 6% in local currencies to DKK 7.0 billion, which corresponds to approximately 36% of Group revenue. The growth was driven by IFS contract launches, extensions and expansions including PostNord in the Nordics, Heineken and Enexis in the Netherlands, Bombardier in North America, Royal Mail and a customer within the Transportation and Infrastructure segment in the UK, Norwegian Armed Forces, 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. This was partly offset by 2016 contract losses in Australia.

In Q1, we won IFS contracts with the South London and Maudsley NHS Foundation Trust in the UK, with Sengkang Hospitals in Singapore and within the remote site resources segment in Australia. Furthermore, we extended and expanded our contract with Oslo Airport Gardermoen in Norway. In addition, ISS Germany signed an IFS contract with Teva Pharmaceuticals which builds on an existing relationship with the company in multiple countries.

Revenue generated from Global Corporate Clients increased by 10% in local currencies to DKK 2.2 billion, representing approximately 11% of Group revenue.

In Q1, we further strengthened our partnership with Barclays by signing heads of terms to extend the partnership until 2022. Furthermore, we added three new Global Corporate Clients in the first quarter of 2017; a five year IFS contract with Shire, a leading global biotechnology company, and a contract within the Retail and Wholesale segment covering mainly North America and Continental Europe. Finally, we converted an existing customer relationship with Huawei in China to include Integrated Facility Services in 14 European countries.

CASH FLOWS

The LTM (last twelve months) cash conversion for March 2017 was 98%, driven by a 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 Q1 represented a net cash outflow of DKK 781 million (Q1 2016: DKK 771 million). The increased cash outflow was primarily due to higher interest and taxes paid, partly offset by a lower cash outflow from provisions, pensions and similar obligations.

Cash flow from investing activities

Cash flow from investing activities was a net cash outflow of DKK 105 million (Q1 2016: DKK 160 million). Investments in intangible assets and property, plant and equipment, net, was DKK 180 million (Q1 2016: DKK 148 million), which represented 0.9% of Group revenue (Q1 2016: 0.8%). The cash inflow relating to acquisitions and divestments, net, of DKK 90 million mainly related to the divestment of the sewage and industrial service activities in Denmark as well as the acquisition of Evantec in Germany.

Cash flow from financing activities

Cash flow from financing activities was a net cash inflow of DKK 500 million (Q1 2016: net outflow of DKK 408 million). The cash inflow was primarily related to drawing on working capital facilities due to normal seasonality.

Free cash flow

Free cash flow[1)] was a cash outflow of DKK 976 million (Q1 2016: 902 million). The increased cash outflow was mainly due to higher cash outflow from investments in intangible assets and property, plant and equipment, net, as a result of quarterly timing differences in investments, and higher cash outflow from (acquisition)/disposal of financial assets.

STRATEGIC ACQUISITIONS AND DIVESTMENTS

In Q1, we acquired Evantec, a technical and building services company in Germany and SIGNAL, a Danish-based workplace management consulting firm.

On 28 April 2017, we acquired Guckenheimer, a leading US food services company with an annual revenue of approximately DKK 2,300 million and 3,200 employees in 33 US states. The acquisition supports our strategic aim of strengthening our catering capabilities in North America.

In Q1, we divested our sewage and industrial service activities in Denmark and our security activities in Ireland. These divestments support our strategy to focus on geographies and services where we see the greatest opportunities for customer growth and profitability.

At 31 March 2017, three businesses in the Asia & Pacific, Northern and Continental Europe regions were classified as held for sale. Assets and liabilities held for sale amounted to DKK 1,577 million and DKK 450 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 March 2017 the financial leverage was 2.3x (31 December 2016: 2.1x and 31 March 2016: 2.3x). The acquisition of Guckenheimer is expected to lead to a short-term increase of the financial leverage of 0.2x.

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 11,919 million at 31 March 2017, an increase of DKK 942 million compared with 31 December 2016. The increase in net debt is mainly the result of normal seasonality in operating cash flows.

1) Free cash flow is defined as cash flow from operating activities and cash flow from investing activities less acquisition/divestment of businesses, net

EQUITY

Total equity was DKK 13,038 million at 31 March 2017 equivalent to an equity ratio of 26.5% (31 December 2016: 28.5%). The DKK 882 million decrease in total equity from December 2016 was mainly the result of dividends declared to shareholders, not paid, of DKK 1,430 million. This was partly offset by net profit for the period of DKK 444 million and positive currency adjustments relating to investments in foreign subsidiaries of DKK 124 million. The positive currency adjustments were mainly due to appreciation of AUD, ISK and ILS towards DKK.

