



Press Release

ISS A/S Trading Update January – September 2005

8 November 2005

ISS Holding A/S announced on Monday, 7 November 2005 that it has finalised its financing arrangements relating to the acquisition of ISS A/S. In connection with the syndication process, which is expected to commence on 9 November 2005, an information memorandum will be published on the Group's website, www.issworld.com. This memorandum will contain the enclosed trading update for ISS A/S for the nine months ended 30 September 2005, from which highlights are shown below:

<i>Amounts in DKK million</i>	Jan – Sep 2005	Jan – Sep 2004	Change
Revenue	34,157	29,398	+16%
Operating profit before other items	1,944	1,664	+17%
Operating profit	1,888	1,574	+20%
Profit before goodwill impairment and amortisation of customer contracts	1,121	941	+19%
Organic growth	3%	1%	+2%

Commenting upon the trading, CEO of ISS Management A/S, Eric Rylberg said:

"I am quite pleased with the progress ISS has made. The results and the organic growth are in line with the expectations for the trading performance that were contained in the Annual Report 2004 for ISS A/S.

Total growth has been solid, partly driven by acquisitions that so far total 87 this year, and an increase in organic growth in line with expectations.

ISS considers the trading performance to be a good start to the new strategy, Route101, which was launched in April.

Route101 has been well received in the organisation and ISS has really made strategic progress in 2005. Significant contract wins within Integrated Facility Services over the last couple of months are an illustration of the progress.

I am also pleased that ISS is now present in the new geographies that we had in the plans for 2004 and 2005. Chile, China, Estonia, India, New Zealand, Russia, Turkey, and Uruguay were targeted and I am pleased that ISS now operates also in these countries. ISS still wants to increase its geographical reach, but sees a lot of growth potential in the geographies it already covers.”

For further information, please contact

ISS Management A/S

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ISS A/S Trading Update, January – September 2005

The comments below relate to ISS A/S's unaudited consolidated interim income statements for the nine months ended September 30, 2004 and the nine months ended September 30, 2005, prepared in accordance with IFRS for interim reporting.

Revenue. Revenue increased DKK 4,759 million, or 16%, from DKK 29,398 million in the nine months ended September 30, 2004 to DKK 34,157 million in the nine months ended September 30, 2005. Organic growth was 3% and net growth from acquisitions was 13%. Currency adjustments were insignificant in the first nine months of 2005.

Revenue growth	9 months ended September 30, 2005 ¹⁾	9 months ended September 30, 2004
Organic growth	3 %	1 %
Acquisitions, net	13 %	9 %
Foreign currency adjustment	0 %	(1)%
Total	16 %	9 %

¹⁾ The calculation of organic growth does not include the German hospital services. Discontinuation of the German hospital services business accounted for less than 1% on Group level.

Staff costs. Staff costs increased DKK 3,126 million, or 16%, from DKK 19,547 million in the nine months ended September 30, 2004 to DKK 22,673 million in the nine months ended September 30, 2005. This increase was due primarily to an increase in the overall number of employees as a result of acquisitions made in the second half of 2004 and the first nine months of 2005. Staff costs as a percentage of revenue was essentially unchanged at 66.4% for the nine months ended September 30, 2005 compared to 66.5% in the nine months ended September 30, 2004.

Cost of sales. Cost of sales increased by DKK 447 million, or 20%, from DKK 2,234 million in the nine months ended September 30, 2004 to DKK 2,681 million in the nine months ended September 30, 2005. This increase was due primarily to acquisitions made in the second half of 2004 and the first nine months of 2005. Cost of sales as a percentage of revenue amounted to 7.8% in the nine months ended September 30, 2005 compared to 7.6% in the nine months ended September 30, 2004.

Other operating expenses. Other operating expenses increased DKK 868 million, or 16%, from DKK 5,509 million in the nine months ended September 30, 2004 to DKK 6,377 million in the nine months ended September 30, 2005. This increase was due primarily to acquisitions made in the second half of 2004 and the first nine months of 2005. Other operating expenses as a percentage of revenue remained unchanged at 18.7% for the nine months ended September 30, 2004 and September 30, 2005.

Depreciation and amortization. Depreciation and amortization increased DKK 38 million, or 9%, from DKK 444 million in the nine months ended September 30, 2004 to DKK 482 million in the nine months ended September 30, 2005. Depreciation and amortization, as a percentage of revenue, amounted to 1.5% and 1.4% in the first nine months of 2004 and 2005, respectively.

