



Company Announcement

Copenhagen, 15 May 2013

ISS reports solid start to 2013

- Revenue for the first quarter of 2013 amounted to DKK 19.5 billion – driven by an organic growth of 2.7%
- Operating margin was 4.4% compared with 4.5% for the same period in 2012
- Net profit was DKK 71 million compared with a loss of DKK 116 million for the same period in 2012
- The LTM (Last Twelve Months) cash conversion for March 2013 was 99% up from 97% for the same period in 2012

Jeff Gravenhorst, ISS Group CEO, said:

“ISS has started 2013 well, delivering solid financial results in spite of continued challenging macroeconomic conditions. We achieved overall positive organic growth in both developed and emerging markets, with double digit growth in Asia. We have successfully started our new contracts with Barclays and Novartis, and have won additional important international contracts in 2013. Last week ISS was recognised as the world’s #1 outsourcing company, a clear sign of the strong international market position of ISS. Lastly, we successfully refinanced the majority of our debt and divested the pest control activities in 12 countries.”

Group Performance

Group revenue amounted to DKK 19.5 billion in the first three months of 2013, an increase of 1% compared with the same period in 2012, driven by organic growth of 2.7% which was partly offset by the successful divestment of non-core activities amounting to 1.0% and a negative effect from exchange rate movements of 0.5%.

Western Europe, Asia, Latin America and North America delivered positive organic growth rates, with Asia continuing to report double-digit organic growth. The organic growth was mainly driven by the start-ups of the Barclays and Novartis contracts as well as a continued strong growth in the emerging markets. This was partly offset by a continued low level of non-portfolio ser-

vices and challenging macro-economic conditions, particularly in some European countries.

Operating profit before other items amounted to DKK 855 million in the first three months of 2013 compared with DKK 868 million in the same period in 2012. The operating margin (operating profit before other items as a percentage of revenue) was 4.4% for the first three months of 2013 compared with 4.5% for the same period in 2012. The operating margin is in line with expectations and was positively impacted by margin increases especially in the Nordic region and certain countries in Asia. However, this was offset by the negative impact from operational challenges in certain countries in Europe and the Americas and the strategic divestments of non-core activities in 2012.

The net profit amounted to DKK 71 million in the first three months of 2013 compared with a loss of DKK 116 million in the same period of 2012, positively impacted by growth in revenue, lower financial expenses, net, and lower non-cash expenses related to goodwill impairment. This was partly offset by higher direct operating expenses.

The LTM cash conversion for March 2013 was 99% as a result of a strong cash flow performance in all regions, reflecting continued focus on securing payments for work performed and exiting customer contracts with unsatisfactory payment conditions.

The emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey, where ISS has more than half of its employees, delivered organic growth of 10% and represent 22% of total revenue for the Group. In addition to significantly increasing organic growth, the emerging markets delivered an operating margin of 5.8% in the first three months of 2013.

ISS will continue the evaluation of its activities in the light of accelerating The ISS Way strategy to ensure that the core businesses remain in focus and further deleveraging of ISS. As a consequence ISS had eight business units classified as held for sale at 31 March 2013.

In early May, the International Association of Outsourcing Professionals (IAOP) ranked ISS as the world's #1 global outsourcing company. The new ranking is a significant improvement from 2012 where ISS was #5 on the "The Global Outsourcing 100" list.

Outlook

The outlook for 2013 remains unchanged and is based on a mixed global macroeconomic outlook with continued strong growth in emerging markets combined with weak growth and difficult macroeconomic conditions in large parts of Europe, including the uncertainty surrounding current and future austerity measures.

In 2013, we had a solid start following the wins of several large IFS contracts in 2012. Combined with the underlying business development, we therefore expect to realise around 3% organic growth in 2013.

The operating margin for 2013 is expected to be maintained at the level realised in 2012. Cash conversion is expected to be above 90%.

Ole Andersen
Chairman of the Board

Jeff Gravenhorst
Group CEO

Telephone conference

ISS will host a conference call on Wednesday, 15 May 2013 at 12:30 CET (11:30 GMT).

Dial-in-numbers: **+45 35 44 55 80 (Denmark)**
 +44 203 364 5374 (UK)
 +1 855 753 2230 (US)

Live webcast

The conference call will also be available on live webcast. In order to listen to the conference call and view the presentation simultaneously, please visit <http://inv.issworld.com/events.cfm>

For media enquiries

Kenth Kærhøg, Head of Group Communications, +45 38 17 62 05

For investor enquiries

Barbara Plucnar Jensen, Head of Group Treasury, +45 38 17 62 60

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 almost DKK 80 billion in 2012 and ISS has more than 530,000 employees and local operations in more than 50 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers. For more information on the ISS Group, visit www.issworld.com.