SUBSEQUENT EVENTS

On 28 April 2017, we acquired Guckenheimer, a leading US food services company with an annual revenue of DKK 2,300 million and 3,200 employees in 33 US states. The acquisition supports our strategic aim of strengthening our catering capabilities in North America.

On 28 April 2017, we completed the divestment of the Group's activities in Iceland. The divestment supports our strategy to focus on geographies and services where we see the greatest opportunities for customer growth and profitability.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to 31 March 2017, which are expected to have a material impact on the Group's financial position.

OUTLOOK

OUTLOOK 2017

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

The outlook for 2017 for organic growth, operating margin and cash conversion remains unchanged from our Annual Report 2016.

- Organic growth is expected to be 1.5 – 3.5%.
- Operating margin in 2017 is expected to be above the 5.77% realised in 2016.
- Cash conversion is expected to remain above 90%.

EXPECTED IMPACT FROM DIVESTMENTS, ACQUISITIONS AND FOREIGN EXCHANGE RATES IN 2017

We expect the divestments and acquisitions completed by 30 April 2017 (including in 2016) to positively impact the revenue growth in 2017 by approximately 1-2%-points. Based on the forecasted average exchange rates for the year 2017[1)] we expect a negative impact on revenue growth in 2017 of approximately 0.5%-point from the development in foreign exchange rates.

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 2016 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 2016 of ISS A/S is available at the Group's website, www.issworld.com.

1) The forecasted average exchange rates for the financial year 2017 are calculated using the realised average exchange rates for the first four months of 2017 and the average forward exchange rates (as of 1 May 2017) for the last eight months of 2017.

Q1 2017

	Revenue			Growth components		
DKK million	Q1 2017	Q1 2016	Growth	Organic	Acq./div.	Currency
Continental Europe [1]	7,685	7,371	4 %	4 %	1 %	(1)%
Northern Europe [2]	6,076	6,387	(5)%	2 %	(3)%	(4)%
Asia & Pacific [3]	3,736	3,611	3 %	(1)%	-	4 %
Americas [4]	2,004	1,810	11 %	4 %	1 %	6 %
Other Countries [5]	27	23	18 %	15 %	-	3 %
Corporate / eliminations	(23)	(24)	4 %	-	-	-
Group	**19,505**	**19,178**	**2 %**	**2.6 %**	**(1)%**	**(0)%**
Emerging markets [6]	5,238	4,883	7 %	5 %	1 %	1 %

Q1 2017

	Operating profit before other items			Operating margin [7]	
DKK million	Q1 2017	Q1 2016	Growth	Q1 2017	Q1 2016
Continental Europe	362	319	13 %	4.7 %	4.3 %
Northern Europe	338	374	(10)%	5.6 %	5.9 %
Asia & Pacific	286	238	20 %	7.7 %	6.6 %
Americas	40	57	(30)%	2.0 %	3.2 %
Other Countries	(0)	(0)	-	(0.7)%	(1.8)%
Corporate / eliminations	(158)	(134)	(18)%	(0.8)%	(0.7)%
Group	**868**	**854**	**2 %**	**4.5 %**	**4.5 %**
Emerging markets	363	299	21 %	6.9 %	6.1 %

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, Iceland, Ireland, Norway, Sweden and the UK.
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 and the USA.
5) Other Countries comprise Algeria, Bahrain, Cayman Islands, Croatia, Egypt, Jordan, Kuwait, Monaco, Morocco, Nigeria, Pakistan, 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 2016.
7) The Group uses Operating profit before other items for the calculation of Operating margin

REGIONAL PERFORMANCE

CONTINENTAL EUROPE

Revenue increased 4% to DKK 7,685 million in the first three months of 2017. Organic growth amounted to 4% (Q4 2016: 2%), while acquisitions and divestments, net increased revenue by 1% and currency effects impacted revenue negatively by 1%. Continental Europe delivered strong organic growth with Turkey, Germany, Belgium, Switzerland and the Netherlands being the main contributors. The strong organic growth was mainly driven by contract launches in these countries and project work in Germany, partly offset by expected lower activity in Greece.

