Investor Presentation
Q1 2017 Results

10 May 2017

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Agenda

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

Highlights

Business Highlights Q1 2017

Operating Performance

- Organic revenue growth of 2.6% (Q4 2016: 2.9%)
- Operating margin of 4.5% (Q1 2016: 4.5%)
- Last twelve months (LTM) cash conversion of 98% (Q4 2016: 98%)
- Net profit (adjusted) at DKK 546 million (Q1 2016: DKK 518 million)
- Financial leverage of 2.3x (Q1 2016: 2.3x and Q4 2016: 2.1x)

Integrated Facility Services (IFS)

- Revenue from Integrated Facility Services (IFS) increased 6% in local currency (36% of Group revenue)
- Revenue from Global Corporate Clients (GCC) increased 10% in local currency (11% of Group revenue)
- Successful, ongoing roll-out of major IFS contracts, including Heineken (Netherlands), Enexis (Netherlands), Bombardier (North America), Royal Mail (UK), a customer in the 'Transportation and Infrastructure' segment (UK), Norwegian Armed Forces (Norway) as well as Global Corporate Clients in general
- IFS contracts announced with South London and Maudsley NHS Foundation Trust (UK), Oslo Airport (Norway), Sengkang Health (Singapore) as well as three new Global Corporate Clients

Strategic Initiatives

- Ongoing implementation of GREAT (Netherlands, France, India and China) as we drive a sharper focus on customer segmentation and organisational structure
- Communities of excellence established across the group to leverage best practice
- Procurement and BPO initiatives continue to be implemented according to plan
- Successful strategic acquisitions of Evantec (Technical Services, Germany), Signal (Workplace Management, Group) and Guckenheimer (Catering, US)

Guckenheimer – a landmark acquisition for ISS

The facts

- Annual revenue of approximately DKK 2,300m (USD 337m)(1)
- Approximately 3,200 employees
- Purchase price (on a debt and cash free basis) of DKK 1,549m (USD 225m) corresponding to a multiple of 15.9x EBITA(2) pre-synergies…
- …and approximately 9x EBITA(3) when expected synergies are fully realised in 2018

(1) Revenue for 12 months to Dec '16
(2) Based on EBITA for 12 months to Dec '16
(3) Implied multiple based on projected 2018 EBITA including full impact of estimated synergies

Selected customers

Acquisition consistent with our strategic choices…

Services

- Guckenheimer is a leading provider of US food services
- With a strong ethos of food service innovation
- Delivers on-site preparation of fresh *'food to go to work for'*…
- …and restaurant experiences to help customers win the war for talent
- Operates a capital light, strongly cash generative model…
- …and shares the same culture and values as ISS

