



## A good start to 2012 for ISS

Today, ISS A/S announced preliminary operational and financial results for Q1 2012. ISS is off to a good start to 2012 demonstrating healthy organic growth, operating profit in line with last year and strong cash conversion, in spite of challenging macroeconomic conditions, particularly in Europe:

- **Group revenue amounted to DKK 19.3 billion in the first three months of 2012 - an increase of 2% compared with the same period in 2011**
- **Organic growth of 3.1%**
- **Operating profit before other items was DKK 868 million for the first three months of 2012 equivalent to an operating margin 4.5%**
- **Cash conversion for the last twelve months ending March 2012 was 97%**

### **Jeff Gravenhorst, ISS Group CEO, said:**

*"We are pleased that ISS continues to deliver growth in both emerging and developed markets. All geographies except the Pacific region delivered positive organic growth this quarter, building on the strong organic growth in 2011. In Q1 we accomplished organic growth of 3.1% with emerging markets delivering 11% organic growth. Our large national and regional contracts have been well implemented and provide us with a strong platform for new large contract wins."*

*"Given the current macroeconomic environment we continued our focus on cash flow resulting in a strong cash conversion of 97% for the last twelve months."*

### **Group Performance**

Group revenue amounted to DKK 19.3 billion in the first three months of 2012, an increase of 2% compared with the same period in 2011. The revenue growth was driven by an organic growth of 3.1% and a positive effect from exchange rate movements of 1% offset by negative effect from divestments of 2%.

The organic growth was 3.1% in the first three months of 2012. All regions except the Pacific region (-1%) delivered a positive organic growth rate. Asia delivered a 15% organic growth rate. The organic growth was influenced by challenging macroeconomic conditions, particularly in the Mediterranean countries where the main focus is on ensuring a customer contract base with satisfactory payment and profitability conditions.

Operating profit before other items of DKK 868 million in Q1 of 2012 was in line with expectations and at level with the same period of 2011. The operating margin (operating profit before other items as a percentage of revenue) was 4.5% compared with 4.6% for the same period in 2011. The operating margin was positively impacted by margin increases especially in Swe-

den, Norway, several countries in Latin America and the North America region. However, this was offset by the negative impact from challenging economic conditions in the Mediterranean region, operational challenges in the Netherlands as well as the impact from certain divestments in 2011, including the non-core damage control business in Germany and the coffee vending business in Denmark and Norway.

Operating profit increased by 1% from DKK 859 million in the first three months of 2011 to DKK 870 million in the first three months of 2012, as a result of a reduction of other income and expenses.

The net loss increased from a loss of DKK 25 million in the first three months of 2011 to a loss of DKK 116 million in the first three months of 2012, as growth in revenue and higher operating profit, combined with lower financial expenses, was more than offset by an increase in income taxes and higher non-cash expenses related to goodwill impairment.

The LTM (Last Twelve Months) cash conversion for March 2012 was 97%, as a result of a strong cash flow performance in all regions reflecting a continuous focus on securing payments for our work performed.

The emerging markets comprising Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey where we have more than half of our employees, delivered organic growth of 11%. Emerging markets represent 21% of total revenue and 70% of total organic growth for the Group. In addition to boosting organic growth, the emerging markets delivered an operating margin of 6.4% in the first quarter of 2012, well above most mature markets.

ISS has remained focused on the implementation and operation of several large Integrated Facility Services (IFS) contracts started up in 2011 as well as the new IFS contract with Deutsche Bank covering Italy and Iberia. These efforts are progressing well, and operating margins and debtor days are improving towards the anticipated run rate levels. Leveraging from positive experiences with large multinational IFS contracts ISS' Global Corporate Clients organisation will in 2012 continue to focus on securing new contracts within selected customer segments where ISS can offer market leading value propositions.

## Outlook

The outlook for 2012 is based on a continued challenged macroeconomic outlook and difficult market conditions in Europe – in particular certain Mediterranean countries. ISS expects a continued strong growth in emerging markets.

ISS experienced a strong positive trend in organic growth in 2011 following the start-up of several large Integrated Facility Services (IFS) contracts leading to organic growth of 6.2% for the Group. A sound development in the contract portfolio in late 2011 is expected to ensure a continuation of the organic growth, which in 2012 is expected to be in the 3-5% range.

The operating margin for 2012 is expected to be around the level realised in 2011. Cash conversion is expected to be around 90%.

**Ole Andersen**  
Chairman of the Board

**Jeff Gravenhorst**  
Group CEO

**Telephone conference**

ISS will host a conference call on Thursday, 10 May 2012 at 13:00 CET (12:00 GMT).

Dial-in-numbers: +45 32 72 76 25 (Denmark)

+44 (0) 1452 555 566 (UK)

Conference ID: 75263573

**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 the ISS Group**

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 78 billion in 2011 and ISS now 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](http://www.issworld.com).