Operating profit before other items. Due to the factors discussed above, operating profit before other items increased DKK 280 million, or 17%, from DKK 1,664 million in the nine months ended September 30, 2004 to DKK 1,944 million in the nine months ended September 30, 2005. Operating profit before other items as a percentage of revenue, i.e., operating margin, was 5.7% for the nine months ended September 30, 2005, unchanged compared to the nine months ended September 30, 2004.

Other income and expenses, net. Other income and expenses was a net expense of DKK 18 million in the nine months ended September 30, 2004 and a net expense of DKK 19 million in the nine months ended September 30, 2005. ISS's gain on the sale of its health care operations was included in other income and expenses for the nine months ended September 30, 2005. The sale took place in two steps. When ISS sold its health care operations and its 49% interest in CarePartner to a joint venture between ISS and EQT, ISS realized a gain of DKK 131 million. At the end of June 2005, when ISS sold its interest in this joint venture to EQT, ISS realized a further gain of DKK 106 million. ISS's decision to discontinue its hospital cleaning services business in Germany through a phase-out of the remaining customer contracts resulted in a DKK 35 million provision for termination costs, primarily redundancy payments. An announced downsizing of ISS's damage control activities led to a charge of DKK 17 million and ISS anticipates that it will incur further costs up to a total of DKK 30 million relating to downsizing of these activities in Denmark, Norway and Sweden.

Other income and expenses, net, for the first nine months of 2005 also included DKK 173 million in costs relating to the Acquisition, including professional and advisory fees, a stay-on bonus for the Executive Management Board and certain key employees of ISS Management and settlement of the Executive Management Board's bonus accounts. Following the Acquisition, the settlement of warrants and options was recognized directly in equity in the amount of DKK 159, net of tax.

Integration costs. Integration costs decreased in the nine months ended September 30, 2005 to DKK 37 million from DKK 72 million in the nine months ended September 30, 2004. Integration costs for the nine months ended September 30, 2005 primarily related to redundancy payments and rental obligations with respect to the acquisition of the Engel Group in Finland, Groupe F2E in France, Nobis Beteiligungen in Germany and Vandezande in Belgium.

Operating profit. Due to the factors discussed above, operating profit increased DKK 314 million, or 20%, from DKK 1,574 million in the nine months ended September 30, 2004 to DKK 1,888 million in the nine months ended September 30, 2005.

Share of profit from associates. Share of profit from associates decreased DKK 11 million, or 65%, from DKK 17 million in the nine months ended September 30, 2004 to DKK 6 million in the nine months ended September 30, 2005. This decrease was due primarily to the sale of ISS's 49% interest in CarePartner to a newly formed joint venture entity in which ISS retained a 45% interest. As a result of the sale, the results from CarePartner were no longer included in share of profit from associates, but were consolidated on a proportional basis in ISS's financial statements from February 2005. Accordingly, CarePartner contributed DKK 11 million in the nine months ended September 30, 2004 compared to DKK 1 million in the nine months ended September 30, 2005.

Net finance costs. Net finance costs increased DKK 106 million, or 46%, from DKK 232 million in the nine months ended September 30, 2004 to DKK 338 million in the nine months ended September 30, 2005, due primarily to higher net debt incurred in connection with acquisitions.

Historically, ISS has swapped the interest on its EMTNs from fixed into floating rates. At the end of June 2005, ISS settled the interest rate swaps relating to ISS Global's EUR 850 million 2010 EMTNs and partially settled the interest rate swaps relating to ISS Global's EUR 500 million 2014 EMTNs. The closing of these swaps generated proceeds of DKK 782 million, of which DKK 268 million was accrued interest. A gain of DKK 514 million will be recognized in ISS's income statement under finance costs over the remaining term of the EMTNs.

Profit before tax, goodwill impairment and write-down and amortization of customer contracts. As a result of the foregoing factors, profit before tax and goodwill impairment and write-down and amortization of customer contracts increased DKK 197 million, or 14%, from DKK 1,359 million in the nine months ended September 30, 2004 to DKK 1,556 million in the nine months ended September 30, 2005.

