Investor Presentation
Q2 2016 Results

16 August 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.

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 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 Q2 2016

Operating Performance

- Organic revenue growth of 3.8% (Q1 2016: 3.7%)
- Total revenue growth of -2% (Q1 2016: 0%), driven by currency effects which reduced revenue by 5%
- Operating margin of 5.4% (Q2 2015: 5.3%)
- Last twelve months (LTM) cash conversion of 97% (Q1 2016: 99%)
- Net profit increased to DKK 498 million (Q2 2015: DKK 479 million)
- Financial leverage of 2.5x (Q2 2015: 2.9x and Q1 2016: 2.3x)

Integrated Facility Services (IFS)

- Revenue from Integrated Facility Services (IFS) increased 15% in local currency (Q1 2016: 11%) and represents 37% of Group revenue (Q1 2016: 35%)
- Revenue from Global Corporate Clients (GCC) increased 16% in local currency (Q1 2016: 15%) and represents 11% of Group revenue (Q1 2016: 10%)
- Successful, ongoing roll-out of major new/expanded IFS contracts (Danske Bank, Danish State Railways, Novartis, PostNord)
- New or extended IFS contracts signed with a major logistics company and a number of public institutions (UK), SKANSKA and SEB (Sweden), a major international bank (Mexico) and Jakarta Airport (Indonesia)

Strategic Initiatives

- Ground-breaking commercial agreement with IBM to strengthen IFS offering and transform building management
- Customer segmentation and alignment of country organisational structures implemented or in process of being implemented for approximately 70% of Group revenue
- Phase IV of the procurement excellence programme initiated and geographical scope of procurement excellence expanded
- Business Process Outsourcing (BPO) project now implemented in the Nordic countries, the Netherlands, Belgium & Luxembourg, Australia, Germany and Austria

Management

- Pierre-François Riolacci appointed as Group Chief Financial Officer
- Joins ISS from Air France-KLM, will be based in the Group's Headquarters in Copenhagen and will start in early November 2016

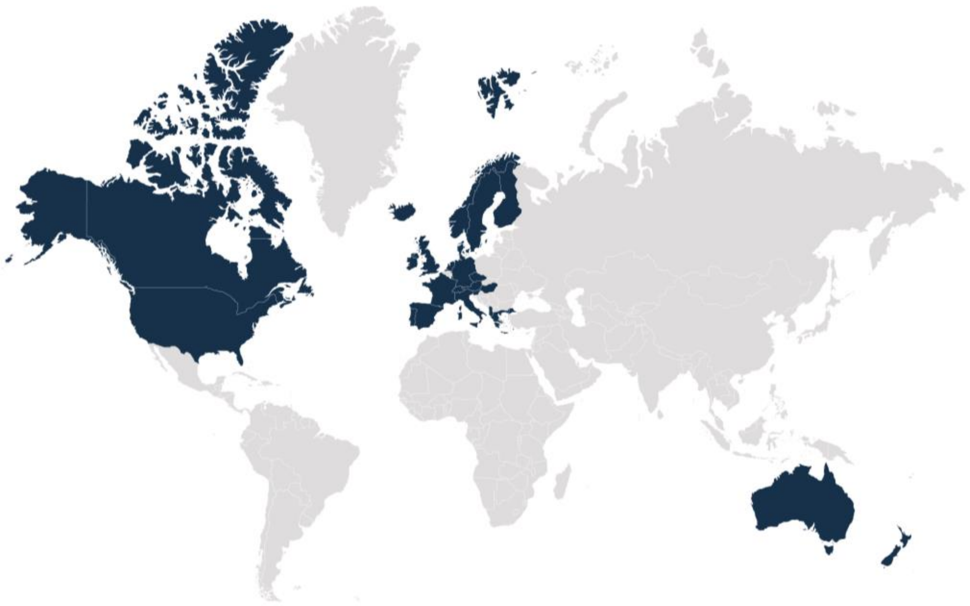
Key contracts recently expanded or launched

	postnord	NORWEGIAN ARMED FORCES
Background	• ISS has delivered facility services to PostNord since 2000 • PostNord looking for (1) Increased flexibility and efficiency (2) Centralisation of control (3) A reduction in their retained organisation	• A majority of the Norwegian Armed Forces' cleaning needs were being delivered in-house • Given a need to improve both efficiency and quality, all cleaning services were put out to tender in 10 separate regional contracts • ISS won all 10 tenders
Scope	• ISS to provide an IFS solution to PostNord across all Nordic countries • Current contract could almost triple to SEK 450 million p.a. • Approximately 400 ISS employees engaged when fully implemented • 5-year contract (3 years + 2-year extension option)	• Approximately one million square metres of property • Around 330 workers transferred to ISS • 7 year contract (4 years + 3-year extension option) • Total value of up to NOK 2.1 billion (subject to additional work orders)
Why ISS?	• Positive existing relationship, highly compelling geographic footprint and service excellence • Proof of regional delivery evidenced by major blue chip customers • Technology-driven, change-management credentials (INSIGHT@ISS)	• Positive relationship with Norwegian Armed Forces through existing services (Cleaning and Catering) • Unique delivery capability in each and every region • Reduced complexity and cost by choosing one nationwide partner
Future potential	• As PostNord's business evolves, the company faces changing property portfolio needs… • …which in turn creates opportunities for ISS	• Largest public sector outsourcing contract in Norwegian history… • …further demonstrating ISS's public sector and single-service excellence credentials • Possible mid-term opportunities within Property Services (Maintenance & Engineering)

