

# ***A WORLD OF SERVICE***

## **Investor Presentation Full year 2009 Results**

11 March 2010



***A WORLD OF SERVICE***



# Forward-looking Statements

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## Forward-looking statements

This presentation may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words “may”, “will”, “should”, “expect”, “anticipate”, “believe”, “estimate”, “plan”, “predict”, “intend” or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. ISS has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of ISS. Although ISS believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the facility service industry in general or ISS in particular including those described in the annual report 2009 of ISS Holding A/S and other information made available by ISS.

As a result, you should not rely on these forward-looking statements. ISS undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

The Annual Report 2009 of ISS Holding A/S is available from the Group’s website, [www.issworld.com](http://www.issworld.com).

# Agenda

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- Senior Appointment
- Key Events
- Interim Report
- Capital Structure
- Outlook





## Key Events

# Senior Appointment

- CEO Jørgen Lindegaard will at the end of March 2010 step down after almost 4 years as CEO for the ISS Group. Jørgen Lindegaard will subsequently join the Board of Directors.
- COO Jeff Gravenhorst will succeed Jørgen Lindegaard as CEO for the ISS Group.



**Jørgen Lindegaard**  
Group CEO (Joined 2006)

**Previous positions:**

- SAS, CEO
- Telenor, Board member
- GN Great Nordic, CEO
- KTAS, CEO



**Jeff Gravenhorst**  
Group COO (Joined 2002)

**Previous positions:**

- ISS Group CFO
- ISS UK, CFO
- ALTO Danmark, Managing Director of the European Division
- ALTO U.S., Vice President
- Clarke Industries, CFO
- Wittenborg UK, Finance Director
- Arthur Andersen, Manager

# Key Events 2009

- Solid financial performance in bleak macro economic environment
- Focus on operational priorities sustained

## 1. Cash Flow

- Cash conversion of 96%
- Debtor Days improved year-on-year by more than 1 day

## 2. Operating Margin

- Nordic, Asia/Pacific and Latin America - increased margins
- Eastern Europe hit by severe macro economic downturn
- Parts of Western Europe impacted by slowdown in automotive and manufacturing industries as well as a decrease in non-portfolio business
- North America – impacted by economic slowdown, especially affecting non-portfolio business

## 3. Organic Growth

- 4 of 7 regions achieved positive organic growth in 2009, with Asia and Latin America delivering double-digit organic growth.
- Contract portfolio growth continues, new international contract wins in 2009
- Demand for non-portfolio additional work significantly down in current environment
- Some projects cancelled or postponed (e.g. in landscaping)

# Key Events 2009 (cont.)

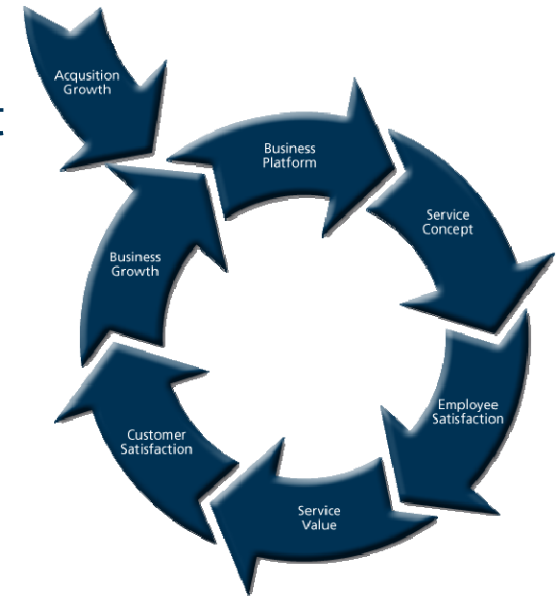
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- Adjustment of cost base
  - Restructuring projects to adapt capacity in Western Europe to current demand
  - The initiative to reduce fixed costs globally delivered good results in 2009
- Refinancing of 2010 EMTNs (EUR 850 million)
  - Issuance of EUR 525 million Senior Notes successfully completed in July
  - Securitisation of trade receivables is progressing as planned
  - Tender offer for EUR 150 million of outstanding 2010 EMTNs completed in January 2010

# Key Events 2009 (cont.)

Implementation of The ISS Way strategy continues

- Deep deployment of the ISS Value Chain in the current regional/country strategy process
- Strategic approach to portfolio decisions
  - Acquisitions, divestments, organic growth targets
- Restructurings in key Western European countries
- Continued expansion of International IFS contracts

