# ISS A/S

## Offering of up to 58,399,894 ordinary Shares

**(a public limited liability company incorporated in Denmark registered under CVR no. 28 50 47 99)**

This document relates to the initial public offering of up to 58,399,894 ordinary shares of DKK 1 nominal value each (the "**Offering**") of ISS A/S (the "**Company**" or "**ISS**"). The Company is offering between 45,919,915 and 57,399,894 new ordinary shares (the "**New Shares**") and FS Invest II S.à r.l. (the "**Selling Shareholder**") is offering 1,000,000 ordinary shares (the "**Existing Offer Shares**" and, together with the New Shares, the "**Offer Shares**"). The exact number of New Shares to be issued by us pursuant to the Offering will be adjusted depending on the Offer Price in order for us to receive gross proceeds of approximately DKK 8,036 million. Up to 1,000,000 Existing Offer Shares will be reserved for the Company to purchase in connection with the Offering for the Company to meet certain of its obligations to deliver Shares to participants in the Company's incentive programmes.

As of the date of this document, the Company's share capital amounts to a nominal value of DKK 135,443,319, divided into 135,443,319 shares of DKK 1 each, each of which is fully paid.

The Offering consists of: (i) an initial public offering to retail and institutional investors in Denmark (the "**Danish Offering**"); (ii) a private placement in the United States to persons who are "qualified institutional buyers" or "**QIBs**" (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**")) in reliance on Rule 144A; and (iii) private placements to institutional investors in the rest of the world (together with the private placement contemplated under (ii) above, the "**International Offering**"). The Offering outside the United States will be made in compliance with Regulation S ("**Regulation S**") under the U.S. Securities Act.

The Selling Shareholder has granted the Joint Global Coordinators (as defined herein), on behalf of the Managers (as defined herein), an option (the "**Overallotment Option**") to purchase up to 8,759,985 additional Shares at the Offer Price (as defined below) (the "**Option Shares**"), exercisable, in whole or in part, from the first day of trading in, and official listing of, the shares until 30 calendar days thereafter, solely to cover overallotments or short positions, if any, incurred in connection with the Offering. As used herein, "**Shares**" shall refer to all outstanding shares of the Company at any given time. If the Overallotment Option is exercised, the term Offer Shares shall also include the Option Shares.

**You are advised to examine all the risks and legal requirements described in this Offering Circular that might be relevant in connection with an investment in the Offer Shares. Investing in the Offer Shares involves a high degree of risk. See "*Risk Factors*" beginning on page 36 for a discussion of certain risks that prospective investors should consider before investing in the Offer Shares.**

## OFFER PRICE RANGE: DKK 140—DKK 175 PER OFFER SHARE

The offer price at which the Offer Shares will be sold (the "**Offer Price**") is expected to be between DKK 140 and DKK 175 per share (the "**Offer Price Range**") and will be determined through a book-building process. The Offer Price and the exact number of Offer Shares to be sold will be determined by the Company's Board of Directors (the "**Board of Directors**") and the Selling Shareholder, in consultation with the Joint Global Coordinators and is expected to be announced through NASDAQ OMX Copenhagen A/S ("**NASDAQ OMX Copenhagen**") no later than 8:00 a.m. (CET) on 17 March 2014.

The offer period (the "**Offer Period**") will commence on 5 March 2014 and will close no later than 14 March 2014 at 4:00 p.m. (CET). The Offer Period may be closed prior to 14 March 2014; however, the Offer Period will not be closed in whole or in part before 11 March 2014 at 00:01 a.m. (CET). The Offer Period in respect of applications for purchases of amounts up to, and including, DKK 3 million may be closed before the remainder of the Offering is closed. If the Offering is closed before 14 March 2014, the first day of trading and official listing and the date of payment and settlement may be moved forward accordingly. Any such early closing, in whole or in part, will be announced through NASDAQ OMX Copenhagen.

Prior to the Offering, there has been no public market for the Shares. Application has been made for the Shares to be admitted to trading and official listing on NASDAQ OMX Copenhagen under the symbol "**ISS**". The existing Shares are issued under the permanent ISIN DK0060542181. The Offer Shares will be issued under the temporary ISIN DK0060542264 except for the Existing Offer Shares to be acquired by the Company at the Offer Price from the Selling Shareholder in connection with the Offering. The first day of trading in, and official listing of, the existing Shares issued under the permanent ISIN and the Offer Shares issued under the temporary ISIN on NASDAQ OMX Copenhagen is expected to be on 17 March 2014.

The Offer Shares are expected to be delivered against payment in immediately available funds in Danish kroner in book-entry form to investors' accounts with VP SECURITIES A/S ("**VP Securities**") and through the facilities of Euroclear Bank S.A./N.A., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"), starting on or around 20 March 2014. All dealings in the Offer Shares prior to settlement will be for the account of, and at the sole risk of, the parties involved. Registration of the New Shares with the Danish Business Authority will take place following completion of the Offering, which is expected to take place on 20 March 2014, and as soon as possible thereafter the temporary ISIN of the New Shares will be merged with the permanent ISIN of the Shares, which is expected to occur on or about 24 March 2014.

**This document has been prepared under Danish law in compliance with the requirements set out in the Consolidated Act no. 982 of 6 August 2013 on Securities Trading (the "Danish Securities Trading Act"), the Executive Order no. 643 of 19 June 2012 on prospectuses for securities admitted to trading in a regulated market and for public listings of securities of at least EUR 5,000,000 (the "Danish Executive Order on Prospectuses") as well as Commission Regulation (EC) no. 809/2004 of 29 April 2004, as amended (the "Prospectus Regulation"). This document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any of the Offer Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer in such a jurisdiction.**

**The Offer Shares have not been and will not be registered under the U.S. Securities Act and are being offered and sold (i) in the United States only to persons who are QIBs in reliance on Rule 144A; and (ii) outside the United States in compliance with Regulation S. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. For certain restrictions on transfer of the Offer Shares, see "*Transfer Restrictions*". The distribution of this document and the offer of the Offer Shares in certain jurisdictions are restricted by law. Persons into whose possession this document comes are required by the Company, the Selling Shareholder and the Managers to inform themselves about and to observe such restrictions. For a description of certain restrictions on offers of Offer Shares and on distribution of this document, see "*Selling Restrictions*".**

*Joint Global Coordinators and Joint Bookrunners*

**Goldman Sachs International** **Nordea** **UBS Investment Bank**

*Joint Bookrunners*

**Barclays** **Morgan Stanley**

*Co-Lead Managers*

**Carnegie Investment Bank** **Danske Bank** **SEB**

*Adviser to the Company and the Selling Shareholder*

**Lazard**

3 March 2014

**Notice to Investors in the United States**

The Offer Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and are being offered and sold (i) in the United States only to persons who are QIBs in reliance on Rule 144A; and (ii) outside the United States in compliance with Regulation S. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. For certain restrictions on transfer of the Offer Shares, see "*Transfer Restrictions*".

In the United States, this Offering Circular is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Offering Circular has been provided by us and other sources identified herein. Distribution of this Offering Circular to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without our prior written consent, is prohibited. Any reproduction or distribution of this Offering Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Offer Shares.

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**European Economic Area ("EEA") Restrictions**

In any Member State of the EEA other than Denmark that has implemented the Prospectus Directive, this Offering Circular is only addressed to, and is only directed at, investors in that EEA Member State who fulfil the criteria for exemption from the obligation to publish a prospectus, including qualified investors, within the meaning of the Prospectus Directive as implemented in each such EEA Member State.

This Offering Circular has been prepared on the basis that all offers of Offer Shares, other than the offer contemplated in Denmark, will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the EEA, from the requirement to produce a prospectus for offers of Offer Shares. Accordingly any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the placement contemplated in this Offering Circular should only do so in circumstances in which no obligation arises for us, the Selling Shareholder or any of the Managers to produce a prospectus for such offer. Neither we, the Selling Shareholder nor the Managers have authorised, nor do we, the Selling Shareholder or the Managers authorise, the making of any offer of Offer Shares through any financial intermediary, other than offers made by Managers which constitute the final placement of Offer Shares contemplated in this Offering Circular.

The Offer Shares have not been, and will not be, offered to the public in any Member State of the EEA that has implemented the Prospectus Directive, excluding Denmark (a "**Relevant Member State**"). Notwithstanding the foregoing, an offering of the Offer Shares may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

*provided* that no such offer of Offer Shares shall result in a requirement for the publication by the Company, the Selling Shareholder or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase Offer Shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

**United Kingdom Restrictions**

Offers of the Offer Shares pursuant to the Offering are only being made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the UK Financial Services and Markets Act 2000.

Any investment or investment activity to which the Offering Circular relates is available only to, and will be engaged in only with persons who: (i) are investment professionals falling within Article 19(5); or (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc."), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of the Offering Circular and should not act or rely on it.

## TABLE OF CONTENTS

## RESPONSIBILITY STATEMENT

**The Company's responsibility**

ISS A/S is responsible for this Offering Circular in accordance with Danish law.

**The Company's statement**

We hereby declare that we, as the persons responsible for this Offering Circular on behalf of the Company, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of its contents.

Søborg, 3 March 2014

**ISS A/S**

**Board of Directors**

| | | |
|---|---|---|
| Lord Allen of Kensington CBE<br>*Chairman* | Thomas Berglund<br>*Deputy Chairman* | Jennie Chua |
| Morten Hummelmose | Henrik Poulsen | Jo Taylor |
| Andrew Evan Wolff | Pernille Benborg<br>*Employee representative* | Joseph Nazareth<br>*Employee representative* |
| Palle Fransen Queck<br>*Employee representative* | | |

Lord Allen of Kensington CBE—Professional board member
Thomas Berglund—President and Chief Executive Officer of Capio AB
Jennie Chua—Professional board member
Morten Hummelmose—Partner and Head of the Copenhagen office of EQT Partners (EQT Partners A/S)
Henrik Poulsen—Chief Executive Officer of DONG Energy A/S
Jo Taylor—Vice President & Senior Representative London Office, Ontario Teachers' Pension Plan Board
Andrew Evan Wolff—Head of Goldman Sachs Merchant Banking Division for Europe, Middle East and Africa and Co-Head of the Merchant Banking Division in Asia Pacific
Pernille Benborg—Group Vice President and Head of Compliance at ISS World Services A/S
Joseph Nazareth—Group Vice President and Head of Group Health Safety and Environment and Corporate Responsibility at ISS World Services A/S
Palle Fransen Queck—Group Vice President and Business Development Director, Central Europe at ISS World Services A/S

**Executive Group Management Board**

| | | |
|---|---|---|
| Jeff Gravenhorst<br>*Group CEO* | Heine Dalsgaard<br>*Group CFO* | Henrik Andersen<br>*Group COO EMEA* |
| John Peri<br>*Group COO Americas & APAC* | | |

## SUMMARY

The Danish summary below is a translation of the English summary beginning on page 19. In the event of any discrepancies between the Danish and the English versions, the English version shall prevail.

### Danish Summary

*Resuméer består af oplysningskrav, der benævnes "Elementer". Disse Elementer er nummereret i afsnit A—E (A.1—E.7). Dette resumé indeholder alle de Elementer, der skal være indeholdt i et resumé for denne type værdipapir og udsteder i henhold til prospektforordningen nr. 486/2012 med senere ændringer. Da nogle Elementer ikke skal medtages, kan der forekomme huller i nummereringen af Elementerne. Selv om et Element skal indsættes i resuméet på grund af typen af værdipapir og udsteder, er det muligt, at der ikke kan gives nogen relevante oplysninger om Elementet. I så fald indeholder resuméet en kort beskrivelse af Elementet med angivelsen "ikke relevant".*

| **Afsnit A—Indledning og advarsler** | | |
|---|---|---|
| **A.1** | **Advarsel til investorer** | Dette resumé bør læses som en indledning til Prospektet.<br>Enhver beslutning om investering i de Udbudte Aktier bør af investor træffes på baggrund af Prospektet som helhed.<br>Den sagsøgende investor kan, hvis en sag vedrørende oplysningerne i Prospektet indbringes for en domstol i henhold til national lovgivning i medlemsstaterne i det Europæiske Økonomiske Samarbejdsområde, være forpligtet til at betale omkostningerne i forbindelse med oversættelse af Prospektet, inden sagen indledes.<br>Kun de personer, som har indgivet resuméet eller eventuelle oversættelser heraf, kan ifalde et civilretligt erstatningsansvar, men kun såfremt resuméet er misvisende, ukorrekt eller uoverensstemmende, når det læses sammen med de andre dele af Prospektet, eller ikke, når det læses sammen med Prospektets andre dele, indeholder nøgleoplysninger, således at investorerne lettere kan tage stilling til, om de vil investere i de Udbudte Aktier. |
| **A.2** | **Tilsagn til formidlere** | Ikke relevant. Der er ikke indgået nogen aftale vedrørende anvendelse af Prospektet i forbindelse med et efterfølgende salg eller en endelig placering af de Udbudte Aktier. |

| **Afsnit B—Udsteder** | | |
|---|---|---|
| **B.1** | **Juridisk navn og binavn** | Selskabet er registreret under CVR-nr. 28 50 47 99 med det juridiske navn ISS A/S og har ingen binavne. |
| **B.2** | **Domicil, retlig form, registreringsland** | Selskabet blev stiftet som et aktieselskab i henhold til dansk lovgivning den 11. marts 2005 og har hjemsted på adressen Buddingevej 197, 2860 Søborg. |
| **B.3** | **Nuværende virksomhed og hovedaktiviteter** | ISS er en af verdens førende udbydere af facility services med aktiviteter både på etablerede markeder og i Emerging Markets. ISS har lokale ledelser i 50 lande og aktiviteter i yderligere 20 lande. ISS er en af verdens største private arbejdsgivere og havde pr. 31. december 2013 533.544 medarbejdere. I 2013 udgjorde omsætningen i alt DKK 78,5 mia. og Driftsresultat Før Øvrige Poster DKK 4,3 mia. I 2012 udgjorde omsætningen i alt DKK 79,5 mia. og Driftsresultat Før Øvrige Poster DKK 4,4 mia. |

<table>
<tr><th colspan="3">Afsnit B—Udsteder</th></tr>
<tr><td></td><td></td><td>
ISS tilbyder kunderne en række forskellige facility services, som omfatter: 1) cleaning services, herunder daglig rengøring af kontorer og andre faciliteter, industriel rengøring, rengøring inden for transportsektoren, dust control services og specialrengøring, 2) property services, herunder bygningsvedligehold og tekniske ydelser, landskabspleje og skadedyrsbekæmpelse, 3) catering services, herunder interne restauranter og kantiner, hospitalskantiner, catering til fjerntliggende lokaliteter, VIP-restaurantservice, cateringløsninger til firmaer og kontorer, f.eks. caféområder og kaffestationer, 4) support services, herunder callcenter-, receptions- og omstillingsydelser samt kontorlogistik- og bemandingsydelser, 5) security services, herunder vagttjeneste, adgangskontrol og patruljering af kundefaciliteter og installation af alarmer og adgangskontrolsystemer samt 6) facility management services, herunder onsite-styring af facility services, change management, space management og rådgivning.
ISS leverer ydelserne enten som enkeltservices, multiservices eller integrated facility services (“IFS”). Med enkeltservicekontrakter får kunderne én serviceløsning, eksempelvis rengøring. Ved multiservices leveres to eller flere ikke-integrerede servicetyper til én kunde. ISS tilbyder også IFS, som dækker over levering af to eller flere servicetyper samlet i én kontrakt kombineret med onsite-styring gennem én kontaktperson placeret hos kunden, hvilket gør det muligt for ISS at integrere facility services-funktioner hos kunderne. ISS har gennem de senere år i stigende grad udviklet sin forretning hen imod at levere IFS-løsninger.
ISS leverer primært sine ydelser til kunderne ved at benytte egne medarbejdere (egenlevering) og kun i begrænset omfang ved at benytte underleverandører. ISS’ globale tilstedeværelse dækker aktiviteter i Vesteuropa, Norden, Asien, Stillehavsområdet, Latinamerika, Nordamerika og Østeuropa.
ISS’ strategi
ISS Way-strategien, som blev lanceret i 2008, udgør fundamentet i Selskabets vision: “Vi vil være verdens bedste serviceorganisation”. ISS Way-strategien fokuserer på fem temaer:
1. Styrkelse af medarbejderkompetencer og -ansvar gennem lederskab<br>
2. Optimering af ISS’ kundebase<br>
3. En tilpasset organisation<br>
4. IFS-strategi<br>
5. Stræben efter excellence.
ISS’ væsentlige styrker
ISS vurderer, at Selskabets væsentlige styrker og fordele er anført nedenfor:
1. Global leverandør af facility services med en stærk leveringsmodel: Global førerposition og differentieret value proposition.
</td></tr>
</table>

| Afsnit B—Udsteder | | |
|---|---|---|
| | | 2. *Solid vækstprofil gennem hele konjunkturforløbet*: En Organisk Vækst-historik, der forventes at blive yderligere understøttet af attraktive markedsforhold, diversificeret eksponering, vækst i IFS og globale kunder, eksponering mod Emerging Markets og god positionering til et økonomisk opsving.<br>3. *Stærk og stabil likviditetsskabelse giver høje afkast*: Finansiel profil med lav risiko, høj Cash Conversion og attraktiv kapitalstruktur med forbedrede pengestrømme.<br>4. *Erfarent ledelsesteam med gode resultater og omfattende brancheekspertise*: ISS' Direktion og Nøglemedarbejdere har gennem mange år opnået gode resultater inden for facility services-branchen på baggrund af blandt andet omfattende branchekendskab, ledelseserfaring og betydelig international erfaring.<br>5. *ISS Way*: En strategi, som understøtter Selskabets vækst, marginer og en stærk likviditetsskabelsesprofil. |
| **B.4a** | **Beskrivelse af de væsentligste nyere tendenser, der påvirker Selskabet og de sektorer, inden for hvilke Selskabet opererer** | *Yderst fragmenteret branche trods konsolidering:* Markedet for facility services er inde i en konsolideringsfase, hvor større leverandører søger at opnå de økonomiske fordele, der er forbundet med at opbygge driftsmæssig skala og omfang. Til trods for denne konsolideringstendens er markedet for facility services fortsat yderst fragmenteret.<br><br>*Stigning i outsourcing*: Outsourcinggraden er steget for alle servicetyper, og den globale outsourcinggrad udgjorde ca. 55% i 2012 mod 52% i 2006. ISS forventer, at denne tendens vil fortsætte, og på baggrund af sin gennemgang af eksterne kilder anslår ISS, at den globale outsourcinggrad vil kunne nå op på 57% i 2018. Selvom alle geografiske områder forventes at opleve en stigning i outsourcinggraden, forventes tendensen dog at være mest udtalt i emerging markets på grund af disse markeders generelt lavere outsourcinggrad i dag.<br><br>*Stigning i IFS*: ISS' gennemgang af eksterne kilder viser, at organisationer i stigende grad vælger en IFS-løsning. Siden 2000 er IFS-markedet vokset markant, og ledelsen forventer, at udbredelsen vil stige yderligere i fremtiden, hvilket vil medføre, at omsætningsvæksten vil være højere end på det generelle marked for facility services. ISS anslår på baggrund af sin gennemgang af eksterne kilder, at IFS-markedet er vokset med en CAGR på 7% i perioden 2006-2012, og at IFS vil kunne udgøre 9% af markedet i 2018 mod anslået 8% i 2012, hvilket svarer til en CAGR på ca. 9%.<br><br>*Stigning i globale kontrakter og centralt indkøb:* Centralt indkøb inden for internationale kontrakter er stadig relativt sjældent på markedet for facility services. Store multinationale selskaber med global tilstedeværelse centraliserer imidlertid i stigende grad deres indkøb og drift af facility services. ISS anslår på baggrund af sin gennemgang af eksterne kilder, at andelen af facility services-markedet leveret på internationale kontrakter udgjorde 4% i 2012, og at dette niveau vil kunne stige til 6% i 2018, hvilket svarer til en CAGR på ca. 9% i perioden 2012-2018 mod en CAGR på ca. 5% i perioden 2012-2018 for markedet som helhed. |

| Afsnit B—Udsteder | | |
|---|---|---|
| **B.5** | **Beskrivelse af Koncernen og Selskabets plads i Koncernen** | Selskabets væsentlige datterselskaber omfatter ISS World Services A/S, ISS Global A/S, ISS Holding France A/S, ISS Venture A/S samt moderselskaberne til driftsdatterselskaberne for hver af ISS' 13 største landeorganisationer målt på omsætning. De 13 landeorganisationer repræsenterede tilsammen 72,3% af ISS' omsætning og 82,8% af ISS' Driftsresultat Før Øvrige Poster i 2013 og omfatter alle lande, hvor ISS genererede omsætning på mere end DKK 2 mia. i 2013. |
| **B.6** | **Personer, som enten direkte eller indirekte besidder en andel af Selskabets kapital eller stemmerettigheder eller har kontrol over Selskabet** | Pr. prospektdatoen ejer FS Invest II S.à r.l. (den "**Sælgende Aktionær**") 100% af Selskabets Aktier. Det øverste selskab, der kontrollerer Koncernen, er FS Invest S.à r.l., der ejes af EQT-fondene (40%), og fonde, der rådgives af tilknyttede virksomheder til Goldman Sachs ("**GSCP**" eller "**Goldman Sachs Capital Partners**") (33%), Ontario Teachers' Pension Plan Board, der indirekte ejer sine Aktier i Selskabet gennem 2337323 Ontario Limited (frem til gennemførelsen af Sælgende Aktionærs Omstrukturering (som defineret nedenfor), hvorefter Ontario Teachers' Pension Plan Board forventes at eje Aktierne i Selskabet direkte) ("**OTPP**") (18%) og KIRKBI Invest A/S ("**KIRKBI**") (8%) og visse nuværende og tidligere medlemmer af Bestyrelsen og Direktionen samt et antal ledende medarbejdere i Koncernen gennem management participation programme ("**MPP**"), directors participation programme ("**DPP**") og co-investment scheme ("**COI**") (1%). |
| **B.7** | **Udvalgte regnskabs- og virksomhedsoplysninger** | *Nedenstående udvalgte konsoliderede regnskabsoplysninger, der omfatter udvalgte data fra resultatopgørelser, balancer og pengestrømsopgørelser, er uddraget af de Reviderede Koncernregnskaber, som er udarbejdet i overensstemmelse med IFRS som godkendt af EU.* |

## Afsnit B—Udsteder

### Resultatopgørelse

| | Regnskabsår | | |
|---|---|---|---|
| | 2013 | 2012[6)] | 2011[6)] |
| | DKK mio. | | |
| Omsætning | 78.459 | 79.454 | 77.644 |
| Personaleomkostninger | (51.234) | (52.071) | (50.089) |
| Vareforbrug | (6.949) | (7.009) | (6.751) |
| Andre driftsomkostninger | (15.174) | (15.110) | (15.561) |
| Afskrivninger og amortiseringer[1)] | (787) | (853) | (855) |
| **Driftsresultat Før Øvrige Poster[2)]** | **4.315** | **4.411** | **4.388** |
| Andre indtægter og omkostninger, netto | (100) | (308) | (223) |
| **Driftsresultat[1)]** | **4.215** | **4.103** | **4.165** |
| Resultat af kapitalandele indregnet efter den indre værdis metode | 6 | 4 | 0 |
| Finansielle indtægter | 170 | 217 | 197 |
| Finansielle omkostninger | (2.446) | (2.943) | (2.999) |
| **Resultat før skat og goodwillnedskrivninger/ amortiseringer og nedskrivninger af varemærker og kundekontrakter** | **1.945** | **1.381** | **1.363** |
| Skat af årets resultat[3)] | (919) | (960) | (888) |
| **Resultat før goodwillnedskrivninger/ amortiseringer og nedskrivninger af varemærker og kundekontrakter** | **1.026** | **421** | **475** |
| Goodwillnedskrivninger | (985) | (385) | (501) |
| Amortiseringer og nedskrivninger af varemærker og kundekontrakter[4)] | (667) | (679) | (708) |
| Skatteeffekt[5)] | 229 | 193 | 231 |
| **Årets resultat** | **(397)** | **(450)** | **(503)** |
| **Fordeles således:** | | | |
| Aktionærer i ISS A/S | (399) | (453) | (510) |
| Minoritetsinteresser | 2 | 3 | 7 |
| Årets resultat | **(397)** | **(450)** | **(503)** |
| **DKK** | | | |
| **Resultat pr. Aktie** | | | |
| Resultat pr. Aktie | (2,9) | (4,0) | (5,1) |
| Udvandet resultat pr. Aktie | (2,9) | (4,0) | (5,1) |

## Afsnit B—Udsteder

### Balance

| | Pr. 31. december | | |
|---|---|---|---|
| | 2013 | 2012[6)] | 2011[6)] |
| | DKK mio. | | |
| **AKTIVER** | | | |
| Langfristede aktiver i alt | 30.995 | 34.844 | 37.016 |
| Kortfristede aktiver i alt | 17.581 | 19.044 | 17.964 |
| **Aktiver i alt** | **48.576** | **53.888** | **54.980** |
| **PASSIVER** | | | |
| Aktionærerne i ISS A/S' andel af egenkapitalen | 4.237 | 5.097 | 2.127 |
| Minoritetsinteresser | 9 | 10 | 12 |
| Langfristede forpligtelser i alt | 23.314 | 27.551 | 31.669 |
| Kortfristede forpligtelser i alt | 21.016 | 21.230 | 21.172 |
| **Passiver i alt** | **48.576** | **53.888** | **54.980** |

### Pengestrømsopgørelse

| | Regnskabsår | | |
|---|---|---|---|
| | 2013 | 2012[6)] | 2011[6)] |
| | DKK mio. | | |
| Pengestrømme fra driftsaktivitet | 3.715 | 3.855 | 3.676 |
| Pengestrømme fra investeringsaktivitet | 1.331 | (747) | (332) |
| Pengestrømme fra finansieringsaktivitet | (5.159) | (3.643) | (2.874) |
| **Pengestrømme i alt** | **(113)** | **(535)** | **470** |
| Likvider pr. 31. december | 3.277 | 3.528 | 4.037 |

1) Eksklusive Goodwillnedskrivninger samt Amortiseringer og nedskrivninger af varemærker og kundekontrakter.
2) Eksklusive Andre indtægter og omkostninger, netto, Goodwillnedskrivninger samt Amortiseringer og nedskrivninger af varemærker og kundekontrakter.
3) Eksklusive skatteeffekten af Goodwillnedskrivninger samt Amortiseringer og nedskrivninger af varemærker og kundekontrakter.
4) Omfatter kundekontraktporteføljer og tilknyttede kundeforhold.
5) Skatteeffekten af Goodwillnedskrivninger samt Amortiseringer og nedskrivninger af varemærker og kundekontrakter.
6) Inkluderer tilpasninger i henhold til IAS 19 (ajourført), som er indarbejdet i det reviderede koncernregnskab for 2013.

ISS' Organiske Vækst i 2013, 2012 og 2011 var på henholdsvis 4,3%, 1,7% og 6,3%.

Der er ikke pr. prospektdatoen sket nogen væsentlige ændringer i ISS' finansielle stilling og resultat siden 31. december 2013.

ISS har i første kvartal 2014 indgået 2014 Facilities Agreement og har indgået en aftale om at sælge Selskabets kommercielle sikkerhedsaktiviteter i Australien og New Zealand. I første kvartal 2014 har ISS endvidere gennemført salget af aktiviteterne inden for landskabspleje i Frankrig, aktiviteterne inden for skadedyrsbekæmpelse i Indien og sikkerhedsaktiviteterne i Israel.

| | | |
|---|---|---|
| **B.8** | **Udvalgte vigtige proforma-regnskabsoplysninger** | Ikke relevant. Der præsenteres ikke proforma-regnskabsoplysninger i dette Prospekt. |

| Afsnit B—Udsteder | | |
|---|---|---|
| **B.9** | **Resultatforventninger eller -prognose** | For så vidt angår de fremadrettede konsoliderede finansielle oplysninger for regnskabsåret 2014 forventer ISS en omsætningsvækst på 3%-4%, forudsat uændrede valutakurser og før indvirkning fra eventuelle gennemførte køb eller salg af virksomheder i 2013 og 2014. Ændringer i valutakurser forventes at påvirke omsætningsvæksten for 2014 negativt med ca. 3 procentpoint. Gennemførte virksomhedssalg og -køb i 2013 og gennemførte virksomhedssalg i 2014 forventes at påvirke omsætningsvæksten for 2014 negativt med ca. 5 procentpoint. ISS forventer, at omsætningsvæksten for 2014 bliver negativ med 4%-5%. Driftsmarginalen for 2014 forventes at være højere end de 5,5% i 2013. Cash Conversion forventes at være over 90%.<br><br>I relation til de fremadrettede konsoliderede finansielle oplysninger for regnskabåret 2014 er uændrede valutakurser de realiserede gennemsnitlige valutakurser for regnskabsåret 2013. Effekten af ændringer i valutakurser beregnes som forventet omsætning for 2014 til gældende valutakurser pr. 31. december 2013 med fradrag af samme omsætning beregnet til de gennemsnitlige valutakurser for regnskabsåret 2013, i forhold til den realiserede omsætning i 2013 med fradrag af skønnet omsætning fra virksomhedssalg i 2013 og 2014. Pr. 31. december 2013 var visse virksomheder bestemt for salg. De fremadrettede konsoliderede finansielle oplysninger for regnskabsåret 2014 omfatter udelukkende virksomhedssalg gennemført i 2014 til og med den 28. februar 2014: Aktiviteterne inden for landskabspleje i Frankrig, aktiviteterne inden for skadedyrsbekæmpelse i Indien, sikkerhedsaktiviteterne i Israel og HVAC-aktiviteterne i Belgien. Forventningerne til regnskabsåret 2014 omfatter ikke salget af de kommercielle sikkerhedsaktiviteter i Australien og New Zealand, som udgjorde en omsætning på ca. DKK 0,8 mia. i 2013.<br><br>De fremadrettede konsoliderede finansielle oplysninger for regnskabsåret 2014 er udarbejdet: 1) på baggrund af ISS' regnskabspraksis, som er i overensstemmelse med IFRS-bestemmelserne om indregning og måling som godkendt af EU, og er i alle væsentlige henseender identisk med den regnskabspraksis, der er anført i det reviderede koncernregnskab for 2013 og 2) på grundlag af ISS' sædvanlige estimat- og budgetprocedurer, og på en baggrund, der er sammenlignelig med de historiske regnskabsoplysninger, der er medtaget andetsteds i Prospektet. De fremadrettede konsoliderede finansielle oplysninger er dog baseret på et stort antal estimater foretaget af ISS på baggrund af forudsætninger om fremtidige hændelser, som er forbundet med mange og væsentlige usikkerheder, som for eksempel kan skyldes forretningsmæssige, økonomiske og konkurrencemæssige risici og usikkerheder, der kan medføre, at ISS' faktiske resultater afviger væsentligt fra de fremadrettede finansielle oplysninger præsenteret i Prospektet.<br><br>Visse af de forudsætninger, usikkerheder og uforudsete hændelser, der vedrører de fremadrettede konsoliderede finansielle oplysninger, er uden for ISS' kontrol, herunder de, der vedrører ændringer i politiske, juridiske, skattemæssige, markedsmæssige eller samfundsøkonomiske forhold, forbedring af makroøkonomiske forhold, valutakursudsving og handlinger fra kunders eller konkurrenters side. ISS har hel eller delvis kontrol over visse andre forudsætninger, usikkerheder og uforudsete hændelser, herunder hændelser, der vedrører eksekvering af ISS' strategi og omstruktureringsprojekter. |

| Afsnit B—Udsteder | | |
|---|---|---|
| **B.10** | **Forbehold i revisionspåtegningen for de historiske regnskabsoplysninger** | Ikke relevant. Revisionspåtegningerne på de historiske regnskabsoplysninger, der indgår direkte eller ved henvisning i dette Prospekt, er afgivet uden forbehold. |
| **B.11** | **Forklaring hvis udsteders driftskapital ikke er tilstrækkelig til at dække Selskabets nuværende behov** | Ikke relevant. Det er ISS' vurdering, at driftskapitalen pr. prospektdatoen er tilstrækkelig til at dække finansieringsbehovet i mindst 12 måneder fra den første handelsdag på NASDAQ OMX Copenhagen, hvilket forventes at være den 17. marts 2014. |

| Afsnit C—Værdipapirer | | |
|---|---|---|
| **C.1** | **En beskrivelse af type og klasse af de Udbudte Aktier, herunder ISIN (International Security Identification Number)** | Aktierne, herunder de Udbudte Aktier, er ikke opdelt i aktieklasser.<br>Permanent ISIN-kode: DK0060542181<br>Midlertidig ISIN-kode: DK0060542264 |
| **C.2** | **De Udbudte Aktiers valuta** | De Udbudte Aktier vil være denomineret i danske kroner ("**DKK**"). |
| **C.3** | **Antallet af udstedte og fuldt indbetalte Aktier og antallet af udstedte Aktier, der ikke er fuldt indbetalt** | Pr. prospektdatoen udgør Selskabets aktiekapital nominelt DKK 135.443.319 fordelt på 135.443.319 stk. aktier à nominelt DKK 1 eller multipla heraf. Alle aktier er udstedt og fuldt indbetalt. |
| **C.4** | **En beskrivelse af de rettigheder, der er knyttet til Aktierne** | De Udbudte Aktier, herunder de Nye Aktier, har samme rettigheder som alle øvrige Aktier, herunder med hensyn til ret til udbytte.<br>Hvert aktiebeløb på nominelt DKK 1 giver én stemme på Selskabets generalforsamling. |
| **C.5** | **En beskrivelse af eventuelle indskrænkninger i Aktiernes omsættelighed** | Ikke relevant. Aktierne er frit omsættelige omsætningspapirer i henhold til dansk ret, og der gælder ingen indskrænkninger i Aktiernes omsættelighed. |
| **C.6** | **Optagelse til handel på et reguleret marked** | Aktierne er søgt optaget til handel og officiel notering på NASDAQ OMX Copenhagen under symbolet "**ISS**". De eksisterende Aktier udstedes i den permanente ISIN-kode DK0060542181. De Udbudte Aktier udstedes i den midlertidige ISIN-kode DK0060542264 bortset fra de Eksisterende Udbudte Aktier, som Selskabet køber af den Sælgende Aktionær til Udbudskursen i forbindelse med Udbuddet. Handel med og officiel notering af Aktierne afhænger blandt andet af godkendelse fra NASDAQ OMX Copenhagen af spredningen af de Udbudte Aktier.<br>Første handels- og officielle noteringsdag for de eksisterende Aktier, der udstedes i den permanente ISIN-kode, og de Udbudte Aktier, der udstedes i den midlertidige ISIN-kode, på NASDAQ OMX Copenhagen forventes at være den 17. marts 2014. Hvis Udbuddet lukkes før den 14. marts 2014, kan første handels- og officielle noteringsdag samt datoen for betaling og afvikling blive fremrykket tilsvarende. |
| **C.7** | **En beskrivelse af udbyttepolitik** | Bestyrelsen har vedtaget en udbyttepolitik med en indledende målsætning for udbytteprocenten på ca. 50% af resultat efter skat og før goodwillnedskrivninger/amortiseringer og nedskrivninger af varemærker og kundekontrakter (opgjort som resultat før goodwillnedskrivninger/amortiseringer og nedskrivninger af varemærker og kundekontrakter i resultatopgørelsen i Koncernens reviderede koncernregnskab). |