Regional Performance

Regional Performance Q2 2016

Developed Markets



75%
of Group revenue

43%
of Group employees

2%
organic growth
(vs. 2% in Q1 2016)

6.2%
operating margin[2]
(vs. 6.0% in Q2 2015)

Emerging Markets[1]

25%
of Group revenue

57%
of Group employees

8%
organic growth
(vs. 10% in Q1 2016)

6.2%
operating margin[2]
(vs. 6.1% in Q2 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 Q2 2016

Continental Europe

4%
organic growth
(vs. 4% in Q1 2016)

- Positive impact from contract launches in Belgium and price and volume increases in Turkey
- Partly offset by lower activity in Israel, as well as planned contract exits in Greece

5.5%
operating margin(1)
(vs. 5.3% in Q2 2015)

- Good performances in France and Germany
- Partly offset by the divestment of the high margin call centre activities in Turkey…
- …as well as difficult market conditions in certain Eastern European countries

Northern Europe

4%
organic growth
(vs. 2% in Q1 2016)

- Strong performance within the financial sector and public segment in the United Kingdom…
- …as well as contract launches in Denmark and Norway
- Partly offset by Finland – contract downsizing, in particular within the technology sector

7.1%
operating margin(1)
(vs. 7.0% in Q2 2015)

- Supported by strength within the financial sector and certain timing differences in the United Kingdom
- Cost savings initiatives within property services in Denmark
- Partly offset by lower activity in the catering division and contract start-ups in Norway

(1) Operating profit before other items and corporate costs

Regional Performance Q2 2016

Asia Pacific

4%
organic growth
(vs. 7% in Q1 2016)

- Asia continued to deliver double-digit growth rates
- Loss of a large contract within the hospital sector and reduced services within the remote site resource sector in Australia
- Decreased demand for non-portfolio services in Singapore

6.9%
operating margin(1)
(vs. 6.3% in Q2 2015)

- Operational efficiencies in Australia and Singapore…
- …and cost savings initiatives in India

Americas

4%
organic growth
(vs. 2% in Q1 2016)

- Strong performance and contract start-ups within the IFS division and the aviation segment in the USA
- Contract wins and stronger demand for non-portfolio services in Mexico
- Price increases in Argentina
- Contract exits in Brazil within certain business units following the initiation of structural adjustments of our business platform

4.1%
operating margin(1)
(vs. 4.5% in Q2 2015)

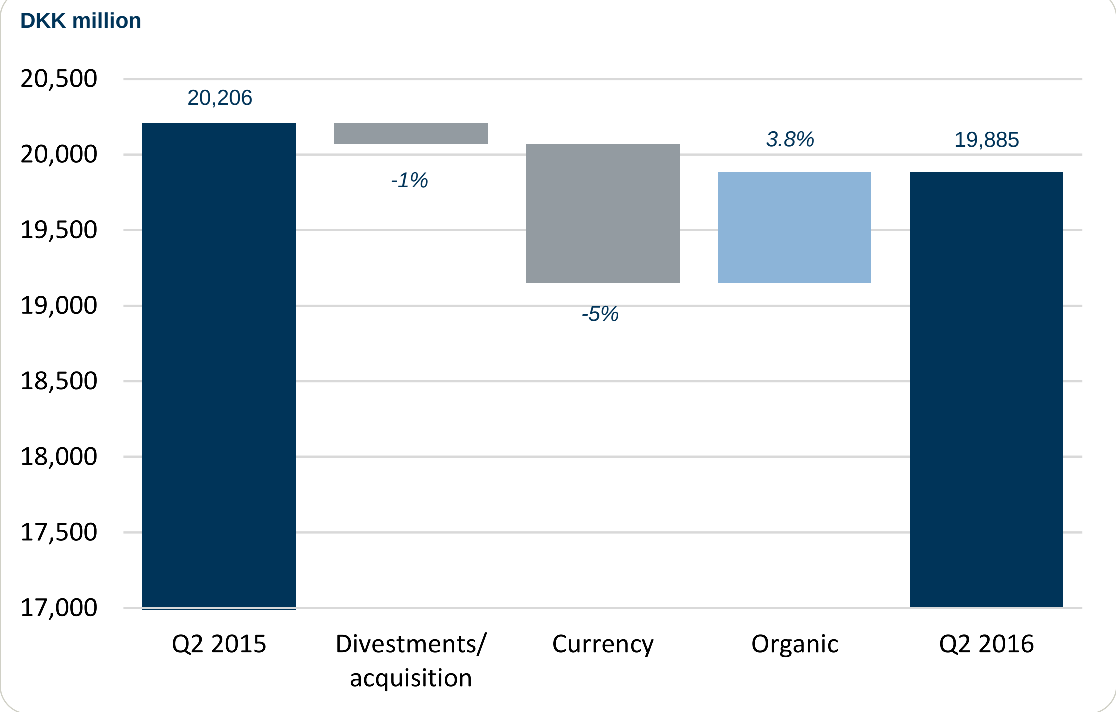
- Margin decreases in Mexico and Chile, partly due to timing differences
- Partly offset by a strong performance within the IFS division in the USA
- Underlying margin development for the region was stable

