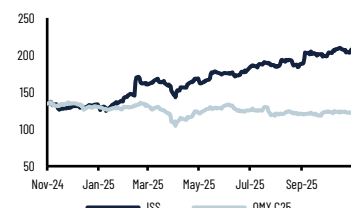


Share information



YTD 58.1% 1 year: 54.6%
1 month: 4.8% 3 years: 48.5%

Note: *We apply the closing price from 06 November 2025
Index rebased to 07 November 2024. Source: S&P Capital IQ

Financials

(DKKm)	2023	2024	2025E*
Revenue	78,681	83,761	85,000 ^[1]
Organic revenue growth	6.6%	6.5%	4-5%
Operating profit ^[2]	3,348	4,155	>4,250
Operating margin	4.3%	5.0%	>5%
Net income	325	2,589	N/A
Net income margin	0.4%	3.1%	N/A
Free cash flow	1,775	1,996	>2,400
Net debt	10,548	11,340	N/A

Note: *2025E numbers reflect ISS' midpoint guidance. 1) 4-5% organic growth (reduced from 4-6% in connection with Q3 2025), and +1p.p. acquisition impact and -4p.p. to -3p.p. FX headwinds. 2) Operating profit before other items (excl. IAS 29). FCF >DKK 3.0bn if DT case won in full.

Valuation multiples

	2023	2024	2025E*
P/S (x)	0.3	0.3	0.4
EV/Sales (x)	0.5	0.4	0.5
EV/EBITDA (x)	7.8	6.7	8.3
EV/EBIT (x)	11.1	9.6	11.4
P/E (x)	73.5	8.9	12.4
P/B (x)	2.3	1.9	3.4
P/CF (x)	13.5	11.6	10.9

Note: *Multiples in 2023 and 2024 are based on historical data, while 2025E numbers are based on consensus analyst estimates

Company description

ISS is a global facilities management company, based in Denmark, listed on Nasdaq Copenhagen in 2014, with global operations and a very strong position in Europe. Geographical markets include Northern Europe (37% revenue 2024), Central & Southern Europe (33%), Asia & Pacific (17%), Americas (12%), with ISS delivering a wide range of integrated facility services (IFS) including cleaning, technical, catering/food, and workplace solutions via its 320,000+ global employees, across 40,000+ customers.

Investment case

ISS refocused its strategy following Covid-19, as lockdown-related challenges impacted earnings, also resulting in a high gearing ratio. The following divestment of non-core markets and cost-cutting program has reduced debt and improved efficiency (operating margin at 5% in 2024), creating a stable foundation for growth and shareholder returns via dividends and buybacks.

ISS' refreshed strategy with a focus on key markets and segments, and leveraging technology to further improve efficiency, aims to grow market share incrementally, while the broader integrated facilities management market continues to benefit from back-to-the-office trends globally. The strategy, centred on organic growth with small bolt-on acquisitions, can deliver strong cash flow and support rising shareholder returns via announced share buybacks of DKK 3.0bn 2025E, (raised DKK 500m Q2'2025) and dividends (DKK 3.1/share 2024). ISS has considerable revenue visibility with its client retention rate around 94% LTM Q3 2025, driven by contract extensions. Despite narrowing its 2025E organic growth guidance to 4-5%, commercial momentum YTD, (9 new wins, 9 contract expansions, 2 reductions, 1 loss), positions ISS for continued growth into 2026, also with the DWP contract going live in October 2025.

Strong execution in 2025 has seen ISS close its valuation gap to peers (around 20-30% at 2024 annual report). Sustained execution of the mid-term strategy may narrow the valuation gap to leading peer Compass Group, which remains significant.

Key investment reasons

ISS offers rising dividends and share buybacks, as it targets 4-6% mid-term annual organic growth in a fragmented market (ISS ~1% global market share), supported by back-to-the-office and market share gains. ISS' increased its share buyback programme to DKK 3.0bn with Q2 2025 results (from DKK 2.5bn). Analysts estimate total capital return (dividends + buybacks) of DKK 22.0/share for 2025E.

In recent years, ISS has divested unproductive business units and strengthened its balance sheet, bringing net debt to adj. EBITDA into its target 2.0-2.5x range. The improved financial position provides a foundation for stable revenue growth and absolute earnings growth. A stable growth focus, combined with its current bolt-on M&A strategy, should lift returns the coming years.

Financial targets for organic growth of 4-5% 2025E and 4-6% medium-term, with an >5% operating margin, and >60% cash conversion gives a sustainable cash return profile and solid ROIC.

Key investment risks

The facilities management industry is highly competitive with relatively low margins. A small change in margins can have a large impact on earnings, and while labour costs are somewhat flexible, wage cost pressures, as seen in 2021, or a cyclical drop in revenue can impact earnings.

