Investor Presentation
Q2 2018 Results

16 August 2018

Forward-looking statements

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Highlights

Highlights Q2 2018

Financial Highlights

- Total revenue growth of -1.6% (Q1 2018: -0.4%)
- Organic revenue growth of 3.2% (Q1 2018: 3.1%)
- Operating margin of 4.8% (Q2 2017: 5.4%)
- Last twelve months (LTM) cash conversion of 97% (Q1 2018: 102%)
- Net profit (adjusted) of DKK 407 million (Q2 2017: DKK 510 million)
- Financial leverage of 2.9x (Q2 2017: 2.8x)
- We are committed to maintaining the nominal ordinary 2018 dividend (paid in 2019) at least equal to 2017 (DKK 7.70 per share)

Commercial Highlights

- Total Key Accounts now represents 53% of Group revenue (Q1 2018: 52%)
- Revenue from Global Key Accounts increased 1% in the first half of 2018 in local currency corresponding to 12% of Group revenue (Q1 2018: 13%)
- Revenue from Integrated Facility Services (IFS) increased 9% in the first half of 2018 in local currency corresponding to 39% of Group revenue (Q1 2018: 38%)
- Continued strong commercial momentum. Recent contract wins include Aviva (UK), Kayseri Entegre Hospital (Turkey), Elazığ Hospital (Turkey), Ernst & Young (Netherlands) and Victoria Schools (Australia)
- Transition and mobilisation of Deutsche Telekom on track

Strategic Highlights

- Launch of further consolidation, centralisation and automation initiatives targeting overhead costs, enabled by the standardisation and simplification of country organisations through GREAT. Benefits expected especially from Q4 2018
- Further expansion within strategic workplace management and design with the opening of SIGNAL in the UK
- Implementation of GREAT in France progressing according to plan
- Active negotiations concerning the divestment of non-core activities in France and the Netherlands

Regional performance Q2 2018

Continental Europe
39% of Group

5%
organic growth
(vs. 3% in Q1 2018)

- Strong growth in Turkey driven by the Healthcare segment…
- … as well as Germany and Austria driven by contract launches and non-portfolio
- Partly offset by revenue reduction from DXC Technology and an international bank in EMEA

5.8%
operating margin[1]
(vs. 6.2% in Q2 2017)

- Continued strong margin performance across most countries in the region…
- … was more than offset by large key account contracts phasing in and out…
- … as well a deteriorating performance in non-core activities in the Netherlands
- H1 2018: 5.1% (H1 2017: 5.5%)

Northern Europe
31% of Group

0%
organic growth
(vs. 1% in Q1 2018)

- Strong growth in Denmark driven by contract launches and non-portfolio demand…
- … as well as growth in Norway…
- … offset by revenue reduction from DXC Technology, HP Inc, the EMEA region with an international bank and the UK Ministry of Defence

5.6%
operating margin[1]
(vs. 6.6% in Q2 2017)

- Decrease mainly due to large key account contracts phasing in and out…
- … and our investments in building-out Technical Services credentials
- The margin remains impacted by operational challenges in Sweden
- H1 2018: 5.3% (H1 2017: 6.1%)

(1) Operating profit before other items and corporate costs

Regional performance Q2 2018

Asia Pacific
18% of Group

5%
organic growth
(vs. 5% in Q1 2018)

- Growth mainly driven by contract launches and non-portfolio demand in Australia…
- … as well as contract launches in Hong Kong, India and Indonesia
- Partly offset by revenue reduction from DXC Technology and HP Inc…
- … as well as expected negative organic growth in China as a result of our strategic structural adjustments to our operating model

6.3%
operating margin(1)
(vs. 7.1% in Q2 2017)

- Development driven mainly by large key account contracts phasing in and out…
- … as well as performance in Indonesia, an expected normalisation of margins in Singapore…
- … and strategic structural adjustments in China…
- Partly offset by solid performance in especially Hong Kong
- H1 2018: 6.1% (H1 2017: 7.4%)

Americas
12% of Group

5%
organic growth
(vs. 4% in Q1 2018)

- Solid organic growth driven by Guckenheimer and key account contract launches in the US…
- … as well as continued strong growth in Chile
- Partly offset by revenue reduction from DXC Technology and HP Inc…
- … as well as contract losses and limited new wins in Brazil

2.6%
operating margin(1)
(vs. 3.6% in Q2 2017)