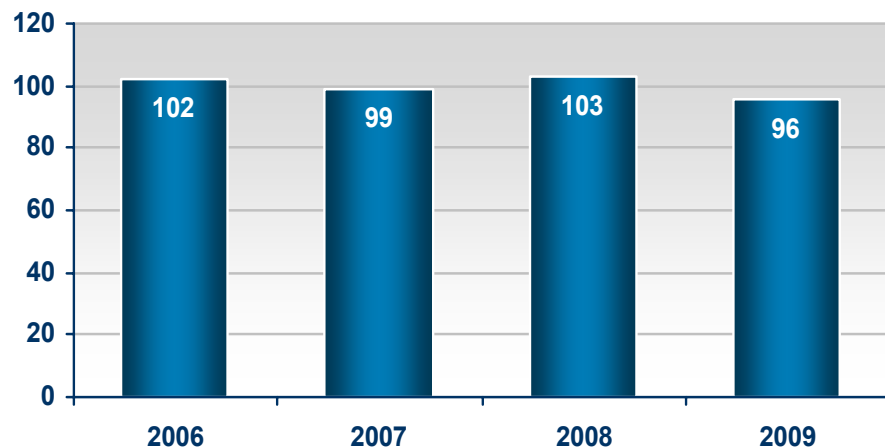




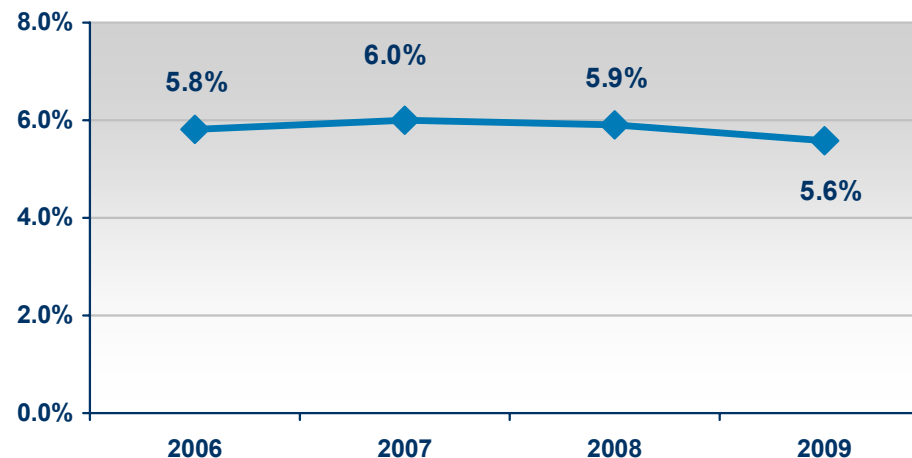
## **Annual Results 2009**

# Key Operational Priorities - Sustained

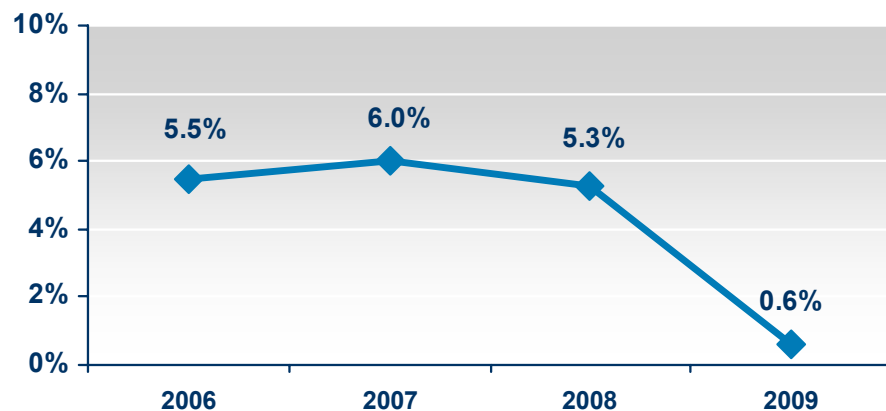
**Priority 1: LTM Cash Conversion (%)<sup>1</sup>**



**Priority 2: Operating Margin (% revenue)**



**Priority 3: Organic Growth (%)**



## Operational Performance

- Solid cash conversion of 96% LTM December
- 3% top line growth at constant exchange rates
- Organic growth of 0.6%
- Operating margin at 5.6%

