Roadshow Presentation

August 2019

THE POWER OF THE HUMAN TOUCH

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 2018 of ISS A/S and other information made available by ISS.

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The Annual Report 2018 of ISS A/S is available at the Group’s website, www.issworld.com.

ISS at a glance

A leading global provider of facility services delivering industry leading organic growth

Industry leadership	Industry leading growth	Robust margins	Strong cash flow
Leading and differentiated global facility services provider	**Industry leading organic growth of 4-6%**	**Robust operating margins around 5.5%[1]**	**Strong cash of Around DKK 3.0 bn[2]** *(by 2021)*

1) Operating margin before other items (but incl. restructuring reclassified above the line from 2019)
2) Around DKK 3 billion in constant currency

We are operating in a fundamentally attractive market

…that presents a significant growth opportunity for Key Account focused solutions

Market development

- A USD 1 trillion outsourced FM market...
- …of which the Key Account market is estimated to comprise 40% (USD 400 billion)
- Key Account growth clearly above-market…
- …which is driving a ‘polarisation’ of the supply-side between large, multi-national, multi-service players and smaller, niche players

Customer trends

- Large customers are increasingly moving away from input based relationships to outcome focused, strategic partnerships
- Deals are becoming national or international coupled with extended service scope, focusing on consolidation, risk management and efficiency – including workplace experience
- Technological advancements offer a competitive edge, enabling productivity of buildings and enhanced user experiences

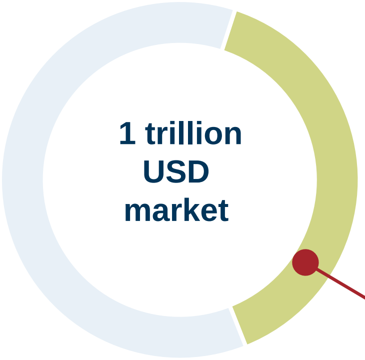
Competitive landscape

- Traditional FM competitors continue to broaden service offerings and drive for integration – primarily through M&A
- FM companies face acute strategic choices – driven by technology and increased customer demand for strategic FM solutions
- FM incumbents required to adapt market focus, offerings and delivery models

Attractive market space and potential

Global outsourced facility services market

We estimate that the Key Account market constitutes approx. 40% of the global outsourced facility services market…

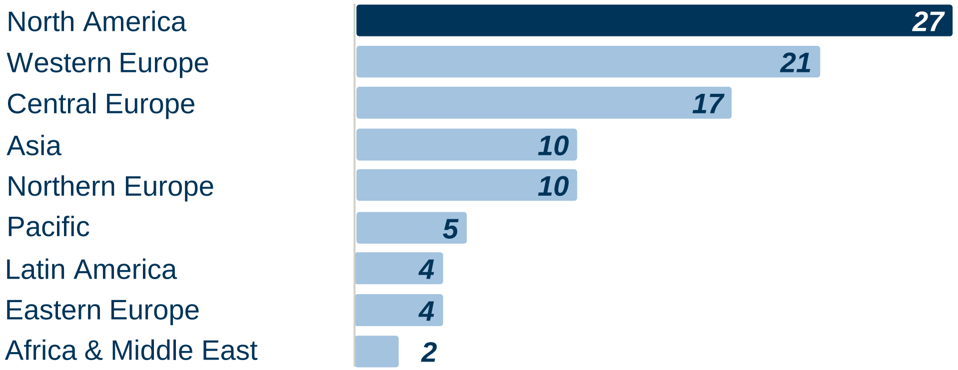


Key Account market, globally

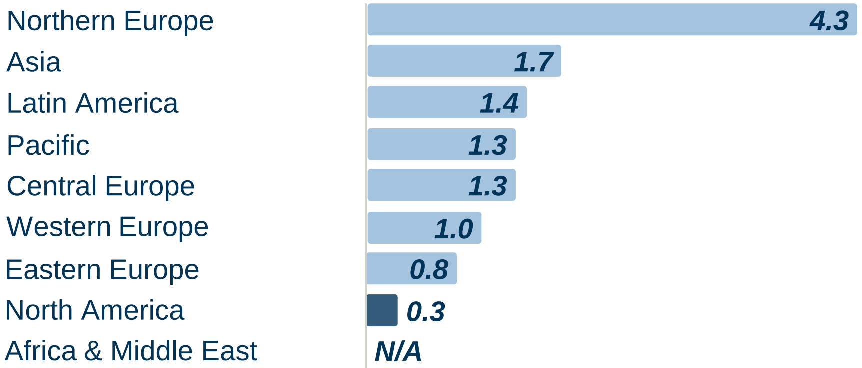
Key Account market only

…implying ISS has a market share below 2% of this Key Account market, globally

% of global, outsourced FM market(1)



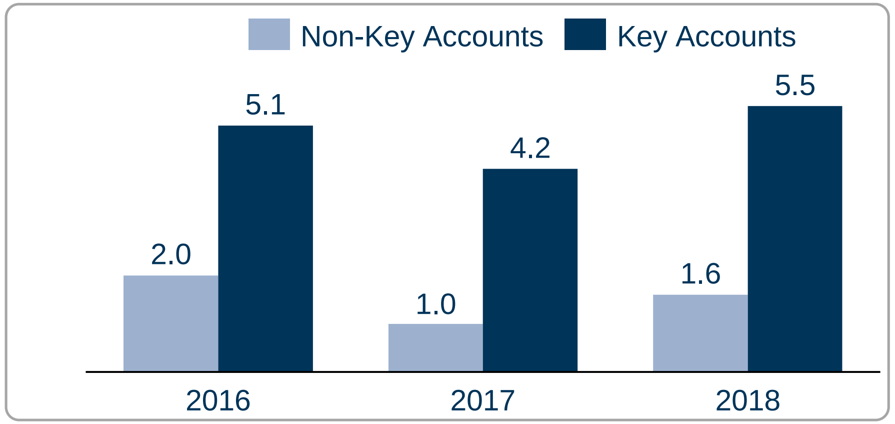
ISS % market share of outsourced FM market(1)



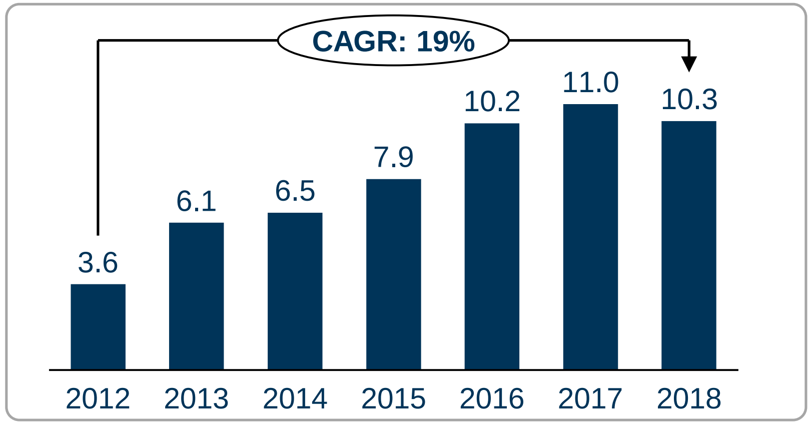
(1) Various sources and ISS analysis

Organic growth driven by key accounts

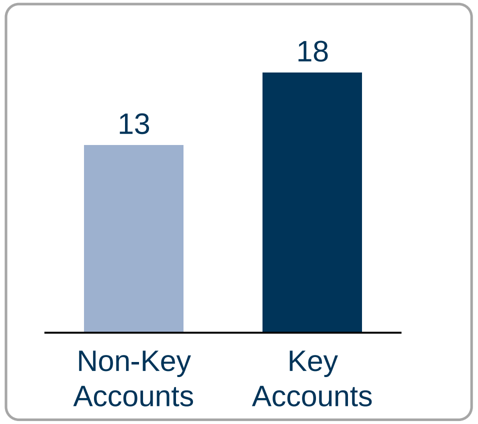
Key Account organic growth (%)



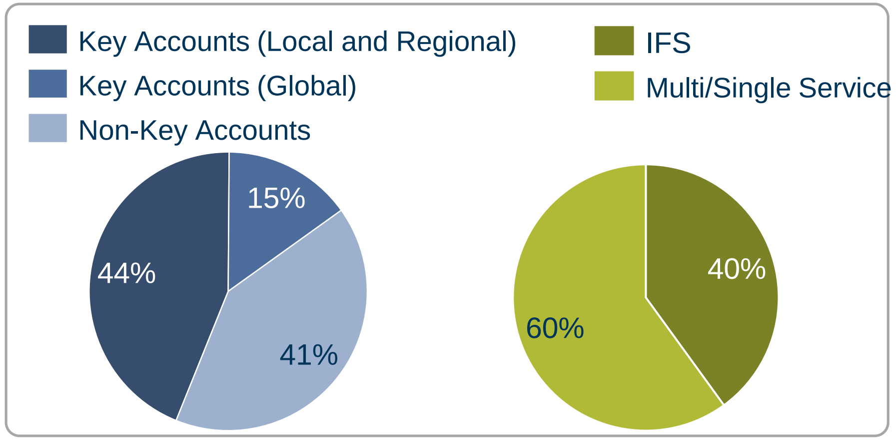
Global Key Accounts revenue (DKK bn)



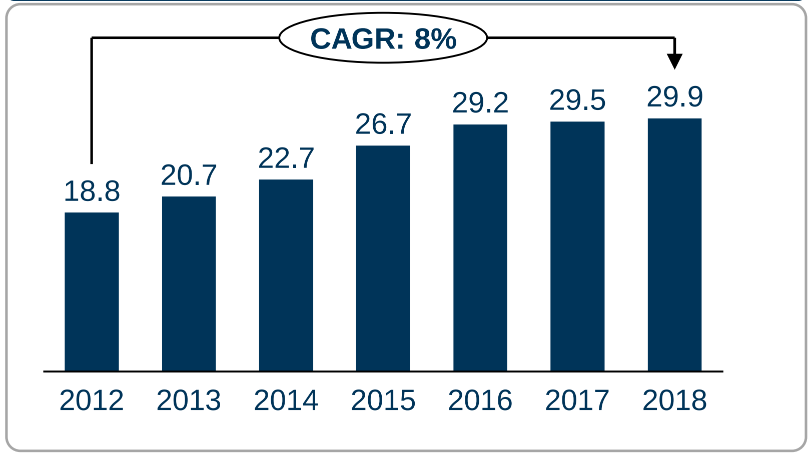
Non-portfolio revenue[1] (%)



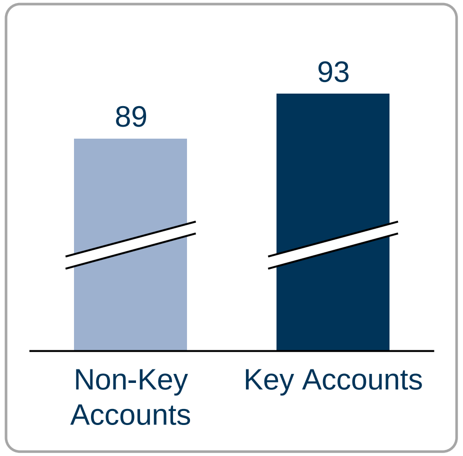
Portfolio breakdown (end-2018)



Integrated Facility Services revenue (DKK bn)