- Margin supported by Guckenheimer integration synergies and IFS performance in the US…
- … offset by large key account contracts phasing in and out…
- … as well as operating performance and one-off impacts in Brazil (one-off income in Q2 2017)
- As expected, the margin remains impacted by operational challenges in the Specialised Services division in the US, where turnaround initiatives are on track
- H1 2018: 2.5% (H1 2017: 3.1%)

(1) Operating profit before other items and corporate costs

Commercial and Strategy Update

Commercial momentum remains solid…

Key Contract Wins during Q2 2018

Schools, Australia

- ISS has won a 5-year contract with the Victorian State Government to provide cleaning services to 214 public schools
- ISS was selected for its track record in education, its ethical employment practices, and its self-delivery model
- The growing education portfolio in Australia now includes more than 12 major universities, 56 technical and further education institutions, and over 1,100 schools
- The contract commences 1 July 2018 and once fully operational, approx. 500 ISS employees will be employed at site

EY, Netherlands

- ISS has won a 5-year IFS contract with EY in the Netherlands
- The contract includes catering, property, security, reception and cleaning services and will focus on innovations in workplace experience, helping EY achieve a “best-in-class” position in the market
- The contract commenced on 1 July 2018 and covers 15 EY office locations and approx. 150 ISS employees
- ISS already provides services to EY in other countries, including in Denmark and the United Kingdom

Hospitals,Turkey

- ISS has won a two separate 5-year IFS contracts with Kayseri Hospital and Elazığ Hospital in Turkey
- The contracts add to an already well-established portfolio of healthcare contracts and will fully leverage on the skills and expertise built within the industry
- Both contracts cover a fully integrated portfolio of services, including catering, technical services, waste management, cleaning, and security
- The contracts will ramp up from May to November 2018 and once fully operational, approximately 3,000 ISS employees will be employed on site

Aviva, UK

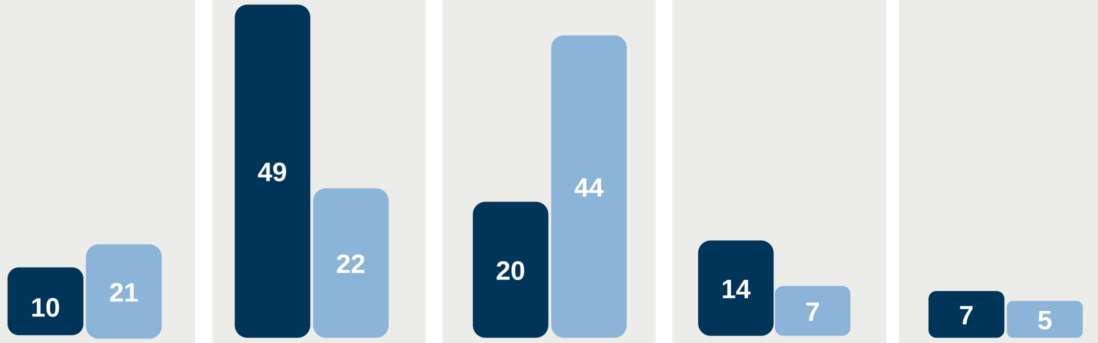
- ISS has extended and expanded a 7-year contract with Aviva in the UK
- The contract covers the delivery of cleaning and property services across 37 offices
- ISS was among others selected for its innovativeness and use of technology
- Following launch in June 2018 approximately 250 ISS employees will be employed on site

Combined new annual portfolio value of approximately DKK 500 million

...and we continue to see strong demand for large international IFS contracts

Number of contracts[1)]

	FM[2)] & Support	Cleaning	Property	Catering	Security	North. Europe	Cont. Europe	APAC	Americas
Global Key Accounts (20 customers)	19 out of 20	All	19 out of 20	16 out of 20	15 out of 20	14 out of 20	16 out of 20	13 out of 20	12 out of 20
Latest 10 Global Key Account RFP's[3)]	All	All	All	All	7 out of 10	All	All	4 out of 10	6 out of 10



Revenue split by service lines (%)[4)]

Group | Global Key Accounts

(1) Illustrates services in scope - but not necessarily across the entire customer portfolio
(2) Facility Management
(3) Request For Proposal (RFP)
(4) Revenue split based on FY2017