Income taxes. Income taxes increased DKK 17 million, or 4%, from DKK 418 million in the nine months ended September 30, 2004 to DKK 435 million in the nine months ended September 30, 2005. Adjusted to exclude the one-time tax-free gain resulting from the divestment of the health care operations and certain non-deductible costs relating to the Acquisition and related financing, the effective tax rate (defined as income taxes relative to profit before tax, goodwill impairment and writedown and amortization of customer contracts less share of profit from associates) was 32.0% in the nine months ended September 30, 2005. In the nine months ended September 30, 2004, the effective tax rate was 30.7% and was positively impacted by a reversal of a tax provision.

Until 2004, ISS maintained joint taxation with its wholly owned Danish subsidiaries and certain of its wholly owned foreign subsidiaries. Due to changes in the applicable laws, ISS withdrew from this joint taxation arrangement with its foreign subsidiaries with effect from January 1, 2005. As a result of this withdrawal, ISS is subject to re-taxation of tax-deductible losses realized in its foreign subsidiaries. However, according to the applicable transitional rules, ISS may repay this tax liability gradually over future years as these foreign subsidiaries achieve positive taxable income. Because ISS has historically recognized provisions to cover the eventual re-taxation of deferred taxes, ISS's withdrawal from joint taxation with its foreign subsidiaries is not expected to lead to a higher income tax expense in its income statement.

Profit before goodwill impairment and write-down and amortization of customer contracts. Profit before goodwill impairment and write-down and amortization of customer contracts increased DKK 180 million, or 19%, from DKK 941 million in the nine months ended September 30, 2004 to DKK 1,121 million in the nine months ended September 30, 2005.

Goodwill impairment and write-down. Goodwill impairment and write-down was DKK 180 million in the nine months ended September 30, 2005 compared to DKK 159 million in the nine months ended September 30, 2004. Goodwill write-down was DKK 5 million in the nine months ended September 30, 2005 and related mainly to the sale of a business in Sweden. Impairment charges during the same period consisted of DKK 93 million relating to ISS's business in Germany, DKK 64 million relating to ISS's damage control activities in Sweden, DKK 10 million relating to ISS's damage control activities in The Netherlands and DKK 8 million relating to ISS's business in Italy.

Amortization of customer contracts. Amortization of customer contracts increased DKK 94 million, from DKK 43 million in the nine months ended September 30, 2004 to DKK 137 million in the nine months ended September 30, 2005. Customer contract portfolios and related customer relationships are separated from goodwill for acquisitions carried out after January 1, 2004.

Tax effect of goodwill impairment and write-down and amortization of customer contracts. The tax effect of goodwill impairment and write-down and amortization of customer contracts, which is presented separately in the income statement to show the effective tax percentage before goodwill impairment and write-down and amortization of customer contracts, was DKK 20 million in the nine months ended September 30, 2004 and DKK 42 million in the nine months ended September 30, 2005. This increase mainly related to an increase in acquired customer contract portfolios and related customer relationships.

Net profit for the period. As a result of the foregoing factors, net profit for the period increased DKK 87 million, or 11%, from DKK 759 million in the nine months ended September 30, 2004 to DKK 846 million in the nine months ended September 30, 2005. In the nine months ended September 30, 2005, DKK 836 million was attributable to the equity holders of ISS and DKK 10 million to minority interests.

In the nine months ended September 30, 2004, the comparative figures were DKK 745 million and DKK 14 million, respectively.

EBITDA¹. As a result of the foregoing factors, EBITDA increased DKK 318 million, or 15%, from DKK 2,108 million in the nine months ended September 30, 2004 to DKK 2,426 million in the nine months ended September 30, 2005.

Historical Cash Flow — Nine Months Ended September 30, 2004 and September 30, 2005

The following table sets forth ISS A/S's cash flow statement data for the nine months ended September 30, 2004 and September 30, 2005. This data is derived from ISS A/S's unaudited consolidated interim cash flow statements for the nine months ended September 30, 2004 and the nine months ended September 30, 2005, prepared in accordance with IFRS for interim reporting.