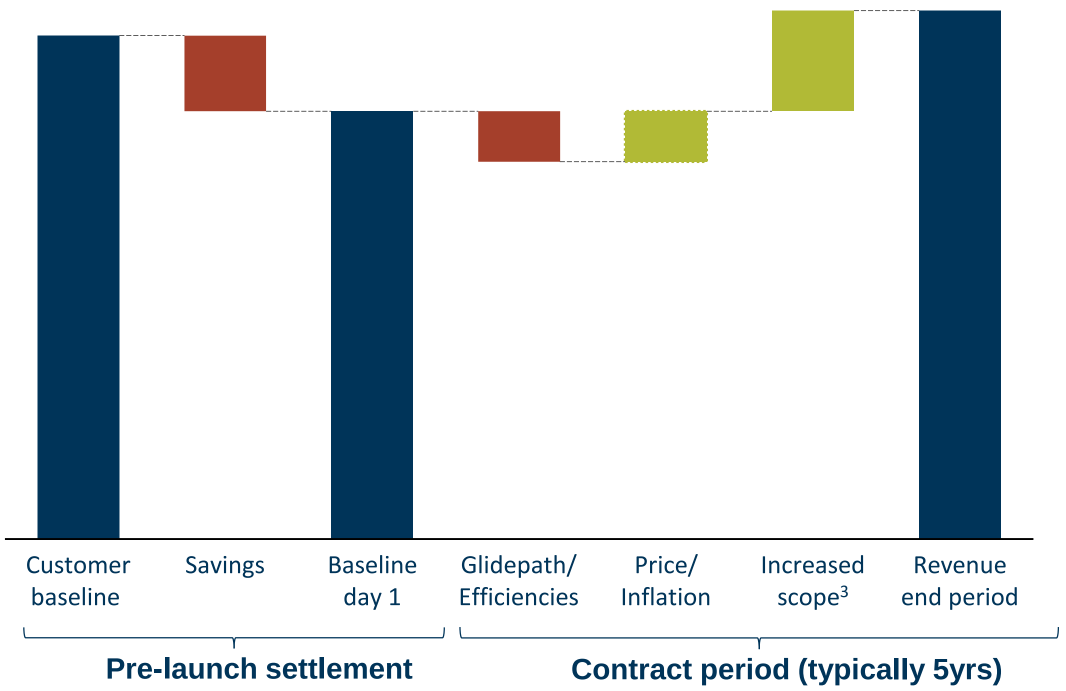
Retention rates[1] (%)



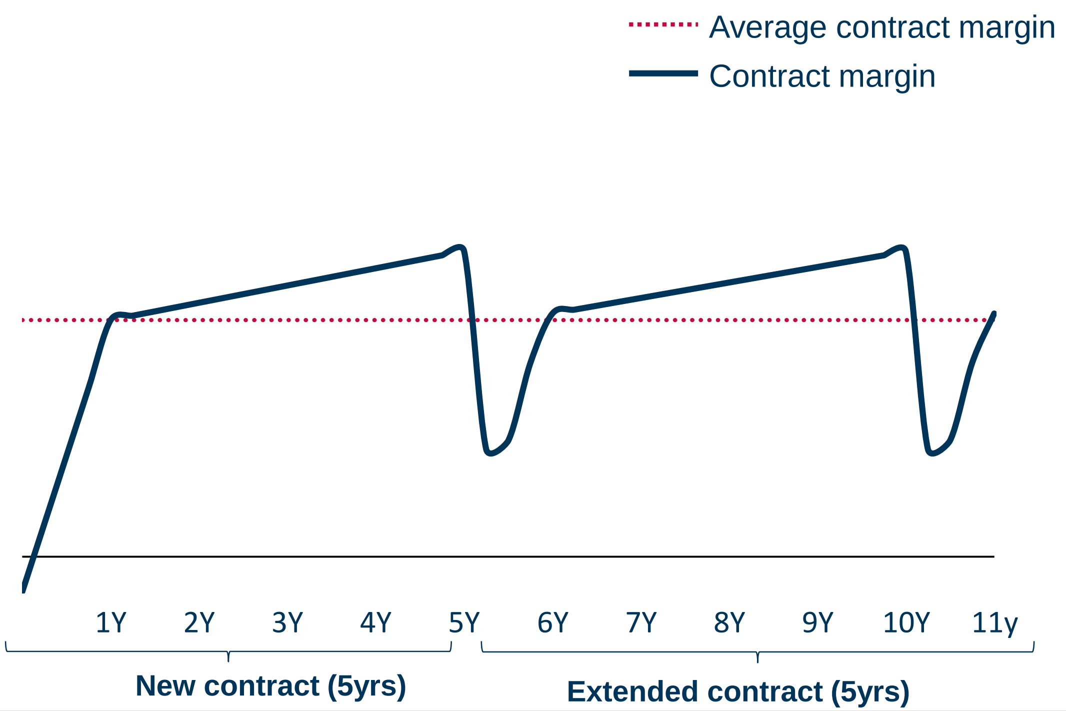
1) 3-year average (FY2016 to 9M 2018)

Key Account characteristics

Revenue profile[1]



Margin profile[1]



1) For illustrative purposes only

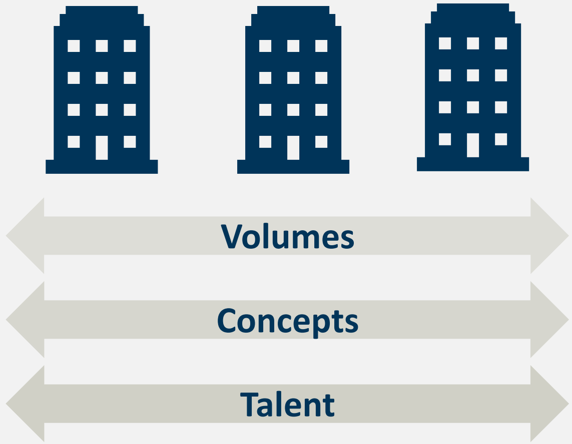
Key Account customers demand more and we will invest further

…to deliver the level and consistency of service expected

Key Account customers demand more than just cost savings…

…deep segment expertise is important…

…and this must be leveraged across sites, countries, regions

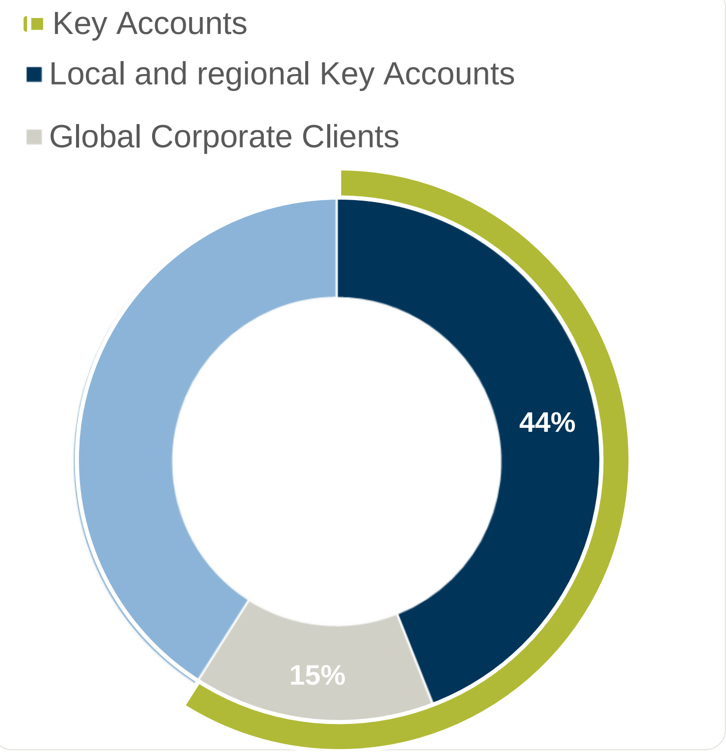


Creating a higher value outcome

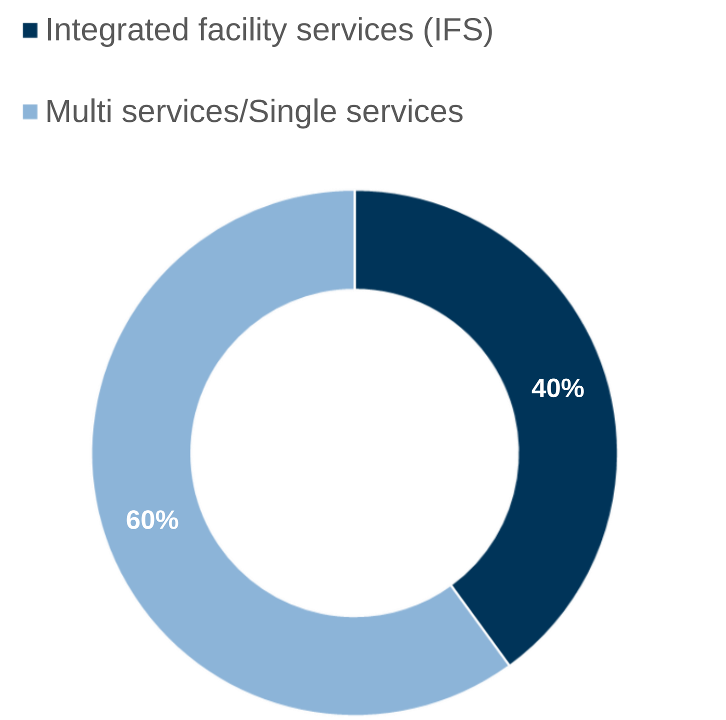
Revenue split (1/2)

Total revenue DKK 74bn

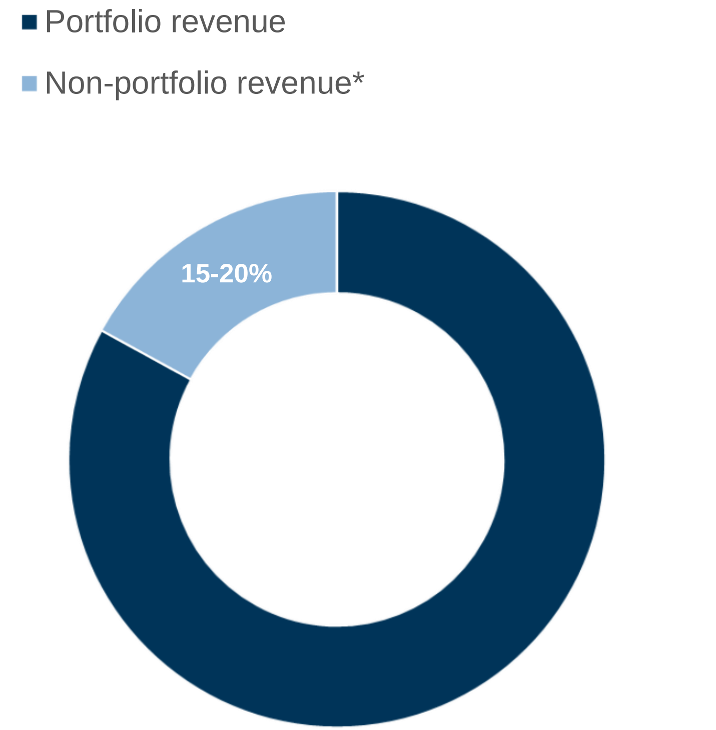
Customer type



Delivery type



Revenue type



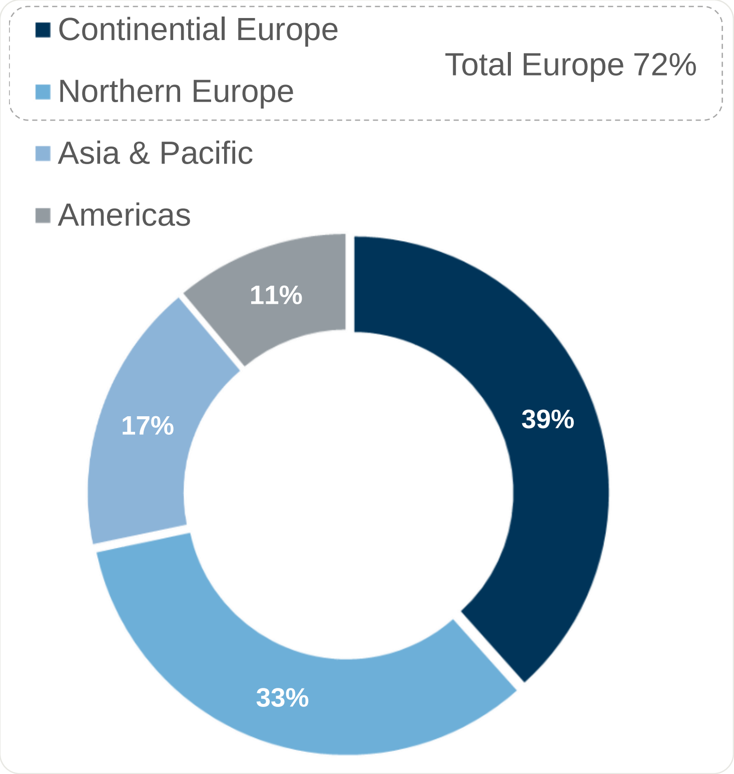
Integrated Facility Services: 6 years CAGR of 7%