Operating profit before other items in Q1 amounted to DKK 362 million generating an operating margin of 4.7% (Q1 2016: 4.3%). The increase in operating margin was mainly supported by focus on operational efficiencies in Spain, increased demand for non-portfolio services and early benefit from the GREAT implementation in the Netherlands and strong performances in Switzerland and Turkey. The operating margin was negatively impacted by difficult market conditions in Portugal and our decision to exit certain contracts in Eastern European countries.

NORTHERN EUROPE

Revenue amounted to DKK 6,076 million and organic growth was 2% (Q4 2016: 5%), while the impact from divestments reduced the revenue by 3% and currency effects reduced revenue by 4% mainly due to a depreciation of GBP against DKK. The organic growth was mainly supported by 2016 contract launches and higher non-portfolio revenue in the UK and Norway as well as strong performances within the industry sector and public segment in the UK. This was partly offset by contract losses and downscaling in the industry and manufacturing segment in Sweden.

Operating profit before other items amounted to DKK 338 million, resulting in an operating margin of 5.6% (Q1 2016: 5.9%). The decrease in operating margin was mainly due to contracts losses, operational challenges within parts of the cleaning segment and one-off costs in Sweden, as well as a negative currency translation effect due to a depreciation of GBP against DKK. This was partly offset by a margin increase in the UK, mainly from non-portfolio services in the technical services segment.

ASIA & PACIFIC

Revenue amounted to DKK 3,736 million impacted by an organic revenue reduction of 1% (Q4 2016: negative 3%) while the impact from currency effects increased revenue by 4%. The organic revenue reduction was mainly a result of reduced services within the remote site resource sector in Australia as well as the retail segment in China, as expected. Excluding Australia, organic growth was 6% in Q1 2017. This was partly offset by double digit organic growth rates in Indonesia, Singapore, India and the Philippines.

Operating profit before other items increased to DKK 286 million, resulting in an operating margin of 7.7% (Q1 2016: 6.6%). The operating margin increase was mainly driven by strong performances in Singapore, India and Hong Kong, supported by operational efficiencies and cost savings in these countries as well as one-off income in Singapore.

AMERICAS

Revenue was DKK 2,004 million, up 11% compared to the same period last year. Organic growth was 4% (Q4 2016: 11%), while acquisitions and divestments, net and currency effects positively affected the revenue by 1% and 6%, respectively. Organic growth was mainly driven by contract start-ups and continued demand for non-portfolio services within the IFS division and aviation segment in North America as well as the positive impact from contract launches in 2016 in Chile and Mexico. This was partly offset by planned contract exits in Brazil within certain business segments following the structural adjustments of our business platform as well as contract exits in Argentina.

Operating profit before other items was DKK 40 million, resulting in an operating margin of 2.0% for Q1 2017, compared with 3.2% in the same period last year. The decrease in operating margin was mainly due to IFS contract start-ups in North America, underperformance within the specialised services division in the USA as well as labour related one-off costs in the USA and Argentina. In addition, Argentina was impacted by costs related to contract exits.

MANAGEMENT STATEMENT

Copenhagen, 10 May 2017

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 – 31 March 2017.

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 31 March 2017 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2017.

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

Pierre-François Riolacci
Group Chief Financial 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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

1 JANUARY – 31 MARCH

		YTD 2017			YTD 2016		
DKK million	Note	Adjusted results	Acqui-sition-related	Reported results	Adjusted results	Acqui-sition-related	Reported results
Revenue	4	**19,505**	**-**	**19,505**	**19,178**	**-**	**19,178**
Staff costs		(12,923)	-	(12,923)	(12,868)	-	(12,868)
Consumables		(1,686)	-	(1,686)	(1,648)	-	(1,648)
Other operating expenses		(3,852)	-	(3,852)	(3,629)	-	(3,629)
Depreciation and amortisation [1]		(176)	-	(176)	(179)	-	(179)
Operating profit before other items		**868**	**-**	**868**	**854**	**-**	**854**
Other income and expenses, net	6	(4)	-	(4)	(28)	-	(28)
Goodwill impairment	7	-	-	-	-	-	-
Amortisation/impairment of customer contracts		-	(130)	(130)	-	(161)	(161)
Operating profit		**864**	**(130)**	**734**	**826**	**(161)**	**665**
Financial income	8	18	-	18	27	-	27
Financial expenses	8	(134)	-	(134)	(134)	-	(134)
Profit before tax		**748**	**(130)**	**618**	**719**	**(161)**	**558**
Income taxes		(202)	28	(174)	(201)	42	(159)
Net profit		**546**	**(102)**	**444**	**518**	**(119)**	**399**
Attributable to:							
Owners of ISS A/S				444			398
Non-controlling interests				0			1
Net profit				**444**			**399**
Earnings per share:							
Basic earnings per share (EPS), DKK				2.4			2.2
Diluted earnings per share, DKK				2.4			2.2
Adjusted earnings per share, DKK [2]				2.9			2.8