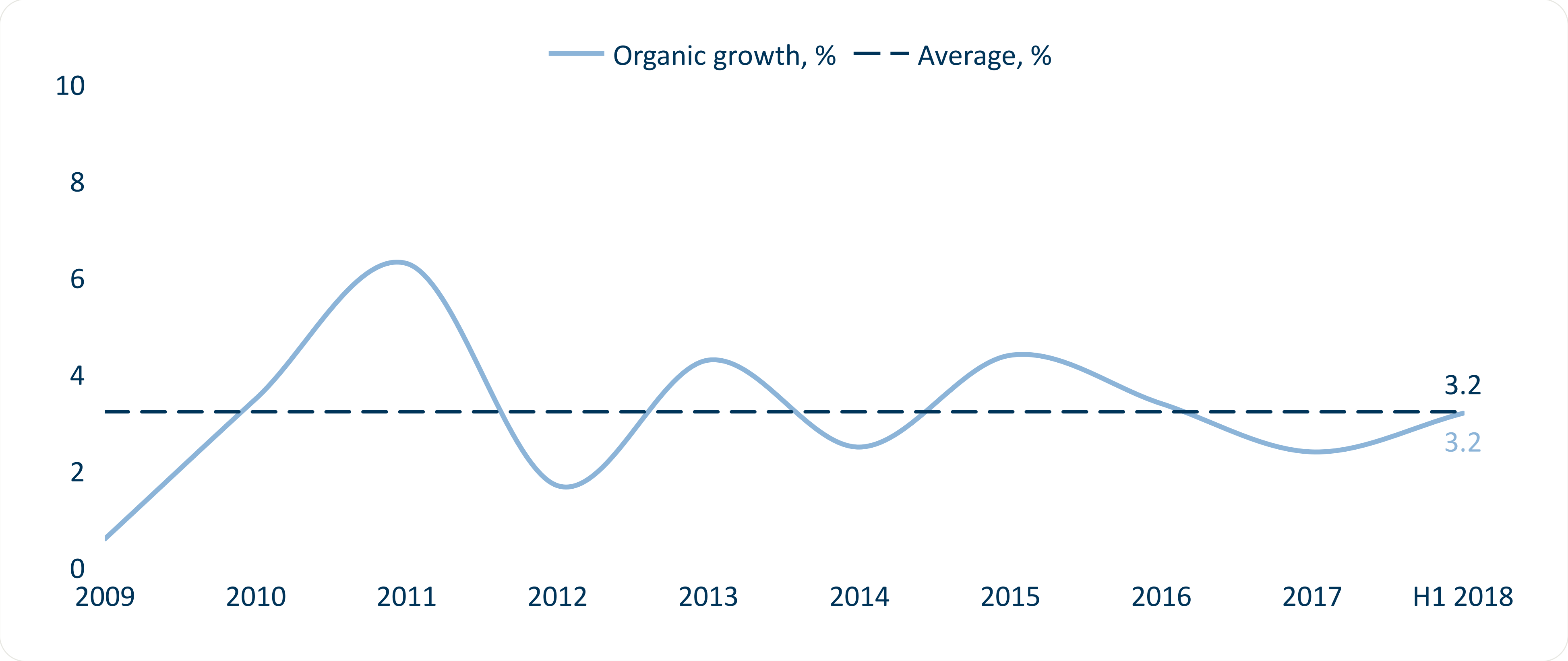
We continue to shape our portfolio according to The ISS Way strategy

Strategic choices	Recent key strategic decisions	Key objective	Status
Customers	**Brazil/China** (contract trimming)	*Strategic exit of non-core activities in order to sharpen our focus on Key Account customers*	✓
Customers	**Specialised Services**, US (contract trimming)	*Turnaround initiatives and contract trimming in the specialised service division to strengthen focus on Key Accounts and IFS offering*	*In progress*
Customers	**Non-core activities**, NL (divestment)	*Strategic divestment of non-core activities in order to sharpen our focus on Key Account customers*	*In progress*
Services	**Landscaping** UK & **Hygiène et Prévention**[1] FR (divestments)	*Strategic shift of focus from non-core to core services*	[✓]
Services	**Technical Services** (acquisitions / investments)	*Acquisition of Evantec (DE) and GS Hall (UK) as well as other investments in building out our Technical Services capabilities*	*In progress*
Services	**Guckenheimer**, US (acquisition)	*Closing of self-delivery white spot within Catering and improvement of IFS capabilities in North America*	✓
Geographies	**Greece** (divestment)	*Strategic divestment to allow focus on markets with importance for Global Key Account and a demand for IFS*	✓
Geographies	**Argentina/Uruguay** (divestment)	*Strategic divestment to allow focus on markets with importance for Global Key Account and a demand for IFS*	*In progress*