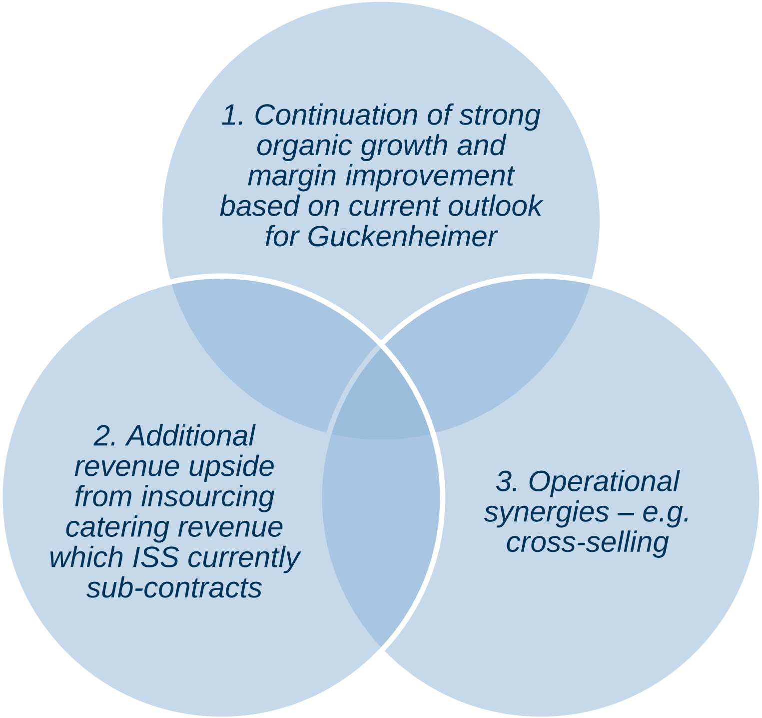
Customers

- A highly attractive list of blue-chip, key account customers…
- …within industry verticals that are consistent with ISS's focus
  - Business Services & IT
  - Pharma
  - Industry & Manufacturing
- Average tenure of Guckenheimer's top 20 clients is 17 years

Geography

- Increases ISS's revenue in the strategically important North American facility services market by c. 50%
- Guckenheimer operates in 33 states in the US…
- …and has a strong overlap with ISS's target geographies (California, Texas, the Midwest and the Northeast)

…with 3 principal sources of value accretion



The acquisition of Guckenheimer is consistent with our priority to reinvest capital back in the business subject to strict strategic and financial filters

Regional Performance

Regional performance Q1 2017

Continental Europe

4%
organic growth
(vs. 2% in Q4 2016)

- Growth driven by Turkey, Germany, Belgium, Switzerland and the Netherlands
- Development generally underpinned by contract launches and non-portfolio revenue growth
- Ongoing reduction of public sector exposure within Eastern Europe (notably Greece)
- Pipeline encouraging across the region

4.7%
operating margin[(1)]
(vs. 4.3% in Q1 2016)

- Improved operating margin driven mainly by Spain, the Netherlands, Switzerland and Turkey
- The Netherlands is seeing early benefits from the GREAT implementation
- Improvements partly offset by difficult market conditions in Portugal and the ongoing reduction of public sector exposure within Eastern Europe

Northern Europe

2%
organic growth
(vs. 5% in Q4 2016)

- Growth supported by contract launches and non-portfolio growth, especially in the UK and Norway…
- … partly offset by contract losses and downscaling in the industry and manufacturing segment in Sweden
- Sequential slow down reflects notably strong non-portfolio growth in Q4

5.6%
operating margin[(1)]
(vs. 5.9% in Q1 2016)

- Decrease mainly due to Sweden – some one-off costs, contract losses and operational challenges within the cleaning segment
- … partly offset by margin increases in the UK resulting from higher margin non-portfolio services in the technical service segment

(1) Operating profit before other items and corporate costs

Regional performance Q1 2017

Asia Pacific

-1%
organic growth
(vs. -3% in Q4 2016)

- Negative organic growth, as expected, mainly explained by lost contracts in Australia in 2016 - Royal North Shore (ended April), Rio Tinto (ended August) and Citic Pacific (ended October)
- Organic growth excluding Australia remained strong at 6%, driven by double digit growth in Indonesia, Singapore, India and Philippines
- Negative organic growth in China resulting from structural adjustments to our operating model

7.7%
operating margin(1)
(vs. 6.6% in Q1 2016)

- Improved margins in almost all countries
- Main drivers were Singapore, India and Hong Kong

Americas

4%
organic growth
(vs. 11% in Q4 2016)

- Double digit growth in North America driven by the IFS and aviation segments in North America…
- …and continued demand for non-portfolio services – albeit less than in Q4
- Strong performances in Chile and Mexico
- Organic growth in Brazil was materially negative, reflecting our decision to downsize the business and refocus on Key Accounts and the headwind is expected to remain throughout 2017
- Emerging headwinds in Argentina

2.0%
operating margin(1)
(vs. 3.2% in Q1 2016)