Cash Flow Statement Data (DKKm):	9 months ended September 30, 2005	9 months ended September 30, 2004
Cash flow from operating activities	808	809
Cash flow from investing activities	(1,142)	(4,796)
Cash flow from financing activities.	(1,733)	3,066

Cash flow from operating activities. Net cash flow from operating activities for the nine months ended September 30, 2005 was DKK 808 million compared to DKK 809 million for the nine months ended September 30, 2004. The Group has had a cash conversion of more than 100% at year-end for six consecutive years. Whilst the group expects a positive working capital movement in the fourth quarter of 2005 the working capital movement for the year is

¹ EBITDA ("EBITDA"), as calculated by ISS, represents operating profit before other income and expenses and associates, depreciation and amortization under Danish GAAP, or operating profit before other items, depreciation and amortization under IFRS. By using operating profit before other income and expenses and associates under Danish GAAP, or operating profit before other items under IFRS, as a starting point for the calculation of EBITDA instead of operating profit, ISS excludes from the calculation of EBITDA those items recorded under the line item "other income and expenses, net", in which ISS includes income and expenses that it believes do not form part of ISS's normal ordinary operations, such as gains and losses arising from divestments, the winding-up of operations and disposals of property, as well as integration costs relating to acquisitions.

expected to be impacted by the year-end falling on a weekend and the expectation of a cash conversion below the level of previous years.

During the nine months ended September 30, 2005, working capital used was DKK 1,097 million, compared to DKK 618 million for the nine months ended September 30, 2004. Interest paid, net, represented a cash inflow of DKK 261 million. In June 2005 ISS Global partially settled the interest rate swaps, which were hedging the coupon payments on ISS Global's EMTNs. This resulted in a net cash inflow of DKK 782 million, of which DKK 268 million were accrued interest. This was partially offset by the DKK 301 million coupon payment in September 2005 on the EMTNs expiring in September 2010. Interest paid used DKK 255 million of cash for the nine months ended September 30, 2004. Income taxes paid, net, used DKK 497 million in cash for the nine months ended September 30, 2005 compared to DKK 355 million for the nine months ended September 30, 2004. This increase was primarily due to additional tax payments of approximately DKK 92 million relating to the years 2001 and 2002.

Cash flow from investing activities. Net cash flow from investing activities represented an outflow of DKK 1,142 million in the nine months ended September 30, 2005. During this period, acquisitions of businesses used DKK 1,937 million in cash. This outflow was offset by proceeds from divestments, primarily DKK 749 million from the sale of ISS's health care operations. Investments in intangible assets and property, plant and equipment, net, were DKK 398 million during the period, representing 1.2% of revenue. Investments in financial assets, net, were an inflow of DKK 365 million of cash in the nine months ended September 30, 2005. This inflow was primarily due to the sale of marketable securities.

Net cash flow from investing activities represented an outflow of DKK 4,796 million in the nine months ended September 30, 2004. During this period, acquisitions of businesses used DKK 3,524 million of cash. These comprised the acquisition of the Engel Group in Finland, Grupo Unica of Spain and a number of smaller acquisitions, including a facility management company and a catering company in the United Kingdom. Investments in intangible assets and property, plant and equipment, net, were DKK 417 million, equivalent to 1.4% of revenue, in the nine months ended September 30, 2004. Investments in financial assets, net, represented the investment of DKK 888 million in surplus cash.

Cash flow from financing activities. Net cash flow from financing activities represented an outflow of DKK 1,733 million in the nine months ended September 30, 2005. This amount reflected DKK 4,270 million of cash received following an increase in indebtedness, which was offset by the payment of dividends to shareholders in the amount of DKK 5,830 million, payments to minority interests of DKK 10 million and payments made upon the settlement of options and warrants in the amount of DKK 163 million.

Net cash flow from financing activities represented an inflow of DKK 3,066 million in the nine months ended September 30, 2004. This amount reflected cash received following an increase in indebtedness of DKK 3,277 million, which was partly offset by the payment of dividends to shareholders in the amount of DKK 177 million, payments to minority interests of DKK 4 million and the purchase of treasury shares in the amount of DKK 30 million.

Appendices

ISS A/S' unaudited consolidated income statement, unaudited consolidated cash flow statement and unaudited consolidated balance sheet are appended to this press release.

FORWARD-LOOKING STATEMENTS

This Press Release contains forward-looking statements within the meaning of the US Private Securities Litigation Act of 1995 and similar laws and regulations in other countries regarding expectations to the future development, in particular future sales, operating efficiencies and business expansion. Such statements are subject to risks and uncertainties as various factors, many of which are beyond ISS' control, may cause the actual development and results to differ materially from the expectations expressed in the Interim Report. Factors that might affect such expectations include, but are not limited to, general economic and business conditions, fluctuations in currencies, the demand for ISS' services, competitive factors in the service industry, operational problems in one or more of the Group's business units and uncertainties concerning possible acquisitions and divestments. Reference is also made to the description of risk factors on pages 43-49 of the Annual Report 2004.