| Afsnit C—Værdipapirer | | |
|---|---|---|
| | | Eventuel betaling af udbytte samt størrelsen og tidspunktet for udbyttebetalingen afhænger af en række forhold, herunder fremtidig indtjening, resultat, finansielle forhold, generelle samfundsøkonomiske og forretningsmæssige forhold og fremtidsudsigter samt andre forhold, som Bestyrelsen måtte finde relevante, og gældende begrænsninger i visse af ISS' gældsinstrumenter samt andre myndigheds- og lovgivningsmæssige krav. Der kan ikke gives sikkerhed for, at ISS' resultater vil gøre det muligt at overholde udbyttepolitikken eller en eventuel forhøjelse af udbytteprocenten, og i særdeleshed kan ISS' evne til at betale udbytte blive forringet, hvis nogle af de risici, der fremgår af dette Prospekt, skulle indtræffe. Endvidere kan ISS' udbyttepolitik blive ændret, idet Bestyrelsen fra tid til anden vil genoverveje den. Der kan ikke gives sikkerhed for, at der vil blive foreslået eller deklareret udbytte i et givent år. Selskabets 2016 Senior Subordinated Notes og Seniorfaciliteter indeholder begrænsninger med hensyn til udbyttebetaling, men Selskabet forventer at indfri 2016 Senior Subordinated Notes omkring den 15. maj 2014 med en del af nettoprovenuet fra Udbuddet, og Selskabet agter at anvende resten af nettoprovenuet fra Udbuddet (bortset fra provenu, der måtte blive anvendt til at erhverve Eksisterende Udbudte Aktier for at opfylde visse forpligtelser i forbindelse med incitamentsprogrammerne) sammen med beløb trukket på 2014 Faciliteterne og kontantbeholdninger til at indfri Seniorfaciliteterne efter gennemførelse af Udbuddet. Selskabet agter at tilbyde at købe 2014 Medium Term Notes eller indfri dem ved forfald og at indfri securitisation-programmet og forskellige andre gældsinstrumenter i løbet af 2014. 2014 Facilities Agreement indeholder ikke begrænsninger med hensyn til udbyttebetaling.<br><br>Som alternativ eller i tillæg til udbyttebetalinger kan Bestyrelsen iværksætte aktietilbagekøb. En eventuel bestyrelsesbeslutning om at foretage aktietilbagekøb vil blive taget i overensstemmelse med ovenstående faktorer vedrørende udbyttebetaling.<br><br>Selskabet har ikke deklareret udbytte i årene 2014, 2013 og 2012. Selskabet forventer at deklarere udbytte i 2015 vedrørende regnskabsåret 2014, og/eller Selskabet vil muligvis påbegynde et aktietilbagekøb, i begge tilfælde med forbehold for overholdelse af danske lovkrav. |

| Afsnit D—Risici | | |
|---|---|---|
| **D.1** | **Nøgleoplysninger om de vigtigste risici, der er specifikke for Selskabet eller dets branche** | *De nedenfor omtalte risikofaktorer og usikkerheder omfatter de risici, som ISS' ledelse på nuværende tidspunkt vurderer som værende væsentlige, men det er ikke de eneste risikofaktorer og usikkerheder, ISS står overfor. Der er yderligere risikofaktorer og usikkerheder, herunder risici som ISS på nuværende tidspunkt ikke er bekendt med, eller som ISS' ledelse på nuværende tidspunkt anser for uvæsentlige, som kan opstå eller blive væsentlige i fremtiden, og som kan føre til et fald i de Udbudte Aktiers værdi, og til at hele eller en del af det investerede beløb mistes. Risikofaktorerne er ikke nævnt i prioriteret rækkefølge efter betydning eller sandsynlighed.*<br><br>• Økonomisk afmatning på de markeder, hvor ISS opererer, kan påvirke efterspørgslen efter facility services og kan få væsentlig negativ indvirkning på ISS' virksomhed, resultater og finansielle stilling. |

| Afsnit D—Risici | | |
|---|---|---|
| | | • ISS er udsat for risici i forbindelse med sine globale aktiviteter, herunder en række nationale og lokale myndighedskrav og lovmæssige krav fra forskellige arbejds-, sundheds-, sikkerheds-, miljø-, antikorruptions- og andre regulatoriske bestemmelser, mulige negative skattemæssige konsekvenser (herunder vedrørende transfer pricing), konkurrencelovgivning, manglende evne til at fuldbyrde retsmidler i visse jurisdiktioner, samt geopolitiske og sociale forhold i visse sektorer af relevante markeder.<br>• ISS' evne til at fastholde og forbedre sin Driftsmarginal, opretholde sine Cash Conversion-niveauer samt at nå sine mål for disse nøgletal afhænger af en række faktorer.<br>• Manglende evne til at udvide forretningen organisk, herunder manglende evne til at fastholde eksisterende kunder og tiltrække nye kunder, kan få væsentlig negativ indvirkning på ISS' virksomhed, resultater og finansielle stilling og kan forhindre, at ISS når sine vækstmål.<br>• ISS er udsat for risici i forbindelse med at drive virksomhed i Emerging Markets, idet de politiske, økonomiske og juridiske systemer og forhold i emerging market-lande generelt er mindre forudsigelige end i lande med mere udviklede institutionelle strukturer.<br>• ISS' virksomhed bliver stadig mere kompleks, hvilket øger eksponeringen mod driftsmæssige risici.<br>• ISS er udsat for risici i forbindelse med sin decentrale organisationsstruktur, da ISS giver sine datterselskaber væsentlig driftsmæssig selvbestemmelse og ansvar med begrænset tilsyn fra centralt hold.<br>• ISS vil måske ikke være i stand til at tiltrække og fastholde kvalificerede regionale og lokale ledere, hvilket kan skade forretningen og hindre ISS i at eksekvere sin strategi.<br>• ISS vil måske ikke være i stand til at tiltrække og fastholde et tilstrækkeligt antal kvalificerede medarbejdere, hvilket kan få væsentlig negativ indvirkning på ISS' virksomhed, resultater og finansielle stilling.<br>• ISS' omdømme, brand eller lønsomhed kan påvirkes negativt af forskellige driftsmæssige risici.<br>• ISS er udsat for risici i forbindelse med sine kontrakter, herunder ISS' evne til at foretage en korrekt vurdering af prisfastsættelsen, medarbejder- og andre økonomiske forpligtelser, den øgede kompleksitet af ISS' IFS-kontrakter samt den risiko, at ISS' kunder beslutter at opsige deres kontrakt med ISS før tid eller ændre omfanget af deres kontrakt.<br>• ISS' kontrakter med den offentlige sektor, herunder OPP/PFI-kontrakter, kan påvirkes af politiske og administrative beslutninger.<br>• ISS er udsat for risici i forbindelse med frasalg af visse eksisterende aktiviteter samt køb af nye aktiviteter.<br>• ISS er underlagt omfattende lovgivning og bestemmelser i hele sit globale netværk af aktiviteter, hvilket kan sætte begrænsninger for ISS' aktiviteter eller udsætte ISS for risici |

| Afsnit D—Risici | | |
|---|---|---|
| | | som følge af manglende overholdelse, og omkostningerne ved overholdelse kan stige i fremtiden.<br>• ISS er udsat for stærk konkurrence.<br>• Udsving i valutakurser kan få væsentlig negativ indvirkning på ISS' virksomhed, resultater og finansielle stilling.<br>• Vilkårene for ISS' Eksisterende Gæld og 2014 Facilities Agreement samt en eventuel manglende evne til at refinansiere en sådan gæld, efterhånden som den forfalder, kan få negativ indvirkning på ISS' virksomhed, resultater og finansielle stilling.<br>• Afvigelser fra og ændringer i forudsætninger, der indgår i værdiforringelsestest kan påvirke værdien af immaterielle aktiver, egenkapitalen samt rapporteret resultat.<br>• De fremskrevne finansielle oplysninger, der indgår i dette Prospekt, kan afvige væsentligt fra Selskabets faktiske resultater, og investor bør ikke tillægge disse oplysninger uforholdsmæssig megen vægt. |
| **D.3** | **Nøgleoplysninger om de væsentligste risici i forbindelse med de Udbudte Aktier** | • Efter Udbuddet vil den Sælgende Aktionær fortsat være storaktionær og kan kontrollere eller i øvrigt påvirke væsentlige handlinger, som Selskabet foretager.<br>• Aktierne har ikke tidligere været handlet offentligt, og kursen kan være volatil og svinge betydeligt som reaktion på en række faktorer.<br>• Fremtidige salg af Aktier efter Udbuddet kan medføre et fald i markedskursen på Aktierne.<br>• Forskelle i valutakurser kan få væsentlig negativ indvirkning på en aktiebeholdnings eller en udbytteudlodnings værdi.<br>• Amerikanske og andre udenlandske aktionærer vil muligvis ikke kunne udnytte fortegningsrettigheder eller deltage i fremtidige fortegningsemissioner.<br>• Begrænset omsættelighed i aktien. |

| Afsnit E—Udbud | | |
|---|---|---|
| **E.1** | **Samlet nettoprovenu fra Udbuddet og skønnede omkostninger** | Selskabet forventes at modtage et nettoprovenu fra salget af Nye Aktier på ca. DKK 7.690 mio. efter fradrag af provision og skønnede omkostninger i forbindelse med Udbuddet, som Selskabet skal betale. Selskabet modtager ikke nogen del af provenuet fra salget af Eksisterende Udbudte Aktier.<br><br>Under forudsætning af, at Udbudskursen svarer til midtpunktet i Udbudskursintervallet og fuld udnyttelse af Overallokeringsretten, skønnes de samlede omkostninger i forbindelse med Udbuddet, inkl. provisioner og honorarer (faste og diskretionære), som Selskabet skal betale til Emissionsbankerne, at udgøre ca. DKK 350 mio., hvoraf DKK 100 mio. forventes at blive indregnet i resultatopgørelsen i 2013 og 2014. Herudover skal den Sælgende Aktionær betale visse omkostninger i forbindelse med Udbuddet, herunder, men ikke begrænset til, provisioner og honorarer (faste og diskretionære), til Emissionsbankerne forholdsmæssigt i forhold til det solgte antal Nye Aktier og Eksisterende Udbudte Aktier i Udbuddet. |

| Afsnit E—Udbud | | |
|---|---|---|
| | | Selskabet og den Sælgende Aktionær har endvidere indgået aftale om at betale en salgsprovision til de kontoførende institutter (medmindre det pågældende kontoførende institut er en Emissionsbank) svarende til 0,25% af Udbudskursen på de Udbudte Aktier, som tildeles vedrørende købsordrer på beløb til og med DKK 3 mio. afgivet gennem de kontoførende institutter, som skal betales forholdsmæssigt af Selskabet og den Sælgende Aktionær i forhold til det solgte antal Nye Aktier og Eksisterende Udbudte Aktier.<br><br>Hverken Selskabet, den Sælgende Aktionær eller Emissionsbankerne vil pålægge investorerne omkostninger. Investorerne skal betale sædvanlige transaktions- og ekspeditionsgebyrer til deres kontoførende institutter. |
| **E.2a** | **Baggrund for Udbuddet og anvendelse af provenu, skønnet nettoprovenu** | Udbuddet forventes at understøtte ISS' fremtidige vækst og strategi og fremme ISS' offentlige og kommercielle profil og give bedre adgang til kapitalmarkedet samt en diversificeret ejerkreds bestående af nye aktionærer både i Danmark og internationalt.<br><br>Selskabet forventes at modtage et nettoprovenu fra salget af Nye Aktier på ca. DKK 7.690 mio. efter fradrag af provision og skønnede omkostninger i forbindelse med Udbuddet, som Selskabet skal betale.<br><br>Efter Udbuddet forventer Selskabet at refinansiere hele den Eksisterende Gæld. Selskabet forventer at indfri 2016 Senior Subordinated Notes omkring den 15. maj 2014 med en del af nettoprovenuet fra Udbuddet, og Selskabet agter at anvende resten af nettoprovenuet fra Udbuddet (bortset fra provenu, der måtte blive anvendt til at erhverve Eksisterende Udbudte Aktier for at opfylde visse forpligtelser i forbindelse med incitamentsprogrammerne) sammen med beløb trukket på 2014 Faciliteterne og kontantbeholdninger til at indfri Seniorfaciliteterne efter gennemførelse af Udbuddet. Selskabet agter at tilbyde at købe 2014 Medium Term Notes eller indfri dem ved forfald og at indfri securitisation-programmet og forskellige andre gældsinstrumenter i løbet af 2014. Desuden forventer Selskabet at anvende DKK 140 mio. af provenuet til at købe Eksisterende Udbudte Aktier for at kunne opfylde visse forpligtelser til at levere Aktier til deltagere i Selskabets incitamentsprogrammer.<br><br>Selskabet modtager ikke nogen del af provenuet fra salget af Eksisterende Udbudte Aktier. |
| **E.3** | **Vilkår og betingelser for Udbuddet** | Selskabet udbyder mellem 45.919.915 og 57.399.894 stk. Nye Aktier, og den Sælgende Aktionær udbyder 1.000.000 stk. Eksisterende Udbudte Aktier, ekskl. eventuelle Aktier i forbindelse med Overallokeringsretten.<br><br>Det nøjagtige antal Nye Aktier, der udstedes i forbindelse med Udbuddet, vil blive reguleret afhængigt af Udbudskursen, således at Selskabet modtager et bruttoprovenu på ca. DKK 8.036 mio. Op til 1.000.000 stk. Eksisterende Udbudte Aktier vil blive reserveret til Selskabets køb i forbindelse med Udbuddet med henblik på dækning af visse af Selskabets forpligtelser til at levere Aktier til deltagerne i Selskabets incitamentsprogrammer.<br><br>Den Sælgende Aktionær har indgået aftale om på vegne af Emissionsbankerne at give Joint Global Coordinators en Overallokeringsret til at købe op til 8.759.985 stk. Overallokeringsaktier til Udbudskursen, som kan udnyttes helt eller delvist fra Aktiernes første handels- og officielle noteringsdag og |

| Afsnit E—Udbud | | |
|---|---|---|
| | | indtil 30 kalenderdage derefter, alene til dækning af eventuel overallokering eller korte positioner i forbindelse med Udbuddet,<br><br>Udbuddet består af: 1) børsnotering og et offentligt udbud til private og institutionelle investorer i Danmark, 2) en privatplacering i USA til personer, der er "qualified institutional buyers" eller "QIBs" (som defineret i Rule 144A i henhold til U.S. Securities Act of 1933 med senere ændringer) i medfør af Rule 144A, og 3) privatplaceringer til institutionelle investorer i resten af verden. Udbuddet uden for USA foretages i henhold til Regulation S i U.S. Securities Act. |
| | | Udbudskursen fastlægges efter book-building af Bestyrelsen og den Sælgende Aktionær i samråd med Joint Global Coordinators. Udbudskursen forventes at ligge mellem DKK 140 og DKK 175 pr. Udbudt Aktie. Resultatet af Udbuddet, Udbudskursen og fordelingsgrundlaget forventes offentliggjort via NASDAQ OMX Copenhagen senest den 17. marts 2014 kl. 8.00 (dansk tid). |
| | | Hvis Udbudskursen fastlægges over Udbudskursintervallet, eller hvis Udbudskursintervallet ændres i opadgående retning, vil Selskabet meddele dette via NASDAQ OMX Copenhagen og offentliggøre et tillæg til dette Prospekt. I så fald har investorer, der har indleveret ordrer på Udbudte Aktier i Udbuddet, to handelsdage efter offentliggørelsen af det pågældende tillæg til at tilbagekalde deres tegnings- eller købsordre på Udbudte Aktier i Udbuddet som helhed. I så fald vil meddelelsen om Udbudskursen først blive offentliggjort, når fristen for udnyttelse af retten til tilbagekaldelse er udløbet. |
| | | Udbudsperioden løber fra og med den 5. marts 2014 og til og med senest den 14. marts 2014 kl. 16.00 (dansk tid). Udbudsperioden kan lukkes før den 14. marts 2014, men hel eller delvis lukning af Udbudsperioden vil dog tidligst finde sted den 11. marts 2014 kl. 00.01 (dansk tid). Hvis Udbuddet lukkes før den 14. marts 2014, kan meddelelse om Udbudskursen, tildeling, første handels- og officielle noteringsdag samt datoen for betaling og afvikling blive fremrykket tilsvarende. Udbudsperioden for ordrer til og med en kursværdi på DKK 3 mio. kan lukkes før resten af Udbuddet. En sådan tidligere hel eller delvis lukning offentliggøres i givet fald via NASDAQ OMX Copenhagen.<br><br>Der skal som minimum tegnes/købes et stk. Udbudt Aktie. Der gælder intet maksimum for tegningsbeløbet i Udbuddet. Antallet af aktier begrænses dog til antallet af Udbudte Aktier i Udbuddet.<br><br>Ordrer fra danske investorer om køb eller tegning for beløb til og med DKK 3 mio. skal afgives på den ordreblanket, der er indeholdt i det Engelsksprogede Prospekt og det Danske Prospekt. Ordreblanketten skal indsendes til investors eget kontoførende institut i løbet af Udbudsperioden eller en eventuelt kortere periode, der måtte blive offentliggjort via NASDAQ OMX Copenhagen. Ordrer er bindende og kan ikke ændres eller annulleres. Ordrer kan afgives med en maksimumkurs pr. Udbudt Aktie i DKK. Hvis Udbudskursen overstiger maksimumkursen pr. Udbudt Aktie, der er anført på ordreblanketten, vil der ikke blive tildelt Udbudte Aktier til investor. Hvis der ikke er angivet en maksimumkurs, anses ordren for afgivet til Udbudskursen. Alle ordrer, der er afgivet til en kurs lig med Udbudskursen eller en højere kurs, afregnes til Udbudskursen efter eventuel tildeling. Ordrer skal afgives for et antal Udbudte Aktier eller for et samlet beløb afrundet til nærmeste kronebeløb. Der kan kun indleveres én ordreblanket for hver VP-konto. For at en ordre er bindende, skal den udfyldte og underskrevne ordreblanket indsendes |

| Afsnit E—Udbud | | |
|---|---|---|
| | | til investors eget kontoførende institut i så god tid, at det kontoførende institut kan behandle og fremsende ordren, således at den modtages af Nordea Bank Danmark A/S senest den 14. marts 2014 kl. 16.00 (dansk tid) eller på det eventuelle tidligere tidspunkt, hvor Udbuddet lukkes.<br><br>Investorer, som ønsker at afgive ordrer på køb eller tegning for beløb over DKK 3 mio., kan afgive interessetilkendegivelse til en eller flere af Emissionsbankerne i løbet af Udbudsperioden. Disse investorer kan i Udbudsperioden løbende ændre eller tilbagekalde deres interessetilkendegivelser, men disse interessetilkendegivelser bliver bindende ordrer ved udløbet af Udbudsperioden.<br><br>Hvis de samlede ordrer i Udbuddet overstiger antallet af Udbudte Aktier, vil der blive foretaget reduktion matematisk, hvis der er tale om ordrer til og med DKK 3 mio., bortset fra at der vil ske fuld tildeling til ordrer fra medlemmer af Bestyrelsen, medlemmer af Direktionen og Nøglemedarbejderne. Ved ordrer med en kursværdi på mere end DKK 3 mio. sker der individuel tildeling. Ordrer og interessetilkendegivelser medfører muligvis ikke tildeling af Udbudte Aktier.<br><br>Efter Udbudsperiodens udløb modtager investorerne en opgørelse over det eventuelle antal Udbudte Aktier, der er tildelt dem, og værdien heraf til Udbudskursen, medmindre andet aftales mellem investor og den pågældendes kontoførende institut.<br><br>De Udbudte Aktier forventes leveret elektronisk gennem VP Securities, Euroclear og Clearstream omkring den 20. marts 2014 mod kontant betaling i danske kroner. Al handel med de Udbudte Aktier forud for afvikling sker for de involverede parters egen regning og risiko.<br><br>Udbuddet kan tilbagekaldes af Selskabet, den Sælgende Aktionær og Joint Global Coordinators til enhver tid før kursfastsættelse og tildeling i Udbuddet. En eventuel tilbagekaldelse af Udbuddet vil straks blive offentliggjort via NASDAQ OMX Copenhagen. |
| **E.4** | **Væsentlige interesser i Udbuddet, herunder interessekonflikter** | Visse medlemmer af Bestyrelsen samt Direktionen og Nøglemedarbejderne er indirekte aktionærer i Selskabet eller har økonomiske interesser heri og vil efter Sælgende Aktionærs Omstrukturering (som defineret nedenfor) have en direkte interesse i Selskabet og har derfor en interesse i Udbuddet. Ingen medlemmer af Bestyrelsen, Direktionen eller Nøglemedarbejderne ejer direkte eller indirekte over 5% af Selskabets aktiekapital. Der henvises til punkt B.6. for yderligere oplysninger om direkte og indirekte ejerinteresser i Selskabet.<br><br>GSCP, som i øjeblikket indirekte ejer 33% af Selskabet, rådgives af tilknyttede virksomheder til Goldman Sachs International, der er Joint Global Coordinator i Udbuddet.<br><br>Goldman Sachs International, Nordea Markets (division af Nordea Bank Danmark A/S) og UBS Limited er Joint Global Coordinators i Udbuddet, Joint Global Coordinators og Barclays Bank PLC samt Morgan Stanley & Co. International plc er Joint Bookrunners i Udbuddet, og Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige, Danske Bank A/S og Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige er Co-Lead Managers i Udbuddet og er sammen med Joint Bookrunners Emissionsbanker i |

| Afsnit E—Udbud | | |
|---|---|---|
| | | Udbuddet. Nogle af Emissionsbankerne og deres respektive tilknyttede virksomheder har fra tid til anden været involveret i og kan i fremtiden involvere sig i forretningsbankvirksomhed, investeringsbankvirksomhed og finansielle rådgivningstransaktioner og -ydelser som en del af deres aktiviteter med Selskabet eller den Sælgende Aktionær eller enhver af Selskabets eller disses respektive nærtstående parter. For visse af disse transaktioner og ydelser gælder det, at deling af information generelt er underlagt restriktioner af hensyn til fortrolighed, interne procedurer eller gældende regler og forskrifter. Emissionsbankerne har modtaget og vil modtage sædvanligt honorar og provision for sådanne transaktioner og ydelser og vil muligvis få interesser, der ikke er forenelige med eller potentielt kunne være i modstrid med potentielle investorers eller ISS' interesser.<br><br>Desuden har tilknyttede virksomheder til Goldman Sachs, KIRKBI og nogle af Emissionsbankerne eller deres tilknyttede virksomheder interesser i Selskabet som långivere i forbindelse med Selskabets Eksisterende Gæld og/eller 2014 Facilities Agreement.<br><br>ISS' øverste moderselskab, FS Invest S.à r.l., vil efter Udbuddets gennemførelse anvende midler, der stilles til rådighed for FS Invest S.à r.l. af den Sælgende Aktionær af provenuet, som den Sælgende Aktionær modtager fra salget af Eksisterende Udbudte Aktier, til at indfri lån og påløbet rente til ISS' datterselskab ISS Global A/S samt ni af ISS' nuværende og tidligere medarbejdere og et tidligere medlem af ISS' bestyrelse. Pr. 31. december 2013 udgjorde lånene i alt ca. DKK 103 mio., hvoraf ca. DKK 98 mio. udgjorde gæld til ISS Global A/S.<br><br>Selskabet er ikke bekendt med andre fysiske eller juridiske personer involveret i Udbuddet, der kan have en væsentlig interesse i Udbuddet. |
| **E.5** | **Sælgende Aktionærs lock-up aftaler** | Den Sælgende Aktionær, FS Invest II S.à r.l. er et selskab med begrænset ansvar registreret i henhold til luxembourgsk lovgivning med registreringsnr. B107.850 og med hovedkontor på adressen L-1536 Luxembourg, 2 Rue du Fossé, Luxembourg.<br><br>Den Sælgende Aktionær ejer på nuværende tidspunkt 100% af Aktierne og stemmerettighederne i Selskabet. Der henvises til punkt B.6. for yderligere oplysninger om indirekte ejere af den Sælgende Aktionær.<br><br>I forbindelse med og betinget af Udbuddets gennemførelse vil den Sælgende Aktionær og dennes direkte og indirekte aktionærer foretage en omstrukturering (den "**Sælgende Aktionærs Omstrukturering**"). Den Sælgende Aktionærs Omstrukturering vil medføre, at OTPP, KIRKBI og deltagerne i MPP, DPP og COI ikke længere har en indirekte ejerandel i Selskabet gennem den Sælgende Aktionær, men i stedet en direkte ejerandel i Selskabet med undtagelse af de deltagere i MPP, der modtager kontant betaling i stedet for Aktier i forbindelse med ophøret af MPP. Som følge heraf vil EQT-fondene og GSCP indirekte eje den samlede aktiekapital i den Sælgende Aktionær.<br><br>Den Sælgende Aktionær udbyder 1.000.000 stk. Eksisterende Udbudte Aktier ekskl. eventuelle Aktier i forbindelse med Overallokeringsretten. |

| | | |
|---|---|---|
| | | Umiddelbart efter Udbuddets gennemførelse og den Sælgende Aktionærs Omstrukturering vil den Sælgende Aktionær eje 89.431.269 stk. Aktier, svarende til 48,0% af Selskabets aktiekapital og stemmerettigheder, hvis Overallokeringsretten udnyttes fuldt ud, og 97.234.589 stk. Aktier, svarende til 52,1% af Selskabets aktiekapital og stemmerettigheder, hvis Overallokeringsretten ikke udnyttes, i begge tilfælde baseret på en Udbudskurs svarende til midtpunktet i Udbudskursintervallet.<br><br>Efter Udbuddets gennemførelse og den Sælgende Aktionærs Omstrukturering og baseret på en Udbudskurs svarende til midtpunktet i Udbudskursintervallet vil EQT-fondene og GSCP indirekte eje henholdsvis 55,0% og 45,0% af den Sælgende Aktionær, svarende til en indirekte ejerandel på 26,4% og 21,6% af Selskabets aktiekapital og stemmerettigheder, hvis Overallokeringsretten udnyttes fuldt ud, og 28,7% og 23,5% af Selskabets aktiekapital og stemmerettigheder, hvis Overallokeringsretten ikke udnyttes, og OTPP og KIRKBI vil direkte eje henholdsvis 13,2% og 5,7% af Selskabets aktiekapital og stemmerettigheder, uanset om Overallokeringsretten udnyttes.<br><br>Selskabet har indgået aftale med Emissionsbankerne om, at i en periode på 180 dage fra første handels- og officielle noteringsdag for Aktierne vil Selskabet ikke, undtagen under visse specifikke omstændigheder, uden forudgående skriftligt samtykke fra Joint Global Coordinators på vegne af Emissionsbankerne 1) udstede, udbyde, pantsætte, sælge, indgå aftale om at sælge, sælge nogen option eller indgå aftale om at købe, købe nogen option eller indgå aftale om at sælge, tildele nogen option, ret eller warrant til at købe, udlåne eller på anden måde, direkte eller indirekte, overdrage eller afhænde (eller offentliggøre en sådan disposition), nogen af Selskabets Aktier eller værdipapirer, der kan konverteres til, udnyttes til eller ombyttes til Selskabets Aktier, 2) indgå nogen swap eller anden disposition, der helt eller delvist overdrager nogen af de økonomiske konsekvenser i forbindelse med ejerskab af Selskabets Aktier, uanset om sådanne transaktioner beskrevet under 1) eller 2) afregnes ved levering af Aktier eller sådanne andre værdipapirer, kontant eller på anden måde, eller 3) fremsætte forslag til aktionærerne om at iværksætte noget af ovenstående.<br><br>Den Sælgende Aktionær har indgået aftale med Emissionsbankerne om, at i en periode på 180 dage fra første handels- og officielle noteringsdag for Aktierne vil den Sælgende Aktionær ikke, undtagen som anført nedenfor, uden forudgående skriftligt samtykke fra Joint Global Coordinators på vegne af Emissionsbankerne 1) udbyde, pantsætte, sælge, indgå aftale om at sælge, sælge nogen option eller indgå aftale om at købe, købe nogen option eller indgå aftale om at sælge, tildele nogen option, ret eller warrant til at købe, udlåne, foranledige at Selskabet udsteder eller på anden måde, direkte eller indirekte, overdrager eller afhænder (eller offentliggøre en sådan disposition), nogen af Selskabets Lock-up Aktier eller værdipapirer, der kan konverteres til, udnyttes til eller ombyttes til Selskabets Lock-up Aktier, 2) indgå nogen swap eller anden disposition, der helt eller delvist overdrager nogen af de økonomiske konsekvenser i forbindelse med ejerskab af disse Lock-up Aktier, uanset om sådanne transaktioner beskrevet under 1) eller 2) afregnes ved levering af sådanne Lock-up Aktier eller andre værdipapirer, kontant eller på anden måde, eller 3) fremsætte forslag til Selskabets aktionærer om at iværksætte noget af ovenstående. OTPP og KIRKBI har accepteret tilsvarende begrænsninger, som de i punkt 1) og 2) anførte. |

| Afsnit E—Udbud | | |
|---|---|---|
| | | Herudover har medlemmerne af Bestyrelsen, Direktionen og Nøglemedarbejderne indgået aftale med Emissionsbankerne om, at de i en periode på 360 dage fra Aktiernes første handels- og officielle noteringsdag er underlagt tilsvarende begrænsninger som de i afsnittet ovenfor anførte i forhold til Lock-up Aktier, der er modtaget som betaling for aktiedelen af købsprisen i forbindelse med ophøret af henholdsvis DPP og MPP. |
| **E.6** | **Beløb og procentdel for umiddelbar udvanding som følge af Udbuddet** | De eksisterende Aktier pr. prospektdatoen vil blive udvandet af udstedelsen af op til 57,399,894 stk. Nye Aktier i Udbuddet svarende til en nominel værdi på DKK 57,399,894. Efter gennemførelse af Udbuddet vil de eksisterende Aktier udgøre 73% af Selskabets aktiekapital, forudsat at Udbudskursen svarer til midtpunktet i Udbudskursintervallet. |
| **E.7** | **Anslåede udgifter, som investor pålægges af Selskabet eller den Sælgende Aktionær** | Ikke relevant. Hverken Selskabet, den Sælgende Aktionær eller Emissionsbankerne vil pålægge investorerne omkostninger. Investorerne skal betale sædvanlige transaktions- og ekspeditionsgebyrer til deres kontoførende institutter, jf. desuden punkt E.1. |

**English Summary**

*Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A—E (A.1—E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer under the Prospectus Regulation no. 486/2012, as amended. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".*

| **Section A—Introduction and Warnings** | | |
|---|---|---|
| **A.1** | **Warning to investors** | This summary should be read as introduction to this Offering Circular.<br><br>Any decision to invest in the Offer Shares should be based on consideration of the Offering Circular as a whole by the investor.<br><br>Where a claim relating to the information contained in the Offering Circular is brought before a court, under the national legislation of the European Economic Area member states, the plaintiff investor might have to bear the costs of translating this Offering Circular before the legal proceedings are initiated.<br><br>Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular or it does not provide, when read together with the other parts of the Offering Circular, key information in order to aid investors when considering whether to invest in the Offer Shares. |
| **A.2** | **Consent for intermediaries** | Not applicable. No agreement has been made in regard to the use of the Offering Circular in connection with a subsequent resale or final placement of the Offer Shares. |

| **Section B—Issuer** | | |
|---|---|---|
| **B.1** | **Legal and commercial name** | The Company is registered under CVR no. 28 50 47 99 with the legal name ISS A/S and does not have any secondary names. |
| **B.2** | **Domicile, legal form, country of incorporation** | The Company was incorporated as a public limited liability company under the laws of Denmark on 11 March 2005 and has its registered office at Buddingevej 197, DK-2860 Søborg, Denmark. |
| **B.3** | **Current operations and principal activities** | We are a leading global provider of facility services, with operations in both established markets and Emerging Markets. We have local management teams in 50 countries and operations in an additional 20 countries. We are one of the largest private employers in the world with 533,544 employees as of 31 December 2013. We achieved total revenue of DKK 78.5 billion and Operating Profit Before Other Items of DKK 4.3 billion in 2013, and total revenue of DKK 79.5 billion and Operating Profit Before Other Items of DKK 4.4 billion in 2012. |

| Section B—Issuer | | |
|---|---|---|
| | | We offer our customers a range of facility services, which include: (i) cleaning services, such as daily office and facility cleaning, industrial cleaning, cleaning services for transport services, dust control and specialised cleaning services; (ii) property services, such as building maintenance and technical services, landscaping and pest control services; (iii) catering services, such as in-house restaurants, hospital canteens, catering services to remote sites, executive dining, corporate catering and office catering solutions such as coffee points; (iv) support services, such as call centres and reception and switchboard services, office logistics and manpower supply; (v) security services, such as guarding, access control and patrolling of customer facilities and installation of alarms and access control systems; and (vi) facility management services, such as on-site management of facility services, change management, space management and consulting.<br><br>We deliver these services to our customers as either single services, multi-services or integrated facility services ("**IFS**"). Single service contracts are those where we provide one type of service, such as cleaning services, to the customer. Multi-services refer to the provision of two or more non-integrated service types to one customer. We also provide IFS whereby we provide two or more service types under one contract, together with on-site management through a single point of contact with the customer, which allows us to integrate the facility services functions at the customer's premises. We have, in recent years, increasingly developed our business to enable us to provide IFS solutions.<br><br>We deliver services to our customers mainly through the use of our own employees (self-delivery) with only limited use of subcontractors. Our global footprint includes operations in Western Europe; the Nordic region; Asia; the Pacific; Latin America; North America and Eastern Europe.<br><br>**Our Strategy**<br><br>The ISS Way strategy, launched in 2008, provides the foundation on which we pursue our vision of "We are going to be the world's greatest service organisation". The ISS Way strategy focuses on five themes:<br><br>1. Empowering people through leadership;<br>2. Optimising our customer base;<br>3. A fit for purpose organisation;<br>4. IFS strategy; and<br>5. Striving for excellence.<br><br>**Our Key Strengths**<br><br>We believe that our key strengths and advantages are set out below:<br><br>1. *Global facility services leader with a strong delivery model*: global leadership and a differentiated value proposition;<br>2. *Robust growth profile through the cycle*: a track record of Organic Growth expected to be further underpinned by attractive market drivers, a diversified exposure, growth in IFS and global corporate clients, Emerging Market exposure, and well positioned for an economic recovery; |

| Section B—Issuer | | |
|---|---|---|
| | | 3. *Strong and stable cash generation driving high returns*: low risk financial profile, high Cash Conversion, and attractive capital structure with improved cash flow;<br>4. *Experienced management team with solid track-record and in-depth sector expertise*: our Executive Group Management Board and our Key Employees have a solid track record in the facility services industry over numerous years, including in-depth sector knowledge, management expertise and significant international experience; and<br>5. *The ISS Way*: a strategy that underpins our growth, margins and supports a strong cash generation profile. |
| **B.4a** | **Description of the most significant recent trends affecting the Company and the industries in which it operates** | *Highly Fragmented Industry Despite Consolidation*: the facility services market is undergoing consolidation as larger providers seek to achieve economic benefits associated with building operational scale and scope. Despite this trend of consolidation, the facility services market continues to be highly fragmented.<br>*Increase in outsourcing*: The penetration rate of outsourcing has increased across all service types and the global outsourcing rate is estimated to be 55% in 2012, up from 52% in 2006. We expect this trend to continue and based on our review of external sources, we estimate that global outsourcing penetration could reach 57% by 2018. While all geographies are expected to experience a continued increase in outsourcing penetration, that trend is expected to be most prevalent in emerging markets given their generally lower current penetration rates.<br>*Increase in IFS*: Based on our review of the external sources, organisations are increasingly opting for an IFS approach. Since 2000, the market for IFS has increased significantly and management expects penetration to increase in the future, leading to higher revenue growth rates than the general facility services market. We estimate based on our review of external sources, that from 2006 to 2012, the IFS market has grown at a CAGR of 7% and that IFS could account for 9% of the market in 2018, up from an estimated 8% in 2012, implying a CAGR of approximately 9%.<br>*Increase in global contracts and centralised purchasing*: Centralised procurement of international contracts is still relatively rare within the facility services market. However, large multi-national companies with a global presence are increasingly centralising procurement and operations of facility services. We estimate based on our review of external sources, that the percentage of the facility services market delivered through international contracts was 4% in 2012, and that this level may increase to 6% by 2018 implying a CAGR of approximately 9% for 2012 to 2018 compared to a CAGR of approximately 5% for 2012 to 2018 for the market as a whole. |
| **B.5** | **Description of the Group and the Company's position within the Group** | Our material subsidiaries comprise ISS World Services A/S, ISS Global A/S, ISS Holding France A/S, ISS Venture A/S and parent companies of the operating subsidiaries for each of our 13 largest country operations measured by revenue. These 13 country operations together represent 72.3% of our revenue and 82.8% of our Operating Profit Before Other Items for 2013 and include all countries where we had revenue in excess of DKK 2 billion in 2013. |

| Section B—Issuer | | |
|---|---|---|
| **B.6** | **Persons who, directly or indirectly, have an interest in the issuer's capital or voting rights or have control over the Company** | As of the date hereof, FS Invest II S.à r.l. (the "**Selling Shareholder**") owns 100% of our Shares. The ultimate controlling company of our Group is FS Invest S.à r.l., which is owned by the EQT Funds (40%), and funds advised by affiliates of Goldman Sachs ("**GSCP**" or "**Goldman Sachs Capital Partners**") (33%), Ontario Teachers' Pension Plan Board indirectly holding its ownership stake in the Company through 2337323 Ontario Limited (until completion of the Selling Shareholder Restructuring (defined below) after which Ontario Teachers' Pension Plan Board is expected to hold Shares directly in the Company) ("**OTPP**") (18%) and KIRKBI Invest A/S ("**KIRKBI**") (8%) and certain current and former members of our Board of Directors, our Executive Group Management Board and a number of senior officers of our Group through the management participation programme ("**MPP**"), the directors participation programme ("**DPP**") and the co-investment scheme ("**COI**") (1%). |
| **B.7** | **Selected financial and business information** | *The selected consolidated financial information including the selected consolidated income statements, statements of financial position and cash flow statements shown below has been derived from the Audited Consolidated Financial Statements which have been prepared in accordance with IFRS as adopted by the European Union.* |