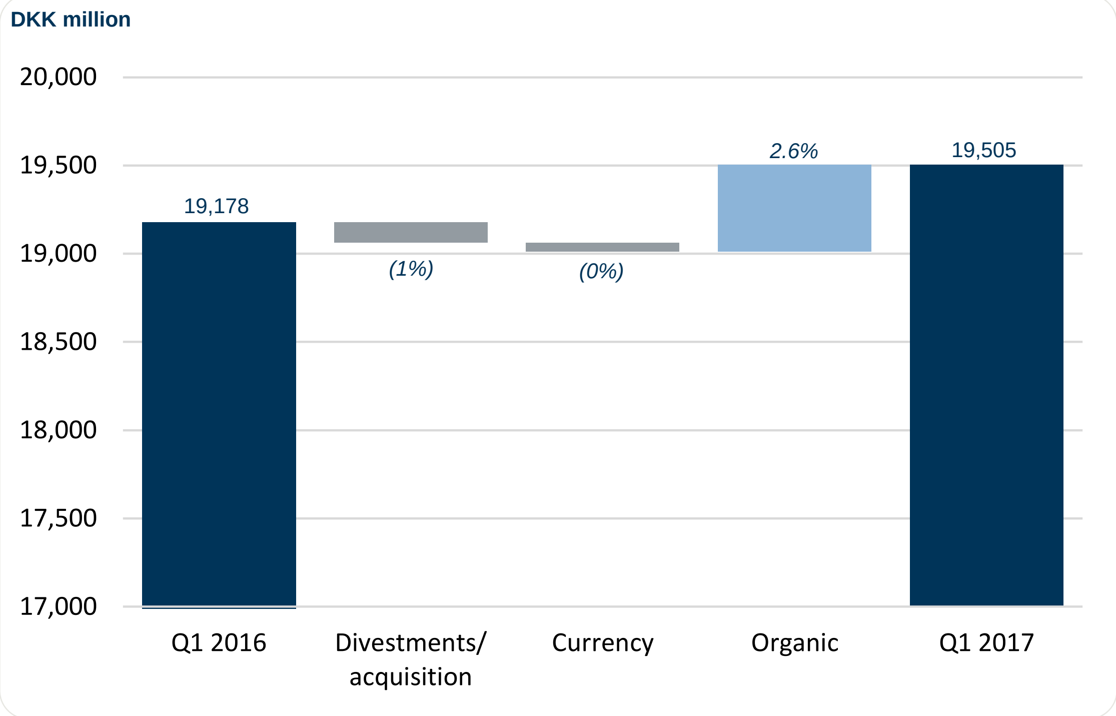
- Decline driven mainly by North America due to one-off labour-related costs and contract start-ups
- Negative margin impact in Argentina from contract exits
- Brazil has stabilised

(1) Operating profit before other items and corporate costs

Financials

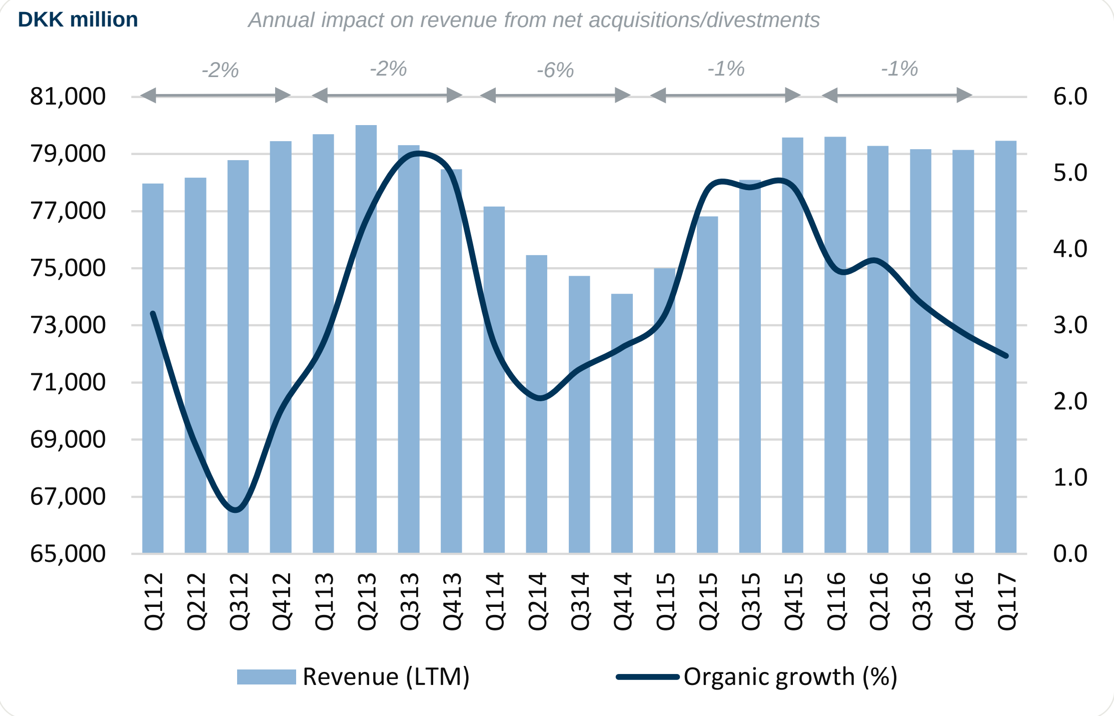
Revenue

Q1 2017 revenue growth of 2%



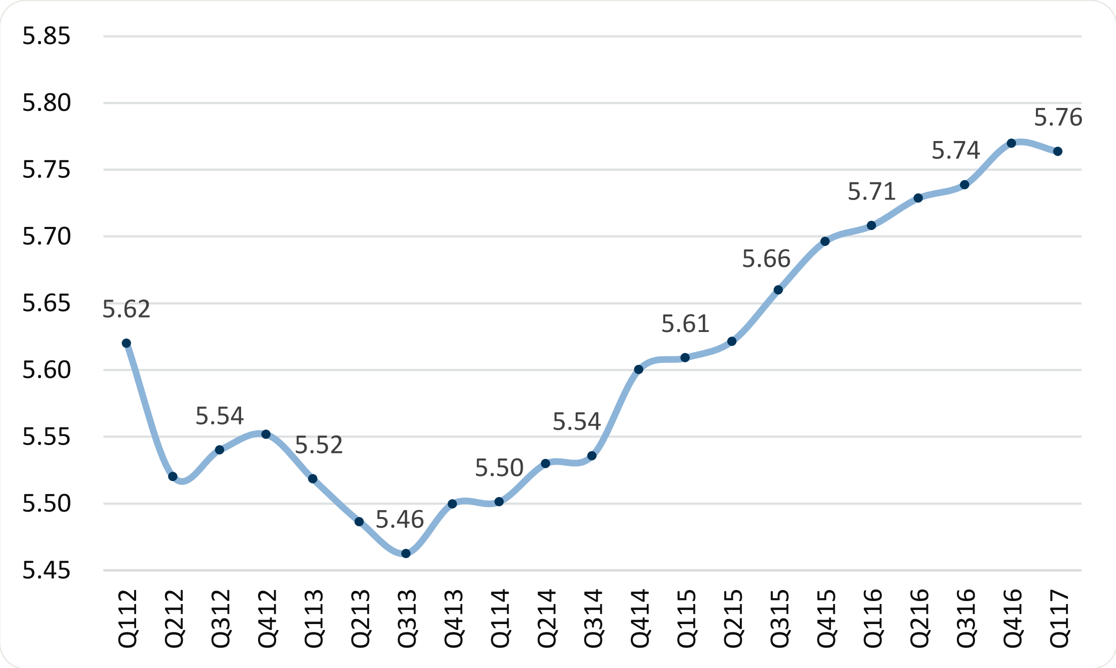
Note net currency impact due primarily to GBP and TRY