[1] Excluding Goodwill impairment and Amortisation/impairment of customer contracts.
[2] Calculated as Net profit (adjusted) divided by the average number of shares (diluted).

Background for the income statement presentation is described in the 2016 Group Annual Report in section 1, p. 67.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 MARCH

DKK million	Note	YTD 2017	YTD 2016
Net profit		**444**	**399**
Items to be reclassified to the income statement in subsequent periods:			
Foreign exchange adjustments of subsidiaries and non-controlling interests		124	(440)
Other comprehensive income		**124**	**(440)**
Comprehensive income		**568**	**(41)**
Attributable to:			
Owners of ISS A/S		567	(42)
Non-controlling interests		1	1
Comprehensive income		**568**	**(41)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

1 JANUARY – 31 MARCH

DKK million	Note	YTD 2017	YTD 2016
Operating profit before other items		868	854
Depreciation and amortisation		176	179
Share-based payments		1	22
Changes in working capital		(1,376)	(1,414)
Changes in provisions, pensions and similar obligations		(5)	(55)
Other expenses paid		(49)	(51)
Interest received		9	10
Interest paid		(149)	(102)
Income taxes paid		(256)	(214)
Cash flow from operating activities		**(781)**	**(771)**
Acquisition of businesses	9	14	(25)
Divestment of businesses	10	76	(4)
Acquisition of intangible assets and property, plant and equipment		(194)	(161)
Disposal of intangible assets and property, plant and equipment		14	13
(Acquisition)/disposal of financial assets		(15)	17
Cash flow from investing activities		**(105)**	**(160)**
Other financial payments, net		500	(259)
Purchase of treasury shares		-	(149)
Cash flow from financing activities		**500**	**(408)**
Total cash flow		**(386)**	**(1,339)**
Cash and cash equivalents at 1 January		4,300	4,526
Total cash flow		(386)	(1,339)
Foreign exchange adjustments		57	(61)
Cash and cash equivalents at 31 March		**3,971**	**3,126**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK million	Note	31 March 2017	31 March 2016	31 December 2016
ASSETS				
Intangible assets		26,465	26,675	26,361
Property, plant and equipment		1,575	1,554	1,572
Deferred tax assets		898	925	861
Other financial assets		362	399	358
Non-current assets		**29,300**	**29,553**	**29,152**
Inventories		288	300	276
Trade receivables		11,852	11,399	11,307
Tax receivables		266	242	235
Other receivables		1,939	1,923	1,992
Cash and cash equivalents		3,971	3,126	4,300
Assets classified as held for sale	12	1,577	1,777	1,520
Current assets		**19,893**	**18,767**	**19,630**
Total assets		**49,193**	**48,320**	**48,782**
EQUITY AND LIABILITIES				
Total equity attributable to owners of ISS A/S		13,027	14,330	13,910
Non-controlling interests		11	11	10
Total equity		**13,038**	**14,341**	**13,920**
Loans and borrowings		15,070	14,906	15,055
Pensions and similar obligations		1,639	1,640	1,638
Deferred tax liabilities		1,379	1,461	1,383
Provisions		248	263	256
Non-current liabilities		**18,336**	**18,270**	**18,332**
Loans and borrowings		850	535	283
Trade payables		3,182	3,200	4,068
Tax payables		307	341	339
Other liabilities		12,784	10,939	11,227
Provisions		246	165	187
Liabilities classified as held for sale	12	450	529	426
Current liabilities		**17,819**	**15,709**	**16,530**
Total liabilities		**36,155**	**33,979**	**34,862**
Total equity and liabilities		**49,193**	**48,320**	**48,782**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 31 MARCH