## Section B—Issuer

### Income Statement Data

| | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012[(6)] | 2011[(6)] |
| | (DKK million) | | |
| Revenue | 78,459 | 79,454 | 77,644 |
| Staff costs | (51,234) | (52,071) | (50,089) |
| Consumables | (6,949) | (7,009) | (6,751) |
| Other operating expenses | (15,174) | (15,110) | (15,561) |
| Depreciation and amortisation[(1)] | (787) | (853) | (855) |
| **Operating Profit Before Other Items[(2)]** | **4,315** | **4,411** | **4,388** |
| Other income and expenses, net | (100) | (308) | (223) |
| **Operating Profit[(1)]** | **4,215** | **4,103** | **4,165** |
| Share of result from equity-accounted investees | 6 | 4 | 0 |
| Financial income | 170 | 217 | 197 |
| Financial expenses | (2,446) | (2,943) | (2,999) |
| **Profit before tax and goodwill impairment/ amortisation and impairment of brands and customer contracts** | **1,945** | **1,381** | **1,363** |
| Income taxes[(3)] | (919) | (960) | (888) |
| **Profit before goodwill impairment/ amortisation and impairment of brands and customer contracts** | **1,026** | **421** | **475** |
| Goodwill impairment | (985) | (385) | (501) |
| Amortisation and impairment of brands and customer contracts[(4)] | (667) | (679) | (708) |
| Income tax effect[(5)] | 229 | 193 | 231 |
| **Net profit/(loss) for the year** | **(397)** | **(450)** | **(503)** |
| **Attributable to:** | | | |
| Owners of ISS A/S | (399) | (453) | (510) |
| Non-controlling interests | 2 | 3 | 7 |
| Net profit/(loss) for the year | **(397)** | **(450)** | **(503)** |
| **DKK** | | | |
| **Earnings per Share** | | | |
| Basic earnings per Share | (2.9) | (4.0) | (5.1) |
| Diluted earnings per Share | (2.9) | (4.0) | (5.1) |

### Statement of Financial Position Data

| | As of 31 December | | |
|---|---|---|---|
| | 2013 | 2012(6) | 2011(6) |
| | (DKK million) | | |
| **ASSETS** | | | |
| Total non-current assets | 30,995 | 34,844 | 37,016 |
| Total current assets | 17,581 | 19,044 | 17,964 |
| **Total Assets** | **48,576** | **53,888** | **54,980** |
| **EQUITY AND LIABILITIES** | | | |
| Equity attributable to owners of ISS A/S | 4,237 | 5,097 | 2,127 |
| Non-controlling interests | 9 | 10 | 12 |
| Total non-current liabilities | 23,314 | 27,551 | 31,669 |
| Total current liabilities | 21,016 | 21,230 | 21,172 |
| **Total Equity and Liabilities** | **48,576** | **53,888** | **54,980** |

### Statement of Cash Flows Data

| | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012(6) | 2011(6) |
| | (DKK million) | | |
| Cash flow from operating activities | 3,715 | 3,855 | 3,676 |
| Cash flow from investing activities | 1,331 | (747) | (332) |
| Cash flow from financing activities | (5,159) | (3,643) | (2,874) |
| **Total cash flow** | **(113)** | **(535)** | **470** |
| Cash and cash equivalents as of 31 December | 3,277 | 3,528 | 4,037 |

(1) Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(2) Excluding Other income and expenses, net, Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(3) Excluding tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(4) Includes customer contract portfolios and related customer relationships.
(5) Income tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(6) Includes restatements under IAS 19 (revised) incorporated in the audited consolidated financial statements for the year ended 31 December 2013.

Our Organic Growth was 4.3%, 1.7% and 6.3% in 2013, 2012 and 2011, respectively.

As of the date of this Offering Circular, there have been no significant changes to our financial condition and operating results since 31 December 2013.

In the first quarter of 2014, we entered into the 2014 Facilities Agreement and have entered into an agreement to divest our commercial security activities in Australia and New Zealand. In the first quarter of 2014, we also completed the divestment of our landscaping activities in France, pest control activities in India and security activities in Israel.

| | | |
|---|---|---|
| **B.8** | **Selected key pro forma financial information** | Not applicable. No pro forma financial information is presented in the Offering Circular. |
| **B.9** | **Profit forecast or estimate** | With respect to consolidated prospective financial information for the year ending 31 December 2014, we expect revenue growth in 2014 to be 3% to 4% assuming constant foreign exchange rates and before the impact of any acquisitions or divestments completed in 2013 and 2014. Changes in foreign exchange rates are expected to negatively impact revenue growth in 2014 by approximately 3 percentage points. |

| Section B—Issuer | | |
|---|---|---|
| | | Divestments and acquisitions completed in 2013 and divestments completed in 2014 are expected to negatively impact revenue growth in 2014 by approximately 5 percentage points. We expect total revenue growth in 2014 to be negative by 4% to 5%. Operating Margin in 2014 is expected to be above the 5.5% realised in 2013. Cash Conversion is expected to be above 90%.<br><br>For the purposes of the consolidated prospective financial information for the year ending 31 December 2014, constant foreign exchange rates are the realised average exchange rates for the financial year 2013. Impact from changes in foreign exchange rates is calculated as expected revenue for 2014 at exchange rates as of 31 December 2013 less the same revenue calculated at the average exchange rates for the financial year 2013, relative to revenue realised in 2013 less estimated revenue from divestments completed in 2013 and 2014. At 31 December 2013, certain businesses were held for sale. The consolidated prospective financial information for the year ending 31 December 2014 includes only divestments completed in 2014 as of and including 28 February 2014: landscaping activities in France, pest control activities in India, security activities in Israel and HVAC activities in Belgium. Expectations for the year ending 31 December 2014 exclude the divestment of commercial security activities in Australia and New Zealand, which had revenue of approximately DKK 0.8 billion in 2013.<br><br>The consolidated prospective financial information for the year ending 31 December 2014 has been prepared: (i) on the basis of our accounting policies, which are in accordance with recognition and measurement of IFRS as adopted by the EU, consistent in all material respects with those applied in the audited consolidated financial statements for the year ended and as of 31 December 2013; and (ii) in accordance with our ordinary forecasting and budgeting procedures and on a basis comparable to the historical financial information included elsewhere in this Offering Circular. However, the consolidated prospective financial information is based on a large number of estimates made by us based on assumptions on future events, which are subject to numerous and significant uncertainties, for example, caused by business, economic and competitive risks and uncertainties, which could cause our actual results to differ materially from the prospective financial information presented herein.<br><br>Certain of the assumptions, uncertainties and contingencies relating to the consolidated prospective financial information are outside of our control, including those relating to changes in political, legal, fiscal, market or economic conditions, improvement in macroeconomic conditions, currency fluctuations and actions by customers or competitors. Certain other assumptions, uncertainties and contingencies are wholly or partially within our control, such as those relating to the execution of our strategy and restructuring projects. |
| **B.10** | **Qualifications in the audit report on the historical financial information** | Not applicable. The audit reports on the historical financial information included or incorporated by reference in the Offering Circular have been issued without qualifications. |
| **B.11** | **Explanation if the issuer's working capital is not sufficient for the Company's present requirements** | Not applicable. We believe that, as of the date of this Offering Circular, our working capital is adequate to meet our financing requirements for at least twelve months after the first date of trading on NASDAQ OMX Copenhagen, which is expected to be on 17 March 2014. |

| Section C—Securities | | |
|---|---|---|
| C.1 | **A description of the type and the class of the Offer Shares, including any security identification number** | The Shares, including the Offer Shares, are not divided into share classes.<br>Permanent ISIN: DK0060542181<br>Temporary ISIN: DK0060542264 |
| C.2 | **Currency of the Offer Shares** | The Offer Shares will be denominated in Danish kroner ("**DKK**"). |
| C.3 | **The number of Shares issued and fully paid and issued but not fully paid** | As of the date of this Offering Circular, the Company's share capital has a nominal value of DKK 135,443,319, divided into 135,443,319 shares of DKK 1 each or multiples thereof. All shares are issued and fully paid up. |
| C.4 | **A description of the rights attached to the Shares** | The Offer Shares, including the New Shares, will rank pari passu with all other Shares, including in respect of eligibility to receive dividends.<br>Each Share with a nominal value of DKK 1 gives the holder the right to one vote at our general meetings. |
| C.5 | **A description of any restrictions on the free transferability of the Shares** | Not applicable. The Shares are negotiable instruments and no restrictions under Danish law apply to the transferability of the Shares. |
| C.6 | **Admission to trading on a regulated market** | Application has been made for the Shares to be admitted to trading and official listing on NASDAQ OMX Copenhagen under the symbol "**ISS**". The existing Shares are issued under the permanent ISIN DK0060542181. The Offer Shares will be issued under the temporary ISIN DK0060542264 except for the Existing Offer Shares to be acquired by the Company at the Offer Price from the Selling Shareholder in connection with the Offering. The trading and official listing of the Shares are subject to, among other things, NASDAQ OMX Copenhagen's approval of the distribution of the Offer Shares.<br>The first day of trading in, and official listing of, the existing Shares issued under the permanent ISIN and the Offer Shares issued under the temporary ISIN on NASDAQ OMX Copenhagen is expected to be on 17 March 2014. If the Offering is closed prior to 14 March 2014, the first day of trading and official listing and the date of payment and settlement may be moved forward accordingly. |
| C.7 | **A description of dividend policy** | Our Board of Directors has adopted a dividend policy with a target initial payout ratio of approximately 50% of profit after tax and before goodwill impairment/amortisation and impairment of brands and customer contracts (stated as profit before goodwill impairment/amortisation and impairment of brands and customer contracts in the income statement of the Group's annual audited consolidated financial statements).<br>The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future revenue, profits, financial conditions, general economic and business conditions, and future prospects and such other factors as our Board of Directors may deem relevant as well as applicable restrictions in certain of our debt instruments and other legal and regulatory requirements. There can be no assurances that our performance will facilitate adherence to the dividend policy or any increase in the payout ratio and, in particular, our ability to pay dividends may be impaired if any of the risks described in this Offering Circular were to occur. Furthermore, our dividend policy is subject to change as our Board of Directors will revisit our dividend policy from time to time. |

| Section C—Securities | | |
|---|---|---|
| | | There can be no assurances that in any given year a dividend will be proposed or declared. While our 2016 Senior Subordinated Notes and our Senior Secured Facilities contain restrictions on dividend payments, we expect to redeem the 2016 Senior Subordinated Notes in full on or about 15 May 2014 using a portion of the net proceeds of the Offering, and we intend to use the remainder of the net proceeds of the Offering (save for any proceeds used to acquire Existing Offer Shares in order for us to meet certain of our obligations under our incentive programmes) together with drawdowns under the 2014 Facilities and cash on hand to repay the Senior Secured Facilities at the completion of the Offering. We intend to offer to purchase the 2014 Medium Term Notes or to repay them at maturity and to repay our securitisation programme and various other debt instruments during the course of 2014. The 2014 Facilities Agreement does not contain any restrictions on dividends.<br><br>As an alternative, or in addition to, making dividend payments, our Board of Directors may initiate share buybacks. The decision by the Board of Directors to engage in share buybacks, if any, will be made in accordance with the factors applicable to dividend payments set forth above.<br><br>We have not declared any dividend in 2014, 2013 and 2012. We expect to declare dividends in 2015 with respect to the financial year 2014 and/or we may initiate a share buy-back, in each case subject to compliance with Danish statutory requirements. |

| Section D—Risks | | |
|---|---|---|
| **D.1** | **Key information on the key risks that are specific to the Company or its industry** | *The risks and uncertainties discussed below are those that our management currently views as material, but these risks and uncertainties are not the only ones that we face. Additional risks and uncertainties, including risks that are not known to us at present or that our management currently deems immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Offer Shares and a loss of part or all of an investor's investment. The following risk factors are not listed in any particular order of priority as to significance or probability.*<br><br>• Downturns in economic conditions in the markets in which we operate may impact the demand for facility services and could have a material adverse effect on our business, results of operations or financial condition;<br><br>• We are subject to risks associated with our global operations, including multiple national and local regulatory and compliance requirements from different labour, health, safety and environment, anti-corruption and other regulatory regimes; potential adverse tax consequences (including related to transfer pricing); antitrust regulations; an inability to enforce remedies in certain jurisdictions; and geopolitical and social conditions in certain sectors of relevant markets;<br><br>• Our ability to maintain and improve our Operating Margins, maintain our Cash Conversion levels, and to reach our targets for these measures are dependent on a number of factors; |

| Section D—Risks | | |
|---|---|---|
| | | • An inability to grow our business organically, including the inability to retain existing customers and to add new customers, may have a material adverse effect on our business, results of operations or financial condition and may prevent us from reaching our growth target;<br>• We are subject to risks associated with doing business in Emerging Markets, as political, economic and legal systems and conditions in emerging market economies are generally less predictable than in countries with more developed institutional structures;<br>• Our business is increasingly becoming more complex, which increases our exposure to operational risks;<br>• We are subject to risks associated with our decentralised organisational structure as we delegate considerable operational autonomy and responsibility to our subsidiaries with limited central oversight;<br>• We may not be able to attract and retain qualified regional and local managers, which could harm our business and prevent us from implementing our strategy;<br>• We may not be able to attract and retain a sufficient number of qualified employees, which may have a material adverse effect on our business, results of operations or financial condition;<br>• Our reputation, brand or profitability may be adversely affected by various operational risks;<br>• We are subject to risks associated with our contracts, including our ability to correctly assess pricing terms, employee and other financial obligations, the increased complexity of our IFS contracts and the potential early termination or change of scope of contracts by customers;<br>• Our public sector contracts, including our PPP/PFI contracts, may be affected by political and administrative decisions;<br>• We are subject to risks associated with the divestments of certain existing businesses and the acquisitions of new businesses;<br>• We are subject to extensive laws and regulations across our global network of operations, which may constrain our operations or subject us to non-compliance risk, and the cost of compliance may increase in the future;<br>• We face strong competition;<br>• Fluctuations in foreign currency exchange rates could have a material adverse effect on our business, results of operations or financial condition;<br>• The terms of our Existing Indebtedness and of the 2014 Facilities Agreement and any inability to refinance such indebtedness as it comes due and payable, may have an adverse effect on our business, results of operations or financial condition;<br>• Deviations and changes in assumptions incorporated in impairment tests might impact the value of intangible assets and equity as well as reported income; and |

| Section D—Risks | | |
|---|---|---|
| | | • The projected financial information included in this Offering Circular may differ materially from our actual results and investors should not place undue reliance on it. |
| **D.3** | **Key information on the key risks relating to the Offer Shares** | • Following the Offering, the Selling Shareholder will continue to be a large shareholder and may control or otherwise influence important actions we take;<br>• The Shares have not previously been publicly traded, and their price may be volatile and fluctuate significantly in response to various factors;<br>• Future sales of Shares after the Offering may cause a decline in the market price of the Shares;<br>• Differences in exchange rates may have a material adverse effect on the value of shareholdings or dividends paid;<br>• U.S. and other non-Danish holders of Shares may not be able to exercise pre-emptive rights or participate in any future rights offers; and<br>• Limited free float in the Shares. |

| Section E—Offer | | |
|---|---|---|
| **E.1** | **Total net proceeds of the Offer and estimated expenses** | Our net proceeds from the sale of New Shares are expected to be approximately DKK 7,690 million, after deduction of commissions and estimated Offering expenses payable by the Company. We will not receive any part of the proceeds from the sale of Existing Offer Shares.<br>Assuming an Offer Price at the midpoint of the Offer Price Range and full exercise of the Overallotment Option, the total expenses in relation to the Offering, including commissions and fees (fixed and discretionary) payable by us to the Managers, are estimated to be approximately DKK 350 million, of which DKK 100 million is expected to be recognised in the income statement in 2013 and 2014. In addition, certain expenses in relation to the Offering, including, but not limited to, commissions and fees (fixed and discretionary) to be paid to the Managers, are payable by the Selling Shareholder proportionally based on the number of New Shares and Existing Offer Shares that are sold in the Offering.<br>Further, we and the Selling Shareholder have agreed to pay a selling commission to account-holding banks (unless such account-holding bank is a Manager) equivalent to 0.25% of the Offer Price of the Offer Shares that are allocated in respect of purchase orders of up to and including DKK 3 million submitted through the account-holding banks, to be paid proportionally by us and the Selling Shareholder based on the number of New Shares and Existing Offer Shares, respectively, that are sold.<br>None of the Company, the Selling Shareholder or the Managers will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account-holding banks. |
| **E.2a** | **Reasons for the Offer and use of proceeds, estimated net amount of the proceeds** | The Offering is expected to support our future growth and operational strategy, advance our public and commercial profile, and provide us with improved access to public capital markets and a diversified base of new Danish and international shareholders. |

| Section E—Offer | | |
|---|---|---|
| | | Our net proceeds from the sale of New Shares are expected to be approximately DKK 7,690 million after deduction of commissions and estimated Offering expenses payable by the Company.<br><br>Following the Offering, we expect to refinance all of our Existing Indebtedness. We expect to redeem the 2016 Senior Subordinated Notes in full on or about 15 May 2014 using a portion of the net proceeds of the Offering, and we intend to use the remainder of the net proceeds of the Offering (save for any proceeds used to acquire Existing Offer Shares in order for us to meet certain of our obligations under our incentive programmes) together with drawdowns under the 2014 Facilities and cash on hand to repay the Senior Secured Facilities at the completion of the Offering. We intend to offer to purchase the 2014 Medium Term Notes or to repay them at maturity and to repay our securitisation programme and various other debt instruments during the course of 2014. In addition, we expect to use DKK 140 million of the proceeds to acquire Existing Offer Shares in order for us to meet certain of our obligations to deliver Shares in the Company to participants in our incentive programmes.<br><br>We will not receive any part of the proceeds from the sale of Existing Offer Shares. |
| **E.3** | **Terms and conditions of the Offer** | The Company is offering between 45,919,915 and 57,399,894 New Shares and the Selling Shareholder is offering 1,000,000 Existing Offer Shares, excluding any Shares subject to the Overallotment Option.<br><br>The exact number of New Shares to be issued by us pursuant to the Offering will be adjusted depending on the Offer Price in order for us to receive gross proceeds of approximately DKK 8,036 million. Up to 1,000,000 Existing Offer Shares will be reserved for the Company to purchase in connection with the Offering for the Company to meet certain of its obligations to deliver Shares to participants in the Company's incentive programmes.<br><br>The Selling Shareholder has agreed to grant the Joint Global Coordinators, on behalf of the Managers, an Overallotment Option to purchase up to 8,759,985 Option Shares at the Offer Price, exercisable, in whole or in part, from the first day of trading in, and official listing of, the Shares until 30 calendar days thereafter, solely to cover overallotments or short positions, if any, incurred in connection with the Offering.<br><br>The Offering consists of: (i) an initial public offering to retail and institutional investors in Denmark; (ii) a private placement in the United States to persons who are "qualified institutional buyers" or "QIBs" (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended) in reliance on Rule 144A; and (iii) private placements to institutional investors in the rest of the world. The Offering outside the United States will be made in compliance with Regulation S under the U.S. Securities Act.<br><br>The Offer Price will be determined after a book-building process by our Board of Directors and the Selling Shareholder in consultation with the Joint Global Coordinators. The Offer Price is expected to be between DKK 140 and DKK 175 per Offer Share. It is expected that |

| Section E—Offer | | |
|---|---|---|
| | | the result of the Offering, the Offer Price and the basis of the allocation will be announced through NASDAQ OMX Copenhagen no later than 8:00 a.m. (CET) on 17 March 2014.<br><br>If the Offer Price is set above the Offer Price Range or the Offer Price Range is amended upwards, the Company will make an announcement through NASDAQ OMX Copenhagen and publish a supplement to this Offering Circular. In such case, investors who have submitted orders to purchase Offer Shares in the Offering will have two trading days following publication of the relevant supplement to withdraw their offer, in its entirety, to subscribe for or purchase Offer Shares in the Offering. In such circumstances, the announcement of the Offer Price will not be published until the period for exercising such withdrawal rights has ended.<br><br>The Offer Period will commence on 5 March 2014 and will close no later than 14 March 2014 at 4:00 p.m. (CET). The Offer Period may be closed prior to 14 March 2014; however, the Offer Period will not be closed in whole or in part before 11 March 2014 at 00:01 a.m. (CET). If the Offering is closed before 14 March 2014, announcement of the Offer Price, allocation, the first day of trading and official listing as well as the date of payment and settlement may be moved forward accordingly. The Offer Period in respect of applications for purchases of amounts up to, and including, DKK 3 million may be closed before the remainder of the Offering is closed. Any such earlier closing, in whole or in part, will be announced through NASDAQ OMX Copenhagen.<br><br>The minimum subscription/purchase amount is one Offer Share. No maximum subscription amount applies to the Offering. However, the number of shares is limited to the number of Offer Shares in the Offering.<br><br>Applications by Danish investors to purchase or subscribe for amounts of up to and including DKK 3 million should be made by submitting the application form enclosed in the English Language Offering Circular and the Danish Offering Circular to the investor's own account-holding bank during the Offer Period or such shorter period as may be announced through NASDAQ OMX Copenhagen. Applications are binding and cannot be altered or cancelled. Bids may be made at a maximum price per Offer Share in Danish kroner. If the Offer Price exceeds the maximum price per Offer Share stated in the application form, then no Offer Shares will be allocated to the investor. Where no maximum price per share has been indicated, applications will be deemed to be made at the Offer Price. All applications made at a price equivalent to the Offer Price, or a higher price, will be settled at the Offer Price following allotment, if any. Applications should be made for a number of Offer Shares or for an aggregate amount rounded to the nearest Danish kroner amount. Only one application will be accepted from each account in VP Securities. For binding orders, the application form must be submitted to the investor's own account-holding bank in complete and executed form in due time to allow the investor's own account-holding bank to process and forward the application to ensure that it is in the possession of Nordea Bank Danmark A/S, no later than 4:00 p.m. (CET) on 14 March 2014, or such earlier time at which the Offering is closed.<br><br>Investors who wish to apply to purchase or subscribe for amounts of more than DKK 3 million can indicate their interest to one or more of the Managers during the Offer Period. During the Offer Period, such investors can continuously change or withdraw their declarations of |

| Section E—Offer | | |
|---|---|---|
| | | interest, but these declarations of interest become binding applications at the end of the Offer Period.<br><br>In the event that the total amount of shares applied for in the Offering exceeds the number of Offer Shares, reductions will be made mathematically if the application amounts to up to and including DKK 3 million except that orders by the members of our Board of Directors, members of our Executive Group Management Board and our Key Employees will be fully allocated. With respect to applications for amounts of more than DKK 3 million, individual allocations will be made. Orders as well as indications of interest may not result in an allocation of Offer Shares.<br><br>Following the expiration of the Offer Period, investors will receive a statement indicating the number of Offer Shares allocated, if any, and the equivalent value at the Offer Price unless otherwise agreed between the investor and the relevant account-holding bank.<br><br>The Offer Shares are expected to be delivered in book entry form through the facilities of VP Securities, Euroclear and Clearstream on or around 20 March 2014 against payment in immediately available funds in Danish kroner. All dealings in the Offer Shares prior to settlement will be for the account of and at the sole risk of the parties involved.<br><br>The Offering may be withdrawn by the Company, the Selling Shareholder and the Joint Global Coordinators at any time before pricing and allocation of the Offering take place. Any withdrawal of the Offering will be announced immediately through NASDAQ OMX Copenhagen. |
| **E.4** | **Material interests in the Offer including conflicts of interest** | Certain members of our Board of Directors, as well as our Executive Group Management Board and our Key Employees, are indirect shareholders in the Company or hold economic interests therein, and will, following the Selling Shareholder Reorganisation (as defined below), hold a direct interest in the Company and therefore have an interest in the Offering. No member of our Board of Directors or Executive Group Management Board or any of our Key Employees, directly or indirectly, holds more than 5% of our share capital. See Item B.6 for further information on direct and indirect ownership interests in the Company.<br><br>GSCP, who currently indirectly owns 33% of the Company, is advised by affiliates of Goldman Sachs International, who acts as Joint Global Coordinator in the Offering.<br><br>Goldman Sachs International, Nordea Markets (division of Nordea Bank Danmark A/S) and UBS Limited are acting as Joint Global Coordinators in the Offering, the Joint Global Coordinators and Barclays Bank PLC and Morgan Stanley & Co. International plc are acting as Joint Bookrunners in the Offering and Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige, Danske Bank A/S and Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige are acting as Co-Lead Managers in the Offering and are, together with the Joint Bookrunners, the Managers in the Offering. Some of the Managers and their respective affiliates have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with us or the Selling Shareholder or any of |

| Section E—Offer | | |
|---|---|---|
| | | our or their respective related parties. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Managers have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with potential investors' and our interests.<br><br>In addition, affiliates of Goldman Sachs, KIRKBI and some of the Managers or their affiliates hold interests in the Company as lenders under our Existing Indebtedness and/or the 2014 Facilities Agreement.<br><br>Our ultimate parent company FS Invest S.à r.l. will, upon completion of the Offering, use funds made available to FS Invest S.à r.l. by the Selling Shareholder from proceeds received by the Selling Shareholder from the sale of Existing Offer Shares, to repay loans together with accrued interest thereon to our subsidiary ISS Global A/S, as well as nine of our current and former employees and a former member of our board of directors. As of 31 December 2013 the total aggregate amount of the loans was approximately DKK 103 million, of which approximately DKK 98 million was owed to ISS Global A/S.<br><br>We are not aware of any other potential interest of natural or legal persons involved in the Offering who may have a material interest in the Offering. |
| **E.5** | **Selling Shareholder and Lock-up Arrangements** | The Selling Shareholder, FS Invest II S.à r.l., is a limited liability company organised under the laws of Luxembourg with registered number B107.850, having its registered office at L-1536 Luxembourg, 2 Rue du Fossé, Luxembourg.<br><br>The Selling Shareholder currently holds 100% of the Shares of, and voting rights in, the Company. For further information on the indirect owners of the Selling Shareholder, see Item B.6.<br><br>In connection with, and subject to, the completion of the Offering, the Selling Shareholder and its direct and indirect shareholders will carry out a reorganisation (the "**Selling Shareholder Reorganisation**"). The Selling Shareholder Reorganisation will result in OTPP, KIRKBI and the participants in the MPP, DPP and COI no longer holding an indirect ownership interest in the Company through the Selling Shareholder but will instead have a direct ownership interest in the Company, except for those participants in the MPP receiving cash instead of Shares in connection with the termination of the MPP. Accordingly, the EQT Funds and GSCP will, indirectly, own the entire share capital in the Selling Shareholder.<br><br>The Selling Shareholder is offering 1,000,000 Existing Offer Shares, excluding any Shares subject to the Overallotment Option.<br><br>Upon the completion of the Offering and the Selling Shareholder Reorganisation, the Selling Shareholder will own 89,431,269 Shares, corresponding to 48.0% of our share capital and voting rights, assuming full exercise of the Overallotment Option, and 97,234,589 Shares, corresponding to 52.1% of our share capital and voting rights, assuming no exercise of the Overallotment Option, in each case assuming an Offer Price at the midpoint of the Offer Price Range.<br><br>After the completion of the Offering and the Selling Shareholder Reorganisation and assuming an Offer Price at the midpoint of the Offer Price Range, the EQT Funds will indirectly hold 55.0% and GSCP will indirectly hold 45.0%, respectively, of the Selling Shareholder, corresponding to an indirect interest of 26.4% and |

| Section E—Offer | | |
|---|---|---|
| | | 21.6% of our share capital and voting rights, assuming full exercise of the Overallotment Option, and 28.7% and 23.5% of our share capital and voting rights assuming no exercise of the Overallotment Option, and OTPP and KIRKBI will each directly hold 13.2% and 5.7% of our share capital and voting rights, irrespective of whether or not the Overallotment Option is exercised.<br><br>We have agreed with the Managers that we will not, except in certain specific circumstances, for a period of 180 days from the first day of trading and official listing of the Shares, without the prior written consent of the Joint Global Coordinators on behalf of the Managers, (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any of our Shares, or any securities convertible into or exercisable or exchangeable for our Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our Shares, whether any such transactions described in clause (i) or (ii) above are to be settled by delivery of our Shares or such other securities, in cash or otherwise, or (iii) submit to our shareholders a proposal to effect any of the foregoing.<br><br>The Selling Shareholder has agreed with the Managers that it will not, except as set forth below, for a period of 180 days after the first day of trading and official listing of the Shares, without the prior written consent of the Joint Global Coordinators on behalf of the Managers: (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any of its Lock-up Shares, or any securities convertible into or exercisable or exchangeable for such Lock-up Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Lock-up Shares, whether any such transactions described in clause (i) or (ii) above are to be settled by delivery of such Lock-up Shares or such other securities, in cash or otherwise; or (iii) submit to the Company's shareholders a proposal to effect any of the foregoing. OTPP and KIRKBI have agreed to similar restrictions set forth in clause (i) and (ii) of the paragraph.<br><br>In addition, the members of our Board of Directors, Executive Group Management Board and our Key Employees have agreed with the Managers that, for a period of 360 days from the first day of trading in, and official listing of, the Shares, they will be subject to similar restrictions as those set out in the paragraph above in respect of any Lock-up Shares received as payment of the share component of the purchase price in connection with the termination of the DPP and the MPP, as applicable. |
| **E.6** | **The amount and percentage of immediate dilution resulting from the Offering** | The existing Shares at the date of this Offering Circular will be diluted by the issue of up to 57,399,894 New Shares in the Offering corresponding to a nominal value of DKK 57,399,894. Following the completion of the Offering, the existing Shares will represent 73% of the Company's share capital assuming an Offer Price at the midpoint of the Offer Price Range. |

| Section E—Offer | | |
|---|---|---|
| **E.7** | **Estimated expenses charged to the investor by the Company or the Selling Shareholder** | Not applicable. None of the Company, the Selling Shareholder or the Managers will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account-holding banks. See also Item E.1. |

## RISK FACTORS

An investment in the Offer Shares involves a high degree of financial risk. You should carefully consider all information in this Offering Circular, including the risks described below, before you decide to buy the Offer Shares. This section addresses both general risks associated with the industry in which we operate and the specific risks associated with our business. If any such risks were to materialise, our business, results of operations or financial condition could be materially and adversely affected, resulting in a decline in the value of the Offer Shares. Further, this section describes certain risks relating to the Offering and the Offer Shares which could also adversely impact the value of the Offer Shares.

The risks and uncertainties discussed below are those that our management currently views as material, but these risks and uncertainties are not the only ones that we face. Additional risks and uncertainties, including risks that are not known to us at present or that our management currently deems immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Offer Shares and a loss of part or all of your investment. The following risk factors are not listed in any particular order of priority as to significance or probability.

### Risks Relating to our Business and Industry

***Downturns in economic conditions in the markets in which we operate may impact the demand for facility services and could have a material adverse effect on our business, results of operations or financial condition***

We believe that the growth in demand of our services generally correlates with economic conditions, including growth in gross domestic product, in the countries in which we operate. Economic downturns or otherwise uncertain economic outlooks in one or more of our principal markets, in any other markets in which we operate or will operate, or on a global scale could adversely affect the demand for outsourcing of facility services, which could have a material adverse effect on our business, results of operations or financial condition.

Moreover, periods of recession or deflation may have an adverse impact on prices, payment terms and on the demand for our services (especially the demand for our Non-Portfolio Business, as defined in "*Glossary*"), particularly if customers downsize their businesses or reduce their demand for our services. In addition, at times of economic uncertainty, our public sector customers may face extensive budgetary and/or political pressures.

During the recent economic downturn, we experienced reduced activity levels in certain regions and in certain customer segments that negatively impacted our revenue and put pressure on our Operating Margins. However, our Portfolio Business (as defined in "*Glossary*"), which encompasses most of our cleaning services, tends to be more resilient and was less affected during the recent economic downturn than our Non-Portfolio Business. While we have taken appropriate actions in the past, and expect to be able to take appropriate actions in the future, to mitigate the negative effect of economic downturns on our Operating Margins such as adapting the scope of our contract offering (for example, offering IFS (as defined in "*Glossary*") or cross selling) and effectively utilising and deploying our flexible labour workforce across our operations, we have not been and will not be able to fully mitigate all such effects, which may have a material adverse effect on our business, results of operations or financial condition.

***We are subject to risks associated with our global operations***

We currently have local management teams in 50 countries and operations in an additional 20 countries, and for the year ended 31 December 2013, 96% of our total revenue was generated outside Denmark. Our business is therefore subject to various risks, many of which are magnified by our presence in many jurisdictions and whose effects may, as a result of such presence, be more pronounced, including multiple national and local regulatory and compliance requirements from different labour, health, safety and environment, anti-corruption and other regulatory regimes; potential adverse tax consequences (including related to transfer pricing); antitrust regulations; an inability to enforce remedies in certain jurisdictions; and geopolitical and social conditions in certain sectors of relevant markets.

There can be no assurances that the foregoing factors will not have a material adverse effect on our global operations, results of operations or financial condition.

***Our ability to maintain and improve our Operating Margins, maintain our Cash Conversion levels and to reach our targets for these measures are dependent on a number of factors***

Maintaining and improving our Operating Margin and maintaining our Cash Conversion levels are key goals. Our ability to do so depends on a number of factors, some of which are wholly or partially outside of our control. These factors include the continued successful implementation of The ISS Way strategy, as described in "*Business—Our Strategy and Strengths—Our Strategy*", our ability to deliver IFS, transitioning of our customer base, improving operations in certain countries that have recently produced margins below historical levels for the Group, increasing our exposure to Emerging Markets, continued macroeconomic recovery enabling improvement in our Non-Portfolio Business and continued focus on improving our working capital. If any of these factors develop in an adverse way, our ability to maintain and improve our Operating Margins, maintain our Cash Conversion levels and reach our targets for these measures will be negatively affected.