Q1 2017 organic growth of 2.6%

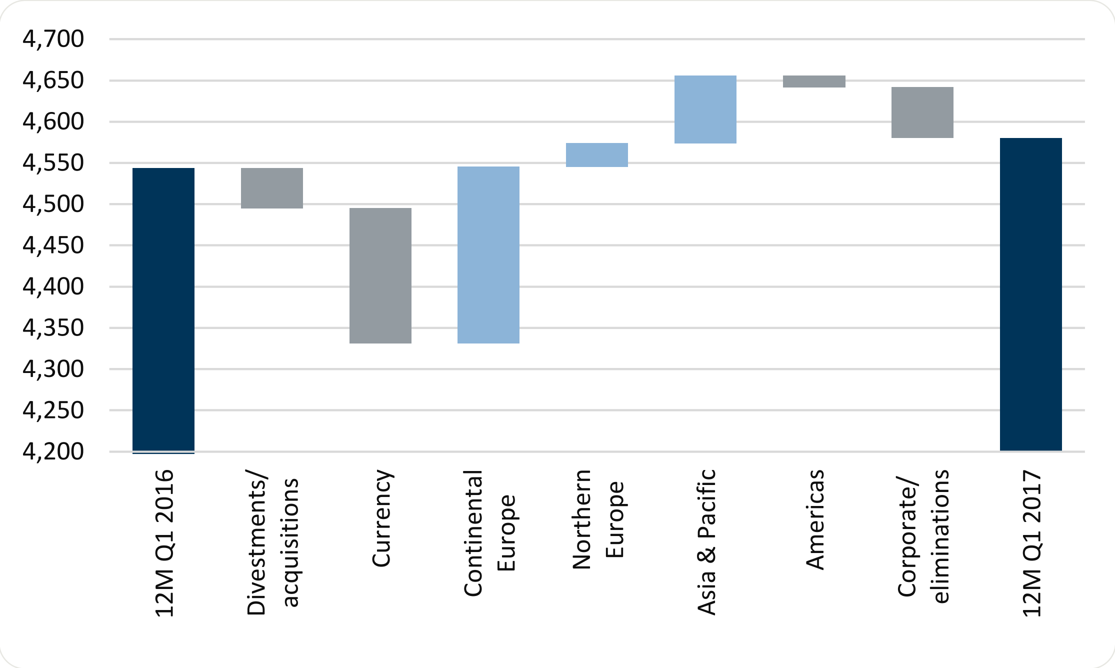


Operating profit before other items

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	Q1 2017	Q1 2016	Δ
Revenue	**19,505**	**19,178**	***327***
Operating expenses	(18,637)	(18,324)	*(313)*
Operating profit before other items	**868**	**854**	***14***
Other income and expenses, net	(4)	(28)	*24*
Operating profit (adjusted)	**864**	**826**	***38***
Financial income and expenses, net	(116)	(107)	*(9)*
Profit before tax (adjusted)	**748**	**719**	***29***
Income taxes	(202)	(201)	*(1)*
Net profit (adjusted)	**546**	**518**	***28***
Goodwill impairment	-	-	-
Amortisation and impairment of brands and customer contracts	(130)	(161)	*31*
Income tax effect	28	42	*(14)*
Net profit	**444**	**399**	***45***
Adjusted earnings per share, DKK(1)	**2.9**	**2.8**	***0.1***

- DKK 48m gain on divestments (mainly related to the sale of the Danish sewage business)
- DKK 44m of restructuring projects mainly related to the implementation of GREAT as well as Brazil
- DKK 8m of acquisition and integration costs (mainly Evantec and Signal)

DKK million	Q1 2017	Q1 2016
Net interest expense	(92)	(90)
Amortisation of financing fees	(9)	(9)
Other(2)	(25)	(26)
FX	10	18
Financial income and expenses, net	**(116)**	**(107)**

Effective tax rate of 27.0% (Q1 2016: 28.0%)

Reduced as a result of some customer contracts having been fully amortised by the end of 2016

(1) Calculated as Net profit (adjusted) 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	Q1 2017	Q1 2016	Δ
Operating profit before other items	868	854	*14*
Depreciation and amortisation	176	179	*(3)*
Adjusted EBITDA	**1,044**	**1,033**	***11***
Changes in provisions, pensions and similar obligations	(5)	(55)	*50*
	1,039	**978**	***61***
Share based payments	1	22	*(21)*
Changes in working capital	(1,376)	(1,414)	*38*
Other expenses paid	(49)	(51)	*2*
Net interest paid/received	(140)	(92)	*(48)*
Income taxes paid	(256)	(214)	*(42)*
Cash flow from operating activities	**(781)**	**(771)**	***(10)***
Cash flow from investing activities	(105)	(160)	*55*
Cash flow from financing activities	500	(408)	*908*
Total cash flow	**(386)**	**(1,339)**	***953***
Free Cash Flow[(1)]	**(976)**	**(902)**	***(74)***

Q1 performance reflects normal seasonal working capital outflows
98% LTM cash conversion

Increase y/y reflects first annual interest payment (DKK 42m) on the 5-year bond maturing in 2021

Q1 2016 positively impacted by a tax refund

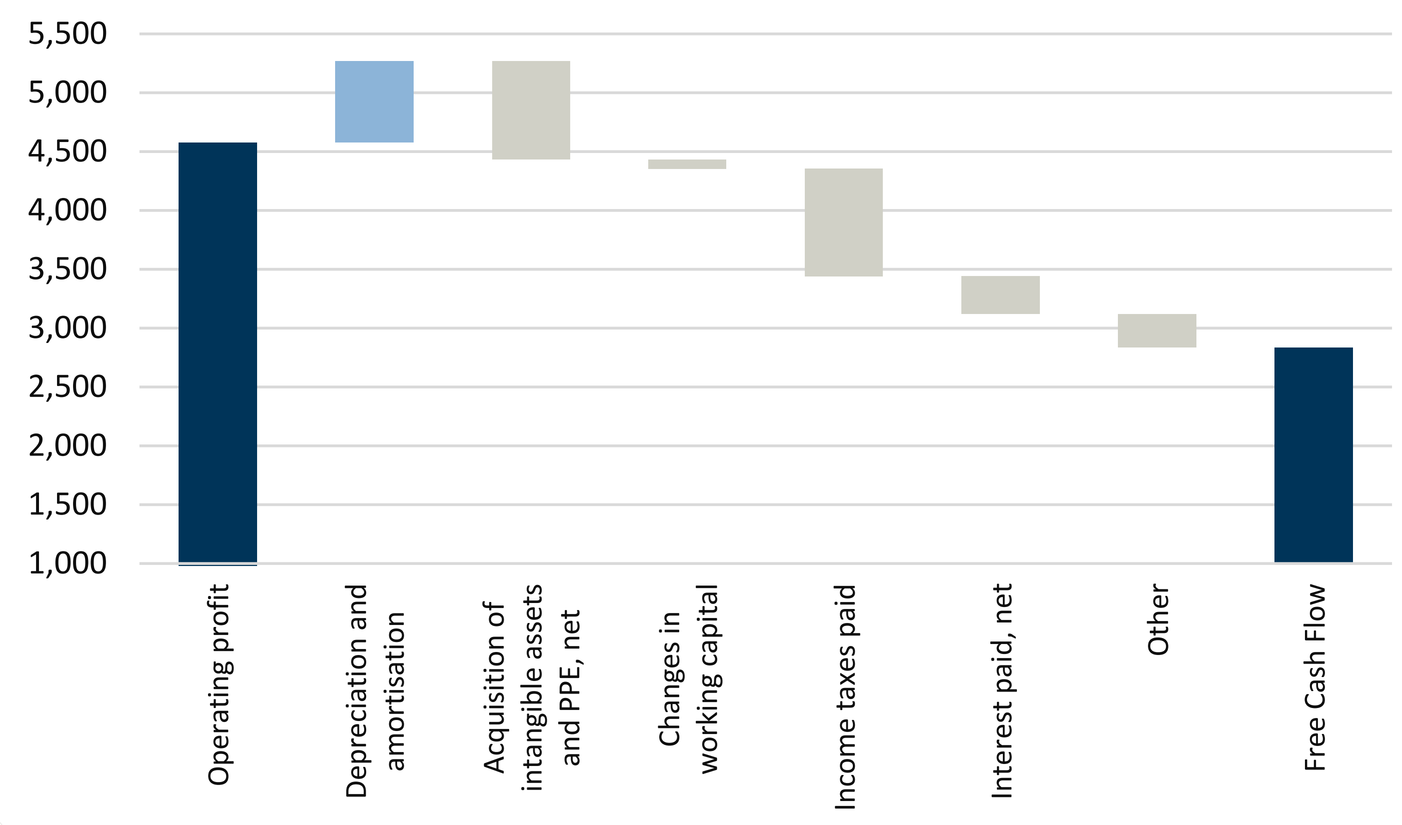
- Investments in intangible assets and property, plant and equipment, net, of DKK 180m or 0.9% of group revenue (1.1% LTM)
- Cash inflow from acquisitions/divestments of businesses, net of DKK 90m