YTD 2017 DKK million	Note	Attributable to owners of ISS A/S Share capital	Retained earnings	Trans-lation reserve	Treasury shares	Proposed dividends	Total	Non-con-trolling interests	Total equity
Equity at 1 January		**185**	**12,717**	**(4)**	**(418)**	**1,430**	**13,910**	**10**	**13,920**
Net profit		-	444	-	-	-	444	0	444
Other comprehensive income		-	-	123	-	-	123	1	124
Comprehensive income		**-**	**444**	**123**	**-**	**-**	**567**	**1**	**568**
Share-based payments		-	23	-	-	-	23	-	23
Settlement of vested PSUs		-	(174)	-	115	-	(59)	-	(59)
Settlement of vested RSUs		-	-	-	5	-	5	-	5
Dividends to shareholders (declared)		-	-	-	-	(1,430)	(1,430)	-	(1,430)
Dividends, treasury shares (declared)		-	11	-	-	-	11	-	11
Transactions with owners		**-**	**(140)**	**-**	**120**	**(1,430)**	**(1,450)**	**-**	**(1,450)**
Changes in equity		**-**	**304**	**123**	**120**	**(1,430)**	**(883)**	**1**	(882)
Equity at 31 March		**185**	**13,021**	**119**	**(298)**	**-**	**13,027**	**11**	**13,038**

YTD 2016									
Equity at 1 January		**185**	**12,666**	**592**	**(323)**	**1,374**	**14,494**	**10**	**14,504**
Net profit		-	398	-	-	-	398	1	**399**
Other comprehensive income		-	-	(440)	-	-	(440)	0	**(440)**
Comprehensive income		**-**	**398**	**(440)**	**-**	**-**	**(42)**	**1**	**(41)**
Purchase of treasury shares		-	-	-	(149)	-	(149)	-	(149)
Share-based payments		-	22	-	-	-	22	-	22
Settlement of vested PSUs		-	(49)	-	49	-	-	-	-
Settlement of vested RSUs		-	-	-	5	-	5	-	5
Transactions with owners		**-**	**(27)**	**-**	**(95)**	**-**	**(122)**	**-**	**(122)**
Changes in equity		**-**	**371**	**(440)**	**(95)**	**-**	**(164)**	**1**	**(163)**
Equity at 31 March		**185**	**13,037**	**152**	**(418)**	**1,374**	**14,330**	**11**	**14,341**

1 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 31 March 2017 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 requirements of the Danish Financial Statements Act.

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 2016. A full description of the Group's accounting policies is included in the consolidated financial statements for 2016.

Changes in accounting policies

With effect from 1 January 2017, the Group has implemented:

- Amendments to IAS 12 "Income Taxes": Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 "Financial Instruments: Disclosures": Disclosure Initiatve
- Parts of Annual Improvements to IFRSs 2014-2016 Cycle

The adoption of these standards and interpretations did not affect recognition and measurement for 2017.

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 2016.

3 SEASONALITY

The operating margin before other items is typically lowest in the first quarter of the year and increasing quarter by quarter to reach the highest level in the fourth quarter of the year. 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.

4 SEGMENT INFORMATION

Reportable segments

ISS is a global facility services company, that operates in 73 countries and delivers a wide range of services within the areas cleaning, support, property, catering, security and facility management.

Operations are generally managed based on a geographical structure in which countries are grouped into four regions. 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 2017

DKK million	Continental Europe	Northern Europe	Asia & Pacific	Americas	Other countries	Total reportable segments
Revenue [1)]	7,685	6,076	3,736	2,004	27	**19,528**
Operating profit before other items [2)]	362	338	286	40	(0)	**1,026**
Operating profit	311	299	269	15	(1)	**893**
Total assets	19,843	17,506	8,486	3,816	15	**49,666**
Total liabilities	10,661	7,363	3,687	2,427	14	**24,152**

YTD 2016

DKK million	Continental Europe	Northern Europe	Asia & Pacific	Americas	Other countries	Total reportable segments
Revenue [1)]	7,371	6,387	3,611	1,810	23	**19,202**
Operating profit before other items [2)]	319	374	238	57	(0)	**988**
Operating profit	274	295	223	7	(0)	**799**
Total assets	19,731	18,141	7,988	3,572	15	**49,447**
Total liabilities	10,616	7,948	3,511	2,191	14	**24,280**

[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.