(1) Operating profit before other items and corporate costs

Financials

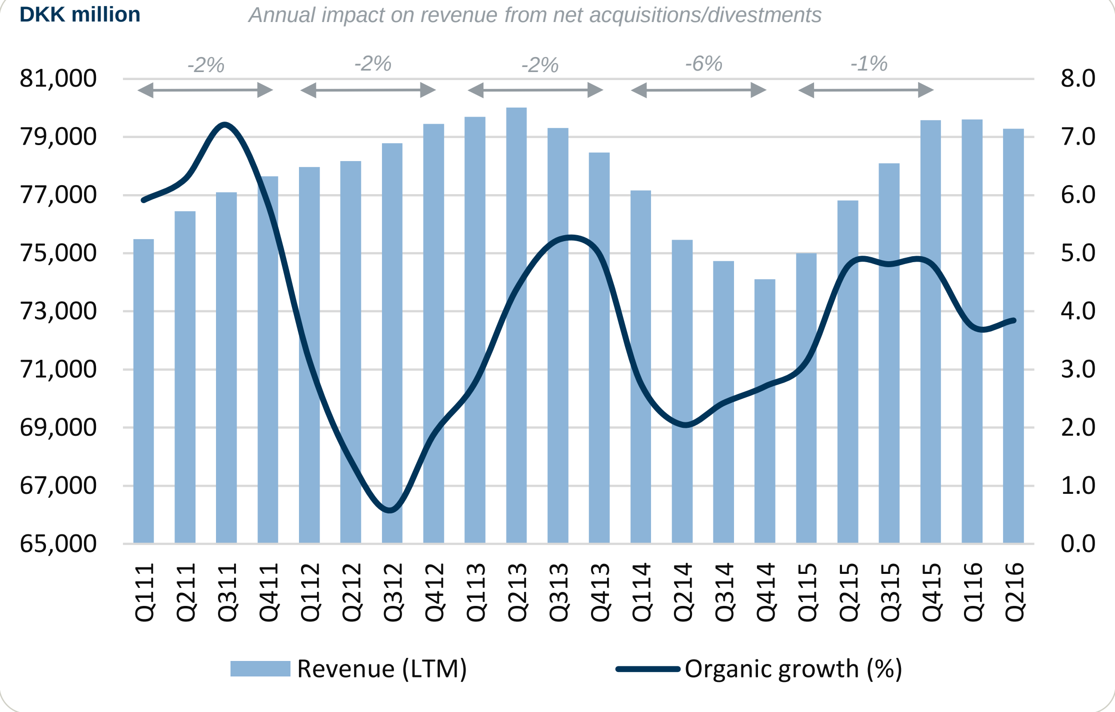
Revenue

Q2 2016 revenue growth of -2%



Note net currency impact due primarily to GBP, NOK, AUD, CHF and TRY

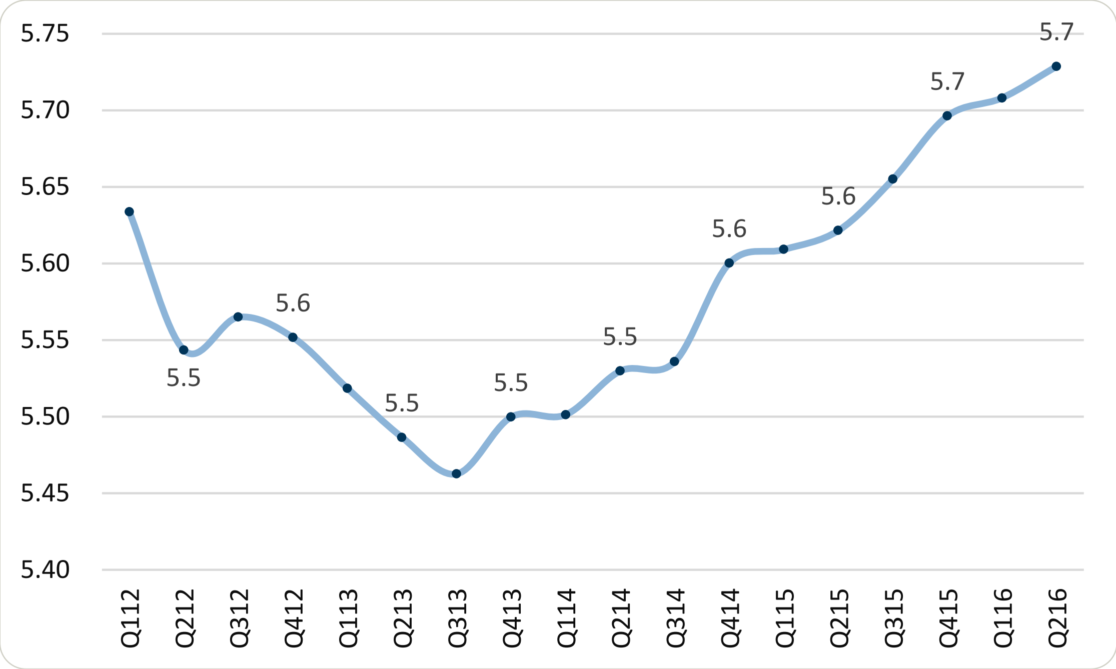
Q2 2016 organic growth of 3.8%



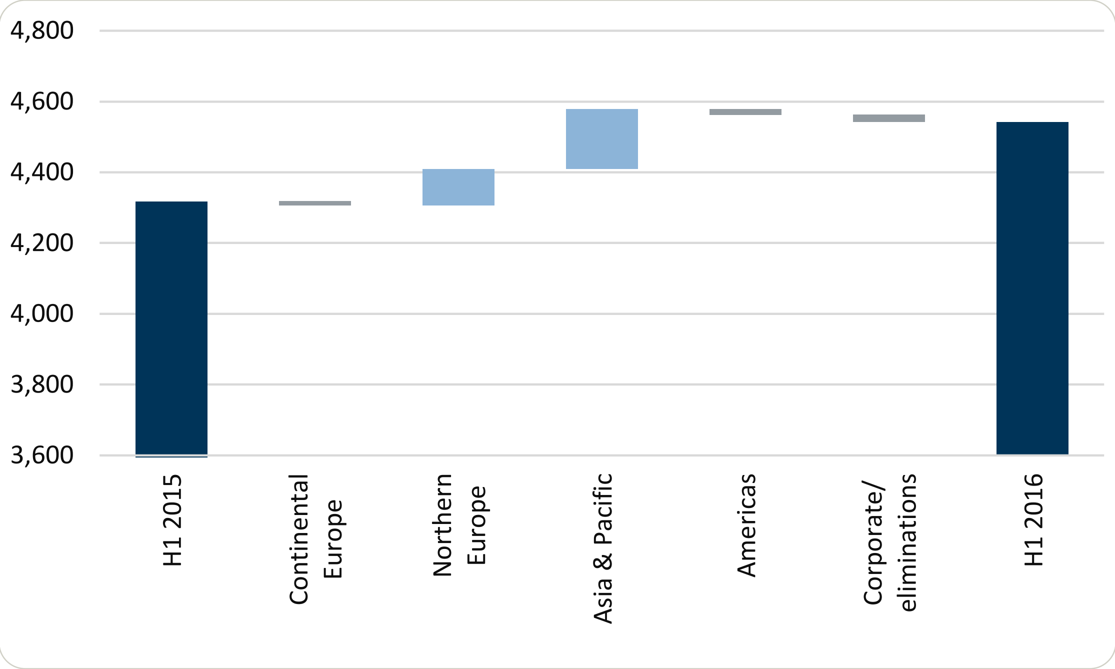
THE POWER OF THE HUMAN TOUCH

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	Q2 2016	Q2 2015	Δ	YTD 2016	YTD 2015	Δ
Revenue	**19,885**	**20,206**	***(321)***	**39,063**	**39,356**	***(293)***
Operating expenses	(18,820)	(19,139)	*319*	(37,144)	(37,446)	*302*
Operating profit before other items	**1,065**	**1,067**	***(2)***	**1,919**	**1,910**	***9***
Other income and expenses, net	(60)	(44)	*(16)*	(88)	(63)	*(25)*
Operating profit	**1,005**	**1,023**	***(18)***	**1,831**	**1,847**	***(16)***
Financial income and expenses, net	(120)	(164)	*44*	(227)	(380)	*153*
Profit before tax and amortisation/impairment of acquisition-related intangibles	**885**	**859**	***26***	**1,604**	**1,467**	***137***
Income taxes	(248)	(258)	*10*	(449)	(440)	*(9)*
Profit before amortisation/impairment of acquisition-related intangibles	**637**	**601**	***36***	**1,155**	**1,027**	***128***
Goodwill impairment	(24)	-	*(24)*	(24)	(6)	*(18)*
Amortisation and impairment of brands and customer contracts	(156)	(167)	*11*	(317)	(331)	*14*
Income tax effect	41	45	*(4)*	83	86	*(3)*
Net profit/(loss) for the period	**498**	**479**	***19***	**897**	**776**	***121***
Adjusted earnings per share, DKK(1)	**3.4**	**3.2**	***0.2***	**6.2**	**5.5**	***0.7***

Includes GREAT restructuring projects (Iberia, Finland and Belgium), structural adjustments of our business platform in Brazil and losses on divestments (Greenland and prior year adjustments)

DKK million	Q2 2016	Q2 2015
Net interest expense	(94)	(115)
Amortisation of financing fees	(8)	(9)
Other(2)	(23)	(34)
FX	5	(6)
Financial income and expenses, net	**(120)**	**(164)**

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

Divestment of activities in Greenland

(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	Q2 2016	Q2 2015	Δ	YTD 2016	YTD 2015	Δ
Operating profit before other items	1,065	1,067	*(2)*	1,919	1,910	*9*
Depreciation and amortisation	176	189	*(13)*	355	380	*(25)*
Share based payments (non-cash)	23	25	*(2)*	45	43	*2*
Changes in working capital	(133)	(18)	*(115)*	(1,547)	(1,423)	*(124)*
Changes in provisions, pensions and similar obligations	(26)	(65)	*39*	(81)	(1)	*(80)*
Other expenses paid	(34)	(67)	*33*	(85)	(139)	*54*
Net interest paid/received	(36)	(71)	*35*	(128)	(175)	*47*
Income taxes paid	(233)	(217)	*(16)*	(447)	(434)	*(13)*
Cash flow from operating activities	**802**	**843**	***(41)***	**31**	**161**	***(130)***
Cash flow from investing activities	(155)	(156)	*1*	(315)	(925)	*610*
Cash flow from financing activities	(1,047)	(481)	*(566)*	(1,455)	**(454)**	*(1,001)*
Total cash flow	**(400)**	**206**	***(606)***	**(1,739)**	**(1,218)**	***(521)***
Free Cash Flow[(1)]	**655**	**615**	***40***	**(264)**	**(293)**	***29***

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

Higher cash outflow mainly relates to changes in trade receivables as a result of contract launches, project work and quarterly timing differences

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

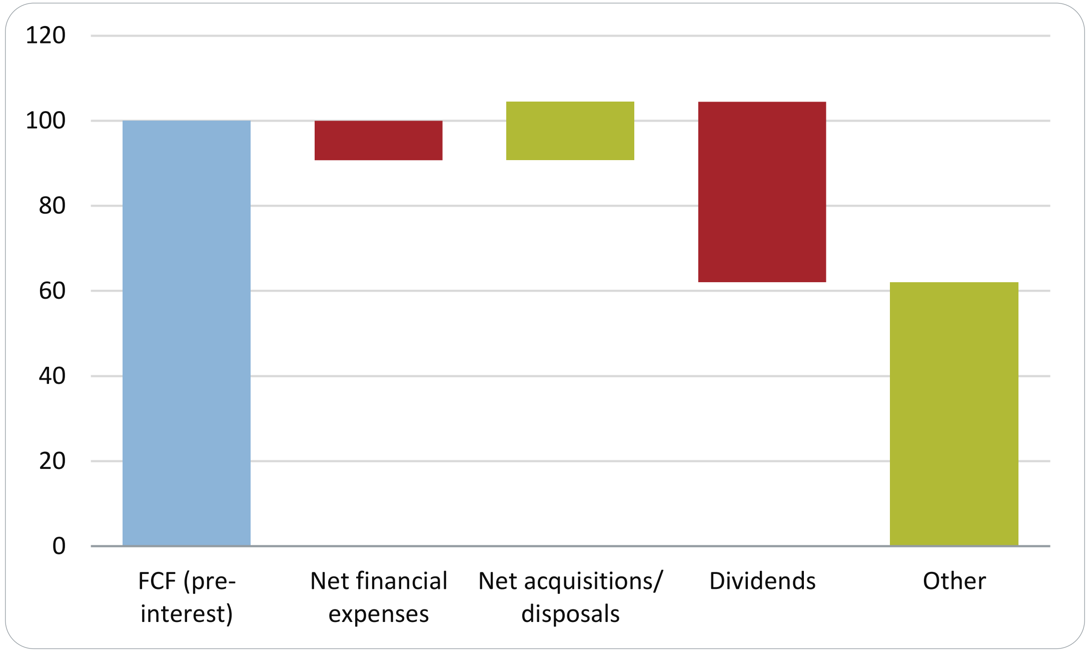
Includes investments in intangible assets and property, plant and equipment, net, of DKK 295m (0.8% of group revenue) – lower than typical due, in part, to quarterly timing differences