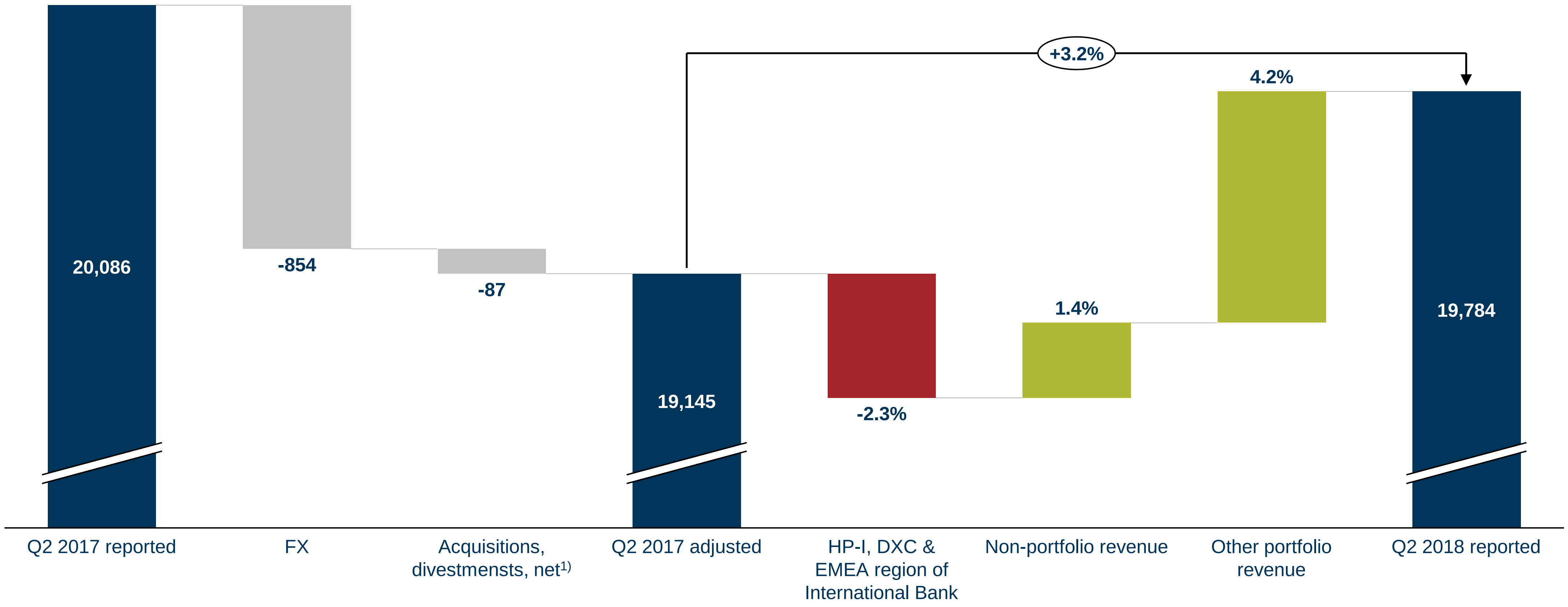
(1) In exclusive discussions with Ortec Group with a view to divest Hygiène et Prévention in France