There have been occasions in the past where our operations in certain of our operating countries have experienced a decrease in operating performance and profitability as a result of either operational difficulties or factors specific to those markets. In these instances we have initiated turnaround plans to increase efficiency and restore the profitability of our business. However, there can be no assurances that these and other measures that we may in the future decide to implement in such situations will be successful, either at the pace we expect or at all. Any failure or delay in the improvement of any of such operations could hinder our ability to meet our expected level of operating performance and/or achieve our targets.

In addition, unanticipated events, including negative macroeconomic trends, political unrest, or adverse administrative, legal and/or regulatory developments, may have a material adverse effect on our actual results, whether or not our assumptions relating to such matters in 2014 otherwise prove to be correct. As a result, our actual Operating Margin and/or Cash Conversion may vary materially from our expectations set forth herein. See "*Special Notice Regarding Forward Looking Statements*". The realisation of our Operating Margin and Cash Conversion expectations for the year ending 31 December 2014 as set forth in "*Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014*" are subject to the assumptions and uncertainties described therein. See "*—The projected financial information included in this Offering Circular may differ materially from our actual results and investors should not place undue reliance on it*".

***An inability to grow our business organically, including the inability to retain existing customers and to add new customers, may have a material adverse effect on our business, results of operations or financial condition and may prevent us from reaching our growth target***

We have generated Organic Growth in recent years and future Organic Growth is an important part of our strategy. Sustaining the Organic Growth of our business requires us to adapt continuously to meet the needs of our existing and potential customers. In particular, our success will depend on:

- the continued growth in the demand for the outsourcing of facility services as well as continuance of the trend towards service integration and IFS;
- our ability to continue to self-deliver IFS to local and multi-national customers and the recognition by such customers that we are one of very few service providers positioned to provide such IFS on a global scale;
- our ability to grow our market share in existing markets and, in particular, to increase our exposure to emerging markets;
- our ability to shape our service offering to allow us to retain and further develop existing customer relationships; and
- our ability to use our strategy of customer segmentation by size and our focus on IFS contracts to benefit from cross-selling and up-selling opportunities.

New multi-national IFS customers since 2008 have supported our Organic Growth. There can be no assurances that we will be able to maintain our current portfolio size of multi-national IFS customers or attract new IFS customers. In addition, timing differences in winning multi-national IFS customers might lead to substantial fluctuations in Organic Growth from period to period.

These factors are subject to a number of uncertainties that in some cases are outside of our control. Failure to execute our strategy as planned or to address successfully other unexpected risks, could have a material adverse effect on our business, results of operations or financial condition and could prevent us from reaching our Organic Growth targets. Furthermore, our focus on increasing the number of contracts with medium and large size customers, including IFS contracts, which we refer to as customer segmentation by size, is likely to reduce our small size customer base and to increase our customer concentration. To the extent we are not able to correspondingly increase our medium and large size customer base or to mitigate the effects of increased customer concentration, there could be an adverse effect on our Organic Growth.

In addition, unanticipated events, including negative macroeconomic trends, political unrest, or adverse administrative, legal and/or regulatory developments, may have a material adverse effect on our actual results, whether or not our assumptions relating to 2014 otherwise prove to be correct. As a result, our actual Organic Growth and revenue growth may vary materially from our expectation set forth herein. See "*Special Notice Regarding Forward Looking Statements*". The realisation of our revenue growth expectation for the year ending 31 December 2014 as set forth in "*Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014*" is subject to the assumptions and uncertainties described therein.

***We are subject to risks associated with doing business in emerging markets***

Our strategy involves expanding our business in several Emerging Markets in which we currently operate, including countries in Asia, Eastern Europe and Latin America as well as Turkey, Israel and South Africa. We may also commence operations in other emerging market countries. Political, economic and legal systems and conditions in emerging market economies are generally less predictable than in countries with more developed institutional structures, making us subject to additional risks of doing business in emerging market economies.

Additional risks associated with doing business in emerging markets include increased risks associated with inflation, recession and currency and interest rate fluctuations, reduced intellectual property protection, an inability to enforce remedies, difficulty in adequately establishing, staffing and managing operations, risk of non-compliance and business integrity issues, changes in regulation and governmental policies, and the consistency with which such regulations and policies are interpreted and risk of political and social instability, including war, civil disturbance and terrorism.

In limited instances we also deliver our services in certain countries, primarily in Emerging Markets, through subcontractors without the presence of local management teams. This delivery model may make us subject to additional risks, such as risk of non-compliance with applicable regulations and policies, due to more limited oversight.

***Our business is increasingly becoming more complex, which increases our exposure to operational risks***

Our business and organisation have become, and we expect it to continue to become, increasingly more complex.

We have increased our focus on providing multi-services and IFS to our customers. For further information on these types of services, see "*Business—Overview*". In addition, we are also focusing on providing such IFS across regions and countries to customers to meet the growing demand for centralisation of contract procurement for facility services. This globalisation of demand requires us to provide IFS to offices and sites in multiple locations and potentially across various geographic locations and to transfer operational risk associated with such services from the customer to us across a large number of countries, in each case adding to the complexity of our business and operations. The large scale and geographic reach of our business also results in us maintaining a large workforce across multiple jurisdictions, which requires effective management at the regional and local level and contributes to the operational complexity of our business.

In addition, we have entered or plan to enter into a number of contracts in relation to Public Private Partnerships/Private Finance Initiatives or similar public sector projects ("**PPP/PFI contracts**"), which by their nature and terms increase the level of complexity in our business. The extended duration and specific risk allocation between public and private sector participants of these PPP/PFI contracts contribute to the complexity of these contracts.

Failure to adequately address and manage our increasingly complex business could have a material adverse effect on our business, results of operations or financial condition.

***We are subject to risks associated with our decentralised organisational structure***

Although we believe that our decentralised organisational structure provides us with a distinct competitive advantage over many of our competitors in the local markets in which we operate, it also contains an element of operational risk as we delegate considerable operational autonomy and responsibility to our subsidiaries with limited central oversight. We have adopted Group-wide control and reporting procedures, and while IT systems are generally locally configured, we use Group-wide financial reporting IT systems which we continue to update and refine to ensure efficiency and reliability. We have also implemented our code of conduct and continue to further strengthen guidelines and detailed compliance policies such as our anti-corruption policy. We also make regular visits to our individual country operations as part of ensuring compliance with these control procedures and policies. However, there have been occasions in the past where local managers have not complied with Group policies. In some cases there has been circumvention of our control procedures. For example, in 2012 we identified accounting misstatements in Mexico, Uruguay and India. See "*Operating and Financial Review—Comparison of Results of Operations of the Financial Years Ended 31 December 2013, 2012 and 2011—Operating Profit Before Other Items and Operating Margin*". There can be no assurances that we will not experience incidents of regional or local managers not complying with ISS policies, accounting irregularities, accounting misstatements or breaches of local legislation, or that we will successfully implement future compliance policies, update existing control procedures and compliance policies and maintain efficient and reliable IT systems, any of which could, individually or collectively, have a material adverse effect on our business, results of operations or financial condition.

***We may not be able to attract and retain qualified regional and local managers, which could harm our business and prevent us from implementing our strategy***

Our continued success depends largely on our effective decentralised organisational structure in which regional and local managers retain substantial autonomy regarding the management of operations in their local markets. As a result, we depend to a large extent upon these regional and local managers. Qualified regional and local managers are also important in order to ensure the sharing of best practice across the Group, effective management continuity and the implementation and management of our growth strategies. While we have historically been able to attract and retain an adequate number of qualified regional and local managers, there can be no assurances that we will continue to be able to do so in the future, and any inability to attract or retain such adequate number of qualified regional and local managers could have a material adverse effect on our business and our ability to meet our growth objectives.

***We may not be able to attract and retain a sufficient number of qualified employees, which may have a material adverse effect on our business, results of operations or financial condition***

Our competitive strength partly depends upon our ability to attract, train and retain employees. Labour shortages may arise due to low unemployment and increased competition for workers, which would likely increase our staff costs. Notwithstanding the relatively high staff turnover that is a characteristic of the facility services industry in general, we have historically been able to attract, train and retain a sufficient number of qualified employees. However, there can be no assurances that we will continue to be able to do so in the future, and any inability to attract, train and retain the required number of qualified employees could have a material adverse effect on our business, results of operations or financial condition.

***Our reputation, brand or profitability may be adversely affected by various operational risks***

Operational risk is inherent in our business and can manifest itself in various ways, including business interruption, poor contract performance, failure by subcontractors to meet their obligations, insufficient insurance coverage, information systems malfunctions or failures, regulatory breaches, employee errors, employee misconduct, labour disruptions, insufficient quality control and/or fraud. In particular, due to our large number of employees in many countries, we are exposed to employee errors, insufficient quality of service, malicious acts by our existing or former employees (including unfair competition) and potential labour disputes and disruptions.

These events can potentially result in financial loss (including penalties and fines), harm to the ISS brand and our reputation, the potential barring or disqualification from engaging in public sector business, and/or hinder our operational effectiveness. In addition, our reputation could be subsequently harmed by any actual or alleged failure to meet any health and safety and environmental or other regulatory compliance standards. Any dissatisfaction with our services by any of our significant customers may damage our reputation and make it more difficult to obtain similar contracts with other customers.

Our profitability may also be affected by any change in our operating cost structure or if we are unable to accurately assess our operating costs, in particular costs associated with our employees. For example, many of our employees are members of unions as many sectors of the facility services industry are unionised. As union contracts and collective bargaining agreements expire or are re-negotiated from time to time, we may be required to re-negotiate these in an environment of increasing wage rates, which could lead to agreed terms less favourable to us. Our profitability may also be affected if union contracts or collective bargaining agreements restrict our flexibility in using employees across different service types.

***We are subject to risks associated with our contracts, including our ability to correctly assess pricing terms, employee and other financial obligations, the increased complexity of our IFS contracts and the potential early termination or change of scope of contracts by customers***

The profitability of our contracts will generally depend upon our ability to successfully calculate prices by taking into consideration all economic factors, and to manage day-to-day operations under these contracts. Generally, IFS contracts are more complex to price due to their scope and complexity as compared to single service contracts, and the complexities may increase to the extent that the contract relates to the performance of newly outsourced facility services in multiple geographical segments. Any such contracts for newly introduced facility services will also require us to accurately assess the pricing terms and forecast the operating costs, some of which will be unknown to us at the time of entering into the contract and will require extensive time and resources of our management to predict. In addition, our contracts may include performance related measures for our services, may limit our ability to adjust fully or on a timely basis our prices as our costs increase or according to an inflation index or other appropriate indexes and, in the case of replacing in-house services or existing service providers, may involve the transfer of existing employees to us and the integration of such employees into our workforce, all of which increases the risk associated with our contracts and could impact profitability.

We may not be able to accurately predict the costs and identify the risks associated with these contracts or the complexity of the services which may result in lower than expected margins, losses under these contracts or even the loss of customers, all of which may have a material adverse effect on our business, results of operations or financial condition.

The majority of our contracts have a stated term and, in some cases, termination clauses permitting the customer to cancel the contract at the customer's discretion following the expiration of an agreed notice period. There can be no assurances that our customers will not exercise their rights to terminate their contracts prior to expiration or that we will be successful in negotiating new contracts with customers as such contracts expire or in mitigating risks arising from such termination. In addition, we are also exposed to any unforeseen changes in the scope of existing contracts, either pricing or volumes, that may occur as a result of any changes in the general business or political landscape of our customers. The potential effects of these risks may increase as we enter into larger contracts.

***Our public sector contracts, including our PPP/PFI contracts, may be affected by political and administrative decisions***

In many countries, the public sector is an important customer segment for ISS. Our public sector business, including our PPP/PFI contracts, may be affected by political and administrative decisions concerning levels of public spending and public opinion on outsourcing in general. In certain cases, due to applicable regulations, such as European Union ("**E.U.**") tender rules, certain terms of public sector contracts, such as pricing terms, contract period, use of subcontractors and ability to transfer receivables under the contract, are less flexible for us than comparable private sector contracts. Moreover, decisions to decrease public spending as a result of an economic downturn may result in the termination or downscaling of public sector contracts and excessive focus on price as the relevant award parameter for public sector contracts could impair our ability to retain or expand our public sector business, all of which could have a material adverse effect on our business, results of operations or financial condition.

***We are subject to risks associated with the divestments of certain existing businesses and the acquisitions of new businesses***

We have divested certain non-core activities and businesses that lacked critical mass and, as a result of our ongoing portfolio monitoring, we expect to continue to divest certain activities that are non-core to The ISS Way strategy. At 31 December 2013, assets held for sale comprised six non-core businesses in Western Europe, the Nordic region, Asia and Pacific. A number of risks associated with such divestments include potential losses, decreased margins, impairment of goodwill and other intangible assets, loss of qualified personnel, unanticipated events or delays and legal liabilities related to the divested business with respect to employees, customers, suppliers, subcontractors, public authorities or other parties, all of which could have a material adverse effect on our business, results of operations or financial condition.

We have made provisions in our accounts for specific claims from purchasers or other parties in connection with divestments. However, there can be no assurances that we will not incur liabilities in excess of these provisions, which could have a material adverse effect on our business, results of operations or financial condition.

We have from time to time acquired businesses and in the medium term, we expect to make a limited number of competence enhancing acquisitions both in emerging and mature markets. Our ability to successfully identify and integrate acquired businesses to complement and enhance our existing business may be adversely affected by a number of factors that may include integration difficulties, our failure to retain management and other key personnel, difficulties or failure in converting different systems into our operating and control systems, the size of the acquisition and the potential disruption of existing operations. In addition, an acquisition may also present liabilities that we may not be able to receive adequate compensation for, operating difficulties that we failed to discover prior to the acquisition, or negative impacts on anticipated future net sales and earnings as a result of any change to the underlying assumptions at the time of the acquisition. These risks may be exacerbated if the acquired business is located in emerging markets.

***We are subject to extensive laws and regulations across our global network of operations, which may constrain our operations or subject us to non-compliance risk, and the cost of compliance may increase in the future***

Due to the nature of our industry and the global reach of our operations, we are subject to a variety of laws and regulations governing areas such as labour, employment, pensions, immigration, health and safety, tax (including social security, salary taxes and transfer pricing), corporate governance, customer protection, business practices, competition and the environment. We incur, and expect to continue to incur, substantial costs and expenditures, and to commit a significant amount of our management's time and resources, to comply with increasingly complex and restrictive laws and regulations. In addition, changes in such laws and regulations may constrain our ability to provide services to customers or increase the costs of providing such services. To the extent that we are unable to pass on the costs of compliance with stricter or changing requirements (for example, increases in labour costs, such as minimum wages, mandated by law or collective bargaining agreements) and taxes and duties to our customers, our margins may decline, which could have a material adverse effect on our business, results of operations or financial condition.

In particular, because of our large workforce, laws and regulations relating to labour, employment (including E.U. Acquired Rights Directive regulations on the transfer of employees resulting in additional risks such as increased pension exposure), pensions, social security, health and safety of employees, minimum wages and immigration affect our operations and the cost of compliance significantly affects our results and financial condition.

Our failure to comply with applicable laws and regulations could result in substantial fines, claims relating to violations of social, labour or other legislation or revocation of licenses, which could have a material adverse effect on our business, results of operations or financial condition.

Our business is associated with numerous public health and safety concerns, particularly with regards to our cleaning of food production facilities, medical and pharmaceutical facilities, consulting services relating to bacterial management, abattoirs, nuclear facilities and aircraft. In addition, we operate on customer premises in a number of challenging environments such as mines, the transport sector, hospitals, corporate canteens, infrastructure and public parks and gardens. As a result, we may be subject to substantial liabilities if we fail to satisfy applicable cleanliness or health and safety standards causing harm to individuals or entities, including, for example, through contamination of food products produced at the facilities that we clean or the outbreak of illness within the hospitals that we service.

Any changes to the tax law and regulations to which we are subject may cause us to incur higher costs or reduce our competitiveness relative to the costs borne by in-house service providers. Tax regulations in certain countries may discourage the outsourcing of facility services and, in some countries, tax laws are structured such that if a public sector entity outsources its facility services, it cannot deduct value added tax.

***We face strong competition***

The facility services market is fragmented, with relatively low barriers to entry, and there is significant competition from local, national, regional and international companies of varying sizes and financial abilities offering an array of service capabilities. We also face competition from in-house providers of facility services.

Although we seek to differentiate our services from our competitors by focusing on providing IFS solutions tailored to individual customer needs in selected markets and customer segments, we may not be successful in reducing the effects of competition. Competition may intensify if single service providers begin to offer IFS. In addition, certain of our competitors may also be willing to underbid us, reduce staffing costs, accept lower profit margins or expend more in capital to obtain or retain customers. A significant loss of customers or a sustained reduction in revenue or margins could have a material adverse effect on our business, results of operations or financial condition.

***Fluctuations in foreign currency exchange rates could have a material adverse effect on our business, results of operations or financial condition***

Our business is characterised by a relatively low level of transactional risk, since the services are produced and delivered in the same local currency with minimal exposure from imported components. For the year ended 31 December 2013, 96% of our consolidated revenue was generated in currencies other than our reporting currency, the Danish kroner. Our consolidated revenue is therefore affected by movements in the exchange rates of the currencies of the countries other than Denmark in which our subsidiaries operate. From an accounting perspective, we are exposed to risks relating to translation into Danish kroner of income statements and net assets of foreign subsidiaries, including intercompany items such as loans, royalties, management service fees and interest payments between entities with different functional currencies.

We monitor and assess trends in foreign currency exchange rates on an ongoing basis and seek to mitigate our exposure to fluctuations in currency exchange rates by using currency swaps as part of our hedging strategy and in accordance with our Group's existing policy on foreign currency exchange rate risk. See "*Operating and Financial Review—Quantitative and Qualitative Disclosure about Market Risk*". However, there can be no assurances that our hedging strategy will adequately protect our results of operations from currency exchange rate fluctuations or that we will be able to adequately manage such risks in the future. Fluctuations in foreign currency exchange rates could therefore have a material adverse effect on our business, results of operations or financial condition.

***The terms of our Existing Indebtedness and of the 2014 Facilities Agreement and any inability to refinance such indebtedness as it comes due and payable, may have an adverse effect on our business, results of operations or financial condition***

As of 31 December 2013, we had net debt with a carrying amount of DKK 22,651 million under our various debt arrangements, including our Existing Indebtedness. These arrangements, as well as those under the 2014 Facilities Agreement, require us to dedicate a portion of our cash flow to service interest and to make principal repayments. Furthermore, under both our Existing Indebtedness and the 2014 Facilities Agreement, we are subject to certain restrictive covenants, which may limit our ability to engage in other transactions or otherwise place us at a competitive disadvantage to our competitors that have less debt. In addition, non-compliance with the terms of our debt arrangements could have a material adverse effect on our business, results of operations or financial condition. Following the Offering, we expect to refinance all of our Existing Indebtedness. We expect to redeem the 2016 Senior Subordinated Notes in full on or about 15 May 2014 using a portion of the net proceeds of the Offering, and we intend to use the remainder of the net proceeds of the Offering (save for any proceeds used to acquire Existing Offer Shares in order for us to meet certain of our obligations under our incentive programmes) together with drawdowns under the 2014 Facilities and cash on hand to repay the Senior Secured Facilities at the completion of the Offering. We intend to offer to purchase the 2014 Medium Term Notes or to repay them at maturity and to repay our securitisation programme and various other debt instruments during the course of 2014. Following any such refinancing, the majority of our indebtedness outstanding after the Offering will become due and payable over the next several years. For further details on our Existing Indebtedness and on the 2014 Facilities Agreement, please see "*Operating and Financial Review—Liquidity and Capital Resources—Financial indebtedness*". To the extent we are unable to successfully refinance our Existing Indebtedness as currently anticipated, to refinance the 2014 Facilities should we wish to do so, or to access the capital or other financing markets on acceptable terms, we may be forced to modify our financing strategy (for example, by issuing shorter tenor securities than intended) or bear an unattractive additional cost of capital which could decrease our profitability and reduce our financial flexibility.

***Deviations and changes in assumptions incorporated in impairment tests might impact value of intangible assets and equity as well as reported income***

We have intangible assets with an indefinite useful life in the form of goodwill and brands on our balance sheet. The value is, in accordance with IFRS, impairment tested at least annually and any impairment losses are recognised in the income statement. When performing the impairment test we make an assessment of whether the cash-generating unit to which the intangible assets relate will be able to generate positive net cash flows sufficient to support the value of intangibles and other net assets of the entity. This assessment is based on estimates of expected future cash flows (value-in-use) made on the basis of financial budgets, estimates and forecasts for the following financial years. Key assumptions used to estimate expected future cash flows are, for example, growth, Operating Margin, long-term Cash Conversion and discount rates. If our assumptions are for any reason not met or change, the value of intangible assets may deteriorate and even small deviations in, for example, interest rates may have substantial accounting impact. There can be no assurances that our current or future assumptions are correct and deteriorations in the value of intangible assets caused by, for example, adverse expectations in operational performance or external parameters such as changes in interest rates, may significantly reduce our equity and have a material adverse effect on our reported results of operations or financial condition.

***The projected financial information included in this Offering Circular may differ materially from our actual results and investors should not place undue reliance on it***

The financial projections set forth in this Offering Circular, including under "*Operating and Financial Review*", "*Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014*" and elsewhere, are our projections for the financial year 2014. The "*Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014*" includes financial projections that qualify as profit forecasts. For profit forecasts, the Prospectus Regulation requires us, among other things, to disclose the principal assumptions on which we base the forecast and to include a report prepared by our independent auditors on such forecasts and assumptions. Our independent auditors did not make any assessment as to whether the assumptions underlying these financial projections are well-founded or whether such financial projections are realisable. We have prepared our financial projections in accordance with the Prospectus Regulation.

These financial projections are based upon a number of assumptions (including the success of our business strategies), which are inherently subject to significant business, operational, economic and other risks, many of which are outside of our control. Accordingly, such assumptions may change or may not materialise at all. In addition, unanticipated events may adversely affect the actual results that we achieve in future periods whether or not our assumptions relating to the financial year 2014 or future periods otherwise prove to be correct. As a result, our actual results may vary materially from these projections and investors should not place undue reliance on them. See also "*Special Notice Regarding Forward Looking Statements*".

**Risks Relating to the Offering and the Offer Shares**

***Following the Offering, the Selling Shareholder will continue to be a large shareholder and may control or otherwise influence important actions we take***

The Selling Shareholder currently holds 100% of the Shares of, and voting rights in, the Company. In connection with, and subject to, the completion of the Offering, the Selling Shareholder and its direct and indirect shareholders will carry out the Selling Shareholder Reorganisation. The Selling Shareholder Reorganisation will result in OTPP, KIRKBI and the participants in the MPP, DPP and COI no longer holding an indirect ownership interest in the Company through the Selling Shareholder but will instead have a direct ownership interest in the Company, except for those participants in the MPP receiving cash instead of Shares in connection with the termination of the MPP. Accordingly, the EQT Funds and GSCP will, indirectly, own the entire share capital in the Selling Shareholder. Upon the completion of the Offering and the Selling Shareholder Reorganisation, the Selling Shareholder will own 89,431,269 Shares, corresponding to 48.0% of our share capital and voting rights, assuming full exercise of the Overallotment Option, and 97,234,589 Shares, corresponding to 52.1% of our share capital and voting rights, assuming no exercise of the Overallotment Option, in each case assuming an Offer Price at the midpoint of the Offer Price Range. Depending on general attendance at, or voting in writing prior to, the general meeting, the Selling Shareholder may hold more than 50% of the voting rights and the share capital represented at our general meeting following completion of the Offering and thereby have a controlling influence over decisions requiring a simple majority of the voting rights and the share capital represented at our general meeting, including, among other things, the election and dismissal of the members of our Board of Directors and declarations of dividends. Also, depending on general attendance at, or voting in writing prior to, the general meeting, the Selling Shareholder may also hold two-thirds or more of the voting rights and the share capital represented at our general meeting and thereby have a controlling influence over decisions requiring a two-thirds majority, including the amendment of our articles of association, an increase or decrease of the share capital, decisions on mergers and demergers etc. For more information regarding the majority requirements at our general meeting, see "*Description of the Shares and Share Capital—Resolutions by the General Meetings and Amendments to the Articles of Association*".

As described above, the Selling Shareholder will be able to influence the direction of our operations and other affairs through representation on our Board of Directors. This concentration of share ownership could have the effect of delaying, postponing or preventing a change of control in the Company, and impact mergers, consolidations, acquisitions or other forms of combinations, which may or may not be desired by other shareholders. No assurances can be given that the interests of the Selling Shareholder or the investors who directly or indirectly control the Selling Shareholder will not differ from the interests of other shareholders. The interests of the Selling Shareholder may not be aligned with the interests of minority shareholders with respect to such voting decisions.

***The Shares have not previously been publicly traded, and their price may be volatile and fluctuate significantly in response to various factors***

Prior to the Offering, the Shares have never been listed and there is currently no public market for the Shares, although the shares of our wholly-owned subsidiary, ISS World Services A/S, were listed on the Copenhagen Stock Exchange (now NASDAQ OMX Copenhagen) until they were delisted in 2005 in connection with the 2005 Acquisition. An active and liquid trading market in respect of the Shares may not develop or be sustained after the Offering. The market price of the Shares may subsequently vary from the Offer Price and may be higher or lower than the price you pay. The trading price of the Shares may fluctuate in response to many factors, including extraneous factors that are beyond our control, which may include, but are not limited to, variations in our or our competitors' actual or anticipated operating results; investor perceptions of our future performance; changes in recommendations by any securities analyst that follow our Shares; substantial trading of our Shares; changes in laws and regulations; future changes in accounting principles; and general market and economic conditions.

***Future sales of Shares after the Offering may cause a decline in the market price of the Shares***

The market price of the Shares could decline as a result of sales by the Selling Shareholder, OTPP, KIRKBI or members of our Board of Directors, Executive Group Management Board or Key Employees of Shares in the market after the Offering or the perception that these sales could occur. These sales also may make it difficult for us to issue equity securities in the future at a time and a price that we deem appropriate. Following the Offering, the Company, the Selling Shareholder, OTPP, KIRKBI and members of our Board of Directors and Executive Group Management Board and our Key Employees will be subject to certain contractual lock-up provisions, in each case for a limited period only. See "*Plan of Distribution*".

***Differences in exchange rates may have a material adverse effect on the value of shareholdings or dividends paid***

The Offer Shares will be denominated in Danish kroner only, and any dividends will be paid in Danish kroner. Our Board of Directors has adopted a dividend policy with a target initial payout ratio of approximately 50% of profit after tax and before goodwill impairment/amortisation and impairment of brands and customer contracts (stated as profit before goodwill impairment/amortisation and impairment of brands and customer contracts in the income statement of the Group's annual audited consolidated financial statements). For further details on dividends and our dividend policy see "*Dividends and Dividend Policy*". As a result, shareholders outside Denmark may experience material adverse effects on the value of their shareholding and their dividends, when converted into other currencies if the Danish kroner depreciates against the relevant currency.

***U.S. and other non-Danish holders of Shares may not be able to exercise pre-emptive rights or participate in any future rights offers***

Holders of Shares will have certain pre-emptive rights in respect of certain issues of Shares, unless those rights are disapplied by a resolution of the shareholders at a general meeting or the Shares are issued on the basis of an authorisation to our Board of Directors under which our Board of Directors may disapply the pre-emption rights. Securities laws of certain jurisdictions may restrict the ability for shareholders in such jurisdictions to participate in any future issue of the Shares carried out on a pre-emptive basis.

Shareholders in the United States as well as certain other countries may not be able to exercise their pre-emption rights or participate in a rights offer, including in connection with an offering below market value, unless we decide to comply with local requirements, and in the case of the United States, unless a registration statement is effective, or an exemption from the registration requirements is available, under the U.S. Securities Act with respect to such rights. In such cases, shareholders resident in such non-Danish jurisdictions may experience a dilution of their shareholding, possibly without such dilution being offset by any compensation received in exchange for subscription rights. No assurance can be given that local requirements will be complied with or that any registration statement would be filed in the United States or other relevant jurisdiction so as to enable the exercise of such holders' pre-emption rights or participation in any rights offer.

***Limited free float in the Shares***

Each of the Selling Shareholder's, OTPP's and KIRKBI's substantial shareholding following the completion of the Offering and the Selling Shareholder Reorganisation may affect the demand in the Shares. If these shareholders continue to hold on to their respective Shares, this may affect the liquidity of the Shares, may impair the ability of investors to sell their Shares at the time or times they may wish to do so and may increase the volatility of the Shares. In addition, the Selling Shareholder's share ownership may adversely affect the trading price of Shares because investors often perceive disadvantages in owning shares in companies with a significant shareholder.

## IMPORTANT NOTICE RELATING TO THE OFFERING CIRCULAR

In this Offering Circular, "we", "our", "us", the "Company" and "ISS" refer to ISS A/S or ISS A/S and its subsidiaries, unless the context requires otherwise. The "Group" refers to ISS A/S and its subsidiaries.

No representation or warranty, express or implied, is made by Goldman Sachs International, Nordea Markets (division of Nordea Bank Danmark A/S) and UBS Limited (together, the "**Joint Global Coordinators**"), Barclays Bank PLC and Morgan Stanley & Co. International plc (collectively, and together with the Joint Global Coordinators, the "**Joint Bookrunners**"), Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige, Danske Bank A/S and Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige (together, the "**Co-Lead Managers**" and, together with the Joint Bookrunners, the "**Managers**") or Lazard and Co., Limited ("**Lazard**") as to the accuracy or completeness of any information contained in this Offering Circular.

The information in this Offering Circular is as of the date printed on the front of the cover, unless expressly stated otherwise. The delivery of this Offering Circular at any time does not imply that there has been no change in our business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. In the event of any changes to the information in this Offering Circular that may affect the valuation of the Offer Shares during the period from the date of announcement to the first day of trading, such changes will be announced pursuant to the rules in the Danish Executive Order No. 643 of 19 June 2012, *inter alia*, which governs the publication of prospectus supplements.

In connection with the Offering, we have prepared four versions of this offering document: (i) a prospectus in English for purposes of the Danish Offering (the "**English Language Offering Circular**"); (ii) an offering circular in Danish to be made available in connection with the Danish Offering (the "**Danish Offering Circular**"); (iii) an offering circular in English for use in the international private placement outside of Denmark and the United States and Canada (the "**International Offering Circular**"); and (iv) an offering circular in English in connection with the private placement in the United States and Canada (the "**U.S. Offering Circular**" and, together with the English Language Offering Circular, the Danish Offering Circular and the International Offering Circular, the "**Offering Circular**"). The English Language Offering Circular has been prepared in compliance with the standards and requirements of Danish law. The English Language Offering Circular, the Danish Offering Circular, the International Offering Circular and the U.S. Offering Circular are equivalent except that: (i) the English Language Offering Circular includes a summary in Danish, (ii) the English Language Offering Circular and the Danish Offering Circular include an application form for the Danish Offering; and (iii) the English Language Offering Circular, the Danish Offering Circular and the International Offering Circular contain a report from our auditors with respect to our "*Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014*" that is required under the Prospectus Regulation which is not included or incorporated by reference in the U.S. Offering Circular. In the event of any other discrepancy between the Danish Offering Circular, the International Offering Circular and the English Language Offering Circular, the English Language Offering Circular shall prevail. The U.S. Offering Circular shall be the prevailing version for any private placement to qualified institutional buyers in the United States as contemplated herein.

In making an investment decision, investors must rely on their own assessment of us and the terms of this Offering, as described in this Offering Circular, including the merits and risks involved. Any purchase of the Offer Shares should be based on the assessments of the information in the Offering Circular that the investor in question may deem necessary, including the legal basis and consequences of the Offering, and including possible tax consequences that may apply, before deciding whether or not to invest in the Offer Shares. Investors should rely only on the information contained in this Offering Circular, including the risk factors described herein, and any notices that are published by the Company under current legislation or the rules of NASDAQ OMX Copenhagen applying to issuers of shares.

The Offering will be completed under Danish law, and none of the Selling Shareholder, the Managers, Lazard or we have taken any action or will take any action in any jurisdiction with the exception of Denmark that may result in a public offering of the Offer Shares.

No person has been authorised to give any information or make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Selling Shareholder, the Managers, Lazard or us. Neither we, the Selling Shareholder, the Managers nor Lazard accept any liability for any such information or representation.

The distribution of this Offering Circular and the offer or sale of the Offer Shares in certain jurisdictions are restricted by law. By purchasing Offer Shares, investors will be deemed to have made certain acknowledgements, representations and agreements as described in this Offering Circular. Prospective investors should be aware that they may be required to bear the financial risks of any such investment for an indefinite period of time. No action has been or will be taken by the Selling Shareholder, the Managers, Lazard or us to permit a public offering in any jurisdiction other than Denmark. Persons into whose possession this Offering Circular may come are required by the Selling Shareholder, the Managers, Lazard and us to inform themselves about and to observe such restrictions. This Offering Circular may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. For further information with regard to restrictions on offers and sales of the Offer Shares and the distribution of this Offering Circular, see "*Selling Restrictions*". This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any of the Offer Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer. This Offering Circular may not be forwarded, reproduced or in any other way redistributed by anyone but the Managers and the Company. Investors may not reproduce or distribute this Offering Circular, in whole or in part, and investors may not disclose the content of this Offering Circular or use any information herein for any purpose other than considering the purchase of Offer Shares. Investors agree to the foregoing by accepting delivery of this Offering Circular.

The Managers and Lazard are acting for the Selling Shareholder and us and no one else in relation to the Offering. The Managers and Lazard will not be responsible to anyone other than the Selling Shareholder and us for providing the protections afforded to clients of the Managers or Lazard nor for providing advice in relation to the Offering.

**Stabilisation**

IN CONNECTION WITH THE OFFERING, GOLDMAN SACHS INTERNATIONAL AS THE STABILISING MANAGER, OR ITS AGENTS, ON BEHALF OF THE MANAGERS, MAY ENGAGE IN TRANSACTIONS THAT STABILISE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SHARES FOR UP TO 30 DAYS FROM THE COMMENCEMENT OF TRADING AND OFFICIAL LISTING OF THE SHARES ON NASDAQ OMX COPENHAGEN. SPECIFICALLY, THE MANAGERS MAY OVER-ALLOT OFFER SHARES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SHARES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. THE STABILISING MANAGER AND ITS AGENTS ARE NOT REQUIRED TO ENGAGE IN ANY OF THESE ACTIVITIES AND, AS SUCH, THERE IS NO ASSURANCE THAT THESE ACTIVITIES WILL BE UNDERTAKEN; IF UNDERTAKEN, THE STABILISING MANAGER OR ITS AGENTS MAY END ANY OF THESE ACTIVITIES AT ANY TIME AND THEY MUST BE BROUGHT TO AN END AT THE END OF THE 30-DAY PERIOD MENTIONED ABOVE. SAVE AS REQUIRED BY LAW OR REGULATION, THE STABILISING MANAGER DOES NOT INTEND TO DISCLOSE THE EXTENT OF ANY STABILISATION TRANSACTIONS UNDER THE OFFERING. SEE "*PLAN OF DISTRIBUTION*".

## SPECIAL NOTICE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this Offering Circular constitute forward looking statements. Forward looking statements are statements (other than statements of historical fact) relating to future events and our anticipated or planned financial and operational performance. The words "targets", "believes", "expects", "aims", "intends", "plans", "seeks", "will", "may", "might", "anticipates", "would", "could", "should", "continues", "estimate" or similar expressions or the negatives thereof, identify certain of these forward looking statements. Other forward looking statements can be identified in the context in which the statements are made. Forward looking statements appear in a number of places in this Offering Circular, including, without limitation, under the headings "*Summary*", "*Risk Factors*", "*Dividends and Dividend Policy*", "*Business*", "*Operating and Financial Review*" and *"Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014"* and include, among other things, statements addressing matters such as:

- our future results of operations, in particular, the statements relating to our expectations for the financial year 2014 and statements as to our Organic Growth, Operating Margins, Cash Conversion and leverage targets;
- our financial condition;
- our working capital, cash flow and capital expenditure;
- our future dividends;
- our business strategy, plans and objectives for future operations and events, including those relating to expansion into new markets and the expected growth in existing markets;
- general economic trends and trends in our industry; and
- the competitive environment in which we operate.