*Note: Figures as of end-2018 *Above base and project work*

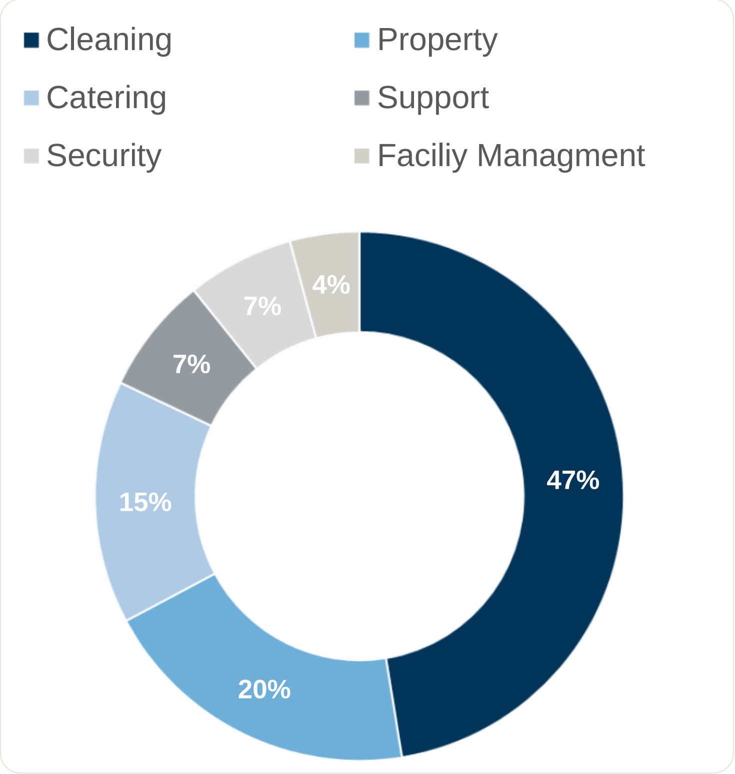
Revenue split (2/2)

Total revenue DKK 74bn

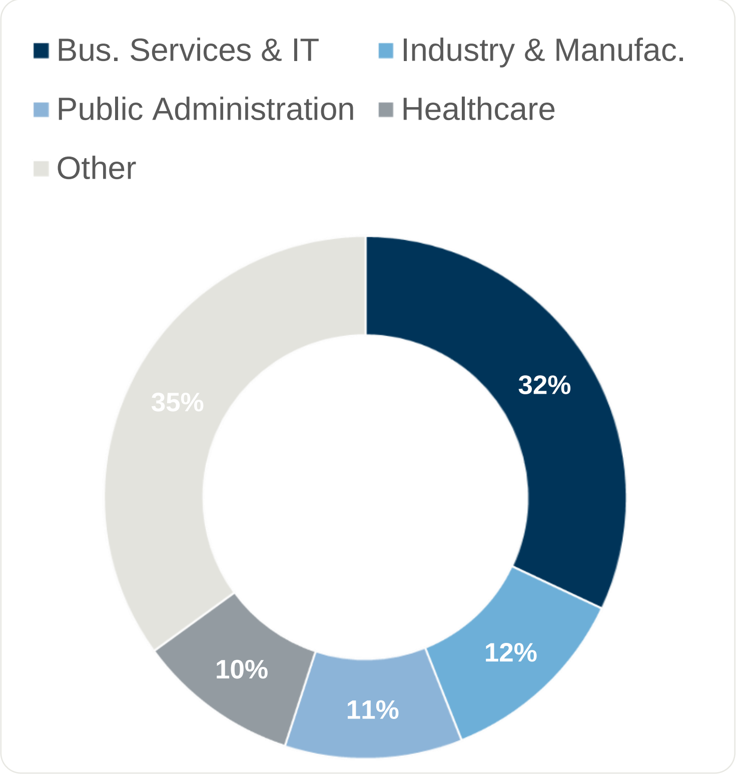
Geography



Service lines



Customer segment

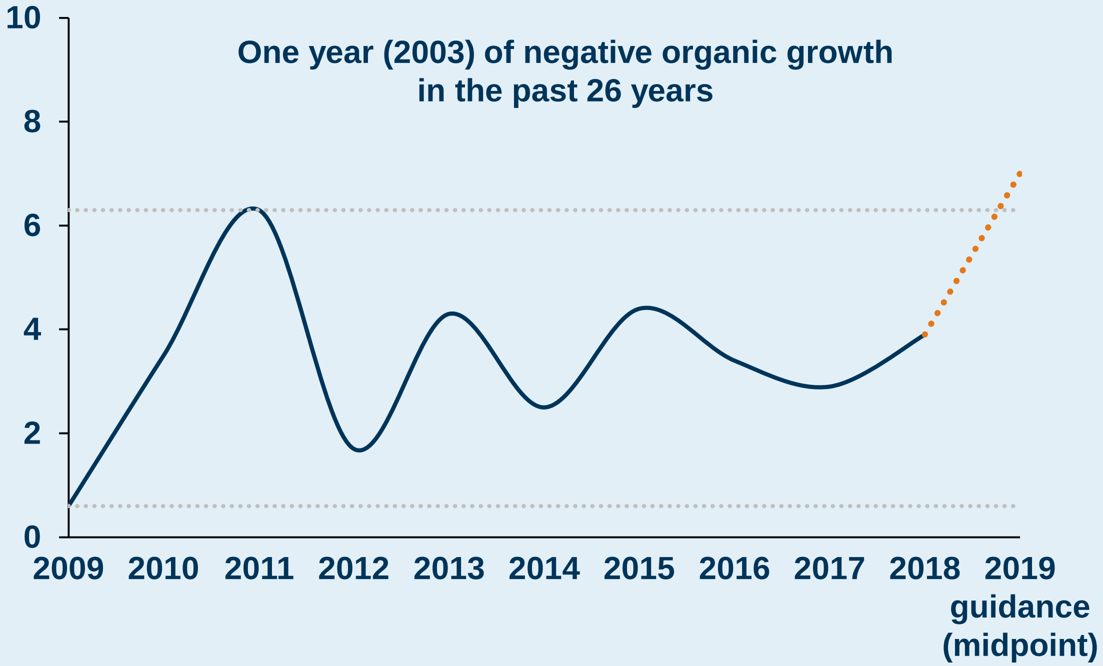


Diversified revenue base

Note: Figures as of end-2018

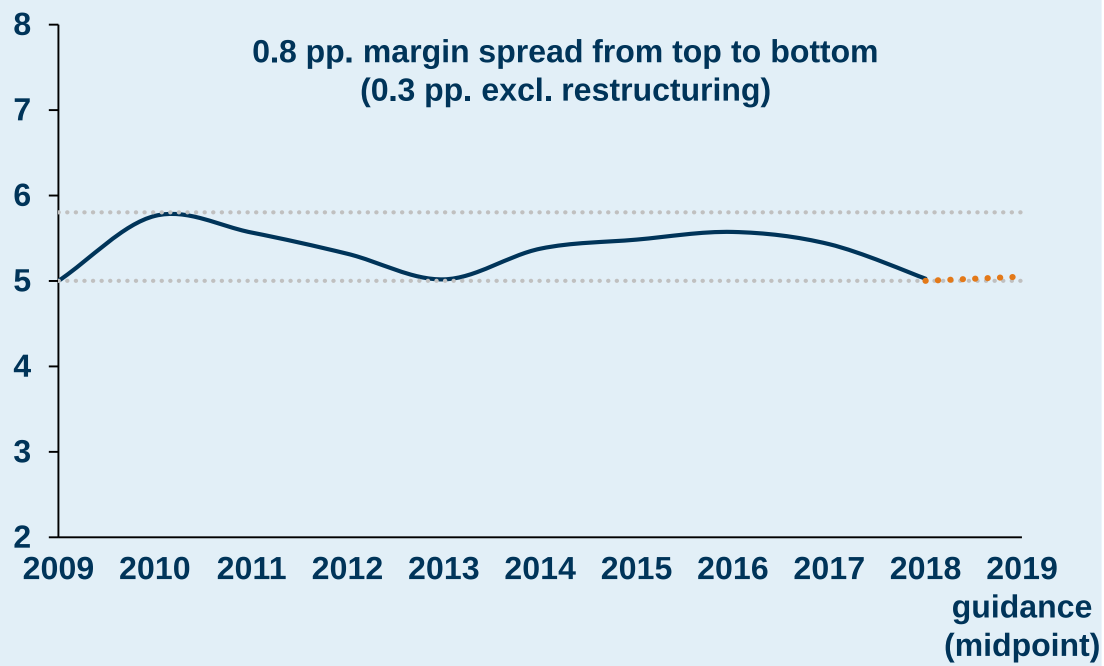
Resilient growth and stable margins through the cycle

Organic growth, %



Medium term guidance: 4-6% (10 years avg.: 3.4%)

Operating margin incl. restructuring, %



Medium term guidance: around 5.5% (10 years avg.: 5.4%)

Note: 2017 and 2018 have been restated for discontinued operations

Global Key Accounts

We currently have 20[1)] Global Key Accounts which we split into 4 sub-segments…

Banking	Pharma	IT	Manufacturing & Other
Deutsche Bank Danske Bank Barclays Nordea UBS	Shire BASF	Hewlett Packard Enterprise telenor HUAWEI	Rolls-Royce VATTENFALL Nestlé

(1) *Includes seven additional, undisclosed customers*

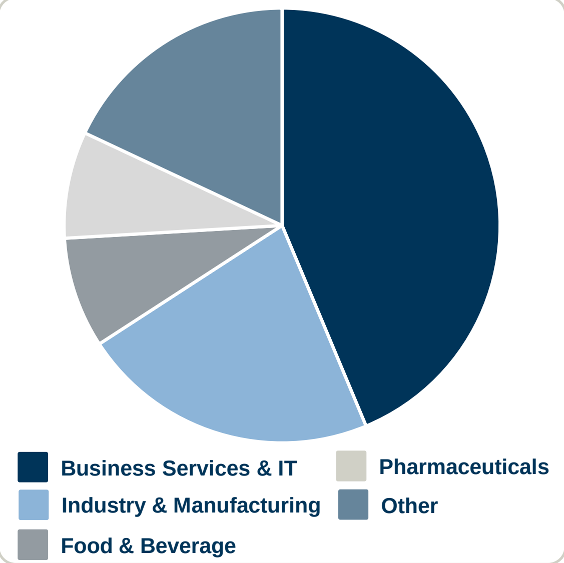
Prospective Global Key Accounts offer huge potential

The ISS 'G200'

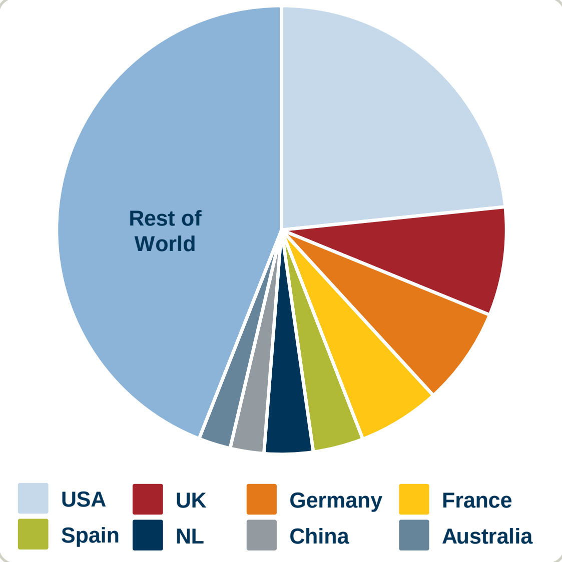
200 existing or potential customers of ISS where we see a strong opportunity to drive growth

- Customers with **global real estate portfolios**…
- …within **our focus sectors**…
- …with a stated wish wish to increase outsourcing in a manner that **aligns with our value proposition**