Reconciliation of operating profit

DKK million	YTD 2017	YTD 2016
Operating profit for reportable segments	893	799
Unallocated corporate costs	(158)	(134)
Unallocated other income and expenses, net	(1)	-
Operating profit according to the income statement	**734**	**665**

5 SHARE-BASED PAYMENTS

Share-based incentive programmes

Long-Term Incentive Programme (LTIP) On 2 March 2017, new performance-based share units (PSUs) were granted under the LTIP to members of the EGM (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 2016. The number of PSUs granted was 693,671. In April 2017, additional PSUs were granted to adjust for the distribution of ordinary dividends as adopted at the annual general meeting of ISS A/S on 30 March 2017. The number of additional PSUs granted was 18,046. 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 2017
Total PSUs granted	711,717
Number of participants	152
Number of PSUs expected to vest at grant date	354,531
Fair value of PSUs expected to vest at grant date, DKK million	102

LTIP 2014 In March 2017, the LTIP 2014 programme vested and the participants received shares in ISS A/S at no cost. Based on the annual EPS and TSR performances for 2014, 2015 and 2016, 96% of the granted PSUs, equal to 799,350 PSUs, vested. After this vesting, no further PSUs are outstanding under the LTIP 2014 and the programme has lapsed.

Deferred bonus programme

In March 2017, the remaining 50% of the restricted share units (RSUs) equal to 25,993 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. Each RSU entitles the holder to receive one share. After this conversion, no further RSUs are outstanding.

6 OTHER INCOME AND EXPENSES, NET

DKK million	YTD 2017	YTD 2016
Gain on divestments	48	1
Other income	**48**	**1**
Restructuring projects	(44)	(28)
Acquisition and integration costs	(8)	-
Loss on divestments	-	(1)
Other expenses	**(52)**	**(29)**
Other income and expenses, net	**(4)**	**(28)**

Gain on divestments related to the divestment of ISS Kloak- & Industriservice, the Danish sewage and industrial services business and adjustments to prior years' divestments.

Restructuring projects mainly related to the continued implementation of GREAT and adjustments of the business platform in Brazil. 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 2017, costs mainly related to Brazil, Norway, the Netherlands and France. In 2016, costs mainly related to Belgium, Finland and Spain.

Acquisition and integration costs mainly related to Evantec in Germany and SIGNAL in Denmark and mainly comprised financial and legal fees to advisors as well as costs incurred as a consequence of the integration.

7 GOODWILL IMPAIRMENT

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 31 March 2017, 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 4.6 in the consolidated financial statements for 2016.

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

8 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	YTD 2017	YTD 2016
Interest income on cash and cash equivalents	8	9
Foreign exchange gains	10	18
Financial income	**18**	**27**
Interest expenses on loans and borrowings	(100)	(99)
Other bank fees	(19)	(17)
Net interest on defined benefit obligations	(6)	(9)
Amortisation of financing fees	(9)	(9)
Financial expenses	**(134)**	**(134)**

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.

9 ACQUISITIONS

EVANTEC

On 1 January 2017, ISS acquired 100% of the shares in Evantec, a technical and building services company in Germany.

The annual revenue is estimated at DKK 352 million (unaudited financial information) based on expectations at the time of the acquisition. During the first three months of 2017, Evantec contributed revenue of DKK 90 million and operating profit before other items of DKK 1 million, impacted by seasonality. Number of employees taken over was approximately 800.

Acquisition-related costs of DKK 3 million have been included in Other income and expenses, net.

The acquisition supports our strategy by strengthening our German technical and building services capabilities. Thus, goodwill added on acquisition is attributable mainly to: 1) technical expertise, 2) synergies mainly by enhancing self-delivery possibilities, 3) platform for growth primarily within IFS, and 4) assembled work force.

Based on the provisionally determined fair values of net assets, goodwill amounted to DKK 98 million. Goodwill is not expected to be deductible for income tax purposes.

SIGNAL

On 3 February 2017, ISS acquired 100% of the shares in SIGNAL, a Danish-based workplace management consulting firm, with annual revenue of approximately DKK 30 million (unaudited) and 30 employees.

During the first three months of 2017, SIGNAL contributed revenue of DKK 3 million and operating profit before other items of DKK (0.4) million.

Acquisition-related costs of DKK 1 million have been included in Other income and expenses, net.