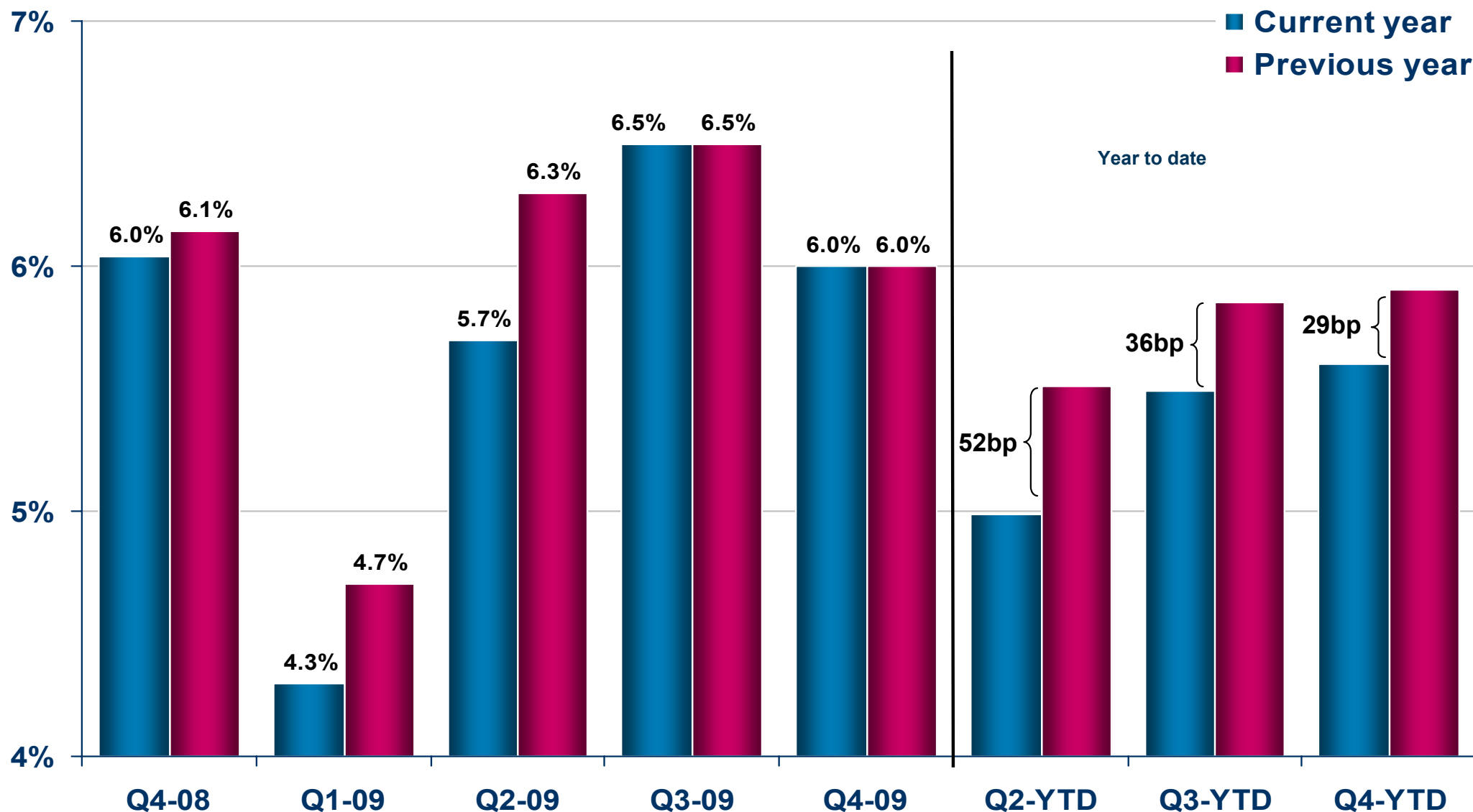
<sup>1</sup> Cash conversion is defined as operating profit before other items plus Changes in working capital as a percentage of operating profit before other items

# 2009 Full Year Key Figures

| DKK <b>m</b>                           | 2009   | 2008   | $\Delta$ | FX  | C*)  |
|--|--------|--------|----------|-----|------|
| Revenue                                | 69,004 | 68,829 | +0%      | -3% | +3%  |
| Operating profit<br>before other items | 3,874  | 4,061  | -5%      | -3% | -2%  |
| Operating margin<br>before other items | 5.6%   | 5.9%   |          |     |      |
| Operating profit                       | 3,277  | 3,753  | -13%     | -2% | -11% |
| Organic growth                         | 0.6%   | 5.3%   |          |     |      |

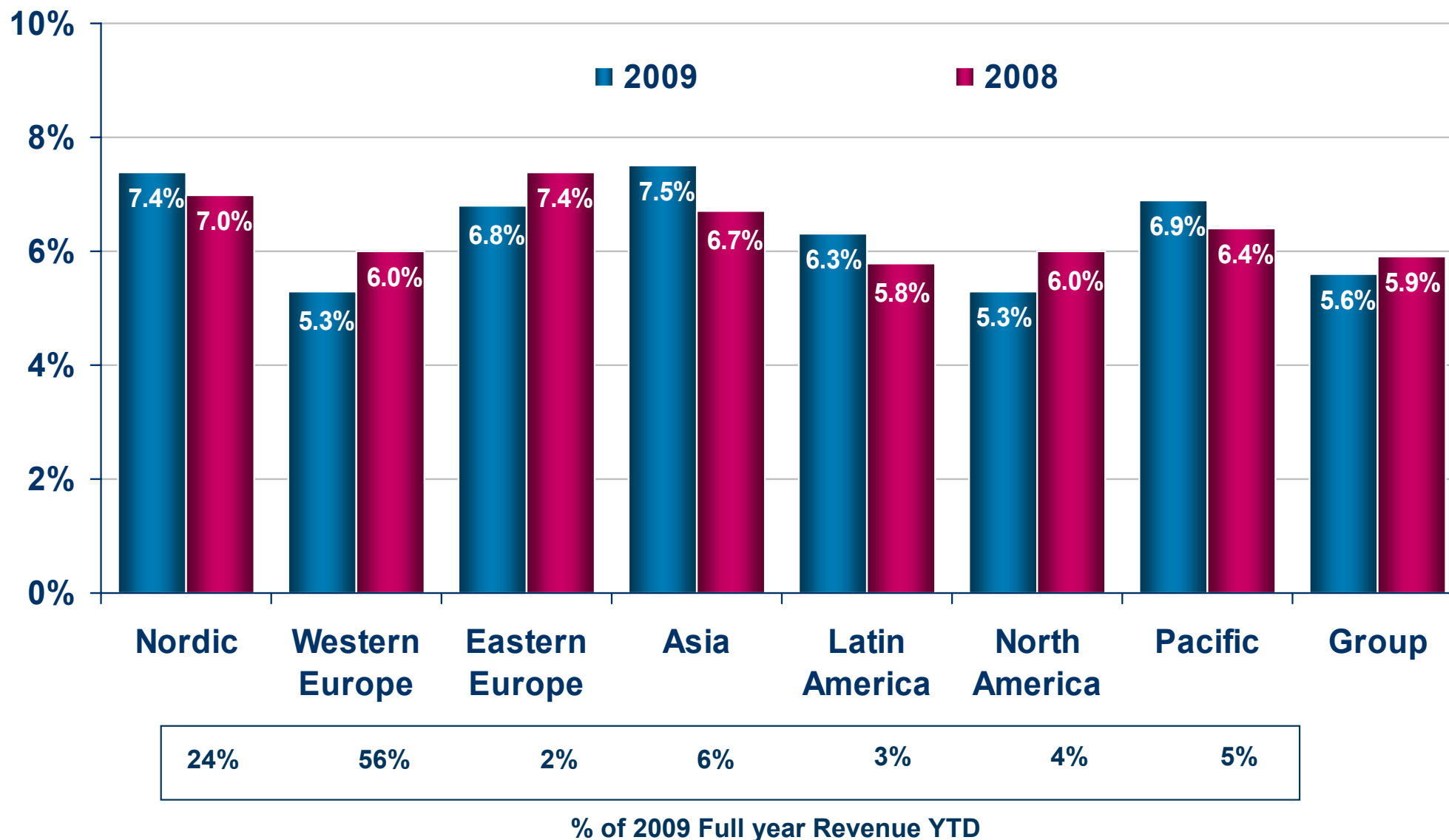
\*) C: Growth at constant exchange rates

# Restoring profitability - Operating Margin before Other Items

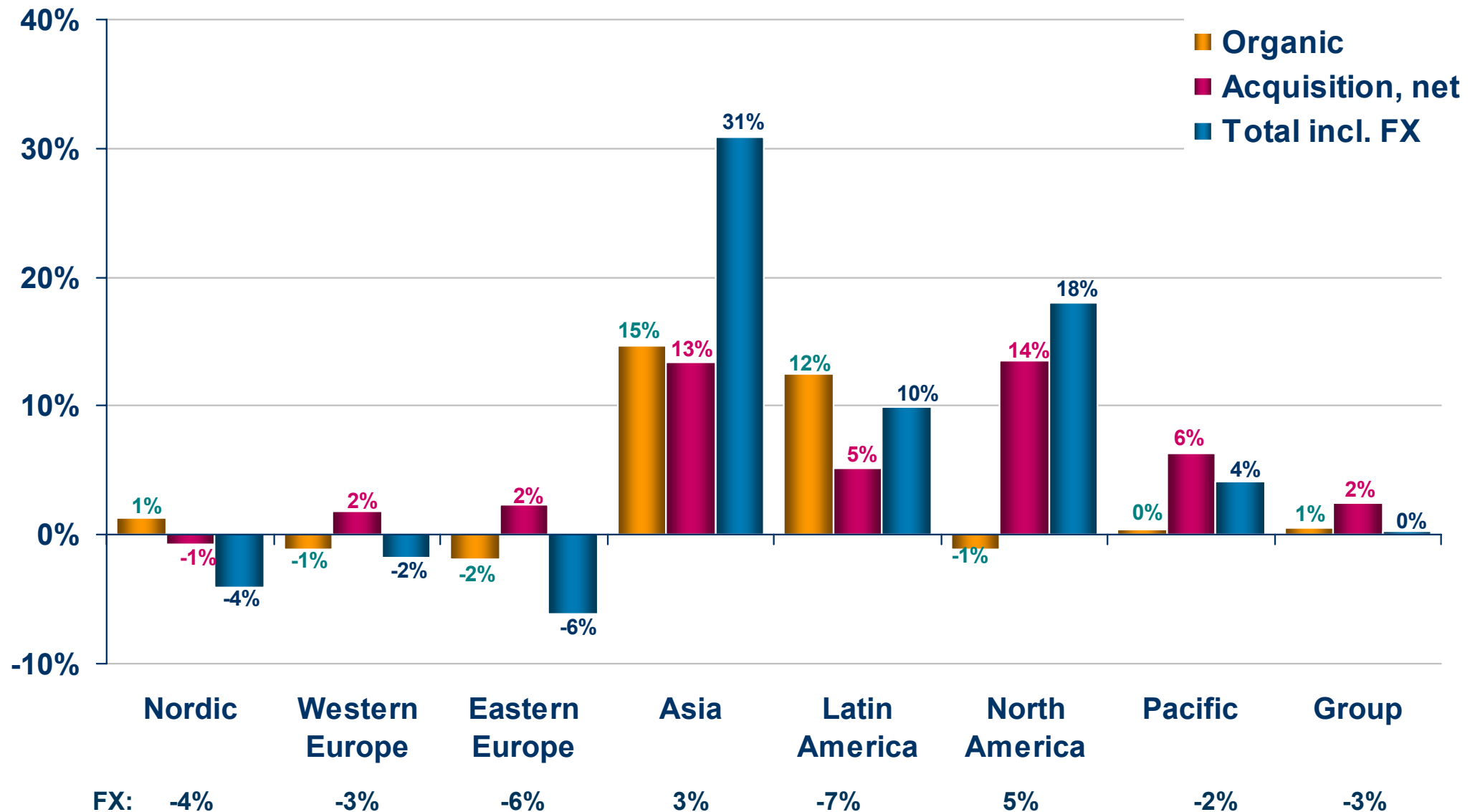


# Full Year Operating Margin - By Region

Operating Profit before Other Items



# 2009 Full Year Revenue Growth - By Region



# Full year 2009 – Acquisitions and Divestments

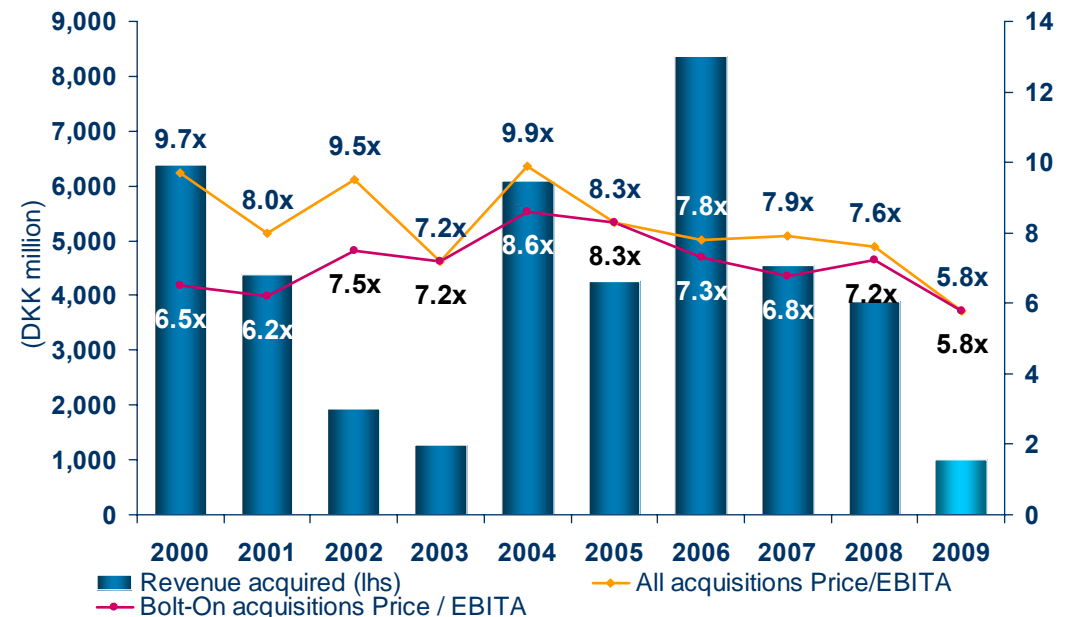
## Acquisitions

- Strategic decision to slow-down acquisitions
- 22 acquisitions completed until 31 December 2009
  - Average multiple: 5.8x EBITA
  - Average revenue: DKK 45m
  - Average revenue bolt-ons: DKK 20m
- One acquisition completed in Q4

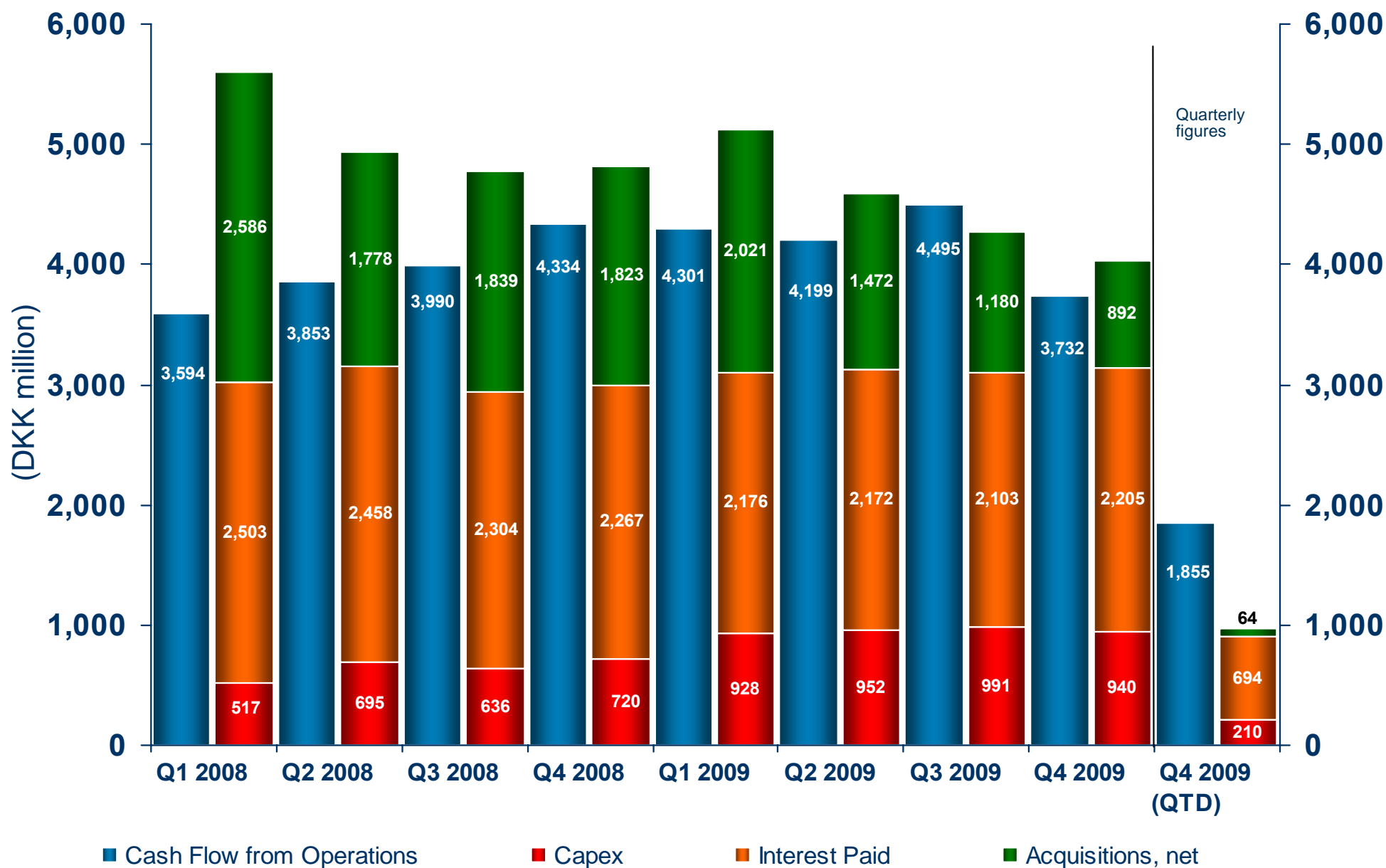
## Divestments

- Activities which are either non-core or lack critical mass have been evaluated
- Eight divestments completed in 2009 and certain activities held for sale

### Average EV/EBITA acquisition multiples



# Debt Service Capacity (LTM)





## Capital Structure

# Capital Structure

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## Pro Forma Adjusted EBITDA

### Pro Forma calculation<sup>(1)</sup>

DKKm 12 months ended 31 December, 2009

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|                        |              |
|------------------------|--------------|
| <b>Adjusted EBITDA</b> | <b>4,742</b> |
|------------------------|--------------|

|   |    |
|---|----|
| Estimated PF adjusted EBITDA of<br>acquired and divested businesses | 31 |
|---|----|

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|                                     |              |
|-------------------------------------|--------------|
| <b>Estimated PF Adjusted EBITDA</b> | <b>4,773</b> |
|-------------------------------------|--------------|

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Note: (1) The calculations of pro forma adjusted EBITDA are based in part on management estimates and the unaudited internal management accounts of the acquired businesses. These numbers have not been, and cannot be, audited. The Pro Forma EBITDA is based on "Last Twelve Months" figures.

# Capital Structure (cont.)

## Pro Forma Capital Structure – 31 December, 2009

| Capitalisation <sup>(1)</sup> | DKKm <sup>(2)</sup> | % of Total  |
|-------------------------------|---------------------|-------------|
| Cash and securities           | (3,461)             | (11%)       |
| Other Indebtedness            | 368                 | 1%          |
| Senior Facilities             | 18,241              | 58%         |
| EMTNs                         | 3,426               | 11%         |
| Senior Notes                  | 3,907               | 13%         |
| <b>Total Net Senior Debt</b>  | <b>22,481</b>       | <b>72%</b>  |
| Second Lien                   | 4,465               | 14%         |
| Senior Subordinated Notes     | 3,378               | 11%         |
| Securitisation                | 937                 | 3%          |
| <b>Total Net Debt</b>         | <b>31,261</b>       | <b>100%</b> |

Notes:

(1) This Capitalisation table reflects the table of Net Debt in the section Capital Structure of ISS Holding A/S Annual Report 2009.

(2) Converted to DKK as per exchange rate of 31 December, 2009.

# Pro Forma Credit Ratio

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**CAPITALISATION (DKKm)**

**2009**

**Total Net Debt**

**31,261**

**PF Adjusted EBITDA**

**4,773**

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**PF Net Debt / PF EBITDA**

**6.55x**

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# Pro Forma Credit Ratios

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## Pro Forma Credit Ratios

2009

PF Net Debt / PF EBITDA

6.55x

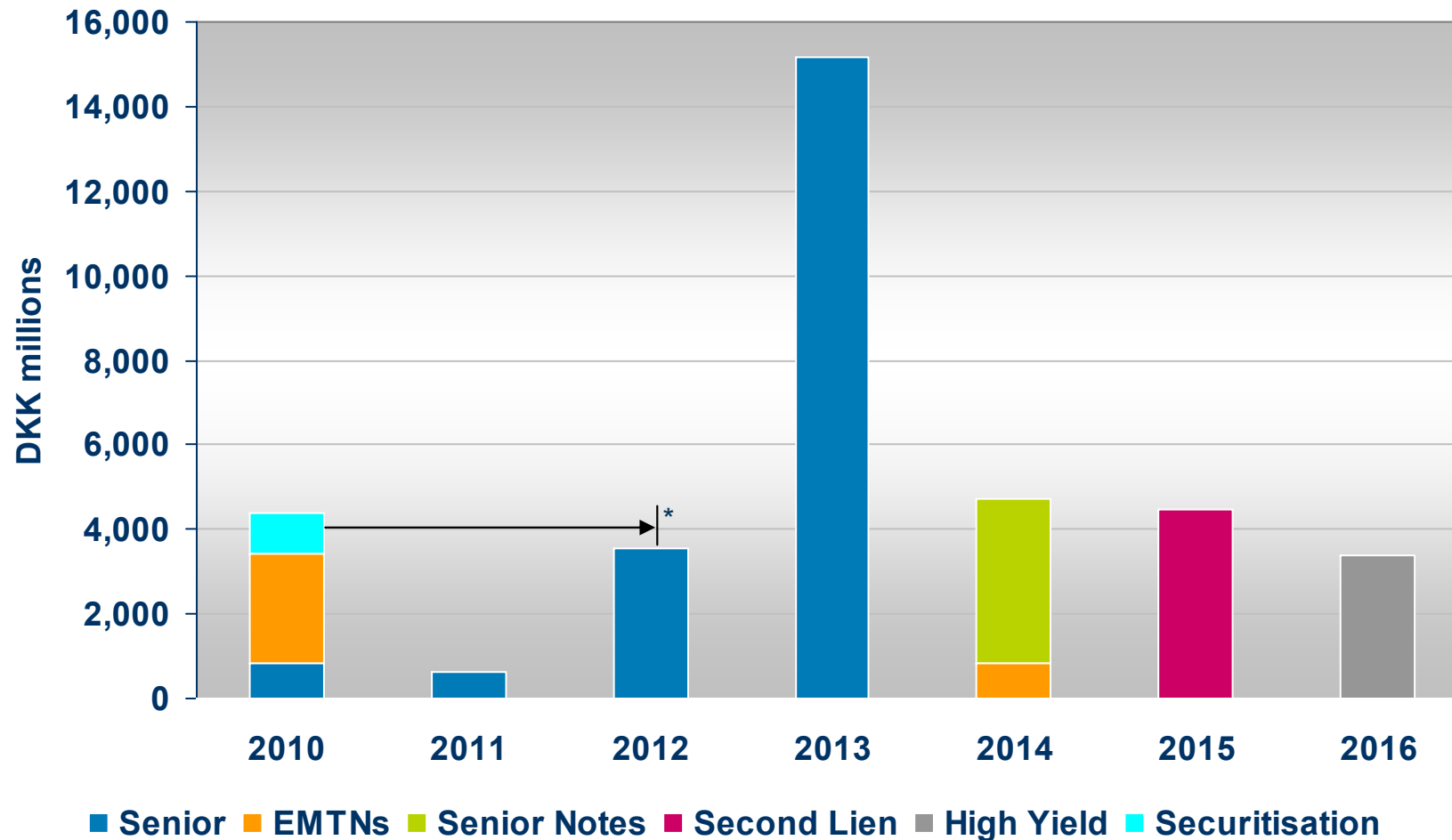
PF Net Senior Debt (incl. EMTNs & Senior Notes) / PF EBITDA

4.63x

PF Net Senior Debt (excl. EMTNs & Senior Notes) / PF EBITDA

3.10x

# Maturity Of Credit Facilities



\*) Rolling programme with 3 year back stop facility



**Outlook**

# Outlook

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- *The outlook set out below should be read in conjunction with "Forward-looking statements" on page 2 of this presentation*
- The Group will continue focusing on
  - Key operational objectives
    - (i) cash flow, (ii) operating margin and (iii) profitable organic growth
  - Implementation of "The ISS Way" – the strategy plan
  - Broadening facility services and strengthening single service excellence
  - Continued development of value propositions to specific customer segments
  - Refinancing of the remaining 2010 EMTN's
- Outlook<sup>(1)</sup>
  - Organic revenue growth is expected to steadily increase during 2010
  - The operating margin is expected to be slightly higher compared with 2009
  - ISS will focus on managing the absolute level of debt supported by significantly less acquisition spend and a continued high cash conversion

(1) See the Outlook section on page 8 in the interim report

## **Investor Presentation - Full year 2009 Results -**

11 March 2010

