

ISS enters the next phase of the OneISS strategy with strong growth momentum

3 years ago



[ISS](#) has published its trading update for 1st January to 30th September 2022.

Highlights Jan – Sep 2022

Organic growth and revenue

Organic growth was 8.1% in Q3 2022 (Q3 2021: 2.8%) and 7.2% in the first nine months of 2022. The total revenue in Q3 2022 amounted to DKK 19.3 billion. The strong organic growth in Q3 2022 was driven by price and scope increases as well as solid project revenue. In Q3 2022, portfolio revenue grew organically by around 10% and projects and above-base revenue remained flat.

Commercial momentum

The commercial momentum continued to improve. ISS won a key account contract with a US-based pharmaceutical company and extended and expanded the key account contract with a manufacturing customer in Denmark. In addition, a number of other key account contracts were extended in the quarter.

Inflation

Tight inflationary management continued, resulting in a positive effect on organic growth with the operating margin generally remaining unaffected.

Acquisition

ISS has completed the acquisition of the Swiss facility management provider, Livit FM, which will increase Group revenue with around 0.5%. The integration of the acquired company is expected to be completed in Q1 2023.

OneISS strategy

ISS is now entering the next phase of the OneISS strategy. The financial turnaround targets announced in 2020 have been achieved, and ISS has structurally improved the operating model for sustainable long-term performance. An update of the strategic direction as well as new financial targets will be presented at ISS' Capital Markets Day on 7 November 2022.

Outlook

On the back of the performance in Q3 2022, the outlook for the full year is updated. Organic growth is now expected to be around 6.5% (previously above 5%). Operating margin is expected to be around 3.8% (previously above 3.75%), and free cash flow is expected to be around DKK 1.5 billion (previously above DKK 1.5 billion). The outlook is before any effects from IAS 29.

Jacob Aarup-Andersen Group CEO, ISS A/S, says: "Q3 2022 marks the point where we formally have reached our financial turnaround targets. The organic growth accelerated compared to the first half and ISS continues to gain strength operationally and financially, making us poised to set new ambitions and targets.

"At our Capital Markets Day, we will announce our future journey in an unpredictable macroeconomic environment and with risk of an imminent recession in key markets. I have confidence that we will continue our positive development as we build on the inherent resilient and stable characteristics of our business model.

"Once again, I want to thank the organisation and our dedicated placemakers across the world. During the last two years, they have proved that we are a learning and developing organisation. An organisation that continues to adapt and grow even in the most challenging environments".