SIGNAL will add greater insights into how workplace design and service can come together to drive engagement. It will therefore enable us to enhance our strategically important IFS offering, and serve as a centre of global exellence in the field. Thus, goodwill added on acquisition is attributable mainly to: 1) workplace management expertise, 2) platform for growth by enhancing our IFS offering, and 3) assembled work force.

Based on the provisionally determined fair values of net assets, goodwill amounted to DKK 32 million. Goodwill is not expected to be deductible for income tax purposes.

ACQUISITION IMPACT

DKK million	YTD 2017	YTD 2016
Customer contracts	16	-
Other non-current assets	5	-
Trade receivables	42	-
Other current assets	59	-
Other non-current liabilities	(41)	-
Other current liabilities	(76)	-
Fair value of net assets acquired	**5**	**-**
Goodwill	136	-
Consideration transferred	**141**	**-**
Cash and cash equivalents in acquired businesses	(53)	-
Cash consideration transferred	**88**	**-**
Contingent and deferred consideration	(36)	25
Changes in prepaid purchase price	(66)	-
Acquisition of businesses (cash flow)	**(14)**	**25**

9 ACQUISITIONS (CONTINUED)

ACQUISITIONS SUBSEQUENT TO 31 MARCH 2017

On 28 April 2017, we acquired 100% of the shares in Guckenheimer, a leading US food services company, with an annual revenue of approximately DKK 2,300 million (unaudited) and 3,200 employees in 33 states. The purchase price (on a debt and cash free basis) amounted to DKK 1,549 million.

The acquisition supports our strategic aim of strengthening our catering capabilities in North America. Thus, goodwill added on acquisition is attributable 1) catering expertise, 2) synergies mainly by enhancing self-delivery possibilities, 3) platform for growth primarily within IFS, and 4) assembled work force.

In accordance with usual Group procedures, the acquisition balance will be prepared in the first months following the acquisition. Consequently, the final acquisition balance is not yet available.

The Group completed no further acquisitions in the period 1 April to 30 April 2017.

10 DIVESTMENTS

The Group completed two divestments during 1 January - 31 March 2017 (none during 1 January - 31 March 2016).

Company/activity	**Country**	**Service type**	**Excluded from the income statement**	**Percentage interest**	**Annual revenue** [1] (DKK million)	**Number of employees** [1]
ISS Kloak- & Industriservice	Denmark	Sewage and industrial services	January	100%	209	159
Security	Ireland	Security services	March	Activities	43	263
Total					**252**	**422**

[1] Unaudited financial information.

DIVESTMENT IMPACT

DKK million	YTD 2017	YTD 2016
Goodwill	-	-
Customer contracts	6	-
Other non-current assets	27	-
Current assets	53	-
Loans and borrowings	(37)	-
Other non-current liabilities	(5)	-
Other current liabilities	(23)	(4)
Fair value of net assets disposed	**21**	**(4)**
Gain/(loss) on divestment of businesses, net	48	(1)
Divestment costs, net of tax	8	1
Consideration received	**77**	**(4)**
Cash and cash equivalents in divested businesses	28	-
Cash consideration received	**105**	**(4)**
Contingent and deferred consideration	6	11
Divestment costs paid, net of tax	(35)	(11)
Divestment of businesses (cash flow)	**76**	**(4)**

DIVESTMENTS SUBSEQUENT TO 31 MARCH 2017

On 28 April 2017, we completed the divestment of the Group's activities in Iceland with an annual revenue of approximately DKK 142 million (unaudited) and 743 employees.

The Group completed no further divestments in the period 1 April to 30 April 2017.

11 PRO FORMA REVENUE AND OPERATING PROFIT BEFORE OTHER ITEMS

Assuming all acquisitions and divestments during 1 January - 31 March 2017 were included/excluded as of 1 January, the effect on revenue and operating profit before other items is estimated as follows:

DKK million	YTD 2017	YTD 2016
Revenue recognised in the income statement	19,505	19,178
Acquisitions	2	-
Divestments	(6)	-
Pro forma revenue	**19,501**	**19,178**
Operating profit before other items recognised in the income statement	868	854
Acquisitions	0	-
Divestments	(0)	-
Pro forma operating profit before other items	**868**	**854**

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 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 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.