Decrease y/y reflects lower Cash flow from operating activities, increased Investments in intangible assets and property, plant and equipment and increased Acquisition of financial assets

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

Free Cash Flow

LTM conversion of Operating Profit(1) to Free Cash Flow(2) (DKK m)

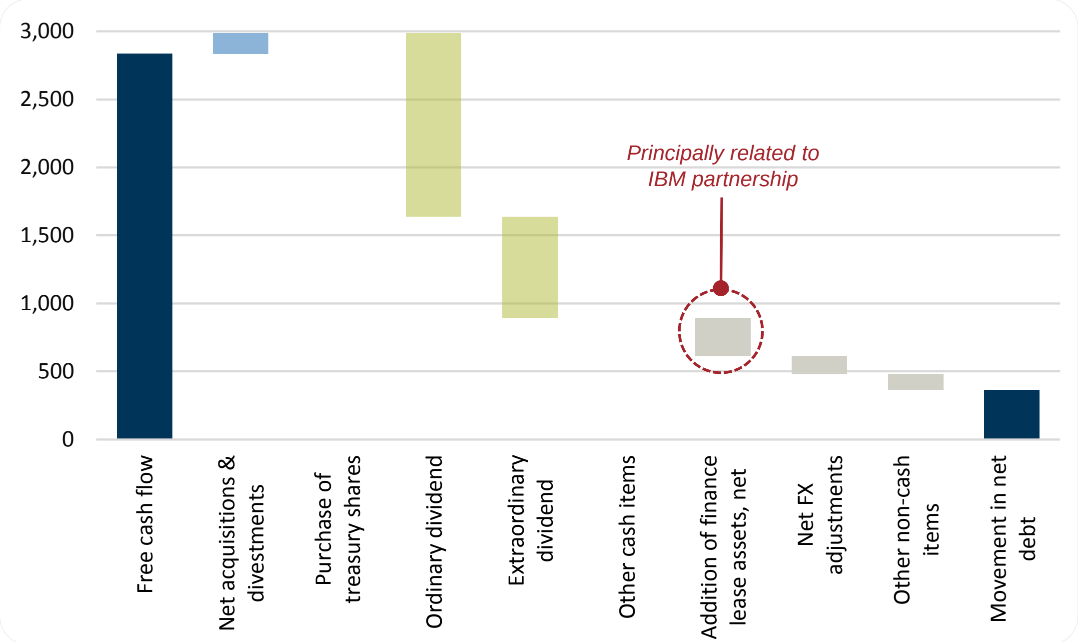


Continued strong cash generation

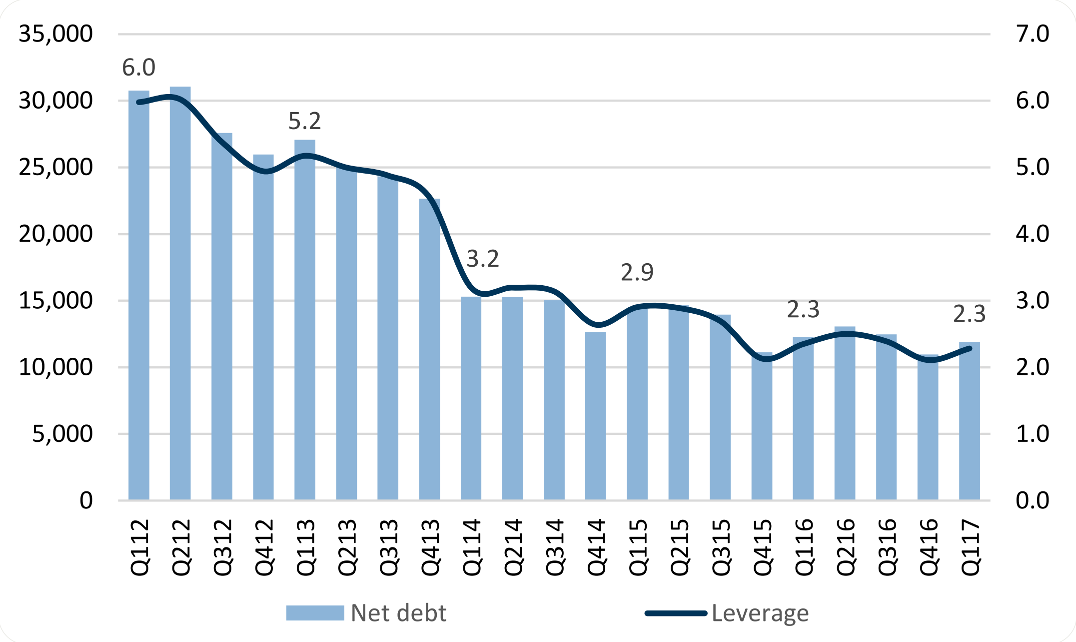
(1) Operating profit before other items
(2) Cash flow from operating activities + (Cash flow from investing activities less acquisition/divestment of businesses, net)

Capital allocation

Q1 2017 (LTM) allocation of Free Cash Flow[1] (DKK m)



Net debt and leverage[2]



(1) Cash flow from operating activities + (Cash flow from investing activities less acquisition/divestment of businesses, net)
(2) Net debt / Pro-forma adjusted EBITDA

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

Outlook

Outlook 2017

Organic Growth

'1.5 – 3.5%'

(2016 3.4%)

- **Expectation of continued strong growth in IFS, driven by expansion of existing customer relationships and new customer wins**
- **Negative impact from contract losses in Australia and contract exits in Brazil and Eastern Europe will continue in 2017, particularly in the first half**
- **Increased uncertainty posed by Brexit in the UK and levels of unrest in Turkey**
- **Outside of Brazil, good growth expected from Emerging Markets in both Latin America and Asia**

Impact on total revenue from divestments, acquisitions and foreign exchange rates in 2017
- We expect a negative impact from development in foreign exchange rates of approximately 0.5%(1)
- We expect a positive impact from divestments and acquisitions of 1-2%

Operating Margin

'Above the level realised in 2016'

(2016: 5.77%)

- **Continued focus on sustainable margin improvement and selectivity over our growth**
- **Development will be supported by ongoing strategic initiatives**
  - **Procurement**
  - **Customer segmentation, including Key Account focus**
  - **Organisational structure**
  - **Business Process Outsourcing (BPO)**

Cash Conversion

'Above 90%'

(2016: 98%)

- **Cash conversion will remain a priority in 2017**

(1) The forecasted average exchange rates for the financial year 2017 are calculated using the realised average exchange rates for the first four month of 2017 and the average forward exchange rates (as of 1 May, 2017) for the last eight months of 2017

Q&A