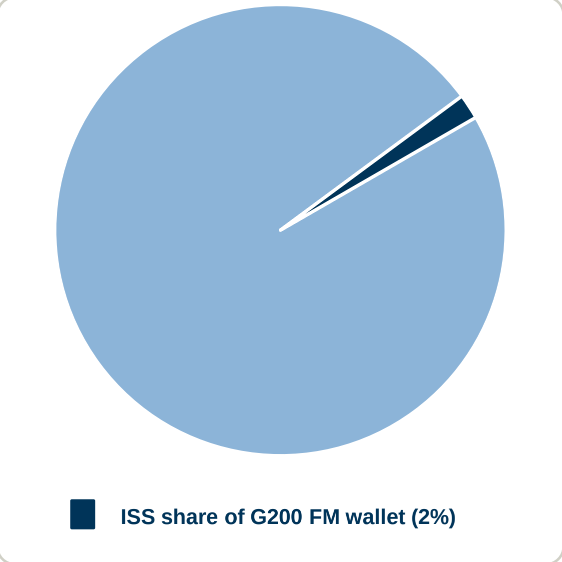
G200 FM spend by sector



G200 FM spend by country

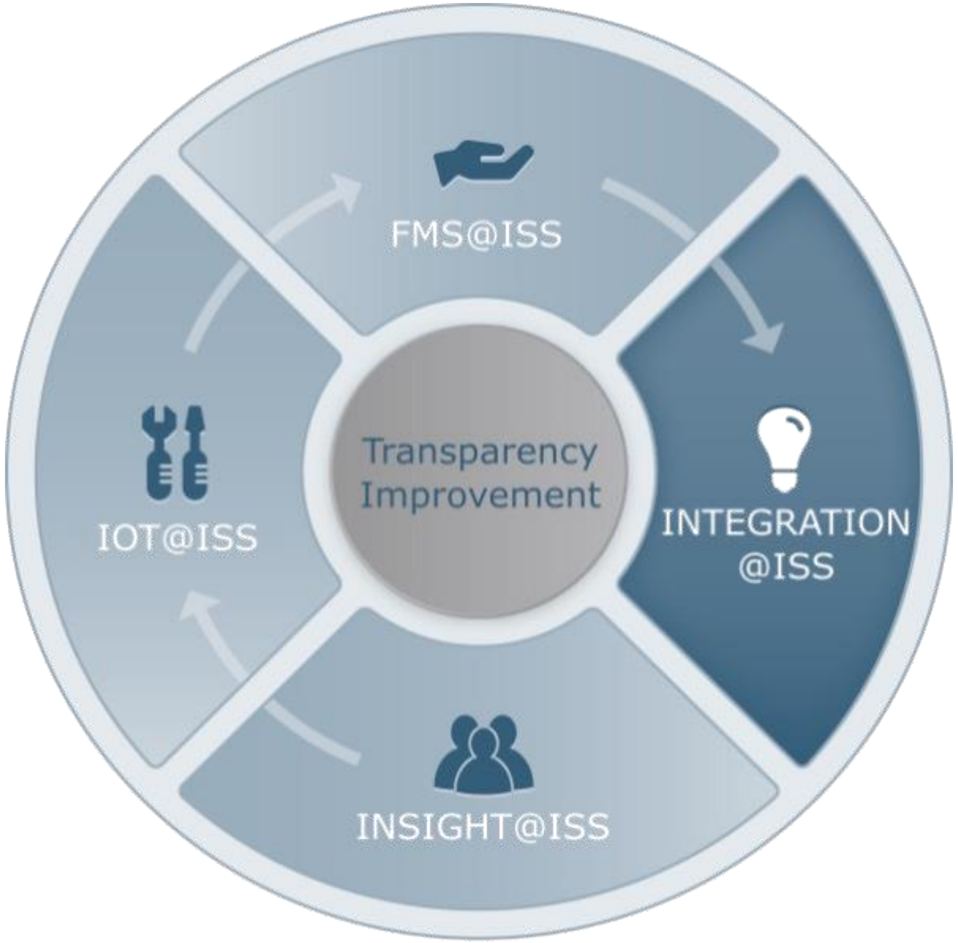


G200 FM spend– ISS share



Our analysis suggests total annual FM spend of DKK 336 billion across our G200 customers – our current share is less than 2%

Technology is enhancing our integrated, self-delivery model



FMS	• Our integrated business intelligence platform • Provides customers with a single, global portal • Enables users to make and track Helpdesk requests… • …and to deliver work order / asset management • Now based on IBM's *TRIRIGA* platform – an engine upgrade with enhanced functionality
Integration	• Our account management tool to optimise the workforce, enhance planning capabilities, drive integration of services, develop our employees and strengthen our commercial position
IoT	• Our platform for integrating a broad range of sensor technology, improving service delivery, optimising building usage and enhancing user experience • Integrated with FMS
Insight	• A reporting engine affording customers real-time transparency • Integrated with FMS

Successful allocation of capital since IPO

Guckenheimer case study

Business case
1. Improve our platform in the US ✓
2. Enhance IFS offering to Key Accounts ✓
3. Realise significant revenue synergies ✓
4. Leverage scale to drive cost synergies ✓

Progress

Organic growth

24%[1]

+10% insourcing
+14% upselling / new business

EBITA margin

4.9%[2]

4.1% Pre-acquisition[3]

Acquisition multiples

EBITA-multiples

15.9x

EBITA pre-synergy[3]

9x ✓

EBITA post synergy[4]

FCF-yield

10%[5] ✓

We will remain disciplined in our approach to acquisitions

1) Accumulated organic growth since acquisition (1 May 2017 – 31 Oct 2018)
2) LTM as per 31 Oct 2018
3) Based on EBITA FY2016
4) Based on estimated synergies end-2018 (in line with our acquisition expectations communicated in April 2017)
5) Based on a normalised Free Cash Flow pre interest (2018 positively impacted by acquisition related cash flow impacts)

Corporate Responsibility

ISS widely recognised for its focus on ESG

ROBECOSAM Sustainability Award Bronze Class 2018

- Awarded Bronze Class status
- 79th percentile ranking for the industry
- Industry best score in “Operational Eco-Efficiency”

MSCI

- Top quartile rank with an AA rating vs. industry at BBB
- Named “Global Best In Class” on Corporate Governance
- Industry best score on “Health & Safety”

SUSTAINALYTICS

- Named “Leader” in overall performance and in Environment, Social and Governance separately
- Ranked 1st among industry peers of similar market cap
- Ranked 1st out of 89 industry peers (100th percentile)[1].

Among just ~100 companies globally included in all three key ESG indices[2]

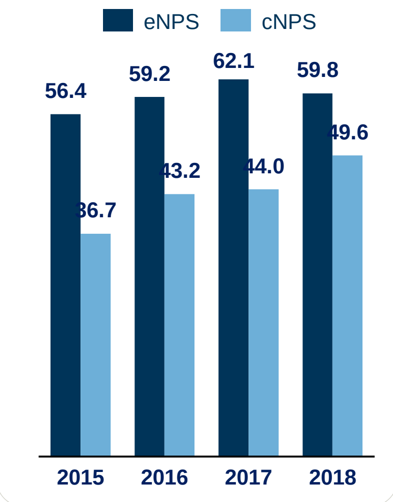
MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

MSCI 2018 Constituent MSCI ESG Leaders Indexes

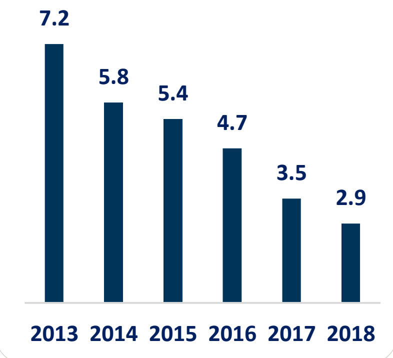
Member 2016/2017 STOXX ESG LEADERS INDICES

Selected metrics

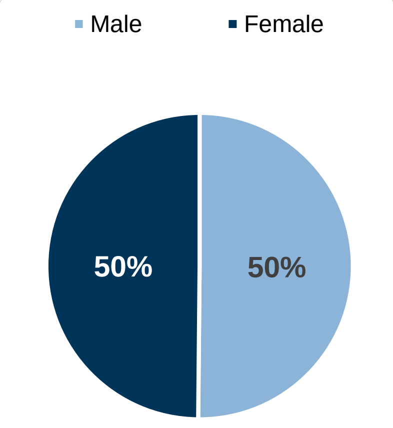
Net Promoter Score (NPS)



Lost Time Injury Frequency



Diversity



Other proof points

- **Signatory and founding member of the UN Global Compact**
- **Chairs the UK Living Wage Service Providers Leadership Group**
- **Holds top score at Institutional Shareholder Services Inc. (ISS) for Corporate Governance**

Recognised Service Providers proudly working together with the Living Wage Foundation

1) SUSTAINALYTIC’S ASSESSMENT OF ISS’S ESG PERFORMANCE AS OF APRIL 2019
2) THE INCLUSION OF ISS A/S IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF ISS A/S BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

We will ensure capital allocation is optimal

	Objective	Comment
1.	Capital structure	Maintain a strong and efficient balance sheet with an investment grade financial profile and leverage < 2.8x[1)]
2.	Capital expenditure/net working capital	Meet the modest, ongoing capital needs of the business
3.	Ordinary dividend	Targeted payout ratio of approximately 50% of net income (adjusted)
4.	Acquisitions and divestments	Further portfolio optimisation and highly selective acquisitions
5.	Additional shareholder returns	Extraordinary dividends or share buy-backs

1) Leverage below 2.8x pro forma adjusted EBITDA, taking seasonality into account. Pro forma adjusted EBITDA calculated as EBITDA before other items as if all acquisitions and divestments had occurred on 1 January of the respective year.

Capital reallocation

Fully funded by divestment proceeds

Free Cash Flow generation in 2019 and 2020

Divestment proceeds of approx. DKK 2-2.5 bn[1]

	Disciplined investments in the business		Shareholder returns	
	Transformational projects	Acquisitions	Ordinary dividend	Additional returns
2019 2020	Incremental investments (700-800 DKKm in total) to support further acceleration in organic growth fully funded by divestments	We intend to strengthen capabilities and build scale through disciplined and selective acquisitions	Payout ratio of c. 50% of Net Profit (adjusted) and at least equal to the DKK 7.70 per share paid in 2019	We intend to allocate at least 25% of net divestment proceeds to share buy-backs or extraordinary dividends
2021+	No net impact		Payout ratio of c. 50% of Net Profit (adjusted)	Extraordinary dividends or share buy-backs

1) Divestment proceeds net of divestment costs and restructuring

Solid investment grade capital structure

Issued bonds and bank loans

EMTN
- EUR 500m
- 1.125% senior unsecured
- Maturing 2021

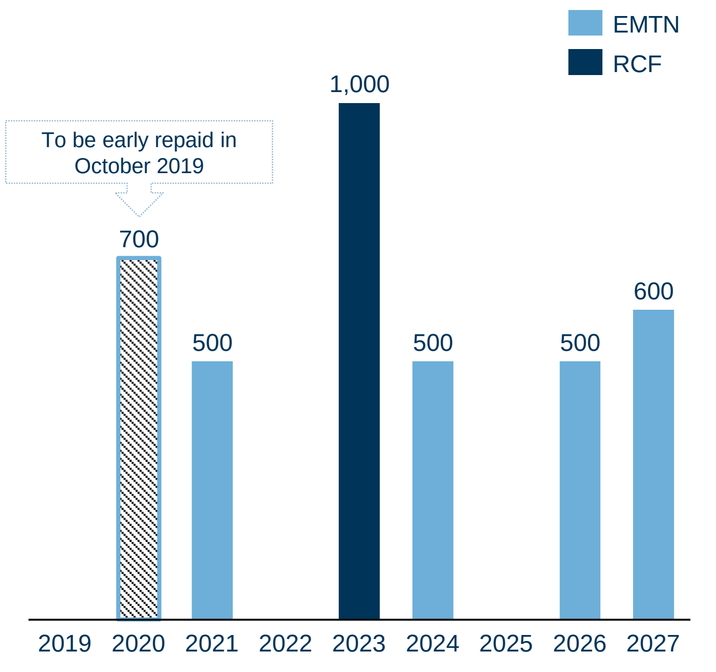
EMTN
- EUR 500m
- 2.125% senior unsecured
- Maturing 2024

EMTN
- EUR 500m
- 0.875% senior unsecured
- Maturing 2026

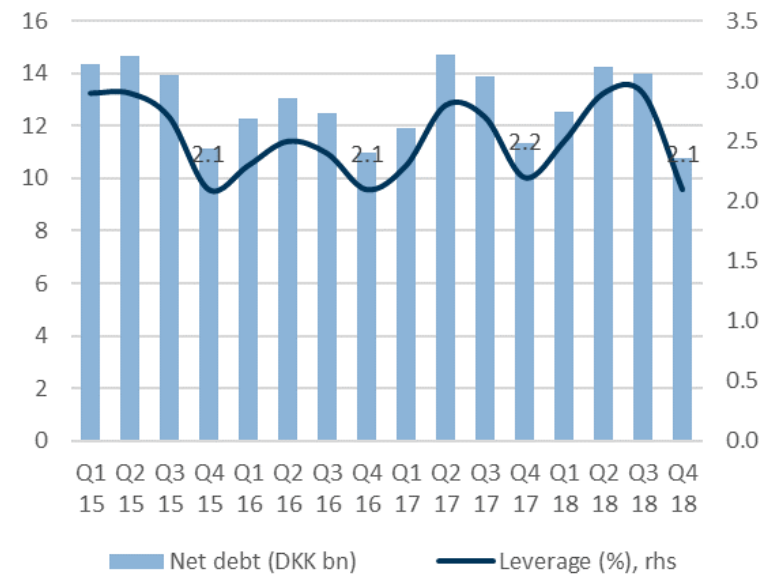
EMTN
- EUR 600m
- 1.500% senior unsecured
- Maturing 2027

Revolving Credit Facility (1)
- EUR 1,000m
- Libor + 0.45%
- Maturing 2023

Maturity profile (EUR m)



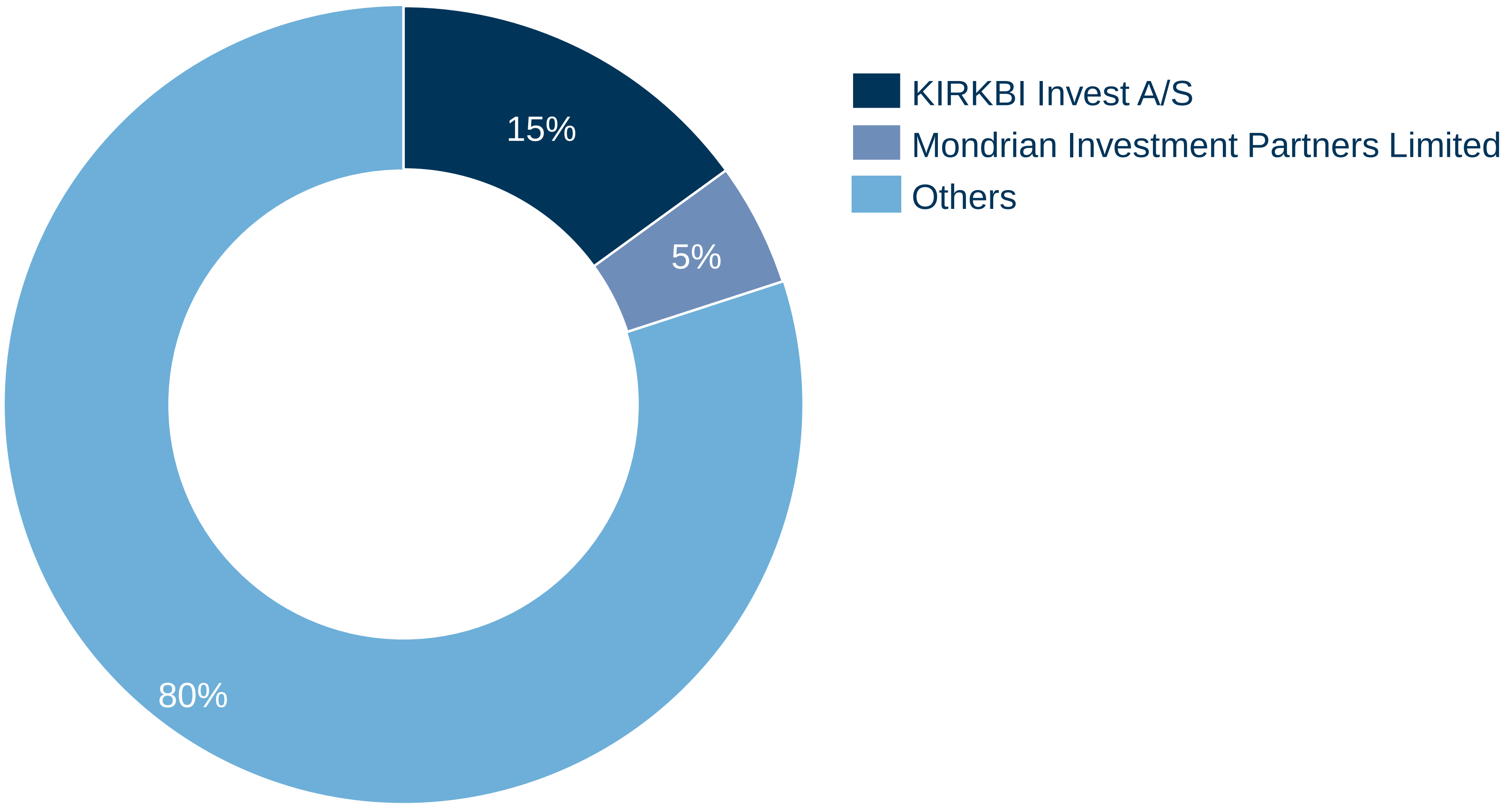
Leverage



ISS continually reviews its financing and will remain pro-active in exploiting opportunities when relevant

(1) The Revolving Credit Facility was extended in November 2018 to mature in November 2023. The current margin of 0.60% will decrease to 0.45% in February 2019 if leverage is below 2.5x. At 31 December 2018, leverage was 2.1x. In addition, a utilisation fee applies. For utilisation up to 33% the fee is 0.10%, for utilisation between 33% and 66%, the fee is 0.20%, and for utilisations above 66% the fee is 0.30%.

Ownership[1)]



[(1)] Latest major shareholder holdings reported by investors to ISS

Strategy Update

December 2018

We will now be bolder and refine our geographic footprint

…creating a simpler and more focused business in the process

We will divest 13 countries and conclude our divestment of non-core services

Israel, Thailand, Philippines, Chile, Brazil

Malaysia, Brunei, Czech Republic, Slovenia

Estonia, Slovakia, Hungary, Romania

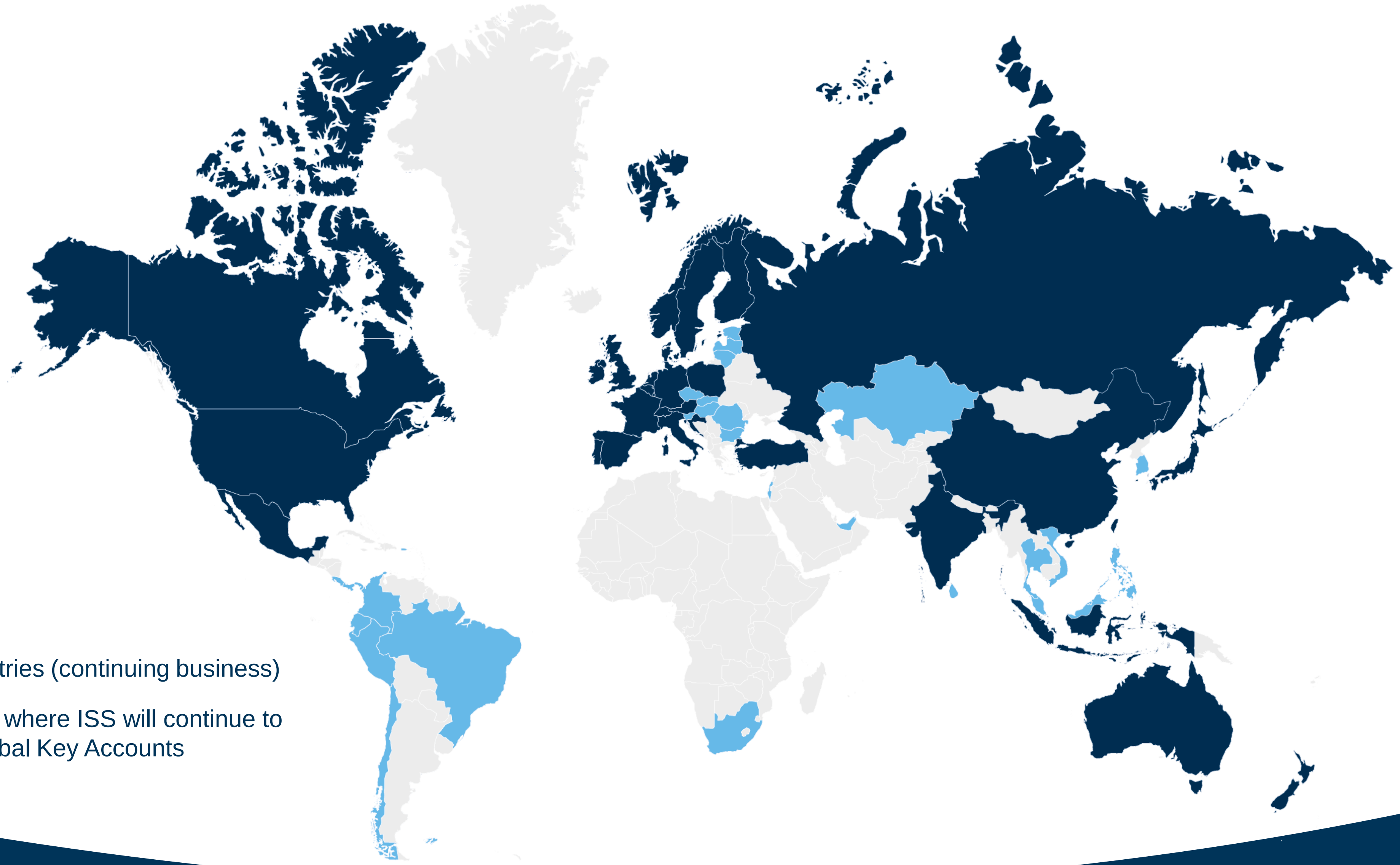
Countries to be exited

- Local market dominated by smaller, price-centric customers
- We are unable to fully leverage volumes, concepts and talent
- We cannot always generate attractive and sustainable returns at a commensurate risk

Divestment of non-core services

- Entirely consistent with The ISS Way Strategy of recent years
- Concludes this process

ISS remains a global leading facility service provider



ISS Countries (continuing business)

Countries where ISS will continue to serve Global Key Accounts

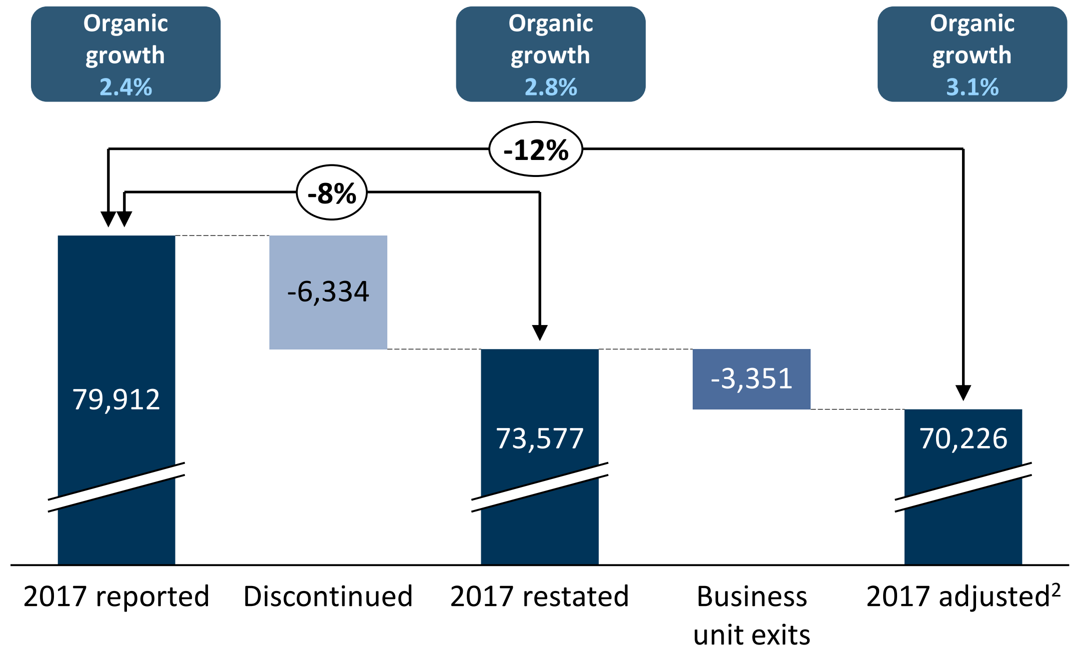
Simplifying the business while focussing on Key Accounts

	Change	2017 (reported)	2017 (adjusted)[1]	2014
Customers	+74% ✓ Revenue per customer	c. 125,000 c. 1,000 Key Accounts	c. 63,000 c. 1,000 Key Accounts	c. 200,000
Employees	+10% ✓ Revenue per employee	c. 490,000	c. 390,000	510,968
Countries	+24% ✓ Revenue per country	44	31	48
Key Accounts	8pp ✓	52%	60%	N/A
IFS	3pp ✓	38%	41%	31%

A stronger revenue base from which to accelerate organic growth…

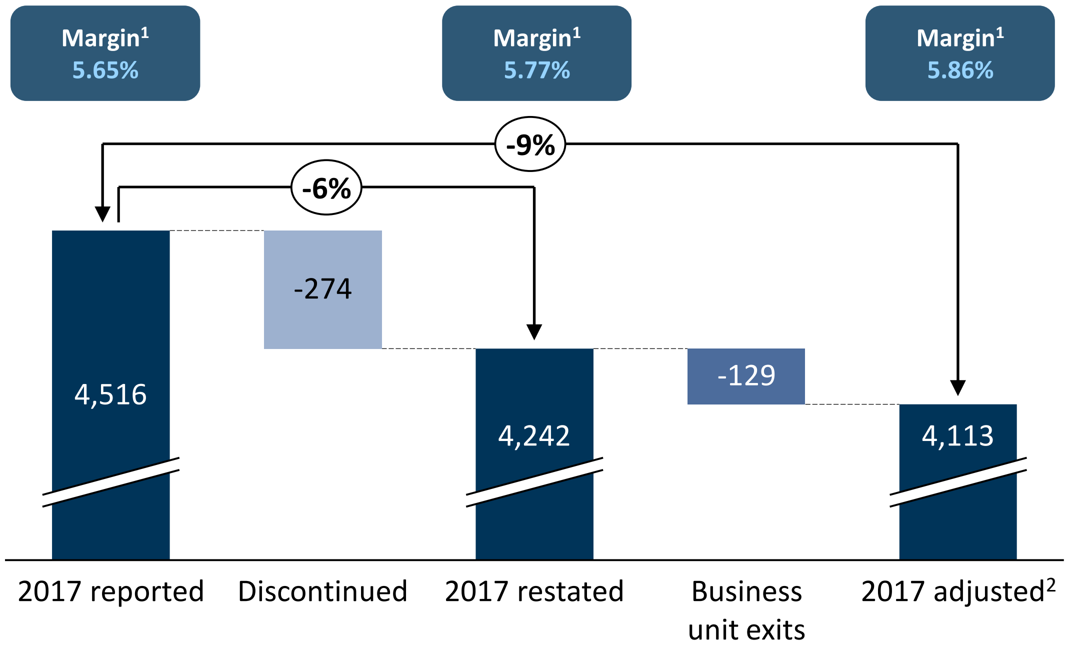
2017 restatements

Higher quality revenue base…



Revenue (DKKm)

…with a de-risked operating profit



Operating profit[1] (DKKm)

Divestment program expected to be completed during 2019-2020 with net divestment proceeds in the range of DKK 2.0-2.5 billion[3]

1) Before other income and expenses
2) Adjusted for countries and business units in the divestment pipeline (i.e. excludes acquisitions and divestments completed prior to 30 September 2018)
3) Divestment proceeds net of divestment costs and related reorganisation

H1 2019 Results

15 August 2019

Highlights H1 2019 (Continuing Operations)

Financial Highlights

- **Organic growth** of 6.0% (Q1 2019: 6.1%, Q2 2019: 5.8%)
- **Operating margin of** 3.74% (H1 2018: 3.86%)
- **Operating profit**[1)] of DKK 1.4 billion (H1 2018: DKK 1.4 billion)
- **Net profit adjusted** from continuing operations of DKK 0.8 billion (H1 2018: DKK 0.8 billion)
- **Free Cash Flow** of DKK -2.7 billion (H1 2018: DKK -1.4 billion) – reduction mainly driven by reversal of factoring (DKK -0.9 billion)
- **Financial leverage** of 3.4x (H1 2018: 3.2x) – driven by the higher debt and discontinued operations

Commercial Highlights

- Key Accounts (61% of revenue) generated 8% organic growth (Q2 2019: 8%). Global Key Accounts (15% of revenue) generated 7% organic growth (Q2 2019: 11.0%)
- Continued strong commercial momentum:
  - Successful launch of Deutsche Telekom 1 July
  - Key contract developments since Q1 results include the extension and expansion with an International manufacturing company (Global) and Vattenfall (Global) as well as the extension of Danske Bank (Global) and an 'Energy and resource' company (Germany)
  - Contract with Novartis unlikely to be extended post 31 December 2019

Strategy Highlights

- Our **strategic divestment programme** is proceeding as planned with 29% of assets successfully divested or signed. A number of other divestment processes are coming to an end and as such we expect a significant step up of in divestments towards the end of the year. The expected combined net divestment proceeds remains DKK 2.0-2.5 billion.
- Our **transformational investments** were successfully launched in H1 2019. Combined expected investments of DKK 700-800 million over 2019-2020 are funded by divestment proceeds.

(1) Operating profit before other income and expenses (but including restructuring)

Partnership with Deutsche Telekom successfully launched

Key facts

DTAG assets

More than 42,000 sites
More than 750,000 technical assets

ISS service delivery

c. 8,000 employees (c. 6,000 FTEs)

- 10.5-year contract launched 1 July 2019
- Expected annual revenue of approximately 4% of Group
- Transition and mobilisation finalised (total investment of DKK 590m from 2017 to H1 2019)
- Integrated facility services contract including:
    - Technical services (e.g. maintenance and repair of technical systems, caretaker services),
    - Cleaning (indoor and outdoor facilities),
    - Support (reception, postal)
    - Security
    - Projects (e.g. maintenance of on existing buildings, relocations etc.)

Regional performance H1 2019

Continental Europe
38% of Group

8%
organic growth
Q1 2019: 8%
Q2 2019: 9%

- Strongest growth on record driven by several countries in the region…
- … particularly Turkey on the back of start-ups in the healthcare segment and price increases…
- .. as well as Iberia, Netherland and Germany on the back of contract launches and expansions
- Solid demand for projects and above base work across several countries in the region

4.5%
operating margin[(1)]
(H1 2018: 4.0%)

- Margin increase supported by a one-off settlement linked to the transition of a large contract
- Underlying margins were slightly up as a result solid performance in especially Iberia…
- … and the divestment of loss making non-core activates in the Netherlands (Nov. 2018)
- This was partly offset by contract launches and extensions in especially Switzerland
- Operational improvements following the implementation of GREAT in France remain behind plan

Northern Europe
33% of Group

5%
organic growth
Q1 2019: 5%
Q2 2019: 4%

- Strong growth in Denmark and the UK driven by contract launches and expansions
- Solid, but also more volatile, demand for projects and above base work

4.0%
operating margin[(1)]
(H1 2018: 5.1%)

- Margin negatively impacted by contract launches and extensions in Denmark and the UK…
- … as well as transformational projects - investments in organically building out technical services capabilities in Denmark and investments in the consolidation, centralisation and automation of our organisation in the UK
- Headwinds were partly offset by ongoing margin recovery in Sweden

(1) Operating profit before corporate costs and 'other income and expenses' (but including restructuring)

Regional performance H1 2019

Asia Pacific
18% of Group

5%
organic growth
Q1 2019: 6%
Q2 2019: 5%

- Generally solid growth across the region…
- … especially in Australia driven by contract launches and a high retention rate …
- … and in China following a period of deliberate strategic structural adjustments to our operating model
- Growth was partly off-set by slow-down in Hong Kong
- Demand for projects and above base work was flat

5.1%
operating margin(1)
(H1 2018: 6.5%)

- Margin decline driven by a contract related one-off…
- … as well as contract launches and extensions in especially Australia and Singapore…
- … and contract specific underperformance in Hong Kong and structural investments in China to support our growth capabilities

Americas
11% of Group

2%
organic growth
Q1 2019: 2%
Q2 2019: 2%

- Positive organic growth despite the exit of underperforming small contracts in the Specialised Services division in the US
- Continued strong organic growth in food services (Guckenheimer)…
- … as well as in Mexico

3.9%
operating margin(1)
(H1 2018: 2.7%)

- Margin recovery on the back of successful turnaround initiatives and efficiency plans in Specialised Services in the US
- Further synergies and scale advantages coming through within catering (Guckenheimer)

(1) Operating profit before corporate costs and 'other income and expenses' (but including restructuring)

Commercial development

Large Key Account contract developments since Q1 results

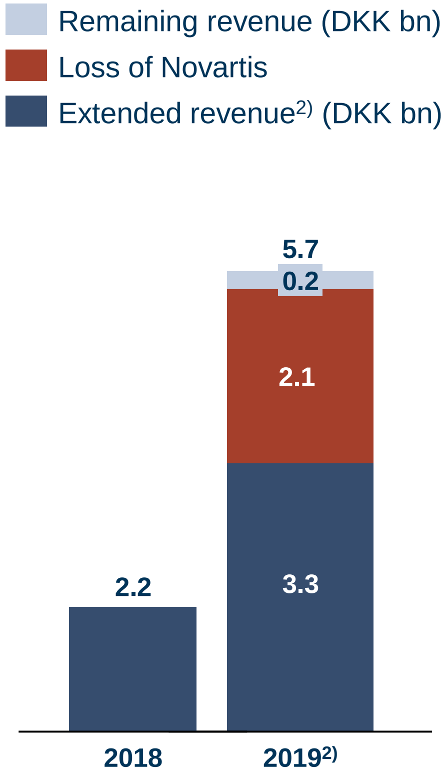
Extensions/Expansions

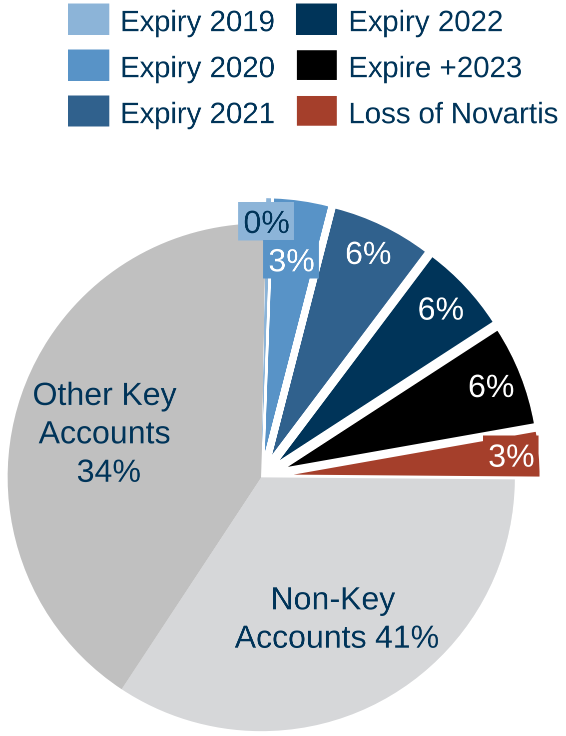
- **International manufacturing company** (Global) – includes significant expansion
- **Danske Bank** (Global)
- **Energy and resource company** (Germany)
- **Vattenfall** (Germany)
- **A hotel chain** (Norway)
- **National University Health Systems** (Singapore)
- **Roy Hill Holdings** (Australia)
- **Financial service company** (Spain)
- **Foreign Commonwealth Office** (APAC)
- **Global professional service company** (Nordic)

Losses/Reductions

- **Novartis** (Global)
- **ICA** (reduction) (Sweden)

Large key account[1] contract maturity profile





(1) *Existing Global Corporate Clients and Key Accounts generating revenue above DKK 200m in 2018*
(2) *Based on 2018 revenue figures*

THE POWER OF THE HUMAN TOUCH

Launch of transformational investment program (2019-2020)

2-year accelerated investment program to strengthen ISS's delivery capabilities to Key Accounts

Transformational investment of approx. DKK 200 m in H1 2019 (Opex and Capex):

Opex (c. 50%)

- **Accelerated roll-out of a new Facility Management System** (FMS@ISS) which will become the back-bone for all other technology and data driven initiatives – including **performance benchmarking, IoT, AI, robotics, sensors, workforce optimisation** etc.
- **Accelerated global migration** to Group standard operating systems (e.g. ERP, Procure-to-Pay, CRM, People Management)
- **Launch of a Global Shared Services organization** to drive centralization, standardization and automation across ISS
- **Organic build-out of Technical and Catering Services** including taking over in-house Facility Management organisations from blue-chip Key Accounts
- **Organic build-out of Strategic Workplace Management and Design** capabilities by leveraging our Global Centre of Excellence established on the basis of acquiring SIGNAL in 2017
- Targeted investments in **accelerating the conversion of the G200**[1]

Capex/WC (c. 50%)

- Accelerated **development of in-house digital solutions** to support key account delivery capabilities

Potential investment 2019-20
(fully funded by divestment proceeds)

DKK 700-800m
in total

Indicative split
Operating Expenditure (c. 50%)
Capital Expenditure / Working Capital (c.50%)

Status on the divestment programme (29% completed or signed[1])

Status

In preparation: 15%, Transaction phase: 57%

Signed: 19%, Completed: 10%

The final large scale divestment programme for ISS was announced in connection with a Strategy Update in December 2018:

- DKK 9.6 bn. of revenue to be divested[1]:
  - DKK 6.3 bn related to 13 countries[2]
  - DKK 3.3 bn related to a number of business units[3]
- Expected net divestment proceeds[4]: DKK 2.0-2.5 bn:
  - We reserve DKK 700-800m for our transformational investments…
  - … and intend to allocate at least 25% (min. DKK 500m) to share buy-backs or extraordinary dividends…
  - … with the rest being set aside for M&A or additional returns to shareholders

Countries

In preparation: 15%, Transaction phase : 55%

Signed: 27%, Completed: 3%

Brunei, Israel, Thailand, Estonia, Chile

Philippines, Malaysia, Czech Republic, Romania

Brazil, Slovenia, Hungary, Slovakia

Business Units

In preparation: 14%, Transaction phase : 59%

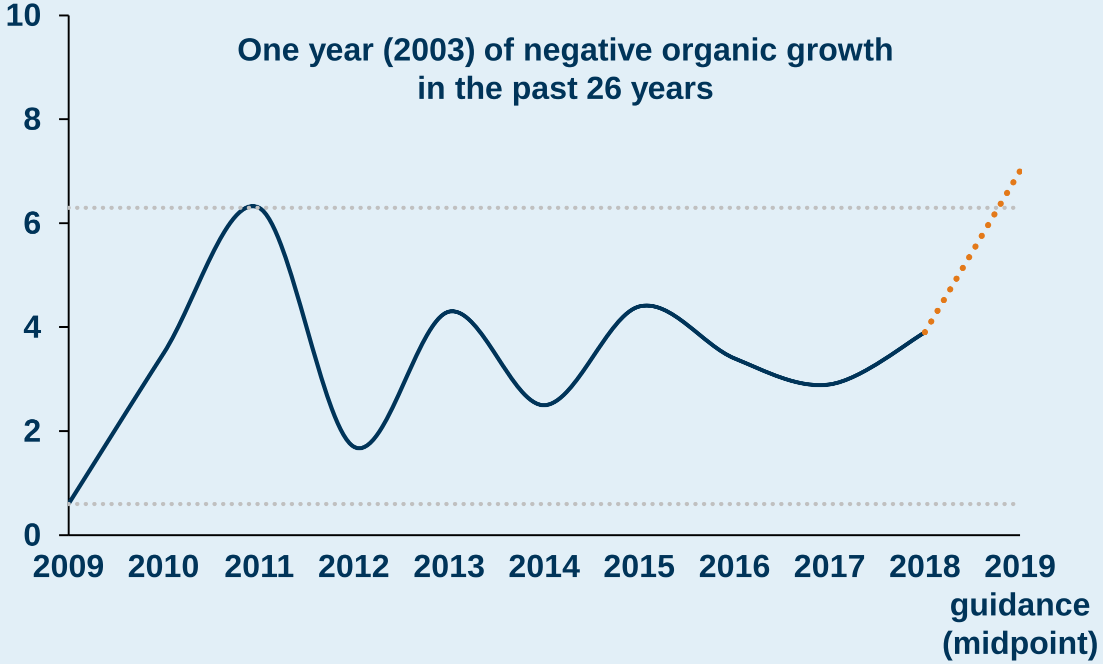
Signed: 0%, Completed: 27%

- ✓ Route based cleaning in Netherlands
- ✓ Route based cleaning in Austria
- ✓ Route based cleaning in Denmark
- ✓ Promotional Services in Portugal
- ✓ Public hospitals in Spain

(1) Based on 2017 revenue
(2) Countries have been classified as held for sale and have been discontinued. As such, the final divestment will not further impact reported revenue and operating profit
(3) Business units will gradually be classifies as held for sale but will remain part of reported numbers until divested. As such, the divestment of business units will impact revenue and operating profit upon divestment.
(4) Divestment proceeds net of divestment costs and restructuring

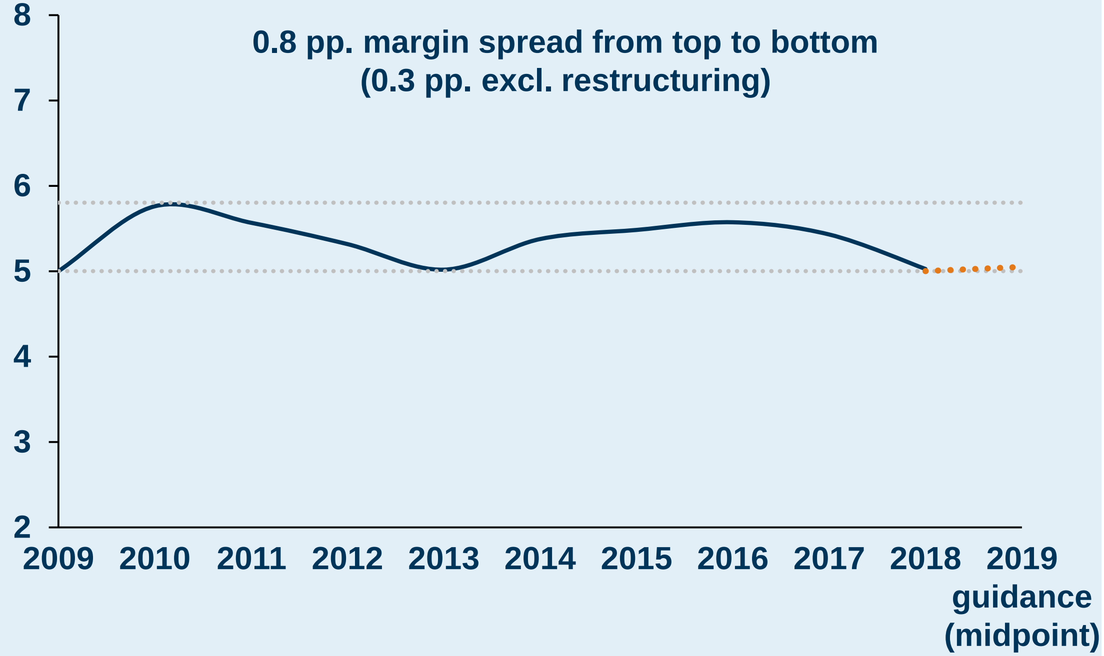
Resilient growth and stable margins through the cycle

Organic growth, %



Medium term guidance: 4-6% (10 years avg.: 3.4%)

Operating margin incl. restructuring, %



Medium term guidance: around 5.5% (10 years avg.: 5.4%)

Note: 2017 and 2018 have been restated for discontinued operations

THE POWER OF THE HUMAN TOUCH

Financials

Revenue growth H1 2019

Total growth	Organic growth	Currency	Acq./Div.
5.0% *Q1 2019: 4.9%, Q2 2019: 5.0%*	**6.0%** *Q1 2019: 6.1%, Q2 2019: 5.8%*	**0.5%** *Q1 2019: 0.6%, Q2 2019: 0.5%*	**-1.5%** *Q1 2019: -1.8%, Q2 2019: -1.3%*

Organic growth:

Major contract developments[1)]

-0.5 pp.

Q1 2019:-0.9 pp., Q2 2019: -0.2 pp.

Other contract developments

5.4 pp.

Q1 2019: 6.0 pp., Q2 2019: 4.9 pp.

Projects and above base

1.1 pp.

Q1 2019: 1.0 pp., Q2 2019: 1.1 pp.

Currency:

- Mainly driven by USD, CHF and HKD…
- … partly offset by TRY

Acq./Div.:

- Mainly driven by divestment of non-core activities in the Netherlands, UK landscaping activities and public hospitals in Spain

(1) Includes HP Inc, DXC and EMEA region of International Bank

Operating profit before other items H1 2019

H1 2018

DKK 1,395 m

3.86%

Key drivers

+2%

Operating profit supported by…

1. Strong revenue growth
2. Turnaround in the Americas and Sweden
3. Divestment of loss making non-core activates in the Netherlands (Nov. 2018)
4. Lower restructuring

… partly offset by:

1. Launch of the announced transformational investment programme (2019-2020) – slide 9
2. Contract start-ups and extensions
3. Selective local underperformance

Broadly neutral impact y/y from one-offs and IFRS16

H1 2019

DKK 1,418 m

3.74%

Key drivers in H2

Operating profit supported by…

- Stronger revenue growth
- Further momentum in the turnaround of North America and Sweden
- Lower restructuring
- Margin ramp-up on new/extended contracts

Partly offset by:

- Ongoing transformational investments

Income Statement

DKK million	H1 2019	H1 2018	Δ
Revenue	**37,886**	**36,098**	**1,788**
Operating expenses	(36,468)	(34,703)	(1,765)
Operating profit before other items	**1,418**	**1,395**	**23**
Other income and expenses, net	(53)	(40)	(13)
Operating profit	**1,365**	**1,355**	**10**
Financial income and expenses, net	(327)	(290)	(37)
Profit before tax	**1,038**	**1,065**	**(27)**
Income taxes	(260)	(260)	-
Net profit (adjusted) from continuing operations	**778**	**805**	**(27)**
Goodwill impairment(1)	(144)	(653)	509
Amortisation and impairment of brands and customer contracts	(168)	(234)	66
Income tax effect	36	64	(28)
Net profit from continuing operations	**502**	**(18)**	**520**
Net loss from discontinued operations	(100)	(112)	12
Net profit (reported)	**402**	**(130)**	**532**
Net profit (adjusted)	**822**	**704**	**118**
Adjusted EPS, DKK(2)	4.4	3.8	0.6
Net profit (adjusted) from continuing operations	**778**	**805**	**(27)**
Adjusted EPS from continuing operations, DKK(3)	4.2	4.3	(0.1)