12 DISPOSAL GROUPS

At 31 December 2016, assets classified as held for sale comprised three businesses in the Continental Europe, Northern Europe and Asia & Pacific regions for which sales processes were initiated during previous years. At 31 March 2017, sales processes were still ongoing and the three businesses continued to be held for sale at 31 March 2017.

During the first three months of 2017, no additional businesses were classified as held for sale.

13 CONTINGENT LIABILITIES

Guarantee commitments
Indemnity and guarantee commitments (mainly towards public authorities and insurance companies) at 31 March 2017 amounted to DKK 477 million (31 December 2016: DKK 478 million).

Performance guarantees
The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,818 million (31 December 2016: DKK 1,791 million) of which DKK 1,366 million (31 December 2016: DKK 1,316 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 31 March 2017 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 31 March 2017.

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 31 March 2017.

14 RELATED PARTIES

Parent and ultimate controlling party
The Group's parent ISS A/S is the ultimate controlling party. At 31 March 2017, 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 with members of the Board and the EGM during the first three months of 2017.

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

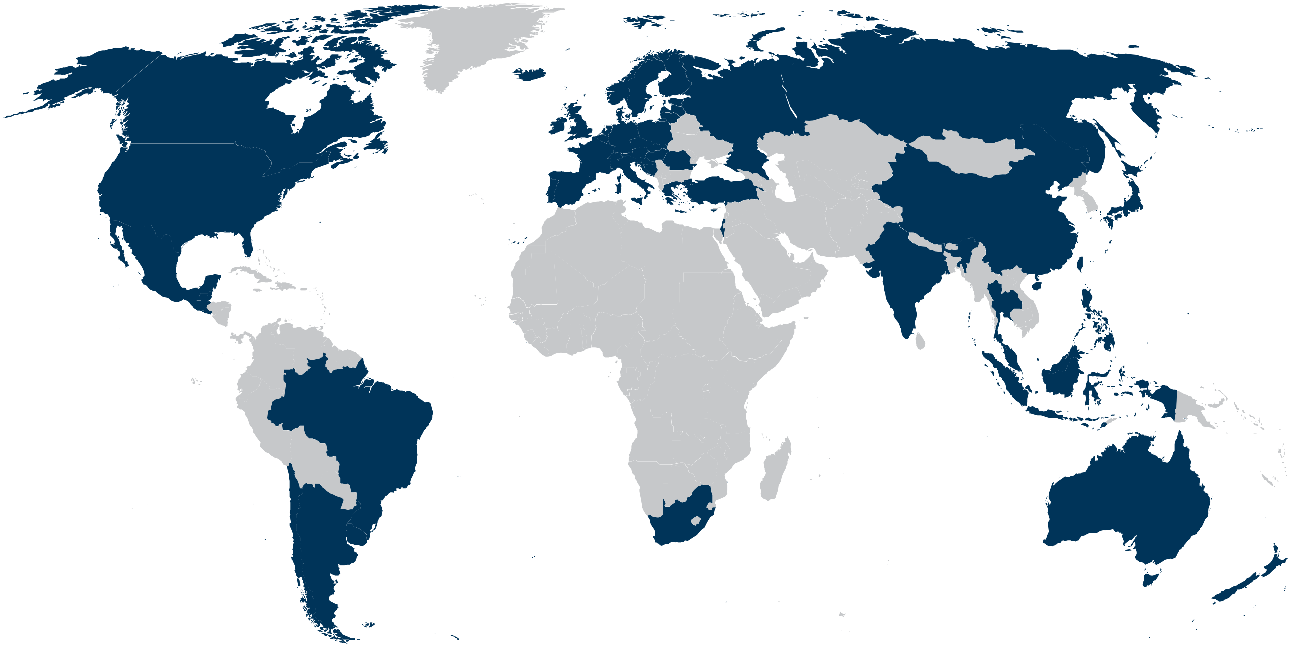
15 SUBSEQUENT EVENTS

On 28 April 2017, we acquired Guckenheimer, a leading food services company in North America. The acquisition supports our strategic aim of strengthening our catering capabilities in the Americas region.

On 28 April 2017, we completed the divestment of the Group's activities in Iceland. The divestment supports our strategy to focus on geographies and services where we see the greatest opportunities for customer growth and profitability.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to 31 March 2017, 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 79.1 billion in 2016 and ISS has more than 491,000 employees and activities in more than 70 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers.