Investor Presentation
Q3 2016 Results

2 November 2016

Forward-looking statements

This presentation contains forward-looking statements, including, but not limited to, the statements and expectations contained in the “Outlook” section of this presentation. 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 2015 of ISS A/S and other information made available by ISS.

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The Annual Report 2015 of ISS A/S is available at the Group’s website, www.issworld.com.

Agenda

- Highlights
- Regional Performance
- Financials
- Business Update
- Outlook
- Q&A

Highlights

Business Highlights Q3 2016

Operating Performance

- Organic revenue growth of 3.3% (Q2 2016: 3.8%)
- Total revenue growth of -1% (Q2 2016: -2%), driven by currency effects which reduced revenue by 3%
- Operating margin of 6.5% (Q3 2015: 6.5%)
- Last twelve months (LTM) cash conversion of 95% (Q2 2016: 97%)
- Net profit increased to DKK 672 million (Q3 2015: DKK 616 million)
- Financial leverage of 2.4x (Q3 2015: 2.7 and Q2 2016: 2.5x)

Integrated Facility Services (IFS)

- Revenue from Integrated Facility Services (IFS) increased 15% in local currency (Q2 2016: 15%) and represents 37% of Group revenue (Q2 2016: 37%)
- Revenue from Global Corporate Clients (GCC) increased 18% in local currency (Q2 2016: 16%) and represents 11% of Group revenue (Q2 2016: 11%)
- Successful, ongoing roll-out of major new/expanded IFS contracts (Novartis, Nestle, Danske Bank, Danish State Railways, PostNord)
- New or extended IFS contracts signed with Bombardier and John Crane (North America), Royal Mail and Hitachi Rail (UK) and Heineken (Netherlands)

Strategic Initiatives

- Ongoing implementation of GREAT (e.g. Spain, Portugal, Finland, Belgium, Argentina and China) as we drive a sharper focus on customer segmentation and organisational structure
- Procurement and BPO initiatives continue to be implemented according to plan and are supporting margin development and enhanced transparency across the group
- Acquisition of Apunto (Catering, Chile) will strengthen our IFS credentials in the Americas

Capital allocation: DKK 4.00 per share extraordinary dividend

What we have communicated previously…

1) **Maximise growth and sustainability of cash flow**
2) **Selective and value-accretive investment**
   - service enhancements
   - restructuring/ efficiency initiatives
   - acquisitions
3) **Shareholder returns**
   - targeted payout (50%)
   - extraordinary dividends and/ or buy-backs

	Objective	Comment
1.	Capital structure	Maintain optimal balance sheet strength, through-cycle
2.	Capital expenditure/net working capital	Meet the modest, ongoing capital needs of the business
3.	Ordinary dividend	Targeted 50% payout policy
4.	Acquisitions and divestments	Further portfolio optimisation and highly selective acquisitions
5.	Additional shareholder returns	Extraordinary dividends or share buy-backs

What we are announcing today…

We continue to target leverage of below 2.5x, taking the seasonality of our cash flows into consideration

- ISS's capital allocation policy remains unchanged and consistent with our communication since the IPO
- At the end of Q3 2016, leverage was 2.4x
- **Today we announce a DKK 4.00 per share extraordinary dividend**…
- …which will be paid on 11 November 2016 (ex-dividend date of 9 November 2016)
- This extraordinary shareholder return amounts to DKK 743 million and is in addition to the DKK 1,358 million ordinary dividend paid in April 2016
- **We will continue to prioritise acquisitions – subject to ongoing, strict strategic and financial filters**
- Thereafter, we will periodically, look to return surplus funds to shareholders…
- …and we consider both extraordinary dividends and share buy-backs as viable options

We will create value through selective investment

Our investment choices will reflect the evolution of our industry…

Input-driven → Output-driven → Outcome-driven

Asset-driven → Service-driven

Future differentiators…

- Leading the industry in **workplace soloutions** by leveraging our knowledge of our users
- Leading the **technology** race to create data which enhances **knowledge** and drives change

…and the growing importance of building occupants (end-users)

✓ *Progress made, further investment targeted*

✓ *Significant progress made*

Investment priorities

Technical Services ✓
- GS Hall

Catering (Americas) ✓
- Apunto (Chile)

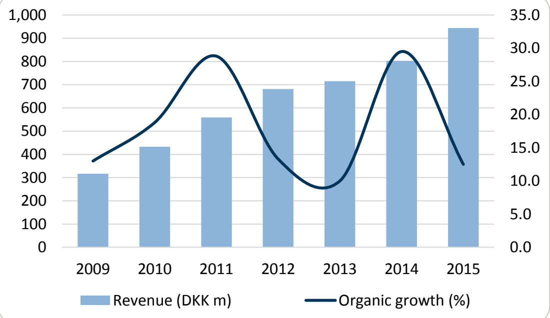
Technology ✓
- IBM Partnership

Workplace Management

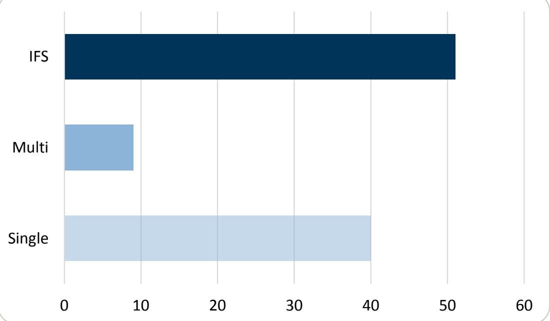
Acquisition: Apunto (Chile)

ISS Chile

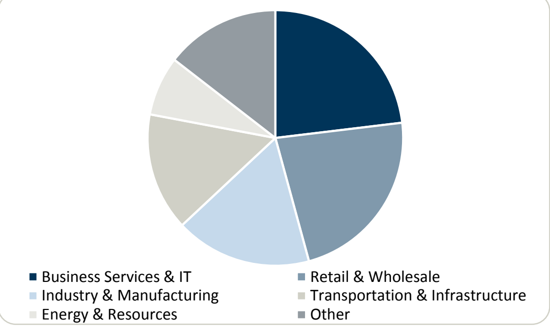
Revenues & Organic Growth



Revenue by delivery type (2015)



Revenue by industry segment (2015)



Acquisition rationale

- ISS Chile has a strong track record of both organic growth and margin
- Whilst IFS accounts for 50% of revenue…
- …the service mix is still weighted towards Cleaning
- Apunto provides ISS with a **very credible Catering capability**…
- …**focused on our priority customer segments**
- Existing ISS-Apunto customer overlap is minimal…
- …but ISS Chile currently sub-contracts Catering services for 8 of its top 20 IFS customers
- **Strong cross-selling potential envisaged**

- Apunto enterprise value: DKK 67m[(1)]
- Healthy double-digit pre-tax returns expected

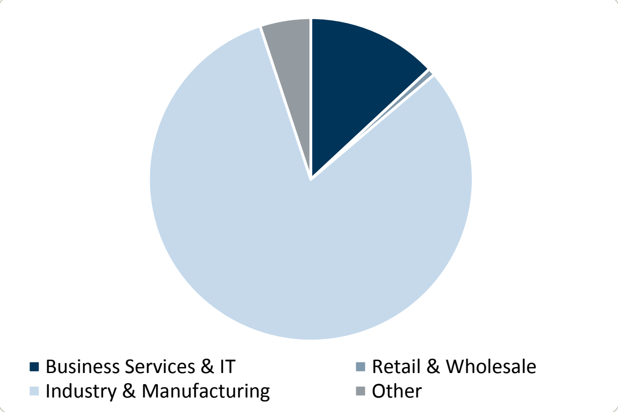
(1) Includes earn-out of up to DKK 10m

Apunto

Apunto: Key Facts

- Chile's 4th largest contract caterer
- 25-year history
- 2015 revenue of DKK 116m
- Strong organic growth track record
  - 2014 (5%), 2015 (13%), 2016e (c. 15%)
- Procurement and distribution managed in-house…
- …but all kitchens are on-site

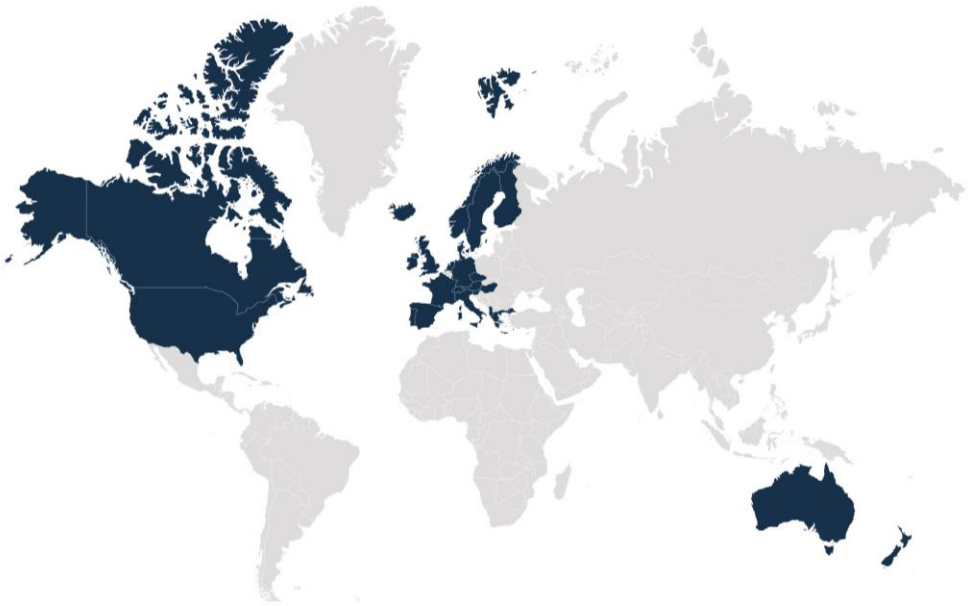
Apunto: Customer numbers by industry segment (2015)



Regional Performance

Regional Performance Q3 2016

Developed Markets



74%
of Group revenue

43%
of Group employees

2%
organic growth
(vs. 2% in Q2 2016)

7.6%
operating margin[2]
(vs. 7.5% in Q3 2015)

Emerging Markets[1]

26%
of Group revenue

57%
of Group employees

7%
organic growth
(vs. 8% in Q2 2016)

6.2%
operating margin[2]
(vs. 6.4% in Q3 2015)

(1) Emerging Markets comprise Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey
(2) Operating profit before other items and corporate costs

Regional Performance Q3 2016

Continental Europe

4%
organic growth
(vs. 4% in Q2 2016)

- Volume and price increases in Turkey
- Contract launches in Switzerland and Belgium
- Partly offset by lower activity in France…
- …as well as planned exits in Greece

6.1%
operating margin[(1)]
(vs. 6.3% in Q3 2015)

- Negative impact from divestment of high margin call centre activities in Turkey
- Difficult market conditions in Spain and certain Eastern European countries
- Good performances in France and Germany
- 9M 2016 operating margin: 5.3% (9M 2015 5.4%) *[Adjusted for CMC, 9M 2015 was 5.2%]*

Northern Europe

3%
organic growth
(vs. 4% in Q2 2016)

- Strong performance within the UK Financial Services and Public Sectors
- Contract launches in Denmark
- Lack of project work within Swedish Industry and Manufacturing segment…
- …and ongoing downsizing within the Technology sector in Finland

8.9%
operating margin[(1)]
(vs. 8.7% in Q3 2015)

- Good performances within property services (Denmark) and IFS (Norway)
- Some operational challenges in the Healthcare sector (Sweden)
- 9M 2016 operating margin: 7.3% (9M 2015 7.2%)

(1) Operating profit before other items and corporate costs

Regional Performance Q3 2016

Asia Pacific

1%
organic growth
(vs. 4% in Q2 2016)

- Further reduction in revenue within the Remote Site Resource segment (Australia)
- Lower revenue in the Retail segment (Hong Kong and China)

7.8%
operating margin[1]
(vs. 7.8% in Q3 2015)

- Operational efficiencies in Australia and Singapore…
- …partly offset by investments in operational improvements in Indonesia
- 9M 2016 operating margin: 7.1% (9M 2015 6.8%)

Americas

7%
organic growth
(vs. 4% in Q2 2016)

- Contract start-ups and projects within the IFS division and aviation segment (USA)…
- …and contract start-ups and stronger demand for non-portfolio services (Mexico)
- Partly offset by contract exits in Brazil following structural adjustments to our business platform

4.8%
operating margin[1]
(vs. 4.5% in Q3 2015)

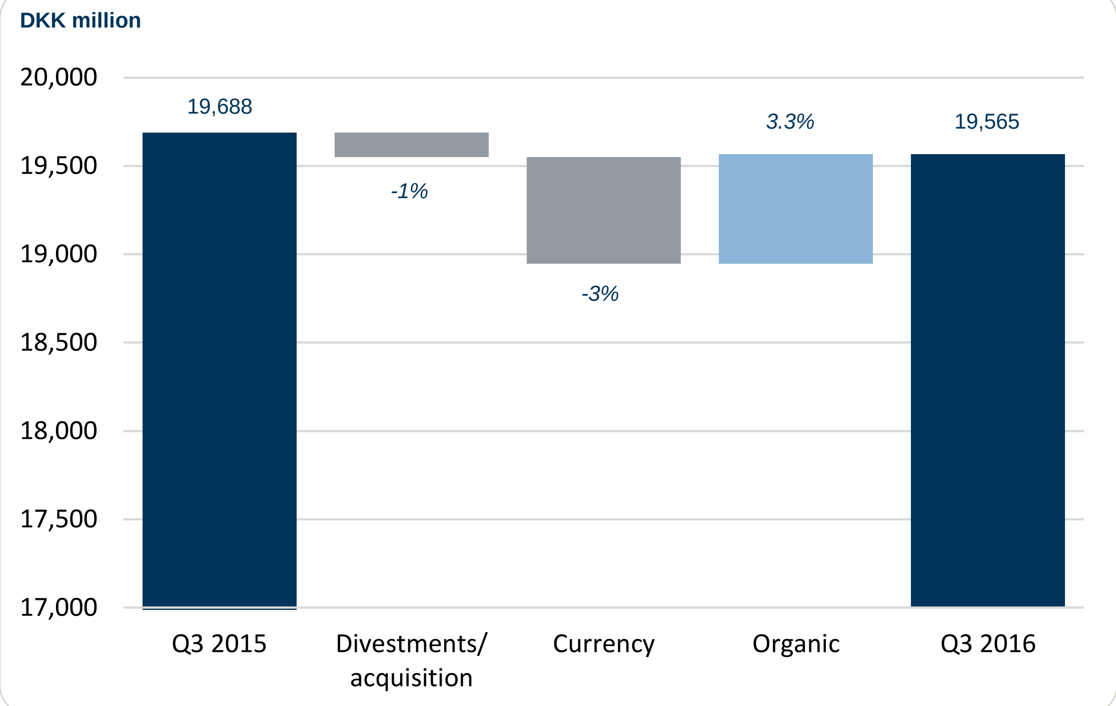
- Strong performance within the IFS division (USA) and non-portfolio services…
- …and timing differences (positive in Q3) in Mexico
- 9M 2016 operating margin: 4.1% (9M 2015 4.1%)

(1) Operating profit before other items and corporate costs

Financials

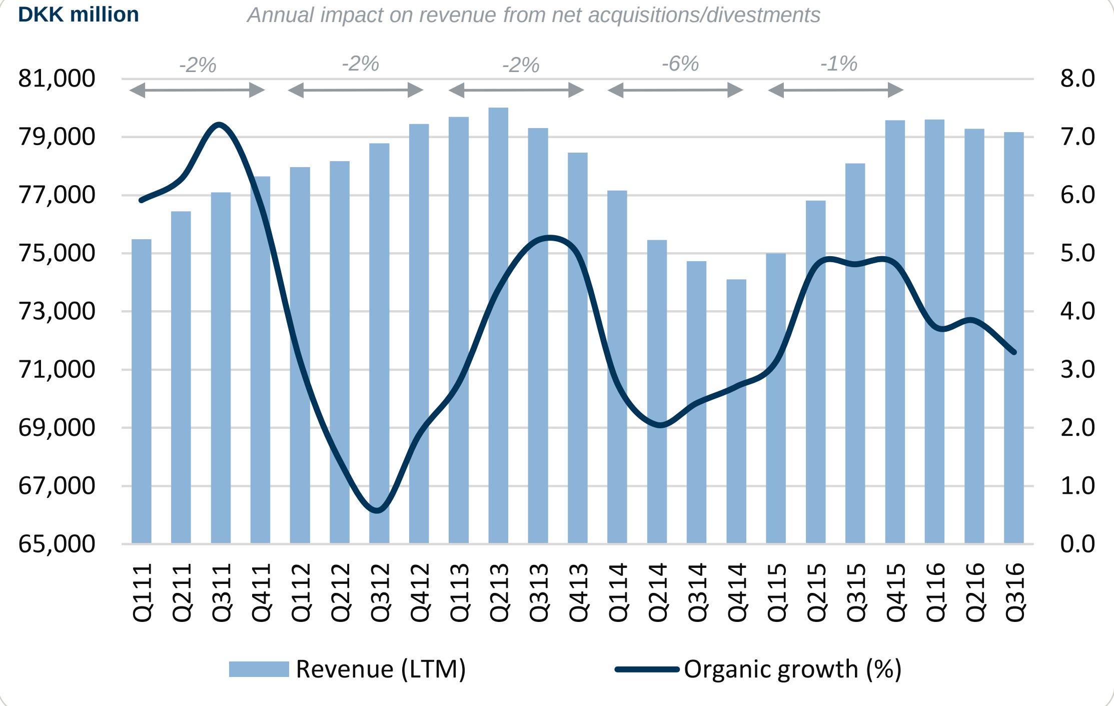
Revenue

Q3 2016 revenue growth of -1%



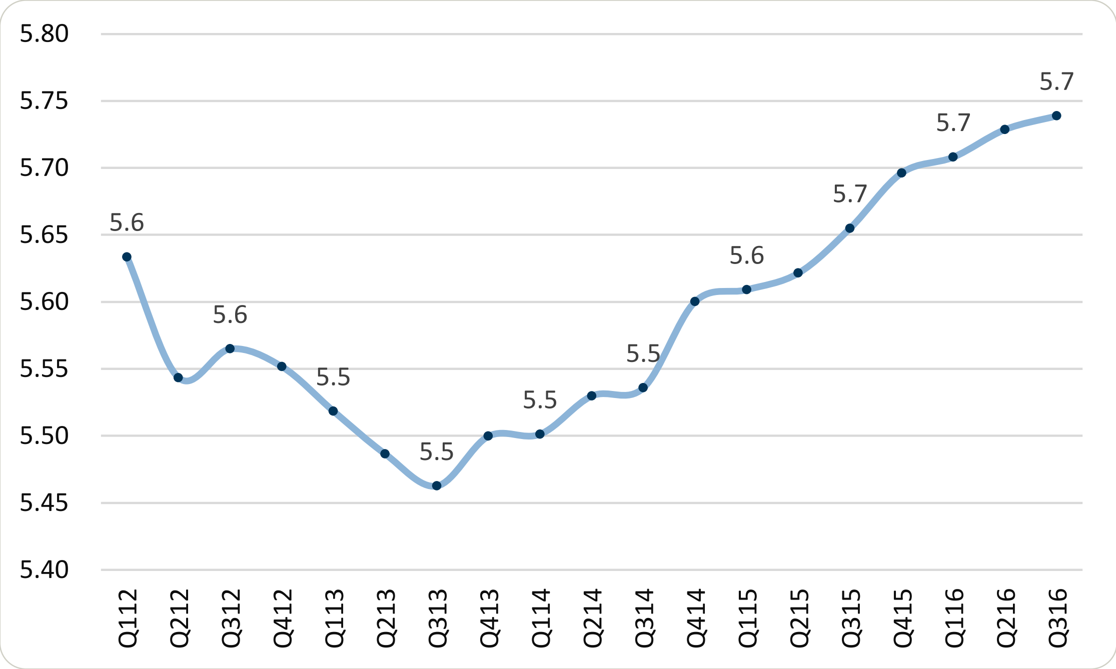
Note net currency impact due primarily to GBP, ARS, CNY

Q3 2016 organic growth of 3.3%

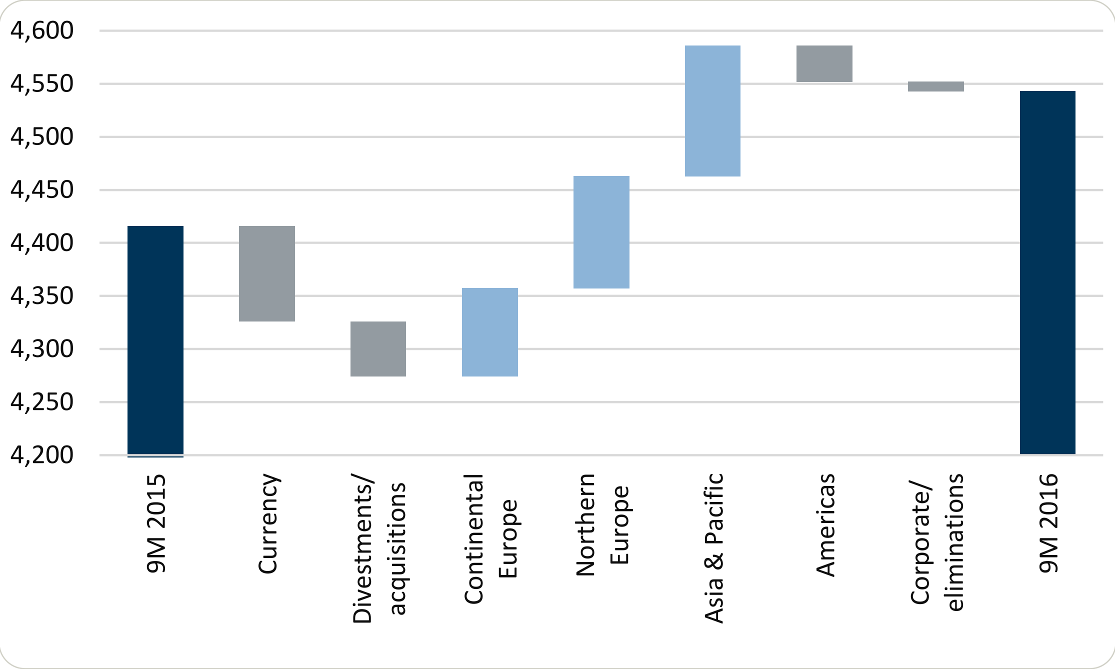


Operating profit before other items

LTM operating margin (%)[1]



Drivers of LTM operating profit (DKK m)[1]



(1) Operating profit before other items

Continued solid margin development

Income Statement

DKK million	Q3 2016	Q3 2015	*Δ*	YTD 2016	YTD 2015	*Δ*
Revenue	**19,565**	**19,688**	***(123)***	**58,628**	**59,044**	***(416)***
Operating expenses	(18,288)	(18,412)	*124*	(55,432)	(55,858)	*426*
Operating profit before other items	**1,277**	**1,276**	***1***	**3,196**	**3,186**	***10***
Other income and expenses, net	(37)	(55)	*18*	(125)	(118)	*(7)*
Operating profit	**1,240**	**1,221**	***19***	**3,071**	**3,068**	***3***
Financial income and expenses, net	(144)	(168)	*24*	(371)	(548)	*177*
Profit before tax and amortisation/impairment of acquisition-related intangibles	**1,096**	**1,053**	***43***	**2,700**	**2,520**	***180***
Income taxes	(307)	(316)	*9*	(756)	(756)	-
Profit before amortisation/impairment of acquisition-related intangibles	**789**	**737**	***52***	**1,944**	**1,764**	***180***
Goodwill impairment	-	-	-	(24)	(6)	*(18)*
Amortisation and impairment of brands and customer contracts	(157)	(163)	*6*	(474)	(494)	*20*
Income tax effect	40	42	*(2)*	123	128	*(5)*
Net profit/(loss) for the period	**672**	**616**	***56***	**1,569**	**1,392**	***177***
Adjusted earnings per share, DKK[1]	**4.3**	**4.0**	***0.3***	**10.5**	**9.5**	***1.0***

Includes structural adjustments of our business platform in Brazil and GREAT restructuring projects (Argentina, Iberia, Finland and Belgium).

DKK million	Q3 2016	Q3 2015
Net interest expense	(90)	(101)
Amortisation of financing fees	(9)	(9)
Other[2]	(29)	(25)
FX	(16)	(33)
Financial income and expenses, net	**(144)**	**(168)**

Effective tax rate of 28% - in line with expectations for the year

(1) Calculated as Profit before amortisation/impairment of acquisition-related intangibles divided by the average number of shares (diluted)

(2) Includes recurring items – for example interest on defined benefit obligations and local banking fees

Cash Flow

DKK million	Q3 2016	Q3 2015	Δ	YTD 2016	YTD 2015	Δ
Operating profit before other items	1,277	1,276	*1*	3,196	3,186	*10*
Depreciation and amortisation	158	187	*(29)*	513	567	*(54)*
Share based payments (non-cash)	23	22	*1*	68	65	*3*
Changes in working capital	(286)	(226)	*(60)*	(1,833)	(1,649)	*(184)*
Changes in provisions, pensions and similar obligations	(15)	(43)	*28*	(96)	(44)	*(52)*
Other expenses paid	(39)	(81)	*42*	(124)	(220)	*96*
Net interest paid/received	(40)	(60)	*20*	(168)	(235)	*67*
Income taxes paid	(160)	(191)	*31*	(607)	(625)	*18*
Cash flow from operating activities	**918**	**884**	***34***	**949**	**1,045**	***(96)***
Cash flow from investing activities	(181)	(184)	*3*	(496)	(1,109)	*613*
Cash flow from financing activities	(655)	(651)	*(4)*	(2,110)	(1,105)	*(1,005)*
Total cash flow	**82**	**49**	***33***	**(1,657)**	**(1,169)**	***(488)***
Free Cash Flow[(1)]	**746**	**711**	***35***	**482**	**418**	***64***

Consistent with a reduction in Property, Plant and Equipment due to divestments, FX, timing and other business mix changes

95% LTM cash conversion is in line with our 2016 Outlook

Q1 2015 positively impacted by pension obligations related to new contracts.

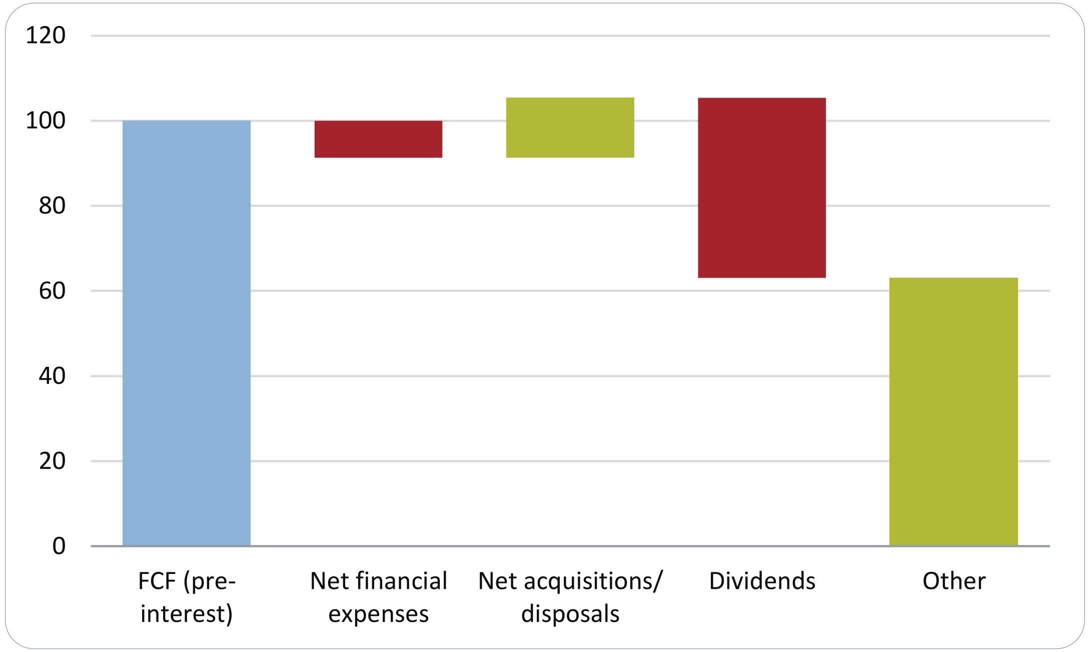
ISS Bonds: Annual interest payments
- 5-year (2020): Interest paid in January
- 5-year (2021): Interest paid in January (starting 2017)
- 10-year (2024): Interest paid in December

Includes investments in intangible assets and property, plant and equipment, net, of DKK 467m (0.8% of group revenue) – lower than typical due, in part, to quarterly timing differences

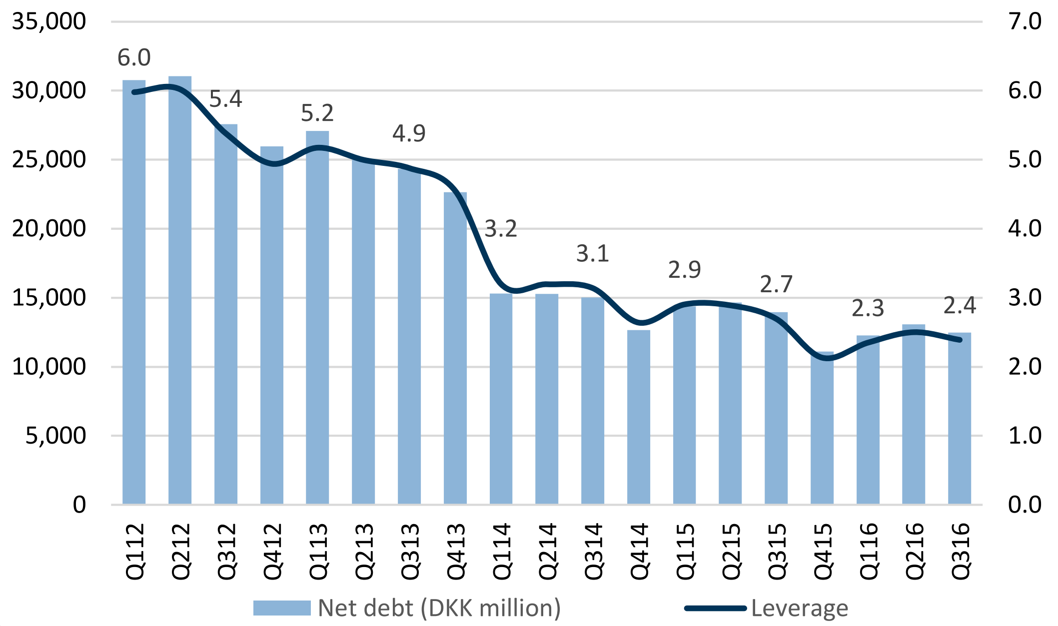
(1) Free Cash Flow defined as cash flow from operating activities minus CAPEX

Capital allocation and leverage

ISS allocation of Free Cash Flow (pre-interest)(1) LTM, %



Leverage of 2.4x at end Q3 2016(2)



(1) Free Cash Flow (pre-interest) = [Cash flow from operating activities, add back net interest paid/ received] + net acquisition/ divestment of intangible assets (e.g. software) and PPE

(2) Leverage calculated as net debt / pro-forma adjusted EBITDA

Leverage objectives and capital allocation priorities unchanged and entirely consistent with previous communication

Business Update

Becoming a Key Account focused organisation…

KEY ACCOUNT MANAGER
CERTIFICATION PROGRAMME

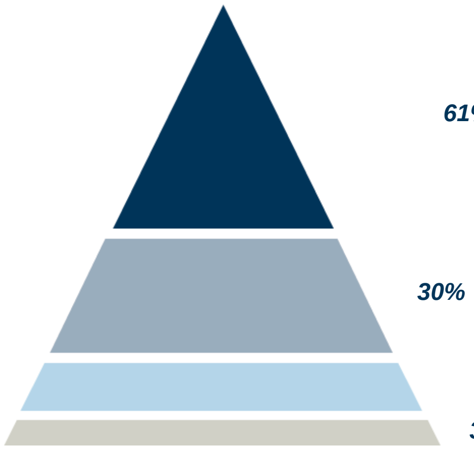
Key Account characteristics

We have 3 categories of Key Accounts – **Global**, **Regional** and **Country**

Key Accounts are determined on the following criteria:

- **Economic potenial**: Is the client business large and attractive (revenue and profit potential)?
- **Partnership potential**: Do we / can we have a strategic partnership (industry of strategic focus for ISS, not a *transactional* outsourcing decision, C-suite relationships)?
- **IFS potential**: Do we / can we leverage our full service portfolio?