Although we believe that the expectations reflected in these forward looking statements are reasonable, such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance, achievements or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other important factors include, among others:

- global and local economic conditions;
- our ability to manage our international operations;
- our ability to maintain and improve our Operating Margins and maintain our Cash Conversion levels;
- our ability to grow our business organically, retain our existing customers and add new customers;
- changes in the demand for outsourcing of facility services and IFS;
- our ability to expand in existing markets and risks associated with doing business globally and, in particular, in Emerging Markets;
- our ability to manage an increasingly complex business as we maintain and increase our customer base;
- our decentralised organisational structure;
- our ability to attract or retain qualified regional and local managers and other key employees;
- any negative impact on our reputation or the value associated with our brand;
- our ability to correctly assess pricing, employee and other financial terms of our contracts, the increasing complexity of our IFS contracts and the risk that our customers decide to terminate contracts early or change the scope of contracts;
- political and administrative decisions may affect our public sector contracts, including our PPP/PFI contracts;
- risks associated with divestments and acquisitions of businesses;
- changes in Danish, E.U. or other laws and regulation or any interpretation thereof, applicable to our business;
- competition from local, national and international companies in the markets in which we operate;
- fluctuations in the prices of materials, currency exchange rates, and interest rates;

- our ability to refinance or service our Existing Indebtedness;
- deviations and changes in assumptions incorporated in impairment tests impacting the value of intangible assets and equity as well as reported income;
- our plans or objectives for future operations or services, including our ability to introduce new services;
- increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in tax laws; and
- other factors referenced in this Offering Circular.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from what is described herein as anticipated, believed, estimated or expected. We urge investors to read the sections of this Offering Circular entitled "*Risk Factors*", "*Business*" and "*Operating and Financial Review*" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

We do not intend, and do not assume any obligation, to update any forward looking statements contained herein, except as may be required by law or the rules of NASDAQ OMX Copenhagen. All subsequent written and oral forward looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Circular.

## ENFORCEMENT OF CIVIL LIABILITIES AND SERVICE OF PROCESS

The Company and the Selling Shareholder are organised under the laws of Denmark and Luxembourg, respectively. Our directors and executive officers, and those of the Selling Shareholder, reside in countries other than the United States, and a majority of our assets and all of the assets of the Selling Shareholder are located outside of the United States. As a result, it may not be possible for investors to effect service of process upon us, the Selling Shareholder or such directors and officers or to enforce against any of the aforementioned parties a judgement obtained in a United States court.

Original actions, or actions for the enforcement of judgements of United States courts, relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Denmark or Luxembourg.

The United States and Denmark do not have a treaty providing for reciprocal recognition and enforcement of judgements, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgement for the payment of money rendered by a United States court based on civil liability will not be directly enforceable in Denmark. However, if the party in whose favour such final judgement is rendered brings a new lawsuit in a competent court in Denmark, that party may submit to the Danish court the final judgement that has been rendered in the United States. A judgement by a federal or state court in the United States against us will neither be recognised nor enforced by a Danish court, but such judgement may serve as evidence in a similar action in a Danish court.

The United States and Luxembourg do not have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. A final and conclusive judgment for the payment of money rendered by a United States court based on civil liability could, however, be enforced subject to compliance with the Luxembourg procedure of exequatur of foreign court awards and provided that all other Luxembourg law requirements for enforcement of foreign court awards are complied with.

## PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

This Offering Circular presents historical financial information comprising selected consolidated income statements, statements of financial position and cash flow statements derived from our Audited Consolidated Financial Statements which have been prepared in accordance with IFRS as adopted by the European Union. Financial information that we have previously published for any financial years can differ from subsequently published financial information due to the retrospective implementation of changes in accounting policies and other retrospective adjustments made in accordance with IFRS.

### Non-IFRS Financial Measures

The following financial measures included in this Offering Circular are not measures of financial performance or liquidity under IFRS:

- EBITDA, as calculated by us, represents Operating Profit plus depreciation and amortisation. A reconciliation of Operating Profit to EBITDA is included in footnote 8 to the table included under "*Selected Historical Consolidated Financial and Operating Information*".
- Adjusted EBITDA, as calculated by us, represents Operating Profit Before Other Items plus depreciation and amortisation. By using Operating Profit Before Other Items as a starting point for the calculation of Adjusted EBITDA instead of Operating Profit, we exclude from the calculation of Adjusted EBITDA items recorded under the line item "*Other income and expenses, net*". This line item includes income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property, restructurings and acquisition and integration costs. Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition related costs such as reversal of provisions in opening balances. Integration costs comprise costs incurred as a consequence of the integration such as termination of employees, contract termination costs mainly related to leasehold and advisory fees. A reconciliation of EBITDA to Adjusted EBITDA is included in footnote 10 to the table included under "*Selected Historical Consolidated Financial and Operating Information*".
- Operating Margin, as calculated by us, represents Operating Profit Before Other Items divided by total revenue, expressed as a percentage. By using Operating Profit Before Other Items as a starting point for the calculation of Operating Margin instead of Operating Profit, we exclude from the calculation of Operating Margin items recorded under the line item "*Other income and expenses, net*". This line item includes income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property, restructurings and acquisition and integration costs. Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition related costs such as reversal of provisions in opening balances. Integration costs comprise costs incurred as a consequence of the integration such as termination of employees, contract termination costs mainly related to leasehold and advisory fees. In addition, because we present Depreciation and amortisation separately from Goodwill impairment and Amortisation and impairment of brands and customer contracts, Operating Profit also excludes Goodwill impairment and Amortisation and impairment of brands and customer contracts.
- Cash Conversion, as calculated by us, represents Operating Profit Before Other Items (last twelve months) plus changes in working capital (last twelve months) as a percentage of Operating Profit Before Other Items (last twelve months), which excludes capital expenditure not related to acquisitions. Cash Conversion is intended to measure our ability to convert Operating Profit Before Other Items into cash. For further information on the calculation of Cash Conversion, see footnote 15 to the table included under "*Selected Historical Consolidated Financial and Operating Information*".
- Organic Growth, as calculated by us, aims to represent the percentage change in our revenue as compared to the prior period, excluding changes in revenue attributable to businesses acquired or divested and the effect of changes in foreign currency exchange rates. Our calculation of Organic Growth is significantly influenced by the way in which we treat the effect of revenue attributable to acquired and divested businesses, as described in A) and B) below.

Acquired businesses are treated as having been integrated into ISS upon acquisition. Our calculation of Organic Growth includes changes in revenue of these acquired businesses from the date of acquisition.

A) When adjusting to reflect the effect of acquisitions on our Organic Growth, the actual consolidated revenue for the prior year is increased by (i) a proportionate part (reflecting the months from the point of acquisition to 31 December) of annualised base revenue of the acquired businesses in the current year as estimated at the time of acquisition, and (ii) a proportionate part (reflecting the months from 1 January to the point of acquisition) of annualised base revenue of the acquired businesses in the preceding year as estimated at the time of acquisition. The estimated annualised base revenue at the time of acquisition is based on internal management accounts of the acquired businesses and is subject to adjustments, on a case by case basis, to take into account additional information available at the time of acquisition regarding known material positive or negative changes in the acquired businesses, for example contract gains and losses. Such adjustments are based on our judgment exercising discretion in using the information available from internal management accounts of the acquired businesses or other sources.

B) When adjusting to reflect the effect of divestments on our Organic Growth, the actual consolidated revenue for the prior year is decreased by (i) for divestments in the current year, the actual or estimated revenue in the preceding year's period corresponding to the current year period from the point of derecognition to 31 December, and (ii) for divestments in the preceding year, the actual or estimated revenue from 1 January to the point of derecognition in the preceding year.

The revenue in absolute figures in our Organic Growth is calculated as actual consolidated revenue for the current year reduced by our actual prior period consolidated revenue, adjusted by divestments and acquisitions on the basis described under A) and B) above and calculated at the current year's foreign currency exchange rates. We calculate our Organic Growth percentage as the revenue in absolute figures in Organic Growth divided by our actual prior period consolidated revenue adjusted by divestments and acquisitions on the basis described under A) and B) above and calculated at the current year's foreign currency exchange rates. For further information on the calculation of Organic Growth, see footnote 18 to the table included under "*Selected Historical Consolidated Financial and Operating Information*".

The calculation of Organic Growth is a measure used by us to monitor business performance and is not a measure of financial performance under IFRS. Accordingly, the Organic Growth figures cannot and have not been audited, reviewed or otherwise independently confirmed.

- Adjusted Earnings Per Share, Diluted, as calculated by us, represents Profit before goodwill impairment/amortisation and impairment of brands and customer contracts divided by the average number of Shares outstanding (diluted). By using Profit before goodwill impairment/amortisation and impairment of brands and customer contracts as a starting point for the calculation of Adjusted Earnings Per Share, Basic, instead of Net profit/(loss) for the year, we exclude from the calculation of Adjusted Earnings Per Share, Basic, Goodwill impairment and Amortisation and impairment of brands and customer contracts.

The non-IFRS financial measures presented are not measures of financial performance under IFRS but measures used by management to monitor the underlying performance of our business and operations and, accordingly, they cannot be audited or reviewed. Further, they may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results. We have presented these non-IFRS measures in this Offering Circular because we consider them an important supplemental measure of our performance and believe that they are widely used by investors in comparing performance between companies. In particular, we believe that EBITDA is an additional measure of a company's operating performance and debt servicing ability which allows for comparison of performance on a consistent basis between companies without regard to amortisation and depreciation accounting methods, which can vary significantly from company to company.

However, not all companies may calculate the non-IFRS financial measures in the same manner or on a consistent basis, and, as a result, our presentation thereof may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Offering Circular and they should not be considered as a substitute for Operating Profit, net profit, cash flow or other financial measures computed in accordance with IFRS.

**Rounding Adjustments**

Rounding adjustments have been made in calculating some of the financial information included in this Offering Circular. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

## Other Information

As used herein, "Emerging Markets" means all of the emerging markets in which we currently operate, comprising countries in Asia, Eastern Europe and Latin America and Turkey, Israel and South Africa. For regional reporting purposes, Turkey and Israel are included in Western Europe and South Africa is included in Other Countries. See "*Glossary*" for an overview of our classification of operating countries for regional reporting purposes.

We also refer, collectively, to all recurring site-based services rendered under a contract with a stated period in excess of six months as our "Portfolio Business". All other services, which mainly consist of our non-recurring services, are referred to as our "Non-Portfolio Business".

As used herein, "Estimated Contract Value" means the value of our larger international contracts, most of which are attributable to our Global Corporate Clients Organisation. The Estimated Contract Value is calculated as of a year end and reflects the aggregated expected revenue from these contracts at such time. The calculation of Estimated Contract Value assumes that such contracts will stay in effect for their contractually stipulated duration, which is not guaranteed since they may be terminated earlier.

As used herein, "Estimated Weighted-Average IFS Operating Margin" is based on a special-purpose management calculation of an estimate for a weighted average Operating Margin on IFS contracts within the Group. The calculation, completed in 2014, is based on an analysis of the Operating Margin in 2013, 2012 and 2011 derived from internal accounting records for certain business units within the Group. As set out in our definition of Operating Margin, we exclude from the calculation items recorded under the line item "*Other income and expenses, net*". Only business units where reported IFS revenue accounts for a majority of the unit's total revenue have been included in the analysis. The analysis captures business units that together, in the aggregate, represented approximately 70% to 80% of our total reported IFS revenue in each of 2013, 2012 and 2011. Corporate and other costs not charged to these business units have been allocated to IFS proportionately based on the business units' revenue relative to our total revenue, except for costs considered to be entirely IFS related, which have been fully allocated to IFS.

As used herein, Compound Annual Growth Rate ("**CAGR**") means the geometric progression ratio that provides a constant rate of return over the time period.

## FOREIGN CURRENCY PRESENTATION

We publish our financial information in Danish kroner. Unless we note otherwise, all amounts in this Offering Circular are expressed in Danish kroner.

As used herein, references to: (i) "Danish kroner" or "DKK" are to the Danish kroner, the lawful currency of Denmark, (ii) "euro", "EUR" or "€" are to the euro, the lawful currency of the participating member states in the Third Stage of the European and Monetary Union of the Treaty Establishing the European Community, (iii) "U.S. dollar" or "$" are to the United States dollar, the lawful currency of the United States of America, (iv) "Norwegian kroner" or "NOK" are to the Norwegian kroner, the lawful currency of Norway, (v) "British pound sterling" or "GBP" or "£" are to the British pound sterling, the lawful currency of the United Kingdom, (vi) "Swedish kronor" or "SEK" are to the Swedish kronor, the lawful currency of Sweden, (vii) "Swiss francs" or "CHF" are to the Swiss franc, the lawful currency of Switzerland, (viii) "Australian dollar" or "AUD" are to the Australian dollar, the lawful currency of Australia; and (ix) "Turkish lira" or "TRY" are to the Turkish lira, the lawful currency of Turkey.

For historical information regarding rates of exchange between the Danish kroner and the euro, see "*Exchange Rates*".

## EXCHANGE RATES

The following table sets forth, for the periods and dates indicated, the average, high, low and period-end euro buying rates expressed in Danish kroner per one euro. Danmarks Nationalbank (the "**Danish Central Bank**") fixes exchange rates on the basis of information obtained from a number of central banks on a daily conference call hosted by the European Central Bank at 2:15 p.m. (CET). The average rates for each calendar year represent the average of the euro buying rates on the last business day of each month for such calendar year, and the average rates for each month represent the daily average of the euro buying rates for such month. The exchange rate of Danish kroner per euro is regulated by the exchange rate mechanism, a system originally established in 1979 for controlling exchange rates within the European monetary system of the E.U. Under this system, Denmark sets its central exchange rate to 7.46 kroner per euro and allows fluctuations of the exchange rate within a 2.25% band. This means that the exchange rate can fluctuate from a high of DKK 7.63 per €1.00 to a low of DKK 7.29 per €1.00. If the market determined floating exchange rate rises above or falls below the band, the Danish Central Bank must intervene.

| | Reference Rates of Danish kroner per €1.00 | | | |
|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Period End** |
| **Calendar Year:** | | | | |
| 2009 | 7.4463 | 7.4563 | 7.4406 | 7.4415 |
| 2010 | 7.4474 | 7.4585 | 7.4375 | 7.4544 |
| 2011 | 7.4505 | 7.4594 | 7.4318 | 7.4342 |
| 2012 | 7.4438 | 7.4613 | 7.4304 | 7.4604 |
| 2013 | 7.4580 | 7.4636 | 7.4524 | 7.4603 |
| 2014 (through 27 February 2014) | 7.4618 | 7.4625 | 7.4584 | 7.4625 |
| **Month:** | | | | |
| January 2014 | 7.4614 | 7.4625 | 7.4584 | 7.4619 |
| February 2014 (through 27 February 2014) | 7.4622 | 7.4625 | 7.4619 | 7.4625 |

### Exchange Controls and Other Limitations Affecting Shareholders of a Danish Company

There is no legislation in Denmark that restricts the export or import of capital (except for certain investments in areas in accordance with applicable resolutions adopted by the United Nations and the European Union), including, but not limited to, foreign exchange controls, or which affects the remittance of dividends, interest or other payments to non-resident holders of the Offer Shares. As a measure to prevent money laundering and financing of terrorism, persons travelling into or out of Denmark carrying amounts of money (including, but not limited to, cash, traveller's cheques and securities) worth the equivalent of €10,000 or more must declare such amounts to the Danish tax authorities when travelling into or out of Denmark.

## AVAILABLE INFORMATION

Copies of the following documents may be inspected and obtained during usual business hours on any day (excluding Saturdays, Sundays and Danish public holidays) at our registered office, at Buddingevej 197, DK-2860 Søborg, Denmark during the period in which this Offering Circular is in effect:

(i) our memorandum of association and our Articles of Association (the "**Articles of Association**");

(ii) our statutory annual reports, including the audited consolidated financial statements, for the financial years ended and as of 31 December 2013 and 2012;

(iii) the statutory financial statements of our material subsidiaries, as set out in "*Additional Information—Material Subsidiaries*", for the financial years ended and as of 31 December 2012 and 2011; and

(iv) this Offering Circular.

The Danish Companies Act requires us to make our statutory annual reports, including the audited financial statements, available to our shareholders on our website three weeks before our annual general meeting. At the same time, we are required to send the notice convening the general meeting to registered shareholders who have so requested.

The English Language Offering Circular and the Danish Offering Circular are, subject to certain restrictions, together with our Articles of Association and the audited consolidated financial statements for the financial years 2013, 2012 and 2011, available on our website (www.issworld.com). Information included on our website does not form part of and is not incorporated into this Offering Circular unless otherwise stated.

We have agreed that, for so long as any Offer Shares are "**restricted securities**" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

## MARKET AND INDUSTRY INFORMATION

This Offering Circular contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets. Unless otherwise indicated, such information is based on our analysis of multiple sources, including a market study we commissioned from Bain & Company (the "**Company Market Study**") and information otherwise obtained from Frost & Sullivan and the International Association of Outsourcing Professionals. Such information has been accurately reproduced, and, as far as we are aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading.

We understand from Bain & Company that the Company Market Study includes or is otherwise based on information obtained from: (i) data providers, including the International Monetary Fund, Frost & Sullivan and Euromonitor; (ii) industry associations and country organisations, including the International Facility Management Association and the Facilities Management Association; and (iii) publicly available information from other sources, such as information publicly released by our competitors as well as primary interviews and field visits conducted with industry experts and participants, secondary market research and internal financial and operational information supplied by, or on behalf of, us.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. We have not independently verified and cannot give any assurances as to the accuracy of market data contained in this Offering Circular that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

## EXPECTED TIMETABLE OF OFFERING AND FINANCIAL CALENDAR

### Expected Timetable of Principal Events

| | |
|---|---|
| Offer Period starts | 5 March 2014 |
| Offer Period expires | 14 March 2014 at 4:00 p.m. (CET) |
| Publication of the pricing statement containing the Offer Price and number of Offer Shares | 17 March 2014 at 8:00 a.m. (CET) |
| First day of trading and official listing of the existing Shares on NASDAQ OMX Copenhagen issued under the permanent ISIN | 17 March 2014 at 9:00 a.m. (CET) |
| First day of trading and official listing of the New Shares on NASDAQ OMX Copenhagen issued under the temporary ISIN | 17 March 2014 at 9:00 a.m. (CET) |
| Completion of the Offering, including settlement of the Offer Shares (excluding the Overallotment Option, unless exercised by that date) | 20 March 2014 |
| Registration of the share capital increase regarding the New Shares with the Danish Business Authority | 20 March 2014 |
| Merger of the temporary ISIN of the Offer Shares with the permanent ISIN of the existing Shares | 24 March 2014 |

### Financial Calendar

Our financial year runs from 1 January through 31 December. Financial reporting will be published on a quarterly basis. We currently expect to publish financial reports according to the following schedule:

| | |
|---|---|
| Annual report for the financial year 2013 | 3 March 2014 |
| Interim report for the period 1 January 2014 to 31 March 2014 | 14 May 2014 |
| Interim report for the period 1 January 2014 to 30 June 2014 | 21 August 2014 |
| Interim report for the period 1 January 2014 to 30 September 2014 | 12 November 2014 |

## BACKGROUND TO THE OFFERING AND USE OF PROCEEDS

The Offering is expected to support our future growth and operational strategy, advance our public and commercial profile, and provide us with improved access to public capital markets and a diversified base of new Danish and international shareholders.

The net proceeds to the Company from the sale of New Shares are expected to be approximately DKK 7,690 million, after deduction of commissions and estimated Offering expenses payable by the Company, with the assumptions set forth in "*The Offering—Costs of the Offering*".

Following the Offering, we expect to refinance all of our Existing Indebtedness. We expect to redeem the 2016 Senior Subordinated Notes in full on or about 15 May 2014 using a portion of the net proceeds of the Offering, and we intend to use the remainder of the net proceeds of the Offering (save for any proceeds used to acquire Existing Offer Shares in order for us to meet certain of our obligations under our incentive programmes) together with drawdowns under the 2014 Facilities and cash on hand to repay the Senior Secured Facilities at the completion of the Offering. We intend to offer to purchase the 2014 Medium Term Notes or to repay them at maturity and to repay our securitisation programme and various other debt instruments during the course of 2014. For further information on our financial indebtedness, please see "*Operating and Financial Review—Liquidity and Capital Resources—Financial indebtedness*".

We also expect to use DKK 140 million of the proceeds to acquire Existing Offer Shares in order for us to meet certain of our obligations to deliver shares in the Company to participants in our incentive programmes. See "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes*" for additional details on our incentive programmes.

We will not receive any part of the proceeds from the sale of Existing Offer Shares. For more information about the ownership in the Selling Shareholder, please see "*Ownership Structure and Selling Shareholder*".

# DIVIDENDS AND DIVIDEND POLICY

## General

The Offer Shares, including the New Shares, will rank pari passu with all other Shares, including in respect of eligibility to receive dividends. Following the issuance and registration of the New Shares with the Danish Business Authority, the New Shares will be entitled to receive dividends to the extent any dividends are declared and payable with respect to the New Shares.

## Dividend Policy and Share Buybacks

Our Board of Directors has adopted a dividend policy with a target initial payout ratio of approximately 50% of profit after tax and before goodwill impairment/amortisation and impairment of brands and customer contracts (stated as profit before goodwill impairment/amortisation and impairment of brands and customer contracts in the income statement of the Group's annual audited consolidated financial statements).

The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future revenue, profits, financial conditions, general economic and business conditions, and future prospects and such other factors as our Board of Directors may deem relevant as well as applicable restrictions in certain of our debt instruments and other legal and regulatory requirements. There can be no assurances that our performance will facilitate adherence to the dividend policy or any increase in the payout ratio and, in particular, our ability to pay dividends may be impaired if any of the risks described in this Offering Circular were to occur. See "*Risk Factors*". Furthermore, our dividend policy is subject to change as our Board of Directors will revisit our dividend policy from time to time. There can be no assurances that in any given year a dividend will be proposed or declared.

While our 2016 Senior Subordinated Notes and our Senior Secured Facilities contain restrictions on dividend payments, we expect to redeem the 2016 Senior Subordinated Notes in full on or about 15 May 2014 using a portion of the net proceeds of the Offering, and we intend to use the remainder of the net proceeds of the Offering (save for any proceeds used to acquire Existing Offer Shares in order for us to meet certain of our obligations under our incentive programmes) together with drawdowns under the 2014 Facilities and cash on hand to repay the Senior Secured Facilities at the completion of the Offering. We intend to offer to purchase the 2014 Medium Term Notes or to repay them at maturity and to repay our securitisation programme and various other debt instruments during the course of 2014. The 2014 Facilities Agreement does not contain any restrictions on dividends.

For further information, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial indebtedness*".

As an alternative, or in addition to, making dividend payments, our Board of Directors may initiate share buybacks. The decision by the Board of Directors to engage in share buybacks, if any, will be made in accordance with the factors applicable to dividend payments set forth above.

The information on our policies relating to dividend and share buybacks constitutes forward looking statements. Forward looking statements are not guarantees of future financial performance and ISS' actual dividends or share buybacks could differ materially from those expressed or implied by such forward looking statements as a result of many factors, including those described under "*Special Notice Regarding Forward Looking Statements*" and "*Risk Factors*".

## Recent Dividends

We have not declared any dividend in 2014, 2013 and 2012. We expect to declare dividends in 2015 with respect to the financial year 2014 and/or we may initiate a share buy-back, in each case subject to compliance with Danish statutory requirements.

## Legal and Regulatory Requirements

### *Dividends*

In accordance with the Danish Companies Act, dividends, if any, are declared with respect to a financial year at the annual general meeting of shareholders in the following year at the same time as the statutory annual report for that financial year is approved.

Further, our general meeting may resolve to distribute interim dividends or authorise our Board of Directors to decide on the distribution of interim dividends. A resolution to distribute interim dividends within six months after the date of the statement of financial position as set out in our latest adopted annual report shall be accompanied by a statement of financial position from either the Company's latest annual report or an interim statement of financial position which must be reviewed by our auditors. If the decision to distribute interim dividend is resolved more than six months after the date of the statement of financial position as set out in our latest adopted annual report, an interim statement of financial position must be prepared and reviewed by our auditors. The statement of financial position or the interim statement of financial position, as applicable, must in each case show that sufficient funds are available for distribution.

Dividends may not exceed the amount recommended by our Board of Directors for approval by the general meeting. Moreover, dividends and interim dividends may only be made out of distributable reserves and may not exceed what is considered sound and adequate with regard to our financial condition and such other factors as our Board of Directors may deem relevant.

As of the date of this Offering Circular, our Board of Directors has been authorised to distribute interim dividends, but currently has no plan to do so in the near future.

Dividends paid to the Company's shareholders may be subject to withholding tax. See "*Taxation*" for a description of Danish withholding taxes in respect of dividends declared on our Shares and certain other Danish and U.S. federal income tax considerations relevant to the purchase or holding of Shares.

***Share buybacks***

In accordance with the Danish Companies Act, share buybacks, if any, may only be carried out by our Board of Directors using funds that could have been distributed as dividends at the latest annual general meeting. Any share buyback shall as a main rule be carried out in accordance with an authorisation granted by the general meeting. The authorisation shall be granted for a specific period of time which may not exceed five years. The authorisation shall specify the maximum permitted value of treasury shares as well as the minimum and maximum amount that we may pay as consideration for such shares.

As of the date of this Offering Circular, our Board of Directors has been authorised to carry out share buybacks.

Share buybacks will be deemed a sale of shares for Danish tax purposes and as a general rule are not subject to Danish withholding tax provided that we are admitted to trading on a regulated market. See "*Taxation*" for a description of Danish withholding taxes and certain other Danish and U.S. federal income tax considerations relevant to the purchase or holding of Shares.

***Other Requirements***

Dividends, if any, will be paid in accordance with the rules of VP Securities, as in force from time to time, and will be paid to the shareholders' accounts with their account-holding banks in Danish kroner to those recorded as beneficiaries. Registration through the holder's account-holding bank and settlement of the Offer Shares is expected to take place within three business days after the announcement of the Offer Price and allocation, and is expected to be on 20 March 2014.

Dividends not claimed by shareholders are forfeited in favour of the Company, normally after three years, under the general rules of Danish law or statute of limitations.

There are no dividend restrictions or special procedures for non-Danish resident holders of Shares.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth our capitalisation, indebtedness and cash, cash equivalent and securities as of 31 December 2013:

- on an actual basis reflecting the carrying amounts on our consolidated statements of financial position; and
- on an adjusted basis to reflect the use of net proceeds of the Offering and the 2014 Facilities to repay our Existing Indebtedness as described in "*Background to the Offering and Use of Proceeds*". For further information on our financial indebtedness, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial indebtedness*".

See "*Description of the Shares and Share Capital*" for information relating to our issued share capital and number of outstanding Shares. You should read this table in conjunction with our consolidated financial information and the notes thereto included elsewhere in this Offering Circular and "*Operating and Financial Review*".

| | As of 31 December 2013 | | |
|---|---|---|---|
| | **Actual** | **Adjustments** | **As Adjusted** |
| | | **(DKK million)** | |
| **Cash and cash equivalents and securities:** | | | |
| Cash and cash equivalents | 3,277 | (1,717)(6) | 1,560 |
| Securities | 17 | — | 17 |
| Other short term receivables | 119 | — | 119 |
| **Total cash and cash equivalents and securities** | **3,413** | **(1,717)** | **1,696** |
| **Current loans and borrowings:**(1) | | | |
| Senior Secured Facilities | 1,593 | (1,593) | — |
| Securitisation(2) | 2,760 | (2,760) | — |
| 2014 Medium Term Notes(3) | 805 | (805) | — |
| 2014 Facilities | — | 1,574 | 1,574 |
| Other current loans and borrowings | 490 | — | 490 |
| **Total current loans and borrowings** | **5,648** | **(3,584)** | **2,064** |
| **Non-current loans and borrowings:**(1) | | | |
| Senior Secured Facilities | 18,065 | (18,065) | — |
| 2016 Senior Subordinated Notes(4) | 1,898 | (1,898) | — |
| Other non-current loans and borrowings | 453 | (298) | 155 |
| 2014 Facilities | — | 14,783(7) | 14,783 |
| **Total non-current loans and borrowings** | **20,416** | **(5,478)** | **14,938** |
| **Shareholders' funding:** | | | |
| Total equity attributable to owners of ISS A/S | 4,237 | 7,358(8) | 11,595 |
| Non-controlling interests | 9 | — | 9 |
| **Total capitalisation** | **30,310** | **(1,704)** | **28,606** |
| Total net debt (carrying amount)(5) | 22,651 | (7,345) | 15,306 |
| Total net debt/Adjusted EBITDA | 4.44 | — | 3.00 |

(1) All debt under the Senior Secured Facilities, securitisation programme and 2016 Senior Subordinated Notes is secured as well as DKK 464 million and DKK 153 million of Other current loans and borrowings and Other non-current loans and borrowings, respectively, as of 31 December 2013. The total carrying amount of our debt as of 31 December 2013 was DKK 26,064 million, while the nominal amount of such net debt was DKK 26,205 million. As of 31 December 2013, the total amount of our guaranteed debt was DKK 20,429 million (of which DKK 17,609 million was non-current) and DKK 5,635 million of our debt was non-guaranteed (of which DKK 2,807 million was non-current).

(2) We intend to repay the securitisation programme during the course of 2014 with the net proceeds of the Offering and/or drawings under the 2014 Facilities.

(3) We intend to offer to purchase the 2014 Medium Term Notes or to repay them at maturity with the net proceeds of the Offering and/or drawings under the 2014 Facilities.

(4) Will be redeemed solely with the net proceeds of the Offering on or about 15 May 2014.

(5) Defined as non-current loans and borrowings plus current loans and borrowings minus receivables from companies within the ISS Group minus securities minus cash and cash equivalents minus positive fair value of derivative financial instruments.

(6) Cash on hand used to pay the Senior Secured Facilities at the completion of the Offering, together with net proceeds of the Offering plus drawdowns under the 2014 Facilities.

(7) Reflects the net proceeds from the 2014 Facilities less estimated fees and expenses related thereto.

(8) Reflects the net proceeds to the Company from the sale of New Shares after deduction of commissions and estimated Offering expenses payable by the Company (see "*The Offering—Costs of the Offering*") less any proceeds used to acquire Existing Offer Shares in order for us to meet certain of our obligations under our incentive programmes, less non-cash amortisation of loan costs related to repayment of the Senior Secured Facilities, our securitisation programme, 2014 Medium Term Notes and 2016 Senior Subordinated Notes.

## INDUSTRY

*This Offering Circular contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets. Unless otherwise indicated, such information is based on our analysis of sources as listed in "Market and Industry Information". Such information has been accurately reproduced, and, as far as we are aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading.*

### Facility Services Market

#### *Introduction*

The market for facility services comprises six main service types: property services, cleaning services, security services, catering services, support services and facility management services. The role of the facility service provider is to oversee that its customers' facilities are managed and maintained with the aim of providing the customers or users a pleasant, safe working environment as well as preserving the long-term value of the facility in a cost-effective manner.

The market results from, and has grown due to, the outsourcing of facility services, which has been driven by an increased focus on core activities in both the private and public sectors. Drivers of the decision to outsource include a lack of in-house resources and expertise or a desire to improve service quality and efficiency, manage risks, reduce costs and increase convenience and transparency. Further, from a corporate responsibility perspective, customers take comfort in having facility services delivered by outsourcing professionals with facility services as their core business. Lastly, certain customers see the outsourcing of facility services as an opportunity to enhance the delivery of their products or services, such as hospitals where hygiene is critical and where a professional and tailored cleaning approach is therefore essential.

Cost reduction has generally been one of the decisive factors when customers decide to outsource facility services with the lowest price often being used as the basis on which contracts are awarded. While price continues to be important, other elements such as safeguarding customers' employees and facilities through risk mitigation and delivering convenience and consistency have gradually become key differentiators, particularly with larger customers.

While the provision of single services constitutes a substantial majority of the facility service market, the industry is undergoing a structural shift, with an increase in bundled services, including IFS contracts (which represent an increased percentage of overall contracts) and in the prevalence of centralised procurement. These trends are especially pronounced for larger customers and are favourable to global service providers like ISS, who are able to deliver global IFS solutions based on a self-delivery model.

#### *Historical development*

The outsourced facility services industry originated approximately 100 years ago with the emergence of single service providers. The industry continued to grow steadily, generally on a single service basis, until the early 1970s, when the industry expanded rapidly because of outsourcing's growing importance. During this period in-house service organisations still comprised a significant part of the facility services market.

By the early 1980s a number of providers began to bundle services. By the early 1990s, a number of facility management companies, facility service providers that managed subcontractors providing various services for facilities, began to emerge. The facility management companies introduced a layer between the owners users of the property and the (single service) facility service providers by overseeing the management of these providers as sub-contractors. At the time, customers were demanding a relatively basic service with a certain level of quality at a given price and the facility management companies assisted them in orchestrating the delivery of services as well as achieving price reductions.

Over recent years the demands of more sophisticated and larger customers have developed as they have begun to view facility services in a new and more strategic way—with a focus on a greater level of value-added and support to their own corporate purpose. The basic service demands remain—reliability, responsiveness, convenience, and cost effectiveness. These have however been supplemented by heightened focus on the role facility service provision can play in, for example, risk management and protecting the customers brand while supporting the customers' corporate responsibility profile.

Different customer types may value reliability, responsiveness, convenience, and cost effectiveness as well as the need for risk management in a different way depending on their own organisational purpose. For example:

- An oil and gas industry customer may demand that a provider delivers reliable and consistent health and safety compliance given the hazardous environments in which it works.
- A hospital may demand a provider's reliable delivery of specific and measured levels of hygiene to minimise the risk of cross-infection and meet regulatory requirements.
- A food manufacturer may need the provider to help it meet certain regulatory requirements for cleanliness levels and minimise the risk of food contamination.
- The wealth management department in a bank may require a provider to be highly responsive when providing reception services and in-house fine dining to its customers.

To successfully meet demands such as risk management, brand protection, cost efficiency and transparency from this segment of larger and more sophisticated customers, facility service providers require a defined set of operating principles and processes such as within health and safety, which are applied consistently across sites. This furthermore requires that the services be delivered by the providers own employees (self-delivery) as the self-delivery model achieves a greater degree of control over quality of the services and management of people. A multiple set of sub-contractors delivering the various services to a customer find it difficult to provide an aligned and consistent service given that they are separate businesses with their own brand, processes and business culture irrespective of whether or not the delivery is orchestrated by a facility management firm. Similarly, local small and medium providers are less able to compete in this market as they have neither the scale, brand nor the processes.

IFS is a relatively new model for the provision of facility services. Instead of delivering several single services in parallel to the same customer, IFS integrates delivery of multiple services, thereby providing efficiencies to both ISS and the customer. Furthermore, by using its own employees, the service provider is able to self-deliver IFS according to a framework of processes that ensures consistency in the service delivery across all customer sites. Further, on-site management provides IFS customers with a convenient one-point-of-contact that oversees the full suite of services delivered, thereby reducing the number of providers with which the customer needs to liaise. There are also benefits to the service provider, including among others, an increased opportunity to generate non-portfolio business.

Together with the change in delivery model, there is also an emerging shift in the contractual relationship with the customer that is typically either input-based or output-based. The former, generally speaking, involves committing an agreed number of employees to the delivery of the given service at a set cost plus a margin to the provider while the latter (also known as "performance contract") involves establishing with the customer specifications for the result (or the output) of the service delivery, for example, a certain measurable level of cleanliness. It is then up to the provider to deliver the service in accordance with the specifications without regard to the number of employees needed.

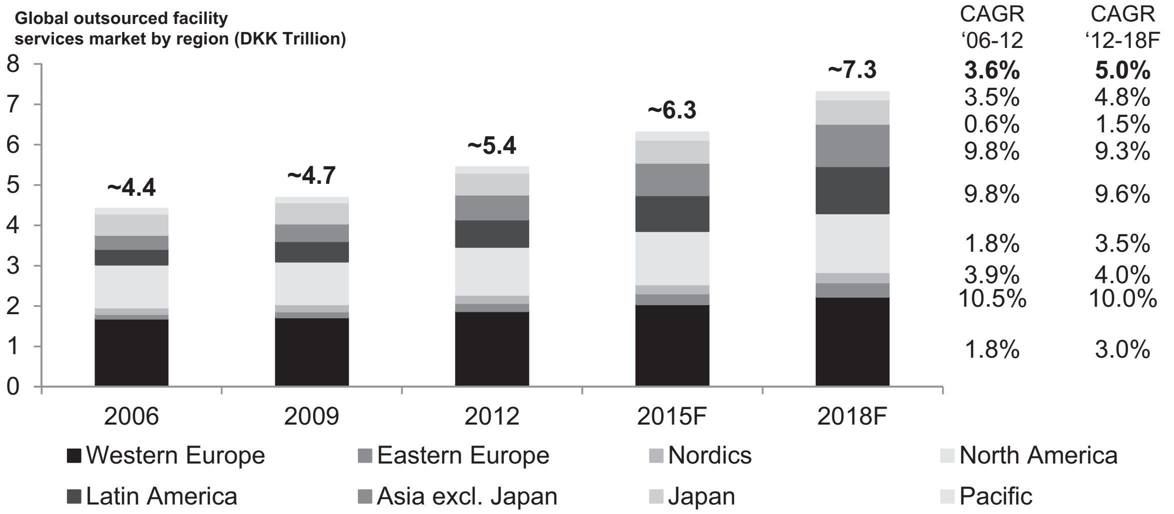
As the industry has moved towards a higher share of bundled services, there has been an increase in consolidation because many facility service providers are seeking to expand their service capabilities and geographical reach by acquiring complementary service types. In addition, centralisation of procurement has become an important theme among larger customers driven by a focus on cost savings, convenience and quality of service, and this is increasing the demand for service providers with multi-site local, regional and global self-delivery capabilities.

***The market today***

The global outsourced facility services market is estimated to amount to approximately DKK 5.4 trillion in 2012. Approximately 34% of total market revenue in 2012 was estimated to be generated in Western Europe, with approximately 22% generated in North America, approximately 24% in Asia (including Japan) and the Pacific, approximately 12% in Latin America, approximately 4% in the Nordic region and approximately 4% in Eastern Europe.

The global outsourced facility services market has grown at a CAGR of approximately 4% from 2006 to 2012. Going forward, we estimate based on our review of the external sources listed in "*Market and Industry Information*", that the global facility services market will grow at a CAGR of approximately 5% from 2012 to 2018. The level of growth is expected to differ significantly depending on economic and other conditions in the various regions. Markets where high growth is expected include emerging markets, such as Asia (excluding Japan), where the CAGR from 2012 to 2018 is expected to reach approximately 9%, Latin America, where the CAGR from 2012 to 2018 is expected to reach approximately 10% and Eastern Europe, where the CAGR from 2012 to 2018 is expected to reach approximately 10%.

The chart below illustrates the development in the global outsourced facility services market value by region for the periods presented, including expected future projected growth rates.



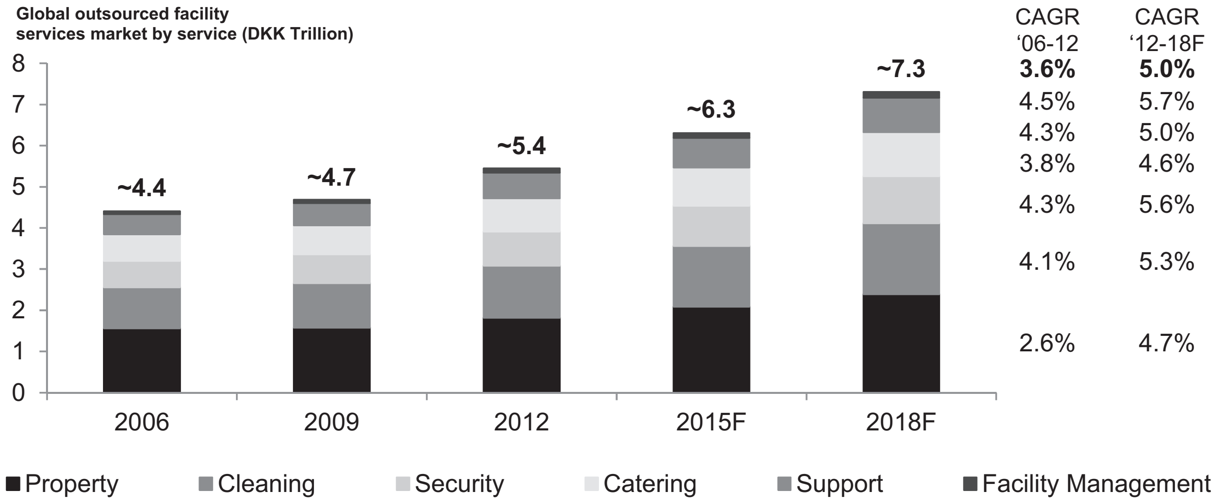

***Service types in the facility services market***

The facility services market comprises six main service types:

- *Property services*. Property services include maintenance of buildings, climate systems, electrical and mechanical services, information technology and communication systems, landscaping, damage and pest control. The global market for property services in 2012 is estimated to amount to approximately DKK 1.8 trillion and the CAGR from 2006 to 2012 was 2.6%.
- *Cleaning services*. Cleaning services include traditional cleaning of offices, factories, hospitals, transport hubs and specialised cleaning of windows. The global market for cleaning services in 2012 is estimated to amount to approximately DKK 1.3 trillion and the CAGR from 2006 to 2012 was 4.1%.
- *Security services*. Security services include manned guarding and installation and maintenance of electronic surveillance systems. The global market for security services in 2012 is estimated to amount to approximately DKK 825 billion and the CAGR from 2006 to 2012 was 4.3%.
- *Catering services*. Catering services include the operation of canteens and concessions for customers. The global market for catering services in 2012 is estimated to amount to approximately DKK 814 billion and the CAGR from 2006 to 2012 was 3.8%.
- *Support services*. Support services include the operation of call centres, reception and mail room services within a customer's facilities and health, safety and environment services, but exclude temporary staffing services where the provider does not manage the temporary staff. The global market for support services in 2012 is estimated to amount to approximately DKK 624 billion and the CAGR from 2006 to 2012 was 4.3%.
- *Facility management services*. Facility management services include on-site management of facility services, change management, space management and consulting. The global market for facility management services in 2012 is estimated to amount to approximately DKK 98 billion and the CAGR from 2006 to 2012 was 4.5%.

Property services are estimated to represent the largest market for facility services, accounting for approximately 33% of the market in 2012, followed by cleaning services at approximately 23%, security services at approximately 15%, catering services at approximately 15%, support services at approximately 11% and facility management services at approximately 2%.

The chart below illustrates the global outsourced facility services market value by service type for the periods presented, including expected future growth rates.




**Highly Fragmented Industry Despite Consolidation**

The facility services market is undergoing consolidation as larger providers seek to achieve economic benefits associated with building operational scale and scope at the local, national and international level. Local benefits include the cross-utilisation of resources between and within sites, leveraging of overhead costs and sharing of best practices. At the national level, benefits accrue mainly in the form of increased credibility as a contract provider and more efficient management and administrative functions. At the international level, the service provider is able to leverage existing customer relationships across regions to gain further contracts, procurement benefits and further share best practices and management capabilities.

Despite this trend of consolidation, the facility services market continues to be highly fragmented. We estimate based on our review of the external sources listed in "*Market and Industry Information*", that the revenue from the six largest facility services providers in 2012 represented approximately 10% of the market, although these companies gained market shares in the period from 2006 to 2012. The level of consolidation differs significantly between countries and regions, with the more consolidated market structures typically found in more mature markets. The markets for security services and catering services are considered to be more consolidated relative to markets for other facility service types.

Basic facility services to smaller or more local customers may be provided with very limited resources. As a result of these low barriers to entry, it is likely that the total market for basic facility services will continue to include a large number of smaller operators. However, there are generally only a few providers that have sufficient resources to provide customers with a full-range of facility services and to service larger, multi-site customers and use more sophisticated and standardised methods in the provision of services.

**Market Growth Drivers and Dynamics**

The growth of the facility services market is driven by a number of factors, including the factors outlined below. We estimate based on our review of the external sources listed in "*Market and Industry Information*", that companies in the facility services industry that are able to take advantage of the following market drivers and dynamics may be able to grow in excess of the market growth during the next five years.

***Underlying market growth***

The growth in the facility services market is generally impacted by the underlying economic growth, such as growth in the gross domestic product. For example, an increase in office/factory floor space and increase in employment levels will drive facility services growth as there will be an increase in the demand for services such as cleaning and security to cover the increased facility size and catering services for the increased number of employees.

However, the facility services industry is normally considered to be less sensitive to economic cycles than a number of other industries as demand among customers for essential cleaning and other facility services in order to maintain their facilities and operate their businesses is relatively stable despite market conditions.

### *Outsourcing trend*

The continued increase in outsourcing of facility services is a main driver of growth in the industry. The penetration rate of outsourcing has increased across all service types and the global outsourcing rate is estimated to be 55% in 2012, up from 52% in 2006. This trend is expected to continue, with global outsourcing penetration expected to reach 57% by 2018. This increase in market penetration is expected to result in market growth of approximately DKK 230 billion between 2012 and 2018. While all geographies are expected to experience a continued increase in outsourcing penetration, that trend is expected to be most prevalent in emerging markets given their generally lower current penetration rates.

The penetration of outsourcing within facility services is believed to be driven primarily by providing customers with cost savings, ability to focus on core businesses, convenience and higher quality of services.

The table below illustrates our estimate of the outsourcing penetration of the global outsourced facility services market in selected countries based on our review of the external sources listed in "*Market and Industry Information*".

| | Year ended 31 December | | |
|---|---|---|---|
| | 2006E | 2012E | 2018E |
| | | (%) | |
| **Developed Markets:** | | | |
| United Kingdom | 56 | 59 | 61 |
| Sweden | 55 | 57 | 59 |
| Finland | 49 | 52 | 54 |
| France | 44 | 47 | 49 |
| Denmark | 43 | 45 | 47 |
| Switzerland | 38 | 41 | 45 |
| Norway | 40 | 42 | 43 |
| **Emerging Markets:** | | | |
| Turkey | 42 | 46 | 50 |
| India | 31 | 37 | 43 |
| Global outsourcing penetration | 52 | 55 | 57 |

### *Prices*

Cost increases as a consequence of, for example, wage increases are a factor in the growth of the facility services industry to the extent that such costs can be passed on to customers through price increases. An inability to fully pass on cost increases negatively affects growth and impairs margins. To mitigate against eroding margins resulting from price pressure from customers, service providers must optimise service delivery and extract efficiencies, by, for example, integrating services or introducing innovations.

The cost of services are influenced by a variety of factors, including changes in minimum wage requirements, labour union contracts, food and consumable expenses, energy cost and regulatory and administrative practices. The ability to correspondingly increase prices depend on factors such as contracts duration and price adjustment clauses, including price adjustment clauses linked to an inflation index or other appropriate indexes.

### *Integrated facility services trend*

Based on our review of the external sources listed in "*Market and Industry Information*", we believe that organisations are increasingly opting for an IFS approach and expect that the IFS market will continue to outgrow the general facility services market.

Since 2000, the market for IFS has increased significantly and management expects penetration to increase in the future, leading to higher revenue growth rates than the general facility services market. We estimate based on our review of the external sources listed in "*Market and Industry Information*", that from 2006 to 2012, the IFS market has grown at a CAGR of 7% and that IFS could account for 9% of the market in 2018, up from an estimated 8% in 2012, implying a CAGR of approximately 9%. In comparison, from 2012 to 2018, multi-service contracts are expected to grow by approximately 8% annually while single-service contracts are expected to grow by approximately 4% annually, which we believe reflects a structural market shift towards more bundled solutions and integrated delivery. For further information on these types of services, see "*Business—Overview*".

While the relative penetration of IFS varies between countries and markets, we see its popularity increasing across the board as it fundamentally changes the industry in favour of larger service providers with the ability to deliver integrated services on a large scale basis and with a history of reliable service being increasingly important differentiators. In addition, we see a tendency towards especially larger IFS customers placing more emphasis on the provider being able to self-deliver its services due to risk management and quality reassurance. Delivering IFS often implies a more strategic partnership with the customer, which increases customer retention rates and improves the provider's potential to build strong industry expertise. Furthermore IFS contracts typically have a longer duration given the complex nature of the contracts where cost efficiency increases over time.

The table below illustrates our estimate of IFS penetration of the outsourced facility services market in selected geographical areas based on our review of the external sources listed in "*Market and Industry Information*".

| | Year ended 31 December | | |
|---|---|---|---|
| | **2006E** | **2012E** | **2018E** |
| | | (%) | |
| Pacific | 8 | 11 | 15 |
| Western Europe | 7 | 10 | 13 |
| Americas | 6 | 8 | 10 |
| Japan | 5 | 6 | 8 |
| Eastern Europe | 3 | 4 | 5 |
| Asia (excluding Japan) | 1 | 1 | 2 |
| Global IFS penetration | 6 | 8 | 9 |

***Global contracts / centralised purchasing***

Centralised procurement of international contracts is still relatively rare within the facility services market. However, large multi-national companies with a global presence are increasingly centralising procurement and operations of facility services. Key drivers for the trend are potential cost savings through scale procurement as well as quality consistency across all sites and supplier simplicity.

The trend is leading to an increasing demand that only a few facility services providers are able to capitalise on due to the local or to some extent regional limitations of most providers. We estimate based on our review of the external sources listed in "*Market and Industry Information*", that the percentage of the facility services market delivered through international contracts was 4% in 2012, and that this level may increase to 6% by 2018 implying a CAGR of approximately 9% for 2012 to 2018 compared to a CAGR of approximately 5% for 2012 to 2018 for the market as a whole.

**Competition**

In general, our main competitors in each market are national or regional services providers, as well as larger international service companies, including Sodexo and Compass. For large international facility services contracts based on a provider's self-delivery of services, competition is limited to Sodexo and Compass, which provides a more limited service offering compared to us. There are also a limited number of facility management companies such as Jones Lang LaSalle, Johnson Controls and CBRE which mainly rely on subcontractors to deliver their services. We also face competition from in-house providers of facility services and regional and local facility service providers. However competitors differ from market to market depending on the particular service.

Certain facility services providers are strengthening their IFS capabilities, which is especially important in servicing larger customers that show a higher propensity to request IFS and centralised procurement. Still, only a few competitors have the scale to deliver IFS on a multi-national and global basis providing a service provider like ISS with a clear competitive advantage.

## BUSINESS

### Overview

We are a leading global provider of facility services, with operations in established markets and Emerging Markets. We have local management teams in 50 countries and operations in an additional 20 countries. In 2013, we were ranked first in the International Association of Outsourcing Professionals annual global list of outsourcing service providers. We are one of the largest private employers in the world with 533,544 employees as of 31 December 2013. We had total revenue of DKK 78.5 billion and Operating Profit Before Other Items of DKK 4.3 billion in 2013.

Our operating philosophy is based on global self-delivery of a range of facility services. Our self-delivery capability enables us to provide the substantial majority of our services directly to customers through our own employees and not through subcontractors. We do make limited use of subcontractors and for the financial years ended 31 December 2013, 2012 and 2011, our subcontractor costs comprised 9.4%, 8.6% and 8.9% of our total revenue, respectively. In addition to our ability to self-deliver our service offerings on a local and regional basis, we believe self-delivery and IFS on a global scale distinguishes us from our key competitors. This allows us to standardise the service delivery and assess and manage risk related to specific contracts in a manner which would not be possible if we relied mainly on subcontractors.

We seek to sustain, improve and develop our business through a continued focus on executing The ISS Way strategy (see "*Our Strategy and Strengths*"). The ISS Way strategy is aimed at implementing steps that align our business in support of our value proposition. We expect The ISS Way strategy to underpin our growth, margins and support a strong cash generation profile.

#### *Service types*

As shown below, we offer our customers a range of facility services.

- *Cleaning services*, which represented 49.1% of 2013 revenue, include daily office and facility cleaning, industrial cleaning, cleaning services for transport services, dust control and specialised cleaning services;
- *Property services*, which represented 19.5% of 2013 revenue, include building maintenance and technical services, landscaping and pest control services;
- *Catering services*, which represented 10.9% of 2013 revenue, include in-house restaurants, hospital canteens, catering services to remote sites, executive dining, corporate catering and office catering solutions such as coffee points;
- *Support services*, which represented 8.3% of 2013 revenue, include call centres, services, reception and switchboard services, office logistics and manpower supply;
- *Security services*, which represented 8.0% of 2013 revenue, include guarding, access control and patrolling of customer facilities and installation of alarms and access control systems; and
- *Facility management services*, which represented 4.2% of 2013 revenue, include on-site management of facility services, change management, space management and consulting.

#### *Manner of delivery*

As shown below, we also distinguish between the manner in which we deliver these services to customers.

- *Single services*, which represented 57.2% of 2013 revenue, refers to the provision of one type of service, such as cleaning services, to the customer. In addition to benefitting from our service excellence, customers also benefit from improved labour and human resources management, our ability to mitigate operational risk and extract efficiencies;
- *Multi-services*, which represented 16.4% of 2013 revenue, refers to the provision of two or more non-integrated service types to one customer. Through our multi-services offerings, we provide our customers with the benefits of our single service offerings and also reduce the number of service providers; and

- *IFS*, which represented 26.4% of 2013 revenue, refers to the provision of two or more service types under one contract, together with on-site management through a single point of contact with the customer, which allows us to integrate the facility services functions at the customer's premises. We have, in recent years, increasingly developed our business to enable us to provide IFS solutions. By offering an IFS solution, we provide customers not only with the benefits of specific service types, but also the integration of the services which allows our customers to benefit from further efficiencies and increase their operational flexibility and usage transparency. See "—*Manner of Delivery*" and "—*Service Types*", below, for a more detailed discussion.

Single services remain a substantial component of our revenue stream and therefore we continue to focus on our single service excellence strategy to ensure the highest possible service quality levels and efficiency. The demand for IFS has grown substantially in recent years and we believe that our IFS model presents the greatest potential for revenue growth.

Our success has, in part, been based on our Portfolio Business, which is recurring in nature and has represented approximately 80% of our annual revenue during each of the last three years. As part of The ISS Way strategy, we focus on strengthening our Portfolio Business. The proportion of our Portfolio Business varies considerably across service types, with certain service types such as cleaning services having a higher proportion of Portfolio Business contracts than our other service types. The focus on our Portfolio Business yields many advantages, including recurring revenue and increased operational and financial visibility and predictability. Our Non-Portfolio Business consists of non-recurring services and is principally provided to existing customers to complement our service offerings.

***Regions***

Although we are a global facility services provider, a strategic cornerstone of our business is our decentralised business model based on our local operating country organisations. Management teams work independently using local initiative, control and knowledge of labour market conditions, to develop local business strategies that reflect local demand while remaining aligned to The ISS Way strategy. We call this our "multi-local" approach.

Our largest country operation (the United Kingdom) represented 11.8% of our 2013 revenue. Our global footprint includes operations in the eight geographical segments. Our largest region is Western Europe which represented 50.6% of 2013 revenue. We also operate in the Nordic region (21.5% of 2013 revenue), Asia (10.2% of 2013 revenue), the Pacific (6.5% of 2013 revenue), Latin America (4.8% of 2013 revenue), North America (4.4% of 2013 revenue), and Eastern Europe (2.1% of 2013 revenue). We also have limited operations in certain Other Countries.

***Customer base***

We have a large and diverse customer base operating in a wide range of industries and in the public sector, ranging in size from large multi-national corporations seeking IFS to smaller businesses requiring a single service. Our 10 largest customer contracts together accounted for not more than 11% of our revenue in 2013. Following the establishment of our Global Corporate Client Organisation in November 2007, which provides a single point of contact for international IFS contracts with large multi-national customers, we have obtained a number of significant international IFS contracts with large multi-national customers across the regions and countries in which we operate. Multi-national customers with whom we have international IFS contracts include, among others, Citi, H.J. Heinz, Nordea, Telenor, Novartis, Barclays, Deutsche Bank, the UK Foreign Commonwealth Office, Hewlett Packard and UBS.

***Customer segmentation by industry***

Our key customer segments, which are based on classifications of productive activities by the International Standard Industrial Classification, include: Business Services & IT; Industry & Manufacturing; Public Administration; Healthcare; Transportation & Infrastructure; Retail & Wholesale; Energy & Resources; Hotels, Leisure & Entertainment; Food & Beverage; and Pharmaceuticals. Business Services & IT and Industry & Manufacturing are our largest customer industry segments, which represented 29.4% and 13.9% of 2013 revenue, respectively.

## Our Strategy and Strengths

### *Our Strategy*

The ISS Way strategy, launched in 2008, provides the foundation on which we pursue our vision of "We are going to be the world's greatest service organisation".

Our focus is on-site facility services within cleaning services, support services, property services, catering, security services and facilities management, both globally and locally. A key enabler of our strategy is our self-delivery model where we provide the services with our own employees. This allows us to provide the customer with a consistently delivered and transparent solution where we reduce the cost of the delivery through the implementation of our best practices, processes and service integration. To support our strategy, we have divested certain of our non-core services, primarily in developed markets. For further information, see "*—Divestments and Acquisitions*".

Our core services share a number of traits: they are site-based, asset light, personnel intensive, and suitable for self-delivery and integration. The majority of our service offerings form part of our Portfolio Businesses, which are delivered on a recurring basis and give us greater revenue transparency. Our Non-Portfolio Business services are principally provided to existing customers in addition to our Portfolio Business and as part of our overall service offering.

We deliver our service offerings as a single service, multi-services or IFS. Our strategic focus is to provide support services and facilities management principally as an integrated part of IFS contracts.

From a geographic perspective, our focus is on utilising our strong and established market position in the developed markets of Europe and the Pacific as well as to expand our already material presence in Emerging Markets which in 2013 represented 22.6% of our revenue and 56% of our employees, and in North America.

Within the global outsourced facility services market, which, based on the external sources listed in "*Market and Industry Information*", amounted to approximately DKK 5.4 trillion in 2012, we have chosen to focus on customer segments where our services make a positive difference to the customer's business. In addition to our key customer segments by industry, we focus on large and medium sized business-to-business customers. In the first instance, our business fundamentals such as our values and leadership principles provide the foundation of our differentiated offering to these customers by providing them peace of mind in terms of our role as a service provider working on-site at their premises. In addition, we have a set of Group policies and core operational processes, which demonstrate to customers how we work in a consistent manner. For example, we support health and safety compliance at remote sites—where health and safety is a key requirement—through the implementation of our safety procedures and standards when delivering our services. We also contribute to ensuring the requisite levels of hygiene in hospitals and the food processing industry through applying our best practices and innovation.

We provide cost effective solutions by utilising our catalogue of service, customer segment and system excellence. Delivering on-site services with our own employees also allows us to gather site-level information using innovative technology like Insight@ISS, which we can share with customers to facilitate strategic and operational decision-making by the customer with respect to the optimisation of their facility portfolio. Lastly, we drive further efficiencies and provide cost transparency through our self-delivery model and we provide sustainable cost savings through the integration of services and the convenience of a "single point of contact" solution.

The implementation of our strategy is well advanced and has resulted in a clear focus on the customer segments, services and geographies that match our value proposition. Going forward, the ISS Way strategy focuses on five themes: Empowering people through leadership; Transforming our customer base; Fit for purpose organisation; IFS readiness and Striving for excellence. Continued successful implementation of these strategic themes will increase employee engagement and customer satisfaction, optimise the delivery of our value proposition to our chosen customers, drive the continued profitable growth of our IFS business and extract efficiencies through, for example, procurement benefits. We expect that further successful implementation of our strategy will enhance our financial results.

***Strategic priorities***

A number of fundamental focus areas have been identified to ensure the satisfaction of our strategic goals and support our journey towards our vision. The following are the key strategic priorities for the continued implementation of The ISS Way strategy:

*Empowering people through leadership*

Given our self-delivery model, our employees are our core asset and we dedicate significant resources to their development and management. We believe that strong leadership drives employee engagement which in turn drives customer satisfaction and as a result improves our financial results. Where we have higher employee net promoter scores (whether employees would recommend ISS to others as a good place to work) and customer net promoter scores (whether customers would recommend ISS to others as a good partner to work with), we generally also have higher Operating Margins. Therefore, we focus on measuring leadership performance through regular assessment and implementation of development programs at all levels of the organisation. Furthermore, we actively monitor leadership metrics such as staff turnover, sickness ratio, employee net promoter scores, customer net promoter scores and undertake leadership surveys in order to measure leadership performance. The leadership focus is also being applied to health and safety, a core part of our value proposition, where we have increasingly focused on establishing safer working environments that limit work related injuries, manage lost time in our operations and mitigate risk for our customers. We are also encouraging our employees to take part in our multiple talent management programmes. Finally, we have developed a strong corporate culture within the organisation supported by our global values—Honesty, Entrepreneurship, Responsibility and Quality.

*Optimising our customer base*

We estimate that our key account, large and medium-sized customers represent approximately 5% of our total number of customers as of 31 December 2013, while the same customer groups represented in aggregate approximately 82% of our 2013 revenue.

The ISS Way strategy has customer segmentation as a key priority. Building on our existing extensive knowledge of the varying needs of customers, whether it be by industry or size, is a central strategic theme. Our goal is to establish the optimal match between the value proposition we provide and the customers' needs.

To this end, we have implemented a process of customer segmentation by size to establish a more detailed understanding of our customer base. To date, we have mapped our customer segments in countries representing over 30% of the Group's revenue in 2013. The mapping has been focused on establishing how customers of various sizes are serviced by business units as well as undertaking a detailed activity-based costing methodology which provides additional transparency on the profitability of the various customer segments. Evidence from selected countries indicates that there are instances where large customers and smaller customers are serviced by the same business unit and that this had a negative impact on customer experience, overhead cost efficiency and transparency. For example, in Denmark, which is an advanced example of overhead cost allocation, based on 2012 financials smaller customers represented approximately 9% of revenue and accounted for approximately 24% of country overhead costs (including sales & marketing, human resources, finance, and IT). In comparison, larger customers represented approximately 65% of revenue and accounted for approximately 40% of the country's overhead costs.

*Fit for purpose organisation*

Equipped with the knowledge provided by the process of detailed customer segmentation, we are better able to choose our target customers and align our organisational structure behind these customers. Generally, we expect this to result in organisational structures which are more customer-oriented, efficient and focused on managing and growing profitable relationships with our target customer segments. This may entail, for example, establishing business units focused on key accounts and larger customers providing higher levels of support, service excellence and innovation and establishing separate operating structures for smaller customers which are tailored to meet their needs. We may also divest certain customer segments in order to focus on others. Where we have completed this initiative and established a more optimal organisational structure, which will differ from country to country, we see the benefits of this strategy. For example, in Denmark, we have witnessed a reduction in our overhead costs from 14.9% to 13.9% from 2012 to 2013 due to, among other things, a more efficient organisational structure.

*Integrated facility services strategy*

IFS is a key part of our unique value proposition as well as being a higher growth and margin accretive activity. We aim at ensuring that we can deliver IFS across our entire business, not least given the increased level of activity we see in our international contracts. By outsourcing two or more service areas to ISS with a single point of contact, our customers increase focus on their core business areas and in turn we can realise operational synergies through work sharing and on-site supervision. We are also able to generate synergies between customers by leveraging our scale and global presence by bringing know-how and best practices to each specific contract. As we provide the customers with one single point of contact, we are also able to drive synergies at the back office level with increased efficiency and simplicity of contract administration.

IFS contracts are generally margin accretive over the length of the contract: we have been able to improve margins in a number of countries (e.g. UK, Switzerland and Sweden) from 2006 to 2013 by, among other things, increasing the share of IFS revenues in those countries. In the period from 2011 to 2013, the Estimated Weighted-Average IFS Operating Margin has been calculated at approximately 6-7% at Group level. For further information, see "*Presentation of Financial and Certain Other Information*".

*Striving for excellence*

In order to enhance our value proposition and to improve our profitability, we focus on innovations related to customer segments, services, business systems and processes. These Excellence initiatives allow an enhanced customer experience, greater control of our costs and the optimisation of our resources and underpin steady margin levels.

Excellence is also reflected in our supplier cost reduction (procurement) programme. In early 2013, we initiated an assessment of the potential associated with coordinating procurement across countries, starting with our Western European and Nordic operating countries. From this assessment, we concluded that while there are significant differences across countries, coordination potential exists in several categories within our DKK 22 billion of external procurement expenses, DKK 17 billion of which are in Western Europe and the Nordic countries. We have identified three phases for the implementation of this cost reduction programme. The first phase in Western European and the Nordic operating countries has begun and we estimate the potential savings of this phase to amount to between DKK 150 million and DKK 250 million, once fully implemented. We plan to expand the cost savings plan to other purchasing categories to generate additional costs savings. We also expect the cost savings plan to result in increased transparency and improved compliance monitoring in local country operations.

## Our Key Strengths

We believe that our key strengths and advantages, which are set out below, will provide the platform for achieving our goal to become the world's greatest service organisation.

***Global facility services leader with a strong delivery model***

*Global leadership*

The ISS platform combines broad capabilities and a global footprint. With a presence in over 50 countries, employing 533,544 employees as of 31 December 2013, with strong global and local leadership, we have the ability to serve our customers across all continents. Our service offering is based on a self-delivery model and encompasses a full suite of facility services including cleaning, support services, property services, catering, security and facility management. Our global leadership is also supported by scale and strong market positions across regions. Local leadership improves our reputation and brand awareness in a very fragmented market where on a global level, the top six participants hold an estimated combined market share of only approximately 10%. Our positioning and global leadership are widely recognised and rewarded by international institutions such as the International Association of Outsourcing Professionals in 2013 ranking ISS first on its annual list of global outsourcing service providers.

We are one of the few service providers in the world with the capabilities to provide a full range of service lines globally. In addition, being an early-mover into the IFS market, we have consolidated our position as a leading global provider underpinned by our ability to capture the increasing demand for bundling of services and a trend amongst multi-national corporations towards the centralisation of procurement (in 2013, revenue from IFS and international contracts represented 26% and 9% of our revenue, respectively).

*Differentiated value proposition*

We have a value proposition focused on providing service performance that facilitates our customers' purpose and do this through people empowerment.

Our offering of, among other things IFS, is driving a transition into a more strategic outsourcing role as opposed to task outsourcing. In the former, the outsourcer has a closer relationship to the customer and assists the customer in applying the broader benefits of outsourcing, including more tailored and value-add solutions through greater insight into the customers' critical processes, while task outsourcing entails having the provider simply deliver a given service with the primary goal of cost savings.

A consequence of this ongoing market transition is that we are increasingly entering into output-based customer contracts (also known as "**performance contracts**") as opposed to input-based contracts. Output-based contracts entail an agreement between the customer and provider that an agreed service level will be provided at a set cost to the customer, while in input-based contracts, the provider receives payment equal to the cost of the delivery of the service (primarily wage costs) plus an agreed margin. Thus through output-based contracts, we are better able to actively manage the optimisation of both our and the customers' resources. Through, for example, improved efficiency from service excellence and service integration, we can deliver sustainable cost reductions and savings for the customer while maintaining a robust margin for ISS. As such, our focus is on service performance as opposed to simply providing hours and resources under an input-based contract.

We facilitate our customers' purpose by leveraging our people leadership and management skills and embedded processes as well as enabling technology to deliver customer-oriented services that assist our customers in reaching their goals. We self-deliver our services in order to ensure consistently high levels of quality supported by a well-trained, motivated and empowered workforce. Self-delivery is also a key enabler of service integration as we deliver the services with our own employees and can thereby better orchestrate a synergistic solution. With our value proposition, customers receive a value-add solution with increased safeguarding of their brand and reputation as we take ownership of the operational risk related to the services provided at customers' premises and apply our processes and service best practices to mitigate risk in areas such as health and safety and labour legislation compliance.

We have implemented efficient processes and best practices covering the entire duration of the contract. Overall, these initiatives have resulted in a consistent approach in how we perform our services across the organisation, supporting consistent delivery of our value proposition. We have also increased the use of business solution tools and integrated them into our offering to standardise operational processes and drive transparency globally; our solutions and software (e.g. FMS@ISS, HSE@ISS or Insight@ISS) allow us to extract efficiencies, to monitor and record service delivery and to generate business intelligence related to, among other things, facilities usage. Recording and sharing information on facilities usage and cost, thus enabling better facility utilisation levels, and allowing benchmarking across facilities world-wide, is increasingly being valued by customers and is becoming a commercial differentiator for ISS.

Our value proposition is also differentiated relative to the traditional facility management model using subcontractors to deliver the various services to a customer. This model does not enable the provision of an aligned and consistent service given that the subcontractors are separate businesses with their own brand, processes and business culture. In addition, the traditional facility management model is less able to extract efficiencies and sustainable costs savings as it does not use self-delivery and therefore has limited control over the actual service delivery.

Furthermore, our value proposition cannot be delivered by smaller competitors who do not have the scale (in scope of services and geography), the brand nor the processes and technology necessary to meet the increasingly sophisticated needs of our target customers.

***Robust growth profile through the cycle***

*Track record of Organic Growth expected to be further underpinned by attractive market drivers*

ISS has maintained a steady and positive Organic Growth profile despite the macro-economic conditions in recent years. We have been able to win several large contracts, maintain a high renewal rate and increase customer retention rates. Since 2006, we have delivered annual Organic Growth that we estimate has outperformed the overall facility services market. Going forward, we expect outsourcing to increase and further bundling of services. This increased demand is largely driven by customers seeking to outsource delivery of non-core services as part of cost saving initiatives and focus on core operations. As a result, we estimate, based on our review of the external sources listed in "*Market and Industry Information*", that the additional outsourcing potential would increase the addressable global market by approximately DKK 230 billion from 2012 to 2018 (an increase of approximately 4% in a market valued at DKK 5.4 trillion in 2012). In terms of bundling of services, we see IFS as the most dynamic segment of the facility services market and expect IFS to grow to represent 9% of the total market by 2018.

From 1999 and to 2009, we experienced significant growth via acquisitions. However since 2009, we have primarily focused on Organic Growth as the key pillar of our growth going forward. We have been highly resilient with a track record of positive Organic Growth since 2006 and an Organic Growth CAGR of 4.0% from 2006 to 2013. In delivering this, we believe we have outperformed the underlying facility services market growth (weighted in accordance with ISS revenues) which we estimate to have been approximately 3.4% (CAGR) during the period 2006 to 2012.

*Diversified exposure*

We have built a diversified portfolio of customers, geographical footprint and end-markets enabling us to capture an array of market opportunities and ensure continued expansion of our business. Our range of activities has expanded in terms of scale and scope and now covers a large spectrum of services on a global basis. From our heritage in cleaning services in the Nordic region, we now generate over 50% of the Group's revenue from non-cleaning services and the Nordic region represents only 21.5% of total revenue, as compared to 22.6% of total revenue derived from Emerging Markets. Our customer base is spread across a wide range of customer industry segments from Business Services & IT to Industry & Manufacturing, Public Administration and Healthcare to whom we offer bespoke service concepts, developed over the past decade, that address their specific facility services needs. Our largest 10 customers represented not more than approximately 11% of 2013 Group revenue.

While diversified, we are developing our market position and driving growth based on success with our target customer types and a defined set of service and geographic characteristics. In order to drive further growth and profitability, we are therefore continuously rationalising our portfolio of activities in order to reduce complexity. To this end, we have a clear focus on customers with whom our value proposition resonates and we have divested businesses that are not core to the delivery of our value proposition to these target customers. This process should underpin the strong visibility of our revenue as well as reduce potential operational and commercial risks, while we expect to maintain the benefits of diversified exposure.

*Growth in IFS and global corporate clients*

We are capturing growth from an evolution in the market structure as it shifts towards the bundling of services and a greater propensity to centralise procurement of facility services.

We believe we are ideally positioned to capture the IFS growth which is the most dynamic segment in the facility services market. This segment represented only approximately 7.5% of the global facility services market in 2012, based on our review of the external sources listed in "*Market and Industry Information*". However, we expect it to be a key driver of growth going forward.

ISS has been at the forefront of this development: we have been able to significantly grow our IFS business which increased to 26% of Group revenue in 2013 from 14% in 2006 (representing a CAGR of 15% from 2006 to 2013) and we expect this market segment will grow annually at approximately 9% from 2012 to 2018. The attraction of our strategy to focus on larger customers whilst strengthening our global leadership in IFS is further evidenced by our ability to win large, and often international, IFS contracts with blue chip companies such as Barclays and Novartis recently as well as enhancing our existing relationship with UBS, Nordea and Hewlett Packard through contract extensions. From 2006 to 2013, our revenue with global corporate clients has increased at a CAGR of 68% to DKK 6.5 billion and we expect this area to continue to increase significantly in the coming years supported by a strong pipeline and a highly selective approach to the contracts on which we bid. In addition, as of 31 December 2013, our Estimated Contract Value derived from our larger international contracts, most of which are attributable to our Global Corporate Clients Organisation, was DKK 29.4 billion, representing a significant increase over previous years (CAGR of 79% from 2007 to 2013), including the extension of the Hewlett Packard global agreement in January 2014.

*Emerging Market exposure*

We expect our revenue growth to be positively impacted by our increasing exposure to Emerging Markets. We have been able to grow our revenue in Emerging Markets by 19% CAGR from 2006 to 2013 compared to a market that has grown at an annual rate of approximately 10%. From 2008 to 2013, our Emerging Markets business has been margin accretive. IFS penetration rates are lower in these countries and as the market matures, increasing IFS may contribute to maintaining a strong growth profile and steady margins. Emerging Market exposure is therefore a key driver of our profitable Organic Growth going forward and we are ideally positioned to capture this upside with 56% of our workforce already in the region as of 31 December 2013.

We have been able to continuously improve our operations which has allowed us to proactively address the higher operational risks associated with fast growing and nascent markets. For example, we have been working to rebalance our Emerging Market platform by re-assessing the customer base and ensuring that we have the right management teams and an increased level of internal controls environment in place to safeguard our business.

*Well positioned for an economic recovery*

Our performance in Europe has been resilient with strong performance in e.g. the UK and Switzerland being offset by difficult conditions in the Mediterranean countries, France and the Netherlands.

Over the past few years, we have restructured our organisation in certain European countries (in some cases by inducting new country management teams) leading to an improved quality of operations, and we are now well-positioned to capture the benefit from any future economic recovery in our key European markets.

Our Non-Portfolio Business, which is more cyclical by nature as it tends to be more discretionary, is at a cyclical low both in absolute terms and as a percentage of Group revenue. A rebound of macro-economic conditions would drive increased demand for, in addition to base portfolio services, these discretionary services in our Non-Portfolio Business which typically have higher margins as additional overheads are not required to deliver the services and competition is reduced as we are already an embedded provider.

***Strong and stable cash generation driving high returns***

*Low risk financial profile*

We have a history of delivering high and consistent cash generation, which is primarily supported by a recurring and visible revenue stream, stable Operating Margins and a business model with low working capital and capital expenditure requirements.

We estimate that approximately 80% of our revenue is generated from our recurring Portfolio Business and we estimate that we retain year-on-year approximately 90% of our Portfolio Business, implying that the average length of our customer relationships is approximately ten years. Moreover, the strong trend in IFS should further improve our revenue visibility given generally longer contract duration, increased customer intimacy and higher switching costs for the customer driven by more complex contracts and implementation of our processes and systems.

Since 2006, we have had very resilient Operating Margins through the cycle ranging from 5.5% to 6.0% and despite a difficult trading environment in Europe. Our stable operating profit and margin have also been maintained in the context of a recent and material divestment programme.

The resilience of our cash flow and Operating Margin is also underpinned by strong industry fundamentals. Our large employee base is highly flexible given natural staff turnover in the sector and the inherent ability to adapt recruitment according to operational needs. Furthermore, regulation in certain regions (e.g. E.U.) provides the ability to transfer staff to a new provider or in-house service provider in case of contract termination under certain circumstances. Our local scale and operational density also allows us to shift employees among existing customer contracts and locations over time.

Historically, we have been able to pass on wage increases to customers as cost pass-through clauses are included in the majority of the number of our contracts.

*High cash generation and an asset light business*

In addition to the resilient operating profit, our strong cash generation is driven by a recurring and visible revenue stream, an asset light business and well controlled and limited working capital requirements. Since 2006, our non-weighted average capital expenditure has amounted to 1.2% of revenue, which positions the Group amongst the least capital intensive companies compared to peers. Our strategy will continue to be focused on asset light services. Our divestment programme has included the disposal of our few more asset intensive activities such as within waste management, damage control, pest control and certain activities related to building and construction work.

We have continuously focused on working capital improvement through our working capital optimisation programme, and as a result, we have had overall low working capital requirements since 2006.

We have generated a non-weighted average Cash Conversion of 99% since 2006 with a track record of excellent Cash Conversion through the cycle. For information on our calculation of Cash Conversion, see "*Presentation of Financial and Certain Other Information*".

*Attractive capital structure with improved cash flow*

We have a track record of continuously generating strong and steady free cash flow. As such, since 2005, we have demonstrated our ability to service a leveraged capital structure. We believe our robust cash generation underpinned by limited capital requirements going forward would be further enhanced after the Offering with a target leverage of 3x and the resulting material reduction in interest payments. As a result, the interest costs will be significantly reduced after the Offering and the cash available for reinvestment, further deleveraging and distribution to shareholders is expected to be material.

***Experienced management team with solid track-record and in-depth sector expertise***

The members of our group management team, which consists of our Executive Group Management Board and our Key Employees have a solid track record in the facility services industry over numerous years, which includes in-depth sector knowledge, management expertise and significant international experience.

Our Executive Group Management team has recently been enlarged and strengthened. Our new Group CFO Heine Dalsgaard was appointed in 2013 and we have in 2013 introduced two separate COO positions with responsibility for Europe, the Middle East and Africa ("**EMEA**") headed by Henrik Andersen and Americas & APAC headed by John Peri. The majority of our Regional CEOs have been with us for a significant period of time and were promoted from within our regional operations.

We have a holistic and systematic management approach with clear operating and reporting structures and strong management teams across Group, region and country levels.

***The ISS Way strategy will underpin our growth, margins and support a strong cash generation profile***

As discussed in greater detail in the Strategy section above, we have defined five key strategic focus areas that will underpin our growth, margins and support a strong cash generation profile.

*Empowering people through leadership*: We measure leadership and organisational performance through several metrics such as employee and customer net promoter scores. Where we have higher employee and customer net promoter scores, we also have higher Operating Margins and therefore we will continue to invest in developing and enhancing leadership.

*Optimising our customer base*: We are in a process of optimising our customer base by targeting customers with whom our value proposition most clearly resonates. As this process continues through the Group, it is expected to have a positive impact on our ability to target the right customers and a subsequent positive impact on revenues and margins.

*Fit-for-purpose organisation*: As we analyse our customer base, we are implementing organisational changes required to more efficiently serve our target customer base. In particular, this entails a right-sizing of our organisation which is expected to impact margins positively as we, among other things, reduce overhead costs.

*IFS strategy*: The ability to provide customers with IFS is core to our value proposition and a key element in our strategy to target large multi-national customers. The IFS business is generally accretive to both growth, having delivered a 15% revenue CAGR from 2006 to 2013, and margins over the length of the contract, with a calculated Estimated Weighted-Average IFS Operating Margin of approximately 6-7% in the period from 2011 to 2013. For further information, see "*Presentation of Financial and Certain Other Information*".

*Striving for excellence*: Through a thorough review of our cost base, we have defined areas of supplier cost reductions that we are targeting through a procurement programme that will allow us to extract cost savings. To date, this procurement programme has primarily been focused on a select set of purchasing categories in Europe and in due course we will roll out these excellence measures to a greater number of categories at the Group level, which is expected to contribute to margin uplift.

**Certain statements in the sections "*—Our Key Strengths—Robust growth profile through the cycle*" and "*—Our Strategy and Strengths—Strategic priorities*", including in particular the financial targets described immediately above, constitute forward looking statements. These forward looking statements are not guarantees of future financial performance and our actual results could differ materially from those expressed or implied by these forward looking statements as a result of many factors, including but not limited to those described under "*Special Notice Regarding Forward Looking Statements*" and "*Risk Factors*". Investors are urged not to place undue reliance on any of the statements set forth above.**

**History**

Our business dates back to 1901 with the establishment of a security company in Copenhagen. Below is a summary of the key events in the history of ISS.

| | |
|---|---|
| 1934: | Activities expanded to include cleaning services |
| 1946: | Expanded into Sweden |
| 1952: | Expanded into Norway |
| 1960s and 1970s: | New subsidiaries established in Finland, Germany, Switzerland, Belgium, the Netherlands and Austria |
| 1973: | The name of the parent company of the Group at that time was changed to "ISS"; expanded geographical reach into Latin America with entry into Brazil |
| 1977: | Common shares of our currently wholly owned subsidiary, ISS World Services A/S, listed on the Copenhagen Stock Exchange (now NASDAQ OMX Copenhagen) |
| 1979: | Annual revenue of almost DKK 3 billion; operational in 15 countries with approximately 50,000 employees |
| 1989: | Annual revenue reached DKK 9 billion with more than 100,000 employees |
| 1995: | Expanded into certain countries in Asia, including Indonesia, Hong Kong, Singapore and Thailand |
| 2002: | Expanded into Australia |
| 2005: | Taken private by an entity indirectly owned by the EQT Funds and GSCP |
| 2007: | Re-entered into the U.S. market; in November 2007 established the Global Corporate Clients Organisation to focus on international IFS contracts for large multi-national customers |
| 2008: | The ISS Way strategy was introduced; signed the first international IFS contract through our Global Corporate Clients Organisation with Hewlett Packard |
| 2010: | Exceeded 500,000 employees |
| 2011: | Annual revenue reached DKK 75 billion |

| | |
|---|---|
| 2012: | Global investors OTPP and KIRKBI acquired indirect ownership interests of approximately a total of 26% in the Group; Barclays contract won and implemented as the first global IFS contract |
| 2013: | Ranked first in the International Association of Outsourcing Professionals annual global list of outsourcing service providers; annual revenue reached DKK 78.5 billion with 533,544 employees as of year end |

**Manner of Delivery**

We follow a delivery model that is principally based on the self-delivery of services where our employees provide services on-site (as opposed to the use of subcontractors) and we integrate these services seamlessly into our customers' organisations. Our self-delivery model allows us to understand the risks and requirements (for example, health and safety standards) of operating in each customer industry segment, and ensures that we have strong control over our workforce and the quality of our services. In the limited cases where we do not self-deliver our services, we either enter into strategic partnerships or service agreements with subcontractors.

We deliver services to customers either as a single service offering, a multi-services offering or an IFS offering. Each of these service delivery models are described below.

***Single services***

With single services, we provide the customer with one service solution, for instance cleaning services. In general, the value proposition for single service solutions is based on our service expertise and therefore we continue to pursue excellence in our service offerings. We focus on efficiently delivering services to our customers, which allows us to optimise our cost structure and maintain quality standards to ensure the consistency and quality of our work. We manage customer relationships through dedicated account managers who are responsible for developing the customer relationships and providing proactive advice to enable continuous improvements within each specific service area.

***Multi-services***

With multi-services, we provide the customer with two or more facility services that are delivered in a coordinated, but non-integrated manner. We believe that future growth may come from the ability to bundle services in order to create an effective price/value relationship for the customer based on a multiple service delivery model, which draws on single service excellence but without integrating the service delivery.

***IFS***

IFS refers to the provision of two or more facility services under one contract with a single point of contact with the customer. Upon the commencement of an IFS contract, we generally take over all or most of the facility services functions that are part of our service offering at the customer's premises. We believe that the penetration rate of IFS is relatively low and that the growth potential of this offering is higher than the overall market for certain single services (see "*Industry*"). An increasing number of international companies are centralising their service procurement function and property management to manage risk, create synergies, secure standardisation and consistency in delivery and increase levels of documentation and reporting for the service delivery. We believe these benefits are driving an increased receptiveness to outsourced self-delivery of integrated services rather than a traditional facility management model where services are delivered through a range of sub-suppliers. Our existing global service platform which was established following our acquisition of a significant number of small businesses from 1999 to 2009, together with our Organic Growth through the expansion of our local and international contracts, provide us with a service platform and geographical reach which enable us to leverage our existing IFS solutions. We believe that our IFS solutions allow us to generate synergies through on-site management of facility services, and thereby provide our customers with a better facility services solution which includes the effective transfer of operational risk, cost savings and increased usage transparency. With IFS, we are able to meet the growing demand for integrated, self-delivered services and thereby develop a favourable value proposition and partnership with the customer.

Markets differ in the degree of receptiveness for IFS, with the Nordic region and Western Europe tending to be more receptive. While we structure our local delivery capabilities to meet local market conditions, our strategic priority is to transform each country operation to enable us to offer IFS solutions, the speed of which will be determined by the demand for such solutions in the local market. The relative share of our revenue originating from the delivery of multi-services or IFS is increasing in all of the regions in which we operate, with the largest increases seen in Western Europe (primarily in the United Kingdom, Switzerland, Germany, Spain and Turkey), North America and Asia driven by the increase in large multi-national IFS contracts as well as by significant local multi-services and IFS contracts.

Displayed below is information regarding revenue from single services, multi-services and IFS for the periods 2011 to 2013. Percentage figures represent the proportion of our total revenue for each period.

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2011 | |
| **Delivery type:** | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) |
| Single services | 44,890 | 57.2 | 47,359 | 59.6 | 47,338 | 61.0 |
| Multi-services | 12,895 | 16.4 | 13,304 | 16.7 | 13,680 | 17.6 |
| IFS | 20,674 | 26.4 | 18,791 | 23.7 | 16,626 | 21.4 |

Shown below is information regarding revenue in each region from single services, multi-services and IFS for the periods 2011 to 2013. Percentage figures represent the proportion of the total revenue for the specific region for each period.

| | Year ended 31 December 2013 | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Western Europe | | Nordic region | | Asia | | Pacific | | Latin America | | North America | | Eastern Europe | | Other Countries | |
| **Delivery type:(1)** | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) |
| Single services | 22,487 | 56.7 | 9,687 | 57.5 | 4,552 | 56.8 | 3,113 | 61.0 | 1,916 | 51.7 | 2,153 | 62.2 | 982 | 59.3 | — | 0.0 |
| Multi-services | 5,603 | 14.1 | 3,861 | 22.9 | 1,271 | 15.8 | 595 | 11.6 | 1,082 | 29.2 | 244 | 7.1 | 238 | 14.4 | — | 0.0 |
| IFS | 11,574 | 29.2 | 3,291 | 19.6 | 2,195 | 27.4 | 1,397 | 27.4 | 710 | 19.1 | 1,062 | 30.7 | 437 | 26.4 | 38 | 100.0 |

(1) The total annual revenue shown for each delivery type and for each region may differ from corresponding totals shown elsewhere in the Offering Circular as a result of certain corporate eliminations and adjustments.

| | Year ended 31 December 2012 | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Western Europe | | Nordic region | | Asia | | Pacific | | Latin America | | North America | | Eastern Europe | | Other Countries | |
| **Delivery type:(1)** | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) |
| Single services | 24,066 | 61.1 | 9,920 | 56.0 | 4,369 | 59.3 | 3,640 | 60.6 | 2,036 | 53.3 | 2,315 | 65.4 | 1,041 | 64.9 | 0 | 0.6 |
| Multi-services | 5,398 | 13.7 | 4,497 | 25.3 | 898 | 12.2 | 728 | 12.1 | 1,248 | 32.7 | 262 | 7.4 | 272 | 16.9 | — | 0.0 |
| IFS | 9,921 | 25.2 | 3,306 | 18.7 | 2,100 | 28.5 | 1,639 | 27.3 | 536 | 14.0 | 962 | 27.2 | 292 | 18.2 | 36 | 99.4 |

(1) The total annual revenue shown for each delivery type and for each region may differ from corresponding totals shown elsewhere in the Offering Circular as a result of certain corporate eliminations and adjustments.

| | Year ended 31 December 2011 | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Western Europe | | Nordic region | | Asia | | Pacific | | Latin America | | North America | | Eastern Europe | | Other Countries | |
| **Delivery type:(1)** | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) |
| Single services | 25,031 | 63.7 | 10,110 | 55.9 | 3,665 | 60.2 | 3,401 | 61.5 | 1,814 | 49.7 | 2,243 | 66.5 | 1,101 | 67.1 | — | 0.0 |
| Multi-services | 5,467 | 13.9 | 4,801 | 26.6 | 936 | 15.3 | 683 | 12.4 | 1,273 | 34.9 | 251 | 7.5 | 270 | 16.5 | — | 0.0 |
| IFS | 8,798 | 22.4 | 3,162 | 17.5 | 1,490 | 24.5 | 1,440 | 26.1 | 561 | 15.4 | 876 | 26.0 | 268 | 16.4 | 30 | 100.0 |

(1) The total annual revenue shown for each delivery type and for each region may differ from corresponding totals shown elsewhere in the Offering Circular as a result of certain corporate eliminations and adjustments.

## Service Types

We provide the following six service types:

### *Cleaning services*

Cleaning services comprise daily office and facility cleaning for commercial customers, industrial cleaning services, cleaning services for transport systems, dust control services, washroom services and specialised cleaning services. The largest component of our cleaning services are daily office and facility cleaning services, represented 49.1%, 49.7% and 50.9% of our revenue in 2013, 2012 and 2011, respectively. Our industrial cleaning services include cleaning of machines, production areas and equipment and technical installations. Our cleaning services for transport systems include trains and train stations, airports, ports and ferries. Our dust control services consist primarily of the provision and cleaning of floor mats, as well as various other entry-way solutions. We also provide specialised cleaning services to customers with industry specific requirements, such as hotels, medical and pharmaceutical facilities, automotive paint shops, "clean room" facilities used by manufacturers of electronic components, and nuclear plants. Our specialised services include food hygiene services, which involve special cleaning of food production facilities to the highest standards in terms of cleanliness, including "ready to audit" at any time, and consulting services relating to bacterial management.

***Property services***

Property services comprise building maintenance and technical services, landscaping, pest control services and damage control. The largest component of our property services, building maintenance and technical services, represented 19.5%, 18.9% and 19.3% of our revenue in 2013, 2012 and 2011, respectively. Building maintenance and technical services range from janitorial services to more specialised services, such as data centres, maintenance of heating, ventilation and air conditioning systems. Our landscaping services include the design, construction and maintenance of gardens, parks and other green areas. Our pest control services range from prevention and eradication to disinfection and hygiene consulting services in relation to rodents, insects, birds and other pests. We recently divested our pest control services in twelve countries, but we still offer these services to complement our IFS service delivery through the strategic partnership recently entered into with Anticimex.

***Catering services***

Our catering services include contract catering, vending services, events catering and confectionary services. Contract catering includes the operation of in-house restaurants ranging from production floor canteens to executive dining rooms, hospital canteens for patients, relatives and staff, catering services to remote sites, corporate catering, hospitality services and conference facilities. Vending services include service, installation, supply and refilling of vending machines. Our events catering services comprise off-site produced and delivered food and beverage, off-site dining services and event management. Confectionary services include coffee points and coffee shops, takeaway staff dining, beverages and fruit, confectionary and pastry provision.

***Support services***

We provide a broad range of support services such as call centres and reception and switchboard services, help desk and front desk staffing services, and the booking of meeting rooms. In addition, support services include office logistics, such as mail handling, document copying, printing and shredding, data entry and scanning, office moves and stationery supply services, and manpower supply.

***Security services***

Security services include guarding, access control and patrolling of customer facilities and the installation of alarms and access control systems. We have recently divested our security business in Norway, Denmark and the Netherlands.

***Facility management services***

We provide a broad range of facility management services, such as on-site management of facility services, change management, space management and consulting.

Shown below is information regarding the revenue for each service type for the years ended 2013, 2012 and 2011. Percentage figures represent the proportion of our total revenue for each period.

| | **Year ended 31 December** | | | | | |
|---|---|---|---|---|---|---|
| | **2013** | | **2012** | | **2011** | |
| **Service type:** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** |
| Cleaning services | 38,494 | 49.1 | 39,514 | 49.7 | 39,470 | 50.9 |
| Property services | 15,307 | 19.5 | 14,987 | 18.9 | 15,003 | 19.3 |
| Catering services | 8,535 | 10.9 | 8,558 | 10.8 | 7,710 | 9.9 |
| Support services | 6,514 | 8.3 | 6,607 | 8.3 | 6,162 | 8.0 |
| Security services | 6,316 | 8.0 | 6,418 | 8.1 | 5,767 | 7.4 |
| Facility management services | 3,293 | 4.2 | 3,370 | 4.2 | 3,532 | 4.5 |

Shown below is information regarding the revenue generated in each region by service type for the years ended 2013, 2012 and 2011. Percentage figures represent the proportion of the total revenue for the specific region for each period.

**Year ended 31 December 2013**

| | Western Europe | | Nordic region | | Asia | | Pacific | | Latin America | | North America | | Eastern Europe | | Other Countries | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Service type:**[(1)] | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** |
| Cleaning services | 20,318 | 51.2 | 7,898 | 46.9 | 3,492 | 43.5 | 1,971 | 38.6 | 1,819 | 49.1 | 2,056 | 59.4 | 964 | 58.2 | 3 | 7.1 |
| Property services | 8,203 | 20.7 | 3,752 | 22.3 | 869 | 10.8 | 254 | 5.0 | 748 | 20.2 | 1,085 | 31.4 | 394 | 23.8 | 0 | 0.9 |
| Catering services | 5,137 | 13.0 | 2,518 | 14.9 | 422 | 5.3 | 111 | 2.2 | 251 | 6.8 | 1 | 0.0 | 96 | 5.8 | 0 | 0.1 |
| Support services | 3,010 | 7.6 | 1,882 | 11.2 | 832 | 10.4 | 10 | 0.2 | 568 | 15.3 | 114 | 3.3 | 98 | 5.9 | — | 0.0 |
| Security services | 2,031 | 5.1 | 560 | 3.3 | 1,778 | 22.2 | 1,628 | 31.9 | 150 | 4.0 | 113 | 3.3 | 57 | 3.4 | — | 0.0 |
| Facility management services | 965 | 2.4 | 229 | 1.4 | 625 | 7.8 | 1,131 | 22.1 | 172 | 4.6 | 90 | 2.6 | 48 | 2.9 | 35 | 91.9 |

(1) The total annual revenue shown for each service type and for each region may differ from corresponding totals shown elsewhere in the Offering Circular as a result of certain corporate eliminations and adjustments.

**Year ended 31 December 2012**

| | Western Europe | | Nordic region | | Asia | | Pacific | | Latin America | | North America | | Eastern Europe | | Other Countries | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Service type:**[(1)] | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** |
| Cleaning services | 21,071 | 53.5 | 8,047 | 45.5 | 3,170 | 43.0 | 2,196 | 36.6 | 1,892 | 49.5 | 2,155 | 60.9 | 989 | 61.7 | 0 | 0.3 |
| Property services | 7,534 | 19.1 | 4,057 | 22.9 | 803 | 10.9 | 399 | 6.6 | 809 | 21.2 | 1,025 | 29.0 | 368 | 22.9 | 1 | 1.9 |
| Catering services | 4,912 | 12.5 | 2,681 | 15.1 | 518 | 7.1 | 98 | 1.6 | 232 | 6.1 | 10 | 0.3 | 111 | 6.9 | — | 0.0 |
| Support services | 2,957 | 7.5 | 2,092 | 11.8 | 736 | 10.0 | 15 | 0.3 | 645 | 16.9 | 99 | 2.8 | 64 | 4.0 | 0 | 0.3 |
| Security services | 1,942 | 4.9 | 608 | 3.4 | 1,629 | 22.1 | 1,880 | 31.3 | 168 | 4.4 | 139 | 3.9 | 52 | 3.2 | 0 | 0.4 |
| Facility management services | 970 | 2.5 | 237 | 1.3 | 511 | 6.9 | 1,419 | 23.6 | 73 | 1.9 | 111 | 3.1 | 21 | 1.3 | 35 | 97.1 |

(1) The total annual revenue shown for each service type and for each region may differ from corresponding totals shown elsewhere in the Offering Circular as a result of certain corporate eliminations and adjustments.

**Year ended 31 December 2011**

| | Western Europe | | Nordic region | | Asia | | Pacific | | Latin America | | North America | | Eastern Europe | | Other Countries | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Service type:**[(1)] | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** | **(DKK million)** | **(%)** |
| Cleaning services | 21,766 | 55.4 | 8,157 | 45.2 | 2,436 | 40.0 | 2,034 | 36.8 | 1,991 | 54.6 | 2,088 | 62.0 | 1,005 | 61.3 | — | 0.0 |
| Property services | 7,452 | 19.0 | 4,393 | 24.3 | 659 | 10.8 | 374 | 6.8 | 813 | 22.3 | 976 | 28.9 | 345 | 21.0 | — | 0.0 |
| Catering services | 4,219 | 10.7 | 2,521 | 13.9 | 564 | 9.3 | 124 | 2.2 | 149 | 4.1 | 9 | 0.3 | 128 | 7.8 | — | 0.0 |
| Support services | 2,908 | 7.4 | 2,134 | 11.8 | 510 | 8.4 | 13 | 0.2 | 419 | 11.5 | 100 | 3.0 | 80 | 4.9 | — | 0.0 |
| Security services | 1,836 | 4.7 | 601 | 3.3 | 1,315 | 21.6 | 1,702 | 30.8 | 143 | 3.9 | 112 | 3.3 | 58 | 3.5 | — | 0.0 |
| Facility management services | 1,114 | 2.8 | 268 | 1.5 | 605 | 9.9 | 1,278 | 23.2 | 132 | 3.6 | 85 | 2.5 | 25 | 1.5 | 30 | 100.0 |

(1) The total annual revenue shown for each service type and for each region may differ from corresponding totals shown elsewhere in the Offering Circular as a result of certain corporate eliminations and adjustments.

## Business Operations

### *Organisational structure*

Our headquarters are located in the Copenhagen area, Denmark and house our Group level management functions across seven core competence areas: Operations, Human Resources, Procurement, Finance and IT, Sales and Marketing, Legal as well as Strategy and Corporate Development. Our Global Corporate Clients Operation functions within both Sales and Marketing and Operations, as it is principally responsible for obtaining international IFS contracts with large global or regional commercial potential and providing ongoing operational support for the lifetime of each contract. These management functions are key in ensuring that policies are developed and rolled out across the Group. We have a lean and efficient management structure, with 153 employees at 31 December 2013 effectively overseeing 533,544 employees across the countries in which we operate.

Our Executive Group Management Board consists of Group CEO, Jeff Gravenhorst, Group CFO, Heine Dalsgaard, Group COO EMEA, Henrik Andersen, and Group COO Americas & APAC, John Peri. The primary tasks of the Executive Group Management Board are to carry out the day-to-day management of the Group, develop new strategic initiatives, develop Group policies, monitor Group performance and evaluate investments as well as divestments and acquisitions. See "*Board of Directors, Executive Group Management Board and Key Employees*".

To assist, promote and coordinate the development and alignment of the country operations in the seven regions, we have established an experienced regional management in each region, which we believe is important to the successful execution of The ISS Way Strategy, sharing of knowledge and implementation of best practice and standard processes. The country manager of each country reports directly to the regional management, which in turn works in close co-operation with our Group level management at our headquarters. This structure facilitates our Group-wide policies and ensures that our procedures are implemented and adhered to by each individual country operation.

A strategic cornerstone of our business is our decentralised business model, which emphasises the importance of strong, locally-based, entrepreneurial management teams in each of the countries in which we self-deliver our services. This "multi-local" approach is supported by strong local incentives and freedom to perform according to local market conditions, which allows local management to develop the local business according to market demand and in alignment with our overall strategy and Group-wide initiatives rather than applying a "one-size-fits-all" approach.

***Regions***

From a geographic perspective, our focus is on utilising our strong and established market position in the developed markets of Europe and the Pacific as well as expanding our already material presence in Emerging Markets and North America. Our ambition is to have and maintain a market leading position in each country in which ISS is present. To help achieve this goal, we continually evaluate our geographic reach by evaluating the potential for sustainable growth, profitability and market positioning as well as a country's political stability and labour market conditions.

The following table contains information for the financial years ended 31 December 2013, 2012 and 2011 relating to revenue, Operating Margin and number of employees for each of our regions, including corporate functions.

| | **Year ended 31 December** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2013** | | | **2012** | | | **2011** | | |
| | **Revenue** | **Operating Margin(1)** | **Employees(2)** | **Revenue** | **Operating Margin(1)** | **Employees(2)** | **Revenue** | **Operating Margin(1)** | **Employees(2)** |
| | **(DKK million)** | **(%)** | | **(DKK million)** | **(%)** | | **(DKK million)** | **(%)** | |
| **Region** | | | | | | | | | |
| Western Europe(3) | 39,704 | 6.0 | 205,738 | 39,414 | 6.1 | 209,593 | 39,321 | 5.8 | 214,399 |
| Nordic region(4) | 16,853 | 7.4 | 40,343 | 17,736 | 6.7 | 44,018 | 18,085 | 7.0 | 43,841 |
| Asia(5) | 8,019 | 7.6 | 192,544 | 7,367 | 7.7 | 181,810 | 6,090 | 8.0 | 174,812 |
| Pacific(6) | 5,105 | 5.0 | 14,244 | 6,007 | 5.2 | 14,934 | 5,525 | 6.5 | 14,707 |
| Latin America(7) | 3,708 | 3.9 | 48,536 | 3,820 | 2.4 | 50,121 | 3,648 | 5.9 | 51,440 |
| North America(8) | 3,459 | 2.9 | 14,324 | 3,539 | 4.3 | 15,350 | 3,369 | 3.4 | 15,622 |
| Eastern Europe(9) | 1,657 | 6.6 | 17,662 | 1,605 | 6.4 | 18,322 | 1,641 | 6.5 | 19,567 |
| Other Countries(10) | 38 | (3.2) | — | 36 | (3.0) | — | 30 | (3.5) | — |
| Corporate functions/ eliminations | (84) | (0.7) | 153 | (70) | (0.5) | 125 | (65) | (0.6) | 131 |
| **Total** | **78,459** | **5.5** | **533,544** | **79,454** | **5.6** | **534,273** | **77,644** | **5.7** | **534,519** |

(1) As calculated by us, represents Operating Profit Before Other Items divided by Revenue. By using Operating Profit Before Other Items as a starting point for the calculation of Operating Margin instead of Operating Profit, we exclude from the calculation of Operating Margin items recorded under the line item "Other income and expenses, net". This line item includes income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property, restructurings and acquisition and integration costs. Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition related costs such as reversal of provisions in opening balances. Integration costs comprise costs incurred as a consequence of the integration such as termination of employees, contract termination costs mainly related to leasehold and advisory fees. See "*Presentation of Financial and Certain Other Information*". In addition, because we record Depreciation and amortisation separately from Goodwill impairment and Amortisation and impairment of brands and customer contracts, Operating Profit also excludes Goodwill impairment and Amortisation and impairment of brands and customer contracts.

(2) Number of employees at end of the relevant period.

(3) Consists of Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom.
(4) Consists of Denmark, Finland, Greenland, Iceland, Norway and Sweden.
(5) Consists of Brunei, China, Hong Kong, India, Indonesia, Philippines, Japan, Malaysia, Singapore, Taiwan and Thailand.
(6) Consists of Australia and New Zealand.
(7) Consists of Argentina, Brazil, Chile, Columbia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, Uruguay and Venezuela.
(8) Consists of Canada and the United States.
(9) Consists of Croatia, Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia.
(10) Consists of Bahrain, Cayman Islands, Cyprus, Egypt, Morocco, Nigeria, Pakistan, Qatar, Saudi Arabia, South Africa, South Korea, Ukraine, and the United Arab Emirates.

The following table contains information for the years ended 31 December 2013, 2012 and 2011 relating to revenue, Operating Margin and number of employees for our operations in Emerging Markets.

| | Year ended 31 December | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | | 2012 | | | 2011 | | |
| | Revenue | Operating Margin(1) | Employees(2) | Revenue | Operating Margin(1) | Employees(2) | Revenue | Operating Margin(1) | Employees(2) |
| | (DKK million) | (%) | | (DKK million) | (%) | | (DKK million) | (%) | |
| Emerging Markets(3) | 17,732 | 6.3 | 298,603 | 16,833 | 5.8 | 286,572 | 15,013 | 6.9 | 283,224 |
| Rest of our markets(4) | 60,727 | 5.3 | 234,941 | 62,621 | 5.5 | 247,701 | 62,631 | 5.4 | 251,295 |
| **Total** | **78,459** | **5.5** | **533,544** | **79,454** | **5.6** | **534,273** | **77,644** | **5.7** | **534,519** |

(1) As calculated by us, represents Operating Profit Before Other Items divided by Revenue. By using Operating Profit Before Other Items as a starting point for the calculation of Operating Margin instead of Operating Profit, we exclude from the calculation of Operating Margin items recorded under the line item "*Other income and expenses, net*". This line item includes income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property, restructurings and acquisition and integration costs. Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition related costs such as reversal of provisions in opening balances. Integration costs comprise costs incurred as a consequence of the integration such as termination of employees, contract termination costs mainly related to leasehold and advisory fees. See "*Presentation of Financial and Certain Other Information*". In addition, because we record Depreciation and amortisation separately from Goodwill impairment and Amortisation and impairment of brands and customer contracts, Operating Profit also excludes Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(2) At end of the relevant period.
(3) Includes all the Emerging Markets in which we currently operate, including countries in Asia, Eastern Europe and Latin America and Turkey, Israel and South Africa.
(4) Includes all operations in regions not included in Emerging Markets.

## Control Environment and Risk Management

Internal controls are essential to the management and control of our business. The Executive Group Management Board and our Board of Directors have the overall responsibility for our internal control and risk management systems. These controls and systems have been developed to mitigate risks identified in relation to the financial reporting process and thus assist in ensuring a true and fair view of the financial performance and financial position of the Group without material errors. Risks related to the financial reporting process are identified and assessed annually based on a materiality test, including a risk assessment of the impact of quantitative and qualitative factors. The evaluation of the risks includes an assessment of the likelihood that an error will occur and whether such an error may be material. Our Audit and Risk Committee monitors the internal controls and risk management systems and challenges our Executive Group Management Board in its assessment of material financial reporting risks.

We consider our internal control procedures to be an essential management tool. Accordingly, care is taken to ensure that a sound framework of controls is in place for safeguarding the business, our assets and the shareholders' investments as well as the financial reporting.

Our control environment provides our Board of Directors and our Executive Group Management Board with reasonable assurance that:

- Management reporting is reliable and in compliance with internal policies and procedures and gives a true and fair view of our financial performance and financial position;
- Material risks are identified and minimised;
- Internal controls are in place to support the quality and efficiency of the business processes and to safeguard our business and assets; and
- Our business is conducted in compliance with applicable laws, regulations and our policies.