Unaudited Consolidated Income Statement of ISS A/S

January 1 - September 30.

Amounts in DKK million.

	January 1 - September 30	
	2005	2004
Revenue	34,157	29,398
Staff costs	(22,673)	(19,547)
Cost of sales	(2,681)	(2,234)
Other operating expenses	(6,377)	(5,509)
Depreciation and amortization	(482)	(444)
Operating profit before other items	1,944	1,664
Other income and expenses, net	(19)	(18)
Integration costs	(37)	(72)
Operating profit	1,888	1,574
Share of profits from associates	6	17
Net finance costs	(338)	(232)
Profit before tax, goodwill impairment and write-down and amortization of customer contracts	1,556	1,359
Income taxes	(435)	(418)
Profit before goodwill impairment and write-down and amortization of customer contracts	1,121	941
Goodwill impairment and write-down	(180)	(159)
Amortization of customer contracts	(137)	(43)
Tax effect of goodwill impairment and write-down and amortization of customer contracts	42	20
Net profit for the period	846	759
Attributable to:		
Equity holders of the Company	836	745
Minority interests	10	14
Net profit for the period	846	759

Unaudited Consolidated Cash Flow Statement for ISS A/S

January 1 - September 30.

Amounts in DKK million.

	January 1 - September 30	
	2005	2004
Operating profit before other items	1,944	1,664
Share-based payments	3	6
Depreciation and amortisation	482	444
Changes in working capital	(1,097)	(618)
Changes in provisions	(49)	(19)
Interest paid, net	261	(255)
Income taxes paid, net	(497)	(355)
Payments related to other income and expenses, net	(162)	(43)
Payments related to integration costs	(77)	(15)
Cash flow from operating activities	808	809
Acquisition of businesses	(1,937)	(3,524)
Divestment of businesses	828	33
Investments in intangible assets and property, plant and equipment, net	(398)	(417)
Investments in financial assets, net	365	(888)
Cash flow from investing activities	(1,142)	(4,796)
Financial payments, net ¹⁾	4,270	3,277
Purchase of treasury shares	-	(30)
Dividend paid to shareholders	(5,830)	(177)
Warrants and options settled	(163)	-
Minority interests	(10)	(4)
Cash flow from financing activities	(1,733)	3,066
Total cash flow	(2,067)	(921)
Cash and cash equivalents at beginning of period	3,121	2,243
Total cash flow	(2,067)	(921)
Foreign exchange adjustments	29	2
Cash and cash equivalents at end of period	1,083	1,324

¹⁾ Proceeds from bank debt less repayment of bank debt.

Unaudited Consolidated Balance Sheet for ISS A/S

Amounts in DKK million.

Assets	September 30, 2005	September 30, 2004
Goodwill	16,006	15,091
Customer contracts	1,570	997
Software and other intangible assets	149	158
Total intangible assets	17,725	16,246
Land and buildings	241	152
Plant and equipment	1,616	1,531
Total property, plant and equipment	1,857	1,683
Investment in associates	126	86
Receivables from associates	164	-
Other securities and investments	32	57
Other receivables	167	261
Deferred tax assets	810	542
Total financial assets	1,299	946
Total non-current assets	20,881	18,875
Inventories	291	224
Trade receivables	7,425	6,529
Contract work in progress	226	192
Other receivables	310	355
Prepayments	361	523
Income tax receivable	217	111
Securities	85	950
Liquid funds	1,070	1,321
Total current assets	9,985	10,205
Total assets	30,866	29,080

Equity and liabilities	September 30, 2005	September 30, 2004
Total equity attributable to equity holders of the parent	3,654	7,893
Minority interests	58	102
Total equity	3,712	7,995
Pensions and similar obligations	802	660
Deferred tax liabilities	639	487
Other provisions	295	251
Total provisions	1,736	1,398
Long-term debt	14,368	9,685
Total non-current liabilities	16,104	11,083
Current portion of other provisions	371	350
Current portion of long-term debt	4	1
Interest-bearing loans and borrowings	1,299	1,205
Prepayments from customers	304	145
Trade payables	1,468	1,442
Income tax payable	441	393
Tax withholding, VAT etc.	2,327	2,025
Accrued wages and holiday allowances	3,045	2,794
Other payables and accrued expenses	1,791	1,647
Total current liabilities	11,050	10,002
Total liabilities	27,154	21,085
Total equity and liabilities	30,866	29,080