ISS 2015 revenue by customer type



***61%** Key Accounts*

***30%** Large & Medium*

***6%** Small*

***3%** Route-based*

Delivering the full benefits of ISS to our customer sites

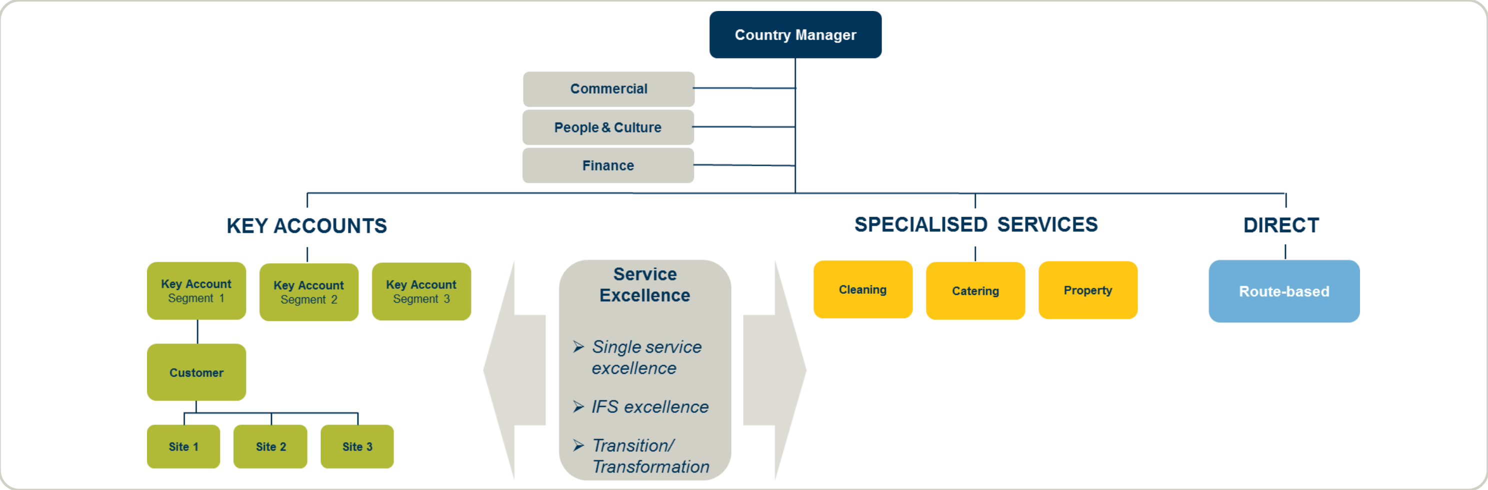
Volume | Concepts | Talent

Customer sites

…to deliver scale, concepts and talent to customer sites

KEY ACCOUNT MANAGER
CERTIFICATION PROGRAMME

ISS organisational blueprint for countries



Key Account Management Certification (KAMC)

Key objectives include…

- **Bridging the gap** between senior ISS management and our Key Account Managers
- **Embedding the ISS Way strategy** and our GREAT initiatives across our Key Accounts
- Strengthening account development via effective **sharing and implementation of best practices**
- **Ensuring KAMs are accountable** for implementing key ISS business processes and initiatives
- Developing and assessing the commercial capability of KAMs…and **matching our top people to our top accounts**

KAMC structure

6 months of internally led training and development

Pre-work → **Module 1** *The Key Account Development Process* → **Module 2** Commercial Excellence → **Module 3** Operational Excellence → **Certification**

Home assignments throughout

Certifications	2014	2015	2016
	55	101	349

KAMC testimonials

'The KAMC programme has been a valuable experience and has really helped to increase my understanding around developing my customer and the importance of acting and working together to share best practice amongst my colleagues.'
Camilla Rudenström, ISS Sweden

'…not only has it given me a greater insight into how we move the relationship forward, it's also helped me to be more structured in the way we work and develop the contract.'
Lars Hall, ISS Sweden

'Being part of a formal accreditation process which specifically involves working to ISS principles and the ISS Way has been a valuable experience. I've also forged stronger working relationships with my colleagues through networking and knowledge sharing which is wholeheartedly promoted throughout the course.
Tim Blackburne, ISS UK

Outlook

Outlook 2016

Organic Growth

'Around 3%'

(2015: 4.4%)

- **Expectation narrowed from to 2.5-4.0% to 'around 3%'**
- **Reflects increased visibility on full year performance**
- **Solid organic growth for the first nine months of 2016, supported by large contract launches, especially in Europe and Americas as well as in our IFS business in general**
- **For Q4, we are impacted by negative growth in Brazil and Australia, as well as the annualisation of some larger contracts**
- **We remain cautious as to the level of non-portfolio services for the remainder of 2016**

<u>Impact on total revenue from divestments, acquisitions and foreign exchange rates in 2016</u>

- We expect a negative impact from development in foreign exchange rates of approximately 3-4%(1)
- We expect a negative impact from the divestments and the acquisition of approximately 0-1%
- Consequently, we expect total revenue growth in 2016 to be in the range of -2.0% to 0.0%

Operating Margin

'Above the level realised in 2015'

(2015: 5.7%)

- **Focus on sustainable margin improvement to be maintained**
- **Development will be supported by ongoing strategic initiatives, including**
  - **Customer segmentation, including Key Account focus**
  - **Organisational structure**
  - **Procurement and Business Process Outsourcing (BPO)**
- **Margin will be negatively impacted by the divestment of CMC, completed on 30 October 2015**

Cash Conversion

'Above 90%'

(2015: 99%)

- **Cash conversion will remain a priority in 2016**

(1) The forecasted average exchange rates for the financial year 2016 are calcuated using the realised average exchange rates for the first nine months of 2016 and the average forward exchange rates (as of 27 October, 2016) for the last three months of 2016

Q&A