Financials

Resilient organic growth – through the cycle

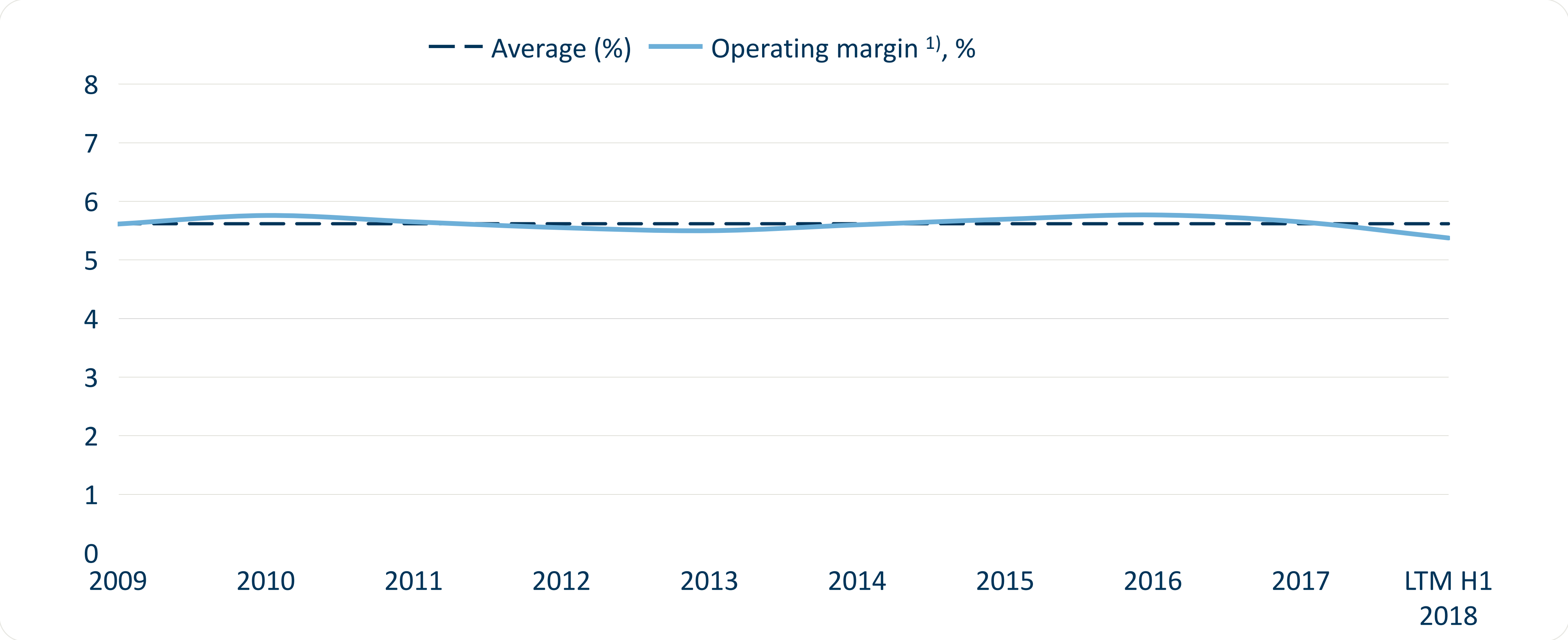


Q2 2018 organic growth drivers (DKK m)



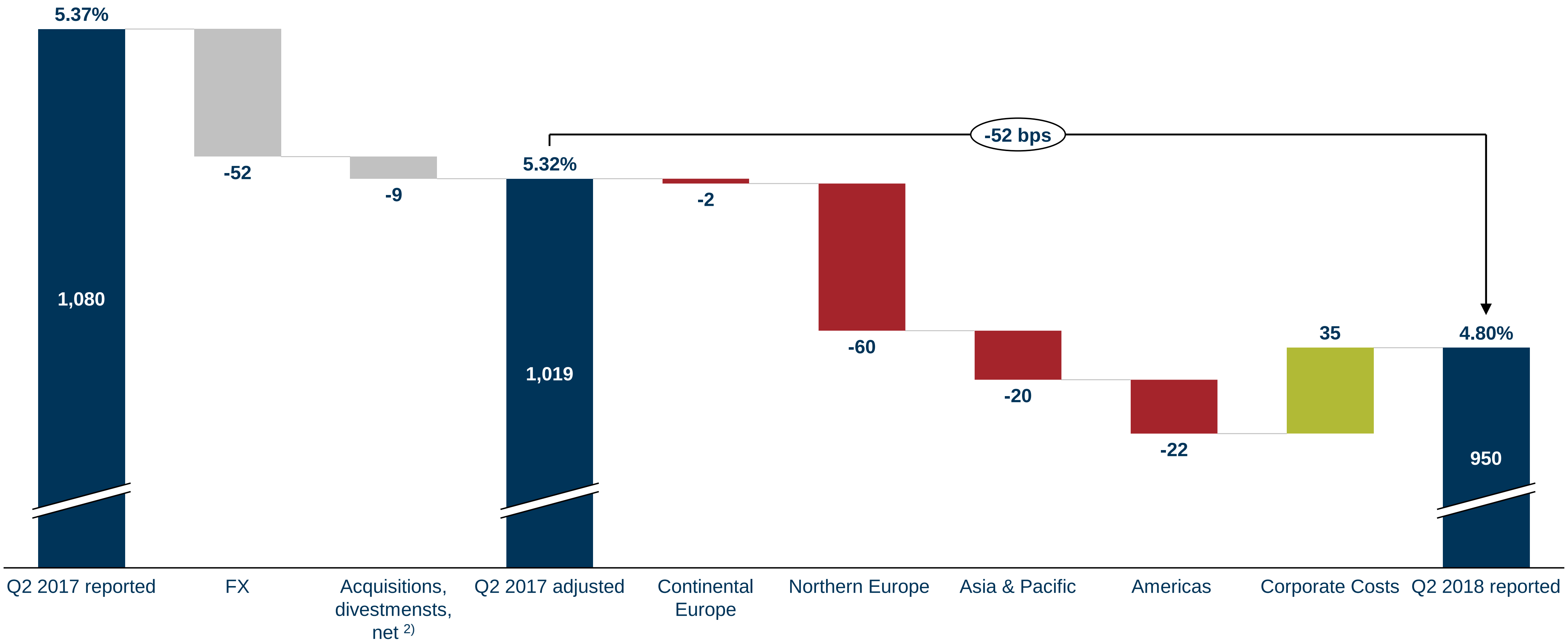
(1) Any acquisitions or divestments completed after 1 April 2017 are included within the Q2 2017 adjusted revenue but only for the equivalent period of time that they impact the Q2 2018 reported result..