Despite a small total market share, growth significantly exceeding the market may be difficult to achieve with an organic and conservative acquisition strategy. Organic market share growth may prove challenging given that last year's inflation-related price hikes are not expected to continue at the same high level.

ISS has a legal case with Deutsche Telekom (DT) (awaiting verdict after July's final hearing) over a disputed DKK 600m in unpaid services, which could negatively impact shares in an adverse ruling. No matter the outcome ISS expect free-cash-flow of DKK 2.4bn in 2025, and a positive result can lift capital returns further.

Peer group

Company	Price (local)	Total return YTD	Market cap (EURm)	EV (EURm)	EV/EBIT 2025E	EV/EBIT 2026E	P/E 2025E	P/E 2026E	Div yield 2025E	Div yield 2026E	EBIT growth % 2025E	EBIT growth % 2026E	EBIT margin (%) 3-yr avg	EBIT margin (%) LTM
Sodexo S.A.	EUR 45.8	-42.4%	6,684	10,052	9.2	8.6	9.4	8.8	5.8%	5.4%	11.6%	-3.8%	4.0%	4.5%
Compass Group PLC	GBP 24.9	-4.6%	48,062	53,821	18.8	17.0	24.7	22.6	2.0%	2.2%	13.3%	10.2%	6.4%	6.9%
Cushman & Wakefield plc	USD 15.4	17.9%	3,096	5,243	12.6	10.8	12.7	10.5	0.0%	0.0%	18.2%	16.7%	4.0%	4.5%
Aramark	USD 37.4	1.0%	8,517	13,793	15.7	13.9	19.7	16.3	1.1%	1.2%	45.3%	12.6%	3.6%	4.3%
Mitie Group plc	GBP 1.6	50.1%	2,398	2,640	7.7	6.9	11.2	9.8	2.5%	2.8%	13.7%	15.4%	3.3%	3.8%
ABM Industries Inc.	USD 42	-16.2%	2,228	3,591	10.1	9.3	11.5	10.4	2.5%	2.6%	33.8%	8.7%	4.1%	4.2%
Median		-1.8%	4,890	7,647	11.3	10.0	12.1	10.5	2.3%	2.4%	16.0%	11.4%	4.0%	4.4%
ISS A/S	DKK 207.6	61.3%	4,557	6,572	11.4	10.7	12.4	10.9	1.8%	2.1%	8.9%	7.1%	4.1%	4.7%
Premium (+) / Discount (-) to peers					1%	6%	2%	4%	-20%	-15%				

Note: data from 06/11/Thursday

Source: S&P Capital IQ

Note: Peers with skewed fiscal periods include: Sodexo: 1 Sept- 31 August, Compass Group: 1 Oct - 30 Sept, Aramark: Day after close - Friday closest to 30 Sept., Mitie Group: 1 April - 31 March, ABM Industries Incorporated: 1 Nov - 31 October. Only Mitie Group's fiscal periods have been adjusted by T+1, otherwise no adjustments have been made relating to skewed fiscal periods.



Appendix - Valuation

Estimates and assumptions: The data in the peer group concerning the peer companies has not been calculated by HC Andersen Capital but is instead consensus analyst estimates from S&P Capital IQ. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers S&P Capital IQ a credible source of information.

Selected facilities management peers

Sodexo: is a global leader in integrated facility management and food services, offering catering, cleaning, and property management. Headquartered in France, Sodexo operates in more than 40 countries, with a particularly strong presence in Europe, North America, and Asia. It employs over 420,000 people worldwide and is listed on the Euronext Paris Stock Exchange

Compass Group (UK): is a UK-based multinational specializing in contract food services and facilities management. Serving key sectors such as healthcare, education, business, and leisure, it operates globally, particularly in North America, Europe, and Asia-Pacific. Compass Group employs over 550,000 people and is listed on the London Stock Exchange.

Cushman & Wakefield: is a prominent global real estate services firm providing facilities management, property management, leasing, and advisory services. Headquartered in Chicago, USA, it has operations in over 60 countries across North America, Europe, Asia-Pacific, and Latin America. Cushman & Wakefield employs over 50,000 people and is listed on the New York Stock Exchange.

Mitie Group: is a UK-based facilities management company offering integrated services such as cleaning, security, technical maintenance, and workplace management solutions. Predominantly active in the UK and Ireland, Mitie supports clients in sectors including healthcare, education, financial services, and government. It employs over 70,000 people and is listed on the London Stock Exchange.

ABM Industries Inc: provides comprehensive facilities management services, including janitorial, engineering, HVAC, electrical, and parking solutions. Headquartered in New York, USA, ABM primarily operates across North America, serving clients in commercial real estate, industrial, healthcare, education, aviation, and government sectors. It employs over 100,000 people and is listed on the New York Stock Exchange.