- Divestment and acquisition related costs

DKK million	H1 2019	H1 2018
Net interest expense	(166)	(161)
Interest expense on lease liabilities incl. IFRS16	(48)	(6)
Forward premiums on currency swaps	(53)	(49)
Interest in factoring and supply chain finance	(17)	(5)
Other(4)	(46)	(51)
FX	3	(18)
Financial income and expenses, net	**(327)**	**(290)**

- Effective tax rate of 25.0% (H1 2018: 24.4%) in line with the underlying effective tax rate of c. 25%

- Goodwill impairment related to remeasurement of the held-for-sale Hygiene & Prevention business in France

- Operating profit more than off-set by fair value adjustments

(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 interest on defined benefit obligations, amortisation of financing fees and other bank fees

Cash Flow

Statement of Cash Flow (DKK m)	H1 2019	H1 2018	Δ
Operating profit before other items	1,418	1,395	23
Operating profit from discontinued operations	30	77	(47)
Depreciation and amortisation	766	328	438
Changes in provisions, pensions and similar obligations	(77)	(106)	29
Cash flow from Operations	**2,137**	**1,694**	**443**
Share based payments	57	17	40
Changes in working capital	(3,230)	(1,975)	(1,255)
Other expenses paid	(10)	(3)	(7)
Net interest paid/received	(268)	(196)	(72)
Income taxes paid	(502)	(464)	(38)
Cash flow from operating activities	**(1,816)**	**(927)**	**(889)**
Cash flow from investing activities	(691)	(375)	(316)
Cash flow from financing activities	1,623	(531)	2,154
Total cash flow	**(884)**	**(1,833)**	**949**

- Higher depreciation and amortization entirely driven by IFRS16
- Changes in working capital mainly driven by DKK 0.9bn lower use of non-recourse factoring (see slide 15)
- Increase driven mainly by IFRS16 (DKK 40m)
- CAPEX of DKK 499m or 1.3% revenue (H1 2018: DKK 460m or 1.3% of revenue)
- Net cash flow outflow from acquisition and divestment of businesses of DKK 172 m

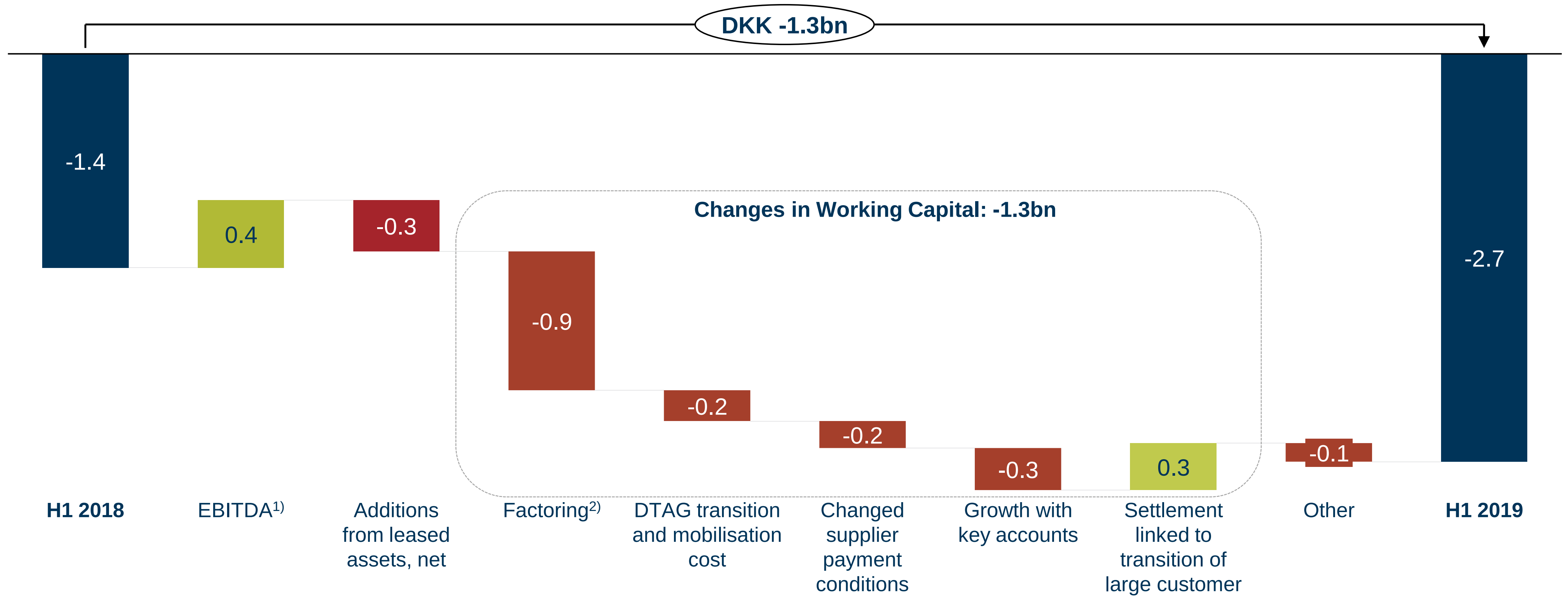
Free Cash Flow (DKK m)	H1 2019	H1 2018	Δ
Cash flow from operating activities	(1,816)	(927)	(889)
Capital expenditure, net	(499)	(460)	(39)
(Acquisition)/disposal of financial assets	(20)	(14)	(6)
Additions/disposals from leased assets, net	(336)	-	(336)
Free Cash Flow[(1)]	**(2,671)**	**(1,401)**	**(1,270)**
- of which relates to Deutsche Telekom transition and mobilisation cost	(265)	(63)	(202)

- The definition of Free Cash Flow has been changed from 2019 to include additions from leased assets to off-set the positive accounting impact from IFRS16 related depreciation and amortisation
- Reduction mainly driven by changes in working capital as a result of DKK 0.9bn lower use of non-recourse factoring (see slide 15)

1) *Definition post IFRS16 implementation: Cash flow from operations + cash flow from investments – cash flow from acquisitions/divestments, net – additions/disposals from leased assets*

Free Cash Flow development compared to H1 2018

Development in Free Cash Flow (DKK bn)

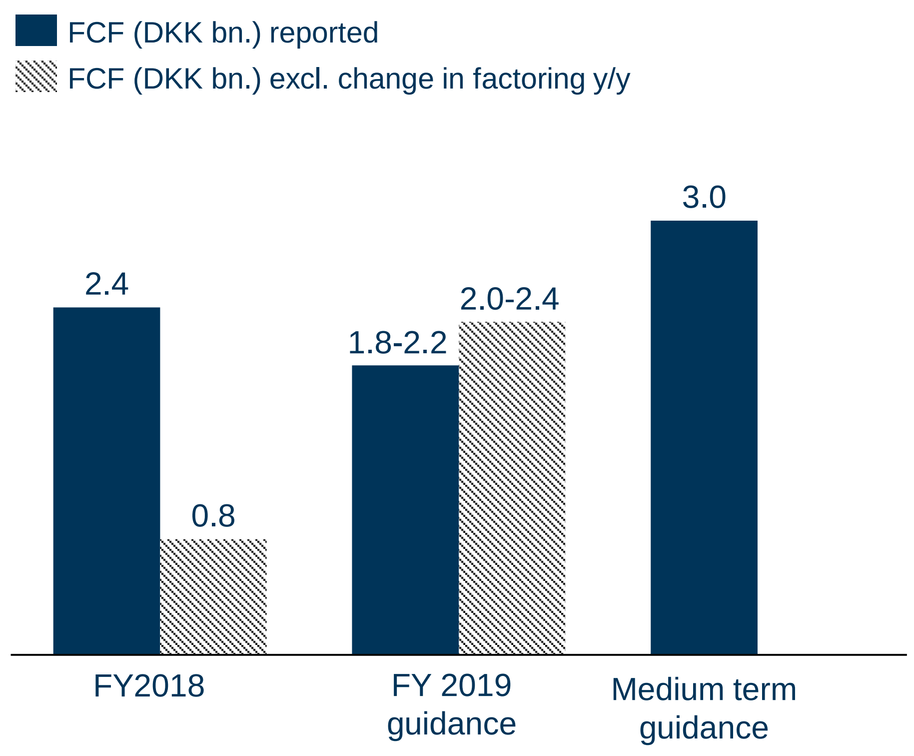


(1) Including discontinued operations

(2) Non-recourse. Including customers' Supply Chain Financing. ISS does not make use of any reverse factoring.
Factoring utilisation: FY 2017: DKK 1.0 bn., H1 2018: DKK 1.2 bn., FY 2018: DKK 2.5 bn, H1 2019: DKK 1.8 bn, FY 2019 commitment: below DKK 2.5 bn. (down y/y)

Free Cash Flow drivers in 2019

Free Cash Flow



Key drivers in 2019

- **Strong EBITDA growth**
- **Catch-up from 2018**
- **Launch of new Group-wide working capital optimisation initiative**
- **Lower income taxed paid**
- **Other improvements, net**
- **Partly offset by…**
  - … incremental growth-related working capital build-up…
  - … and higher CAPEX (incl. transformational investments)

Outlook

	2018 actual	2019 outlook[1)]	Medium term
Organic Growth	3.9%	6.5% - 7.5% (previously: 5-7%)	Industry leading organic growth of 4% - 6%
Operating Margin *before other income and expenses* *(restructuring above the line)* [2)]	5.0%	5.0% - 5.1% (previously: 5.0-5.2%)	Stable operating margins around 5.5%
Free Cash Flow[3)]	DKK 2.4 bn	DKK 1.8-2.2 bn	Strong Free Cash Flow around DKK 3.0 bn[4)] *(by 2021)*

Impact on total revenue from divestments, acquisitions and foreign exchange rates in 2019

- We expect the impact on revenue growth from development in foreign exchange rates to be approximately 0% to 1%[5)]
- We expect the net impact on revenue growth from divestments and acquisitions to be approximately -1%[6)]

1) Excluding any impact from acquisitions and divestments completed subsequent to 15 February 2019 as well as currency translation effects.
2) From 2019, the operating margin include restructuring costs (previously reported in Other income and expenses, net). The operating margin for 2018 of 5.0% has been restated accordingly.
3) Definition: Cash flow from operations + cash flow from investments – cash flow from acquisitions/divestments, net – additions/disposals from leased assets
4) In constant currency relative to 10 December 2018 when the medium-term target was originally set.
5) The forecasted average exchange rates for the financial year 2019 are calculated using the realised average exchange rates for the first seven months of 2019 and the average forward exchange rates (as of 1 August 2019) for the remaining five months of 2019.
6) Includes divestments and acquisitions completed by 31 July 2019 (including in 2018)

Appendix


KONE
TELAN SUURIN SALLITTU
HALKAISIJA 1700 mm
MASSA 70000 kg

Accounting impact related to IFRS 16 'Leases' (implemented in 2019)

Income statement	
Other cost	Decrease of c. DKK 0.9 bn
EBITDA	**Increase of c. DKK 0.9 bn**
Depreciations	Increase of c. DKK 0.9 bn
Operating profit before other items	**Broadly neutral**
Finance cost, net	Slight increase
Net profit	**Slightly reduced**

Balance sheet	
Total Assets	**Increase of c. DKK 3.5 bn**
Total Equity and Liabilities	**Increase of c. DKK 3.5 bn**

Cash flow statement	
Cash Flow from operating activities	Increase of c. DKK 1 bn
Cash Flow from financing activities[2)]	Decrease of c. DKK 1 bn

Net debt and Leverage	
Net debt	Increase of c. DKK 3.5 bn
EBITDA	Increase of c. DKK 0.9 bn
Leverage[1)]	**Increase of c. 0.3x**

Free cash flow	
Cash Flow from operating activities	Increase of c. DKK 1 bn
Additions/disposals from leased assets[3)]	c. DKK -1 bn
Free Cash Flow[4)]	**Broadly neutral**

1) *Leverage target adjusted from previously 2.5x to now 2.8x to reflect the accounting impact from IFRS 16 'Leases'*
2) *"Repayments of lease liabilities" will be added as a separate line under Cash Flow from financing activities*
3) *Subject to the ongoing decision to lease (Additions/disposals to leased assets) or buy (Capex)*
4) *Definition post IFRS16 implementation: Cash flow from operations + cash flow from investments – cash flow from acquisitions/divestments, net – additions/disposals from leased assets*