Long-term track record of margin stability



1) Operating profit before other items

Q2 2018 operating profit drivers[1)] (DKK m)



(1) Operating profit before other items

(2) Any acquisitions or divestments completed after 1 April 2017 are included within the Q2 2017 adjusted operating profit but only for the equivalent period of time that they impact the Q2 2018 reported result.

Shape of margin recovery during H2 2018

H1 2018	**We are confident that headwinds peaked in H1 2018**
Q3 2018	**Q3 2018 will be the last quarter of declining margins** *(less than H1 2018)*
Q4 2018	**Reported margins will show a strong recovery in Q4 2018**

- The benefits from the turnaround plan in **Sweden** are behind schedule…
- … and underperformance in the non-core business unit classified as held for sale in the **Netherlands** will continue to impact results until the divestment completes (expected during Q4 2018)
- However, during H2 2018 the operating margin will gradually benefit from:
  - Impact from large **contracts phasing in and out** which peaked in H1 2018 and now start to ease
  - Turnaround in **North America** being executed according to plan with visible improvements from Q4 2018
  - Continued underlying operational improvements driven by **procurement** and implementation of **GREAT**
  - Launch of further consolidation, centralisation and automation **initiatives targeting overhead costs**, enabled by the standardisation and simplification of country organisations through GREAT. Benefits expected from Q4 2018
  - Margin impact from **FX and M&A** set to turn positive during H2 2018 (H1 2018: -6 bps. / FY2018: 'broadly neutral')
- In addition to these run-rate improvements, 2018 is also impacted by **phasing** (negative phasing H1 2018, positive phasing in H2 2018)

Income Statement

DKK million	Q2 2018	Q2 2017	Δ	H1 2018	H1 2017	Δ
Revenue	**19,767**	**20,086**	**(319)**	**39,070**	**39,468**	**(398)**
Operating expenses	(18,818)	(19,007)	189	(37,358)	(37,514)	156
Operating profit before other items	**949**	**1,079**	**(130)**	**1,712**	**1,954**	**(242)**
Other income and expenses, net	(70)	(207)	137	(269)	(211)	(58)
Operating profit	**879**	**872**	**7**	**1,443**	**1,743**	**(300)**
Financial income and expenses, net	(159)	(138)	(21)	(309)	(249)	(60)
Profit before tax	**720**	**734**	**(14)**	**1,134**	**1,494**	**(360)**
Income taxes	(187)	(180)	(7)	(295)	(381)	86
Net profit (adjusted) from continuing operations	**533**	**554**	**(21)**	**839**	**1,113**	**(274)**
Net profit/(loss) (adjusted) from discontinued operations	(126)	(44)	**(82)**	(136)	(57)	**(79)**
Net profit (adjusted)	**407**	**510**	**(103)**	**703**	**1,056**	**(353)**
Goodwill impairment[1]	(638)	-	(638)	(662)	-	(662)
Amortisation and impairment of brands and customer contracts	(115)	(132)	17	(235)	(262)	27
Income tax effect	31	17	14	64	45	19
Net profit (reported)	**(315)**	**395**	**(710)**	**(130)**	**839**	**(969)**
Adjusted EPS, DKK[2]	2.2	2.7	(0.6)	3.8	5.7	(1.9)
Adjusted EPS from continuing operations, DKK[3]	2.9	3.0	(0.1)	4.5	6.0	(1.5)