Includes DKK 1,358m ordinary dividend payment in April

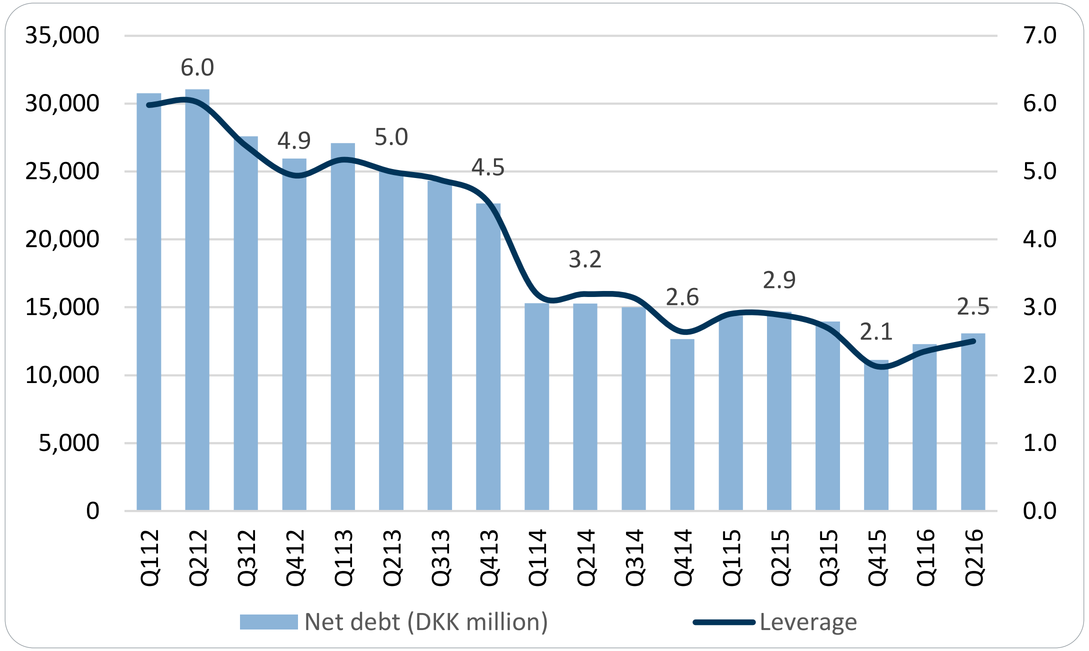
(1) Free Cash Flow defined as cash flow from operating activities minus CAPEX

Capital allocation and leverage

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



Leverage of 2.5x at end Q2 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

Ground-breaking agreement with IBM

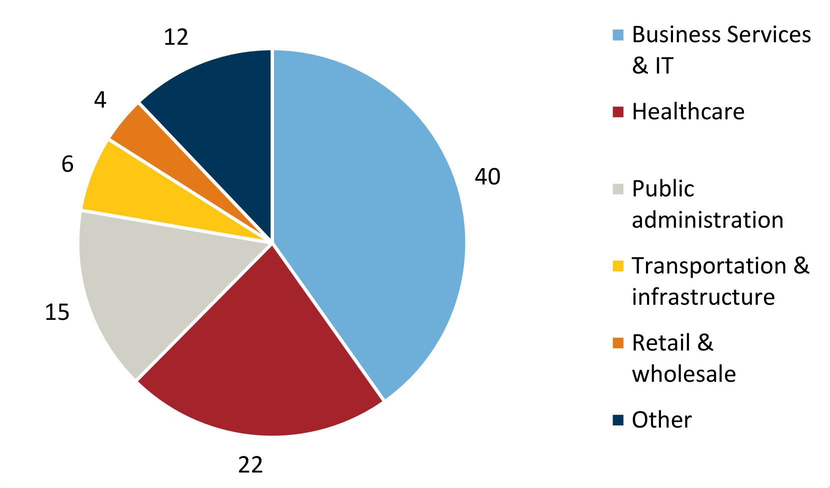
1 FMS@ISS *(Real estate management)*	• FMS is our integrated business intelligence platform providing customers with a single, global portal • Enables users to make and track Helpdesk requests… • …and to deliver work order management and asset management • FMS will now be based on IBM's *TRIRIGA* platform – an engine upgrade offering enhanced end-user interface and… • …access to an extended eco system	• *TRIRIGA* will be rolled out to all existing FMS users… • …and extended to a significant number of new users during the next 30 months • ISS will receive support from a dedicated IBM project management and acceleration team
2 Integration@ISS *(IFS support)*	• Objective is to further leverage our *integrated*, *self-delivery* capabilities • Work force optimisation is a key element in driving both employee productivity and engagement • Integration@ISS will now be supported by IBM with effective analysis of employee skills, tasks, shifts, costs and subsequent determination of employee workloads • Initial pilot tests have demonstrated material productivity improvements can be generated	• Objective is to develop a global blueprint and platform by end 2016… • …and then roll out Integration@ISS to several hundred customer sites over the first 30 months • Again, dedicated project management and training teams will support this initiative
3 Cognitive intelligence	• ISS to use the power of *Watson IOT* to transform the management of customer buildings around the world • Sensors deployed throughout buildings coupled with analytics and cognitive intelligence will automate interactions with building occupants (end-users) in a real-time way • Moving from reactive to pro-active service behaviour • A visionary approach to delivering excellence in workplace management	• ISS's Copenhagen headquarters serves as an innovation lab… • …and has been rigged up with hundreds of sensors connected to IBM's *Watson IOT* platform • *Watson* IOT technology to be implemented at selected customer sites

