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ISS Interim Report Shows Margin and Cash Flow Improvements Amid Strategic Progress

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Global facilities management provider ISS has released its interim report, revealing improved operating margins and free cash flow for the first half of 2025, alongside steady strategic progress.

The report shows that while organic growth slowed slightly to 4.1% in H1 2025 (down from 5.9% in H1 2024), the company successfully improved its financial health through operational enhancements. This growth was primarily driven by price increases and additional project work, which offset a previously communicated number of negative contract wins.

A key highlight was the improvement in operating margin before other items, which rose to 4.2% in H1 2025 from 4.0% in H1 2024. This was a direct result of ongoing operational improvements across the Group. Free cash flow also saw a significant improvement, moving from a deficit of DKK 1.1 billion in the first half of 2024 to DKK 0.5 billion in H1 2025.

On the business front, ISS secured six new large key account contracts, each valued at over DKK 100 million, alongside numerous smaller contracts. The company also renewed several existing contracts, some with significant scope expansions valued at more than DKK 100 million.

Strategic initiatives focused on commercial models, workforce management, and finance shared service centers gained momentum, with execution progressing as planned. The company is also awaiting a ruling from the Tribunal in its arbitration proceedings with Deutsche Telekom, which concluded in mid-July.

In a move to strengthen its financial position, ISS established a Euro-Commercial Paper (ECP) programme with a maximum value of EUR 900 million for short-term financing. The company also announced an increase in its share buyback programme, with the second tranche now valued at DKK 1.75 billion, bringing the total program to DKK 3.0 billion.

Looking ahead, ISS's 2025 outlook remains unchanged, with the company still targeting an organic growth of 4-6%, an operating margin of above 5%, and a free cash flow exceeding DKK 2.4 billion.