- DKK 63m in restructuring projects mainly related to the implementation of GREATpredominantly in France
- DKK 7m related to loss on divestments

DKK million	Q2 2018	Q2 2017
Net interest expense	(127)	(110)
Amortisation of financing fees	(5)	(8)
Other[4]	(16)	(14)
FX	(11)	(6)
Financial income and expenses, net	**(159)**	**(138)**

- Effective tax rate of 26% (Q2 2017: 24.5%)
- Underlying effective tax rate of 25% (previously 26%)

- Loss of DKK 126m mainly due to a fair value remeasurement

- Goodwill impairment mainly due to remeasurement of businesses classified as held for sale in the Netherlands and France

(1) Including goodwill impairment from discontinued operations
(2) Calculated as Net profit (adjusted) divided by the average number of shares (diluted)
(3) Calculated as Net profit from continuing operations (adjusted) divided by the average number of shares (diluted)
(4) Includes recurring items – for example interest on defined benefit obligations and local banking fees

Cash Flow

DKK million	Q2 2018	Q2 2017	Δ	H1 2018	H1 2017	Δ
Operating profit before other items	949	1,079	(130)	1,712	1,954	(242)
Operating profit from discontinued operations	(5)	4	(9)	(5)	3	(8)
Depreciation and amortisation	165	178	(13)	328	354	(26)
Changes in provisions, pensions and similar obligations	(81)	(132)	51	(106)	(137)	31
Cash flow from Operations	**1,028**	**1,129**	**(101)**	**1,929**	**2,174**	**(245)**
Share based payments	(3)	21	(24)	17	22	(5)
Changes in working capital	(626)	(417)	(209)	(2,072)	(1,795)	(277)
Other expenses paid	(71)	(104)	33	(141)	(157)	16
Net interest paid/received	(43)	(48)	5	(196)	(188)	(8)
Income taxes paid	(186)	(221)	35	(464)	(477)	13
Cash flow from operating activities	**99**	**360**	**(261)**	**(927)**	**(421)**	**(506)**
Cash flow from investing activities	(193)	(1,764)	1,571	(375)	(1,869)	1,494
Cash flow from financing activities	(639)	408	(1,047)	(531)	908	(1,439)
Total cash flow	**(733)**	**(996)**	**263**	**(1,833)**	**(1,382)**	**(451)**
Free Cash Flow(1)	**(151)**	**111**	**(262)**	**(1,401)**	**(865)**	**(536)**
- of which relates to Deutsche Telekom transition and mobilisation cost	(36)	-	(36)	(63)	-	(63)

- LTM Cash conversion of 97% - in line with guidance
- Outflow of DKK 36m (Q2 2017: DKK 0m) related to the transition and migration of Deutsche Telekom