Data, technology and self-delivered service credentials combining to drive the workplace of the future

Update: ISS United Kingdom and ISS Turkey

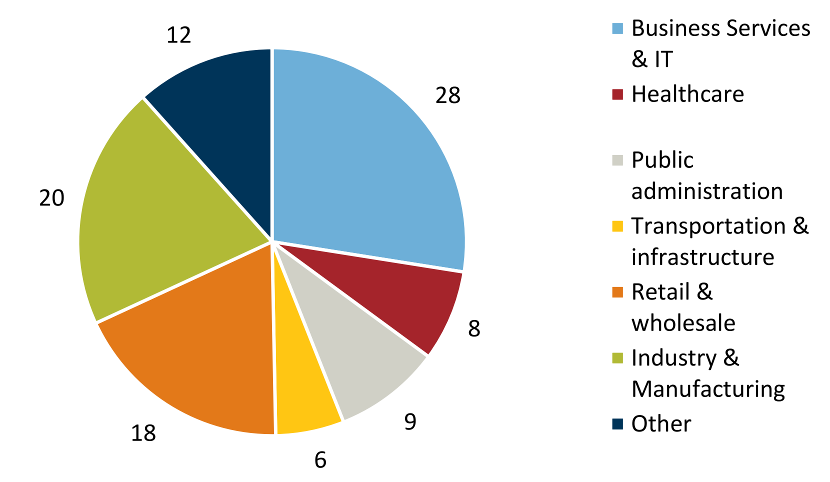
Revenue split by industry segment, 2015 (%)

ISS United Kingdom



- The United Kingdom is the largest country within ISS
- Accounted for 15% of 2015 group revenue
- Margins are good (above group average)
- The outsourced FM market is well established
- 53% of UK revenue comes from IFS (2015)
- Approximately 40% of UK revenue comes from the public sector (Heathcare, Defence, Education, Transport)
- Financial Services is the biggest single industry sector
- Business performance so far in 2016 unaffected by uncertainty pre- or post-BREXIT
- Business opportunities remain encouraging in both the private and public sectors

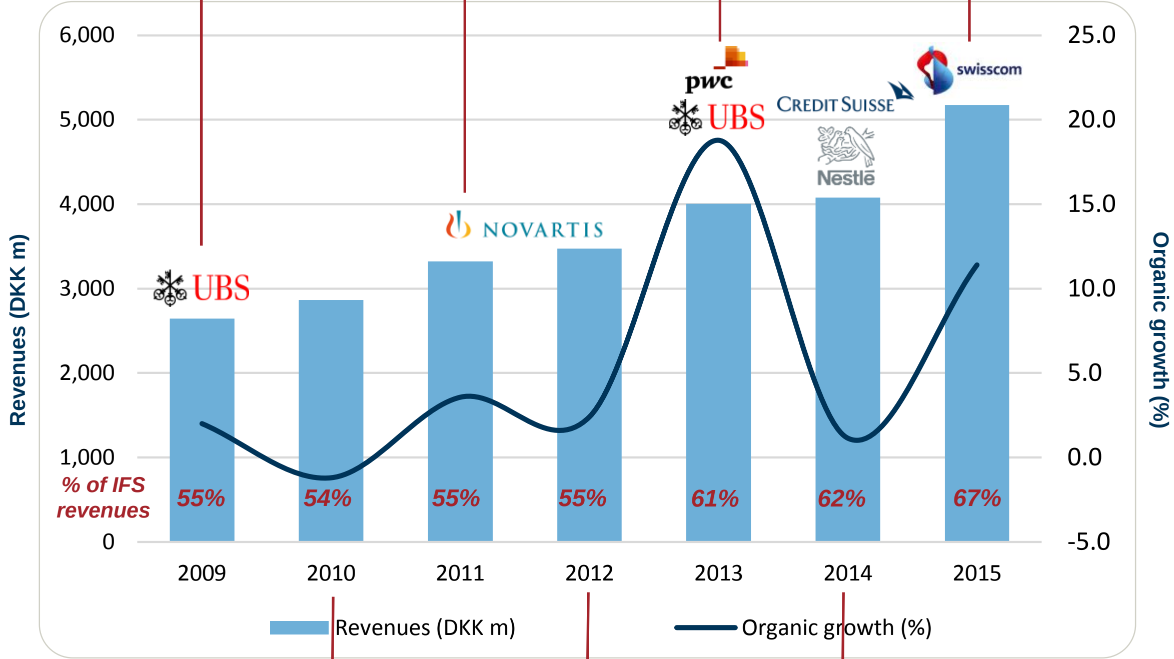
ISS Turkey



- Turkey is the 11th largest country within ISS
- Accounted for 4% of 2015 group revenue
- Margins are good (above average)
- The outsourced FM market is less sophisticated than many European countries
- 11% of Turkish revenue comes from IFS (2015)
- Revenue is dominated by private sector customers
- Negligible impact on ISS thus far from attempted coup d'état in July (only 3 small customers saw a shutdown of their facilities)
- Tourism is the most negatively impacted industry segment thus far in 2016 (accounts for only 3% of ISS Turkey revenue)
- Business opportunities remain encouraging, notably in Healthcare

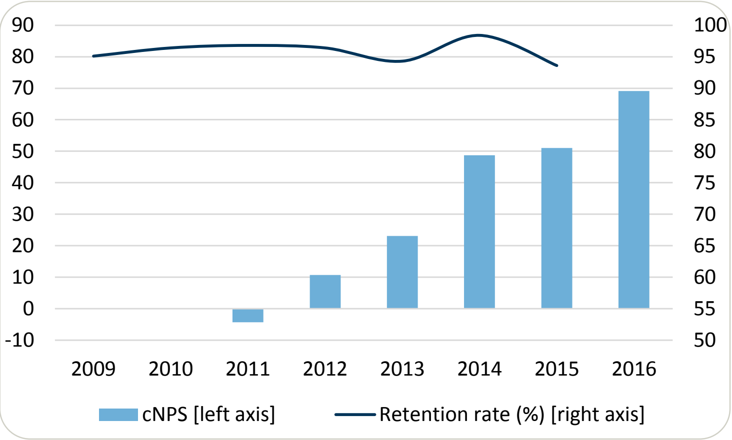
Case Study: ISS Switzerland

- Early extension, and expansion, of UBS contract until Dec 2015
- Major restructuring strengthens IFS capability and key account focus
- IFS contract with PwC won and implemented
- Early extension of UBS contract to Dec 2020
- Implementation of new IFS contract with Swisscom

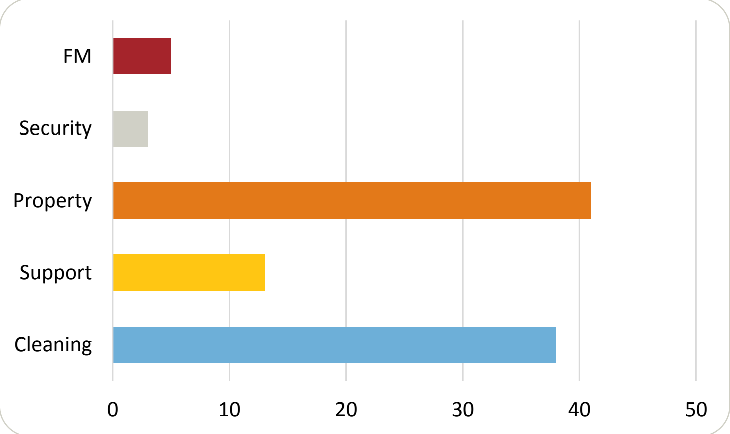


- Cost reductions delivered to customers post financial crisis but margins protected
- Sole Cleaning provider for Novartis in 2011. ISS then wins expanded IFS contract in 2012
- IFS contract with Nestlé won and implemented
- Credit Suisse contract expanded

Improved customer satisfaction supports strong retention rate



Revenue split by service, 2015 (%)



Experienced management board

A, Nauer
CEO
with ISS since 1998

R. Fuchs
CFO
with ISS since 2004

R. Wehrli
People & Culture
with ISS since 2014

G. Santagada
Sales & Business Development
with ISS since 2010

Operations
S. Tobler
with ISS since 2004

R. Fitze
with ISS since 2006

C. Favier-Bosson
with ISS since 1998

R. Färber
with ISS since 2013

Key Accounts
P. Döbelin
with ISS since 2007

W. Koch
with ISS since 2008

Outlook

Outlook 2016

Organic Growth

2.5 – 4.0%

(2015: 4.4%)

- **Expectation narrowed from 2-4% to 2.5-4.0%**
- **Reflects the solid organic growth for the first half of 2016**
- **Supported by the large contract launches, especially in Europe and Americas, as well as in our IFS business in general**
- **We anticipate continuing to benefit from this for the remainder of 2016**
- **We remain cautious of the difficult market conditions in certain European countries and Brazil**

Impact on total revenue from divestments, acquisitions and foreign exchange rates in 2016

- 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%(2)
- Consequently, we expect total revenue growth in 2016 to be in the range of -2.5% to +1.0%

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 seven months of 2016 and the average forward exchange rates (as of 12 August, 2016) for the last five months of 2016

(2) Divestments and acquisition completed by 31 July 2016 (including in 2015)

Q&A