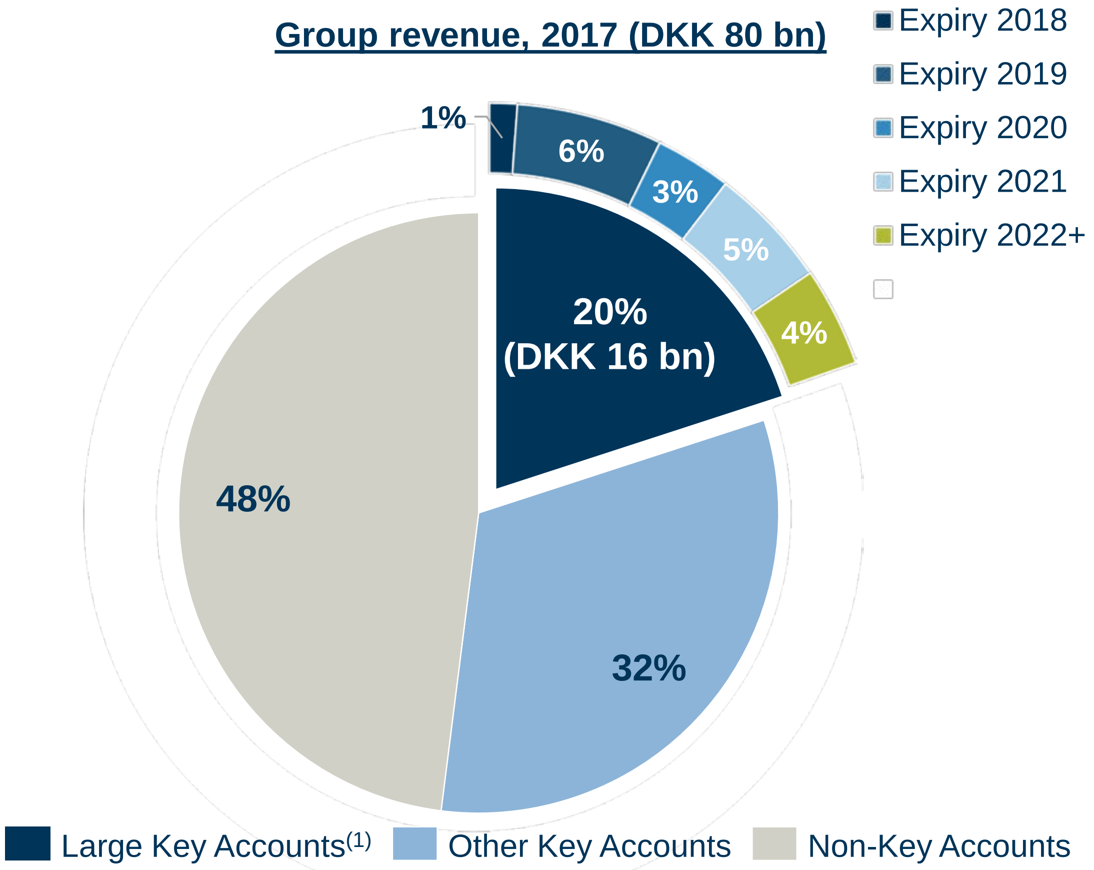
- CAPEX of DKK 268m (Q2 2017: DKK 245m) due quarterly timing differences and slightly higher investments in technology
- Q2 2017 included the acquisition of Guckenheimer in May 2017

- Reduction driven mainly by Changes in Working Capital as well as Cash flow from Operations as a result of currency and operating performance

(1) Cash flow from operating activities + (Cash flow from investing activities less acquisition/divestment of businesses, net)

Contract maturity update

Key contract maturity profile



Update

- Successful extension of 6 out of 7 large Key Accounts with maturity in 2018
- Heads of Terms to extend the last remaining large Key Account with maturity in 2018 signed
- Dialogue around contracts maturing in 2019 is slowly starting up

(1) Existing Global Corporate Clients and Key Accounts with revenue above DKK 200m in 2017 (excl. confirmed losses by year-end 2017)

Outlook

Outlook 2018

Organic Growth

'1.5 - 3.5%'

(2017: 2.4%)

- **In most of our major countries, current macroeconomic conditions appear broadly supportive, with the exception of the UK where BREXIT-related uncertainty persists**
- **As such, we expect continued strong growth from key accounts, driven by both expansion of existing customer relationships and new customer wins**
- **The negative effect from lost revenue with DXC, HP Inc. and the EMEA operations of one other global key account will impact most of the year and will partially offset progress elsewhere**
- **We see continued healthy growth coming from our Emerging Market countries**

Impact on total revenue from divestments, acquisitions and foreign exchange rates in 2018

- We expect a negative impact on revenue growth from development in foreign exchange rates of approx. 3.0-4.0%[1)]
- We expect divestments and acquisitions to have immaterial net impact on the revenue growth in 2018[2)]

Operating Margin

'Around 5.6% excl. acquisitions, divestments and FX'

(2017: 5.65%)

- **We expect the loss of mature and sizable contracts to have a dilutive impact which will be partially mitigated by our ongoing focus on cost and efficiency initiatives.**

Cash Conversion

'Above 90%'

(2017: 104%)

- **Cash conversion will continue to be a priority in 2018**

1) *The forecasted average exchange rates for the financial year 2018 are calculated using the realised average exchange rates for the first seven months of 2018 and the average forward exchange rates (as of 1 August 2018) for the last five months of 2018.*
2) *Includes divestments and acquisitions completed by 31 July 2018 (including in 2017).*

Q&A