In order to ensure the maintenance of our internal control procedures, internal auditors regularly visit our local subsidiaries. These visits take place according to a plan for the year approved by our Audit and Risk Committee and in accordance with our control procedures and standards. The findings and conclusions of internal audits, including recommendations on how to improve the control environment, are then presented in reports addressed to the country and the regional managements, Executive Group Management Board and our independent auditors. In addition, the internal auditors perform subsequent follow-up audits to ensure that recommendations are implemented. The key findings of internal audits are presented to the Audit and Risk Committee which evaluates the results reported and uses the conclusions to assess the general control environment and performance and financial position when reviewing the internal audit plan for the coming year.

Other key elements of our control environment are:

- *Strategy reviews*—annual meetings between our Executive Group Management Board, regional and country managers at which our strategy is discussed and priorities and plans for the coming year are agreed;
- *Business reviews*—monthly meetings between regional management and country management focusing on the current performance, state and development of the business as well as implementation of The ISS Way strategy;
- *Budgets and financial plans*—the country managers must prepare budgets and plans for the next financial year in a predefined format; regional management reviews the proposed budgets and plans with the countries;
- *Information and reporting systems*—all countries must use a standardised financial reporting tool and the number of different enterprise resourcing planning platforms within ISS is continuously being reduced;
- *Divestments and acquisitions*—all divestments and acquisition proposals must be presented in a predefined report, including a valuation model, and go through a rigid approval process involving the M&A department, our Executive Group Management Board and, depending on the size of the acquisition or divestment, our Transaction Committee and our Board of Directors;
- *Reporting of cash flow forecasts*—all countries must report a daily cash flow forecast for a rolling three month period on a bi-weekly basis; and the Group Treasury department monitors and validates subsequent results for material deviations from forecasted figures;
- *Reporting of financial results*—all countries must report a full income statement, statement of financial position, statement of cash flows, contract portfolio analysis and other information on a monthly basis; the Group Controlling department monitors and controls the reporting for material deviations from budget;
- *Full-year forecasts*—all countries must update and report their full-year estimates twice a year;
- *Large customer contracts*—certain large customer contracts are presented for approval in a predefined format focusing on risk evaluation; depending on size and nature of the contracts, our regional management, our Executive Group Management Board and/or our Transaction Committee must approve these contracts;
- *Control self-assessments*—every six months country management must self-assess the implementation of certain key internal control activities and develop action plans to close any implementation gaps; the Group Internal Audit department performs ongoing audits based on the countries' control self-assessments;
- *Whistle-blower policy*—a whistle-blower policy is in place, which enables all employees, business partners and other stakeholders to report suspected violations or concerns relating to any matter of exceptional gravity or sensitivity;
- *Process review*—to ensure compliance within procurement, Group Internal Audit performs reviews of key processes, including payroll, procurement and month-end closing procedures; and
- *Litigation reporting*—all countries are required to report on a quarterly basis all claims and disputes in excess of DKK 2 million, a summary of which is then presented to the Executive Group Management Board on a quarterly basis and to the Audit and Risk Committee on a semi-annual basis.

## Divestments and Acquisitions

We continuously monitor and assess the strategic fit of the components of our business platform. Through this portfolio monitoring we identify activities that we consider to be non-core to The ISS Way strategy, some of which have already been divested in recent years or will be divested in the future. Our core service offerings share the same characteristics; they are site-based, asset light, personnel intensive, and suitable for self-delivery and integration with the other services we provide. Non-core activities typically include services that are route-based or not suitable for self-delivery or integration into IFS, and are often non-recurring. This divestment strategy allows us to align our business with the demands of our customers and to focus our attention on our recurring core activities.

We also monitor potential acquisition possibilities and, in line with our continued focus on Organic Growth, our acquisition policy has been, and we expect it to continue to be, focused on selective, competence enhancing acquisitions in both emerging and mature markets.

Divestments within the last three years have primarily focused on non-core activities and smaller businesses that lacked critical mass, many of which were part of our Non-Portfolio Business or route-based services. For example, we divested our damage control activities (Non-Portfolio Business) in Germany and the Nordic region and our 2013 Pest Control Divested Businesses (route-based services) in twelve countries. We also divested our security operations in certain developed markets, such as Norway, Denmark, the Netherlands and France. The primary reasons for considering security as a non-core service in these markets was that security is not viewed as a critical (or lead) service in tenders and, furthermore, in certain instances customers prefer to have a separate security provider. In addition, these markets have generally been moving towards a more technical security solution based on surveillance and automation rather than personnel-based security, which fits less well with the core characteristics of the services we provide. Lastly, our divested operations lacked critical mass.

While we have divested numerous non-core activities within the last three years, we will continue to implement our divestment strategy and expect to continue to identify and divest non-core activities. Following certain divestments, we entered into strategic partnerships to ensure that we can continue to offer services to complement our IFS service delivery. Our partnerships include, among others, those with Anticimex in relation to the 2013 Pest Control Divested Businesses, Berendsen for provision of washroom services and Sarah Lee for services relating to our coffee vending machine divestments.

The table below provides a summary of our divestments from 2011 to 2013.

| Types of services/activities divested | Regions/Countries |
|---|---|
| **2013** | |
| Pest control services | Australia, Austria, Belgium, Denmark, Germany, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain and Switzerland |
| Washroom activities | Australia, Italy, New Zealand and Austria |
| Damage control activities | Nordic region |
| Property service activities and support service activities | Belgium and the Netherlands |
| Security services | Denmark and the Netherlands |
| Other businesses | Austria, Denmark, Italy, the United States and Norway |
| **2012** | |
| Governmental outplacement services and security activities | Norway |
| Landscaping activities | Netherlands |
| Washroom activities | Netherlands, Belgium and Luxembourg |
| Mailroom and office support services | France |
| Specialised consulting business | Finland |
| Damage control activities | Ireland |
| **2011** | |
| Industrial services activities | Belgium and Finland |
| Damage control activities | Germany |
| Home care services activities | Netherlands |
| Coffee vending machine business | Denmark and Norway |
| Other businesses | Western Europe, the Nordic region and Singapore |

As of 31 December 2013, assets held for sale comprised six non-core businesses in Western Europe, the Nordic region, Asia and Pacific which we expect to divest during 2014. These include our commercial security activities in Australia and New Zealand, which divestment we expect to complete in the first quarter of 2014 and our landscaping activities in France, pest control activities in India and security activities in Israel, which divestments we completed in the first quarter of 2014. The divested businesses in France, India and Israel had 2013 revenue of DKK 2,363 million and are expected to reduce our net debt by approximately DKK 840 million. The divested business in Australia and New Zealand had 2013 revenue of DKK 832 million and is expected to reduce our net debt by approximately DKK 110 million. For further information on divested activities in 2014, please see "*Operating and Financial Review—Recent Events*". Assets and liabilities related to all non-core activities held for sale as of 31 December 2013 amounted to DKK 1,950 million and DKK 1,016 million, respectively.

Between 1999 and 2009, we acquired a significant number of relatively small businesses building our service platform, expanding our geographical reach and enabling us to leverage our service platform to gain further Organic Growth through local and international contracts. However, recently our strategic focus has shifted away from building this platform mainly through acquisition-based growth, instead focusing on driving Organic Growth by taking advantage of our existing global platform. This has resulted in a very limited number of acquisitions in recent years, coupled with a focus on the divestment of non-core businesses.

In 2013, we acquired and integrated a small Spanish cleaning services business, primarily to facilitate addressing a specific customer segment. In 2012, we acquired and integrated a small Chinese security service business which we considered a good platform to continue our development of operations in one of the world's fastest growing markets. We did not make any acquisitions in 2011.

We expect to continue focusing on Organic Growth and leveraging our platform going forward, and we expect our acquisition policy to remain disciplined and focused with selective strategic and financial criteria. We will focus on selective, competence enhancing acquisitions in both emerging and mature markets.

All divestments and acquisitions are approved by our Executive Group Management Board and for large transactions approval is required from our Transaction Committee or our Board of Directors.

The table below provides information concerning our divestments and acquisitions for the years ended 2013, 2012 and 2011.

| | Year ended 31 December | | |
|---|---|---|---|
| | **2013** | **2012** | **2011** |
| **Divestments:**(1) | | | |
| Number of divestments | 14 | 8 | 12 |
| Revenue attributable to divestments (DKK million)(2) | 2,934 | 872 | 1,997 |
| Smallest divestment, by revenue (DKK million) | 0 | 9 | 6 |
| Largest divestment, by revenue (DKK million) | 1,042 | 268 | 1,133 |
| Aggregate sale price (DKK million) | 2,459 | 291 | 942 |
| Number of employees of divested businesses(3) | 4,067 | 1,513 | 1,856 |
| **Acquisitions:**(1) | | | |
| Number of acquisitions | 1 | 1 | 0 |
| Revenue of acquired businesses (DKK million)(4) | 8 | 49 | — |
| Enterprise value(5) | 3 | 20 | — |
| Number of employees of acquired businesses(6) | 34 | 929 | — |

(1) See Note 4.1 to our audited consolidated financial statements for the year ended 31 December 2013 included under "*Financial Information*".
(2) Approximate figures based on information available at the time of divestment extracted from unaudited financial information.
(3) At the time of divestment.
(4) Based on estimates of annualised revenue of the acquired businesses made at the time of acquisition.
(5) Including earn-outs and deferred payments for the acquired companies estimated at the time of the acquisition.
(6) At the time of acquisition.

## Customers

### *Overview*

We have a large and diverse customer base operating in a wide range of industries and the public sector, ranging in size from large, multi-national corporations seeking IFS to smaller businesses requiring a single service. We believe we are uniquely positioned to capitalise on the growing demand from multi-national corporations for the delivery of IFS across sites, countries and regions.

Our 10 largest customer contracts together accounted for not more than 11% of our revenue in 2013. We believe that we benefit from long-lasting customer relationships and since 2009 approximately 80% of our revenue has been derived from service contracts from our Portfolio Business. Based on data over the last three years, we estimate that we retain approximately 90% of our Portfolio Business each year, implying that the average length of our customer relationships is approximately ten years. Our customers operate in a number of industries, and we do not believe that our business is dependent on any particular industry segment in the private sector or particular authority in the public sector. This diverse customer base limits our financial and credit risk, and helps us maintain low levels of losses arising from bad debt. Provision for impairment losses amounted to DKK 310 million, DKK 208 million and DKK 233 million for 2013, 2012 and 2011, respectively, with amounts written off as uncollectable of DKK 38 million, DKK 67 million and DKK 51 million for the corresponding years.

### *Key global and regional customer relationships*

Below are descriptions of some of our international IFS contracts. These are large scale, multi-national contracts requiring the provision of complex IFS solutions. These customers have large global footprints and services are provided to a variety of sites, including offices, manufacturing, data centres and branch networks.

- *Citi.* In October 2010, we entered into the initial contract to provide IFS to Citi. The contract includes delivery of full facility management services, project management, cleaning and property services to almost 800 sites in 29 countries across the EMEA region. In February 2013, we extended our IFS delivery to Citi's operations in Asia Pacific. The contract includes delivery of IFS to over 1,500 locations in 18 countries throughout Asia Pacific.
- *H.J. Heinz*. In January 2013, we entered into a contract to provide IFS to H.J. Heinz. The contract includes delivery of catering services, cleaning services, property services, reception services, facility management and security services to over 15 food manufacturing and office locations in 8 countries throughout Europe.
- *Nordea*. In July 2013, we entered into a new contract to provide IFS to Nordea, replacing previous contracts entered into in October 2010, March 2008 and December 2004. The contract includes delivery of facility management services, cleaning services, catering services, property services, security services and support services at Nordea's 39 main office locations in the Nordic region.
- *Telenor*. In November 2012, we entered into a new IFS Group Frame Contract with Telenor Real Estate on behalf of the Telenor Group. This is an expansion of our previous collaboration where we provided cleaning services, support services and property services in varying scope and based on local contracts in Norway, Denmark and Sweden. The services under the new contract started in January 2013. Under this contract we provide full IFS, including the delivery of facility management, cleaning services, catering, security, property services and support services, to more than 5,000 buildings, housing, offices and telecom-installations in Norway, Denmark, Sweden and Hungary.
- *Novartis*. In September 2012, we entered into a contract to provide IFS to Novartis, starting in January 2013. The contract includes delivery of property services, cleaning services, security services, support services, catering services and facility management services to over 21 locations in 4 countries in Europe.
- *Barclays*. In June 2012, we entered into a global facility management contract to provide and oversee IFS to Barclays for its operations in the United Kingdom, Europe, the Americas, Asia Pacific and the Middle-East servicing over 4,900 sites, including corporate offices, trading floors, data centres and retail bank branches. Under this contract we deliver an IFS solution including facility management support services, catering services, property services, cleaning services and, in some regions, security services. Our new information system, Insight@ISS, was designed for this Barclays relationship and its implementation allows for information to be collated, reviewed and analysed on a global basis to inform and support management decisions.
- *Deutsche Bank*. In May 2011, we entered into a contract to provide IFS to Deutsche Bank. The contract includes delivery of property services, security services, support services, facility management and cleaning services to over 680 sites in 3 countries in Europe.

- *UK Foreign Commonwealth Office*. In November 2010, we entered into a contract to provide IFS to the UK Foreign Commonwealth Office commencing 1 April 2011. The contract includes delivery of cleaning services, security services, reception services, facility management services and property services to over 23 diplomatic posts and over 600 diplomatic residential properties in 13 countries across the Asia Pacific Japan ("**APJ**") region.
- *Hewlett Packard*. In March 2008, we entered into a contract to provide IFS to Hewlett Packard in the EMEA and the APJ regions, which currently includes delivery of IFS to over 300 sites in 45 countries, such as manufacturing plants, data centres and offices. In April 2009, we entered into an extension of the contract to provide IFS to EDS, which Hewlett Packard acquired in 2008. In October 2010, we entered into a new contract to provide IFS to Hewlett Packard in the Americas, which currently includes delivery of IFS to over 200 sites in 13 countries across North America and Latin America. In January 2014, an extension of the global agreement was concluded. The new contract extends the relationship with Hewlett Packard until the end of 2018 and ISS thereby delivers IFS to the majority of Hewlett Packard sites across the world.
- *UBS*. Since July 2006 we have provided cleaning services, waste management, support services, internal moves services, building maintenance, building control and technical services and commercial real estate management services to UBS, to varying extents, to more than 480 sites in Switzerland. This contract with UBS was renewed in February 2013. In addition, in September 2010, we entered into a framework agreement to provide services to UBS in Asia Pacific. The contract includes facility management services, cleaning services, maintenance services and support services to four sites in Indonesia, Philippines and Taiwan. In 2012, ISS was awarded cleaning contract for UBS for all large-scale city center locations in the states of New York, New Jersey and Connecticut.

***Customer segmentation***

In order to enhance our value proposition and to improve our profitability, we have focused on innovations related to customer segmentation generally, whether by service, business systems, processes, local, national and international needs, sector (public versus private). This segmentation allows us to deliver attractive services to ISS customers designed to fit their needs, to increase their convenience and to mitigate their risks. As described in further detail below, we have in particular focused on customer segmentation by industry and by size.

***Customer segmentation by industry***

We use our knowledge of certain customer industry segments, including our understanding of typical customer needs in these segments, to provide customised IFS. The Business Services & IT, Industry & Manufacturing, Public Administration and Healthcare segments are among our most important and largest customer segments, and in each region we focus on developing services solutions for these segments.

The following table contains information for the financial years ended 31 December 2013, 2012 and 2011 relating to revenue for each of our customer segments.

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2011 | |
| | (DKK million) | % | (DKK million) | % | (DKK million) | % |
| **Revenue by customer industry segment:**(1) | | | | | | |
| Business Services & IT | 23,085 | 29.4 | 22,822 | 28.7 | 21,399 | 27.6 |
| Industry & Manufacturing | 10,888 | 13.9 | 11,326 | 14.3 | 11,305 | 14.6 |
| Public Administration | 10,592 | 13.5 | 11,018 | 13.8 | 11,139 | 14.3 |
| Healthcare | 8,902 | 11.3 | 9,075 | 11.4 | 8,674 | 11.2 |
| Retail & Wholesale | 5,651 | 7.2 | 5,761 | 7.3 | 5,495 | 7.1 |
| Transportation & Infrastructure | 5,394 | 6.9 | 5,654 | 7.1 | 5,627 | 7.2 |
| Energy & Resources | 3,147 | 4.0 | 3,438 | 4.3 | 3,434 | 4.4 |
| Hotels, Leisure & Entertainment | 2,970 | 3.8 | 3,191 | 4.0 | 3,242 | 4.2 |
| Food & Beverage | 2,651 | 3.4 | 2,677 | 3.4 | 2,505 | 3.2 |
| Pharmaceuticals | 2,099 | 2.7 | 1,313 | 1.7 | 1,306 | 1.7 |
| Other | 3,080 | 3.9 | 3,179 | 4.0 | 3,518 | 4.5 |
| **Total revenue** | **78,459** | **100.0** | **79,454** | **100.0** | **77,644** | **100.0** |

(1) Segmentation of revenue by customer industry segment follows the 10 customer segments identified by us, based on classifications of productive activities by the International Standard Industrial Classification. Customer segment does not constitute a reportable accounting segment under our applied accounting policies and should not be used as a substitute for accounting segments in accordance with IFRS.

***Customer segmentation by size***

We estimate that our key account, large and medium-sized customers represent approximately 5% of our total number of customers as of 31 December 2013 while the same customer groups represent in aggregate approximately 82% of our 2013 revenue. We have increased our focus on understanding the impact of the size of our customers on our business and are engaged in a review of our customer segmentation by size in greater detail.

To date, we have mapped in detail our customer segments in countries representing over 30% of the Group's revenue in 2013. The mapping has been focused on establishing an overview of how customers of various sizes are placed within our organisation as well as applying a detailed activity-based costing methodology which facilitates an understanding of the profitability of the various customer segments. Evidence from selected countries indicates that there are instances where larger customers and smaller customers are mixed together in our business units and that this has a negative impact on cost efficiency and transparency. For example, in Denmark, which is an advanced example of overhead cost allocation, based on 2012 financials smaller customers represented 9% of revenue and accounted for approximately 24% of country overhead costs (including sales & marketing, HR, finance, and IT). On the contrary, larger customers represented 65% of revenue and accounted for approximately 40% of the country's overhead costs.

Equipped with the knowledge provided by the process of detailed customer segmentation, we are better able to focus on the customer segments that are most receptive to our value proposition and align our organisational structure behind this focus. Generally, we expect this to result in organisational structures that are more customer-oriented and focused. This may entail, for example, facilitating our delivery to key accounts and larger customers with higher levels of support, service excellence and innovation while possibly establishing separate operating structures for smaller customers that are tailored to meet their needs with a support structure that promotes customer satisfaction while enabling the generation of attractive profitability. Alternatively, our strategy may result in us divesting certain customer segments in order to focus on others. Where we have already established what we believe to be an optimal organisation structure, which will differ from country to country, we are beginning to see the benefits of this strategy. For example, in Denmark, we have witnessed a reduction in our overhead costs from 14.9% to 13.9% of our revenue from 2012 to 2013.

***Customer contracts***

The terms of our customer contracts vary widely by country and segment due to differing customer requirements and applicable legislation. Customer contracts in Emerging Markets are generally more often input-based with performance measured against our quantity of input, which involves supply of agreed labour resources for a specified number of hours or employees to the delivery of the services at a set price. Developed and mature markets typically have a higher proportion of output-based customer contracts (also known as "performance contracts") with performance measured against the quality of our service delivery.

These output-based customer contracts have a greater focus on the level of service to be delivered and involve predetermining with customers the specifications for the result of our service delivery, such as certain measurable levels of cleanliness.

The increased complexity in contracts has also influenced our customer relationships, where we increasingly become connected at the executive level due to the increased strategic importance of facility services for our customers.

We typically provide services under contracts with a stated term of between one and five years and reciprocal termination rights upon one to 12 months' prior written notice. Customer contracts tend to increase in complexity and sophistication by size and for larger contracts, the quality of our services is often measured against defined quality benchmarks agreed with the customer and typically include a price adjustment clause linked to an inflation index or other appropriate indices. Our profitability is typically lower at the beginning of a contract as the cost structure is implemented during the initial contract phases and opportunities for introducing cost efficiencies are evaluated. As we adapt our resources to a particular contract, optimise the delivery of our services and benefit from Non-Portfolio Business cross/up-selling opportunities, our profitability typically increases throughout the life of the contract.

We also provide our services to government entities. The contractual arrangements with these entities differ from our commercial contracts in that they are generally subject to public procurement rules. Under these rules, facility services contracts are generally re-tendered on a regular basis. As a result, we must tender to maintain existing government contracts.

In certain countries, we have entered into and are considering entering into PPP/PFI contracts or contracts related to PPP/PFI projects. These contracts generally have a contract length of between five and 30 years and, with respect to a limited number of projects, we have a joint equity investment along with third party equity sponsors of the project. Under these contracts, we provide some form of facility services, ranging from IFS to single services. We have entered into PPP/PFI contracts principally in Australia, the Netherlands and the United Kingdom, and the aggregate annual value of these contracts was approximately DKK 1.5 billion as of 31 December 2013.

**International Business Development**

The strategic imperative for the international business development efforts are to develop and deploy initiatives that further strengthen the commercial platform across the Group and that will result in increased value propositions for our customers. This is accomplished by our increased focus on optimising our sales efforts, service excellence, standardisation of processes, sharing of knowledge across the Group and the implementation of best practice.

Our international business development efforts are designed to support our growth and profitability targets. The strategic rationale lies in retaining existing customer relationships and growing the business through cross/up-selling. Also, we focus on developing new customer relationships through dedicated sales efforts in prioritised customer segments. We continue to pursue large international IFS contracts through our dedicated Global Corporate Clients Organisation and the utilisation of our Excellence Centres.

***Global Corporate Clients Organisation***

We established our Global Corporate Clients Organisation in late 2007 to serve as a central point of contact for international IFS contracts with large multi-national customers all the way through from a centralised sales process to operational account management. The Global Corporate Clients Organisation: (i) targets selected international contracts with large global or regional commercial potential, (ii) creates solutions and negotiates global or regional contracts in accordance with the customer contract lifecycle, which we have structured, defined and documented in our Process Framework; and (iii) supports our transition towards a stronger IFS company through our focus on winning international IFS contracts.

The sales focus of the Global Corporate Clients Organisation is on blue-chip and multi-national customers primarily within the Business Services & IT and Industry & Manufacturing customer industry segments. We have entered into IFS contracts with H.J. Heinz in 2013, Barclays, Novartis and Citi Asia Pacific in 2012, Deutsche Bank in 2011, UBS, Citi EMEA, Hewlett Packard Americas and the UK Foreign Commonwealth Office in 2010, EDS (now Hewlett Packard) and Hewlett Packard EMEA and Asia Pacific in 2008 as a result of the dedicated sales efforts of the Global Corporate Clients Organisation, and we have become a significant participant in the market for global IFS contracts.

From 2006 to 2013, our revenue from global corporate clients has increased at a CAGR of 68% and we expect this area to continue to increase significantly in the coming years supported by a strong pipeline and a highly selective approach to the contracts on which we bid. In 2013, Group revenue attributable to the Global Corporate Clients Organisation was DKK 6.5 billion. In addition, as of 31 December 2013, our Estimated Contract Value derived from our larger international contracts, most of which are attributable to our Global Corporate Clients Organisation, was DKK 29.4 billion, representing a significant increase over previous years (CAGR of 79% from 2007 to 2013), including the extension of the Hewlett Packard global agreement in January 2014.

***Service excellence***

The Global Corporate Clients Organisation acts as the "incubator" for the development and implementation of Service Excellence via the five ISS Operation Process Frameworks (Sales, Solutions, Negotiations, Transition and Operation Process Frameworks), which together cover the customer contract lifecycle.

The key objectives of Service Excellence are to: (i) build value propositions for selected customer industry segments that improve ISS service capabilities, (ii) define and document the best practice for each service and make it available throughout the Group; and (iii) develop and enhance the 5 ISS Process Frameworks of the contract lifecycle as the basis for performing attractive services to ISS customers and to mitigate their risks.

Service Excellence is deployed via global and regional contracts and pushed to site level via the 5 ISS Process Frameworks that ISS has developed and documented in recent years. Local Service Excellence can be achieved through the adoption of global service excellence and, where global or regional contracts are in place, these frameworks are fine-tuned to meet local excellence initiatives covering local needs.

For example, through the ISS Operation Process Framework we have been able to describe and establish processes which are then automated via ISS business solutions and IT tools such as FMS@ISS, and made available through easily accessible transparent reporting to relevant stakeholders such as ISS contract managers and customers via visualisation through Insight@ISS. This leads to the sharing and implementation of best practice across the Group resulting in an increase in service efficiency and in an ongoing dialogue with our customers. For further information on our innovative technology, see "*—Business Solutions*".

***Marketing***

In recent years, we have dedicated increased resources and attention to our marketing organisation, which now reports directly to the Group CEO. Our marketing organisation is responsible for four key strategic initiatives within Branding, Marketing, Customer Experience Management and Sales Development with the aim of ensuring that knowledge and awareness of ISS reflects our strategic goals and positions us as a leader and the preferred partner within the IFS market. In addition, our marketing focus aims to secure a transparent and aligned marketing process between local and corporate marketing functions to optimise and harmonise marketing activities. The marketing organisation is responsible for developing and deploying value propositions aligned to our service types in targeted industry segments. It has been a key marketing priority to position ISS as a "thought" leader within IFS and service management, which was recognised when we were ranked first in the International Association of Outsourcing Professionals annual global list of outsourcing providers in 2013.

Customer experience is a lead indicator for business growth and a key driver for customer retention and loyalty. Monitoring and improving the customer experience is a key focus area for ISS. Since 2011 we have been running an annual Customer Experiences survey covering our most important customers across the globe. The survey enables key account managers to better understand how to improve customer relationships. It is also a key source for our operating countries to prepare and execute their customer strategy and account development plans. In 2013, we surveyed more than 7,500 customers and close to 5,200 customers responded, resulting in a response rate of 67.5%.

**Human Resources**

***Employees***

As of 31 December 2013, we had 533,544 employees. No material change in the number of employees has occurred since 31 December 2013. In addition to full-time and part-time employees, we also make limited use of subcontractors and for the financial years ended 31 December 2013, 2012 and 2011, our subcontractor costs comprised 9.4%, 8.6% and 8.9%, respectively, of our total revenue. The following table shows information regarding our employees for the periods indicated.

| | As of 31 December | | |
|---|---|---|---|
| | **2013** | **2012** | **2011** |
| Total employees | 533,544 | 534,273 | 534,519 |
| Full-time employees | 74% | 73% | 73% |
| Part-time employees[1] | 26% | 27% | 27% |

(1) Defined as employees working an average of less than 30 hours per week for ISS.

The following table shows employees per region in 2011 to 2013.

| | As of 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2011 | |
| | Full-Time Employees | Total Employees | Full-Time Employees | Total Employees | Full-Time Employees | Total Employees |
| Western Europe | 108,073 | 205,738 | 107,919 | 209,593 | 109,874 | 214,399 |
| Nordic region | 24,962 | 40,343 | 29,295 | 44,018 | 29,320 | 43,841 |
| Asia | 188,979 | 192,544 | 178,802 | 181,810 | 171,768 | 174,812 |
| Pacific | 9,555 | 14,244 | 8,532 | 14,934 | 10,340 | 14,707 |
| Latin America | 45,836 | 48,536 | 47,592 | 50,121 | 48,783 | 51,440 |
| North America | 8,235 | 14,324 | 7,678 | 15,350 | 7,893 | 15,622 |
| Eastern Europe | 10,782 | 17,662 | 11,048 | 18,322 | 12,094 | 19,567 |
| Other Countries(1) | — | — | — | — | — | — |
| Corporate functions | 145 | 153 | 121 | 125 | 126 | 131 |
| **Total** | **396,567** | **533,544** | **390,987** | **534,273** | **390,198** | **534,519** |

(1) Represents countries in which we do not deliver services through the use of our own employees (self-delivery), but deliver services through the use of subcontractors.

### *Employee turnover*

The facility services industry is characterised by relatively high levels of employee turnover and is associated with short-term or secondary employment. We pursue a number of strategies to reduce turnover among front-line employees, including arranging for more full-time and daytime work. We also seek to enhance employee engagement and to reduce turnover among front-line employees by providing multi-tasking jobs, encouraging career development opportunities and providing programmes designed to promote teamwork and skills development.

The following table indicates our employee turnover and length of service for the years indicated.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| *Employee turnover:* | | | |
| Front-line employees | 53% | 51% | 46% |
| White collar employees | 23% | 23% | 23% |
| All employees | 52% | 50% | 45% |
| *Employee length of service:* | | | |
| Share of employees with more than one year of service | 68% | 69% | 66% |

We have a flexible cost base, particularly with respect to staff costs, which, as a percentage of revenue, were 65.3%, 65.5% and 64.5% in 2013, 2012 and 2011, respectively. Due to the relatively high employee turnover that is characteristic of the facility services industry, we are able to reduce our staffing levels when necessary by limiting our hiring of new employees.

Through natural attrition, we are able to reduce staff costs in response to fluctuations in market demand. As a result of our local scale and operational density, we can shift employees among existing customer contracts and locations. Moreover, according to E.U. law, when facility service contracts are insourced or lost to a competitor, the former provider may under certain circumstances be able to pass on-site staff to the new provider, an option which provides additional operational flexibility.

Our employees in Europe are generally members of trade unions, and employee and, consequently, trade union relations are a high priority for us. In 1995, we established our European Works Council ("**EWC**") as an in-house forum for dialogue between our management and employee representatives across Europe. The EWC agreement has been renewed several times, the last time being June 2013, and allows for up to 30 employee representatives to participate in an annual EWC meeting. A total of 22 representatives from 15 countries took part in the 2013 EWC annual meeting and the agenda included information and consultation on matters relating to the Group's subsidiaries in Europe, in particular concerning the structure, financial situation and development of ISS, and current and probable trends in employment.

In the last five years, we have not experienced any material disruption to our business as a result of strikes, work stoppages or other labour disputes. In 2003, we signed a letter of agreement with the international service workers union, Union Network International ("**UNI**"), under which we are committed to ensure good working standards in all our countries of operation, and UNI pledged to expose companies in the industry that violate basic employment principles and applicable legislation. The agreement with UNI was renewed in 2008 and now includes a fund for the financing of research and is considered as one of the most advanced agreements in the relationship between a global employer and the unions. The agreement and collaboration since 2008 has prompted UNI to name us as an employer that treats our workers well and is setting a good example for other global employers. We work in collaboration with UNI on various projects that will raise awareness and aim to improve working conditions for employees in countries in which systemic working condition weaknesses exist.

We contribute to various statutory pension funds on behalf of employees. These pensions vary widely based on local legislation. See "*Operating and Financial Review—Pension Obligations*" for a detailed discussion of our pension obligations.

***Leadership development and training***

We devote substantial resources to staff, management and leadership development, ranging from induction and basic skills training through middle management programmes to sponsorship of a Global Leadership Mastery Programme which includes classes of up to 20 senior leaders who participate in a 15 month extensive global development programme.

In addition to the training provided in the countries and on a regional level, we have established the ISS University, an in-house education centre at our headquaters, to educate and train our managers and executives. Service employees receive training in areas such as introduction to The ISS Way strategy and business model, working capital optimisation, presentation skills and management of IFS contracts. Most of these programmes were developed exclusively at ISS University, while others were designed in cooperation with institutions, such as Henley Management College. One of our key programmes that is offered out of ISS University is the "Advantage Programme", a three-day session that is based on our strategy and value chain along with leadership principles and other management skills. This programme is offered to new executives and key employees in our headquaters as well as global senior managers.

In order to implement strategic initiatives, such as cleaning excellence and the IFS concept, ISS University will continue to develop key specialists and training. This is supplemented by local initiatives, including country training and development initiatives in service excellence, processes and leadership to enhance employee skills and encourage upward staff mobility. We have also implemented employee recognition programmes to motivate and encourage employees.

In 2013, more than a thousand senior managers and specialists attended workshops and programmes through ISS University. Pursuant to our strategy, ISS Academy was launched as a ISS University initiative to foster knowledge sharing and skills development related to IFS. As part of the ISS University philosophy, regional and country managers are being certified to run ISS Academy programmes locally in local languages, which will facilitate the flow of knowledge to our workforce.

Employee engagement is a key driver of the customer experience. Measuring and improving employee engagement is therefore a key focus area at ISS. In 2011, we piloted a global Employee Engagement Survey (EES) and since then the scope of the survey has been expanded each year. During 2013, we invited more than 300,000 employees across all continents to participate in the engagement survey and close to 200,000 responded. We intentionally use the same questions globally to compare the results around the world. Based on the results of the survey, which showed an overall employee engagement of 4.4 (2012: 4.4) out of a possible 5, we know that we have a high degree of engagement in the Company, and we know what is important for our employees in their work environment. The results of the survey are actively applied by the organisation in driving and measuring the implementation of our leadership strategic theme.

***Performance Page and succession planning***

Our performance management system, the Performance Page, is the principal tool for assessing individual capabilities. The Performance Page is a core feature of our employee performance appraisal system as it focuses on evaluating and rating each individual's progress in terms of our leadership principles, and as such is a key alignment tool for us to drive the ISS Way Strategy. The Performance Page is intended to support the development of stronger country management teams. Feedback during a yearly goal evaluation and goal setting process, followed up by a mid-year review, help to develop the full potential of the individual managers. In addition to facilitating the process, the Performance Page provides us with a basis for talent management by mapping talent profiles and succession planning, the latter being an integral and mandatory part of each appraisal.

### Business Solutions

The use of business solutions has resulted in a consistent approach in our activities across the organisation, supporting consistent service performance of our value proposition. We integrate technology into our offering to standardise our operational processes and drive transparency globally. For example, our business solutions and software tools (including FMS@ISS, SIM@ISS, HSE@ISS and Insight@ISS) allow us to extract efficiencies in providing services, to monitor, record delivery and to generate business intelligence related to, among other things, facilities usage. This enables customers to assess their needs across their facilities worldwide, which is increasingly being valued by customers and is becoming a key commercial differentiator.

Our facility management system, FMS@ISS was updated and our information system, Insight@ISS, was designed for our global IFS contract with Barclays and are examples of our use of innovation as part of the delivery of our value proposition.

Insight@ISS allows for information to be collated across multiple data sources, reviewed and analysed on a global basis in real time to inform and support management decisions. Information through Insight@ISS is reported in a transparent and easily accessible format, providing customers with drill-down access to business intelligence across their facilities. It also allows our relevant stakeholders, such as ISS contract managers, to access information across customers, resulting in the sharing and implementation of best practice across the Group, an increase in service efficiency and an ongoing dialogue with our customers based on real-time data. Insight@ISS allows us to transform data into information that, via benchmarking and analysis, becomes valuable commercial knowledge.

### Health, Safety and Environment

Since we established our Group Health, Safety and Environment ("**HSE**") function in 2010, we have built and implemented an operational framework to create a consistent approach to health, safety and environmental management across the Group.

Our principal objective is to ensure the personal health and safety of our workforce of more than 530,000 employees. In addition, The ISS Way strategy identifies health and safety compliance as an integral part of our value proposition to customers, and our systematic approach supports the delivery of our services and thereby helps our customers to reduce their operational risks.

Our HSE manual, based on four international standards, OHSAS 18001, ISO 14001, ISO 22000 and ISO 9001, provides a systematic approach to our health, safety and environmental management by defining standards, setting targets for improvement, and measuring, appraising and reporting on HSE performance across our business. In addition, each ISS country operation has now developed a management system in accordance with the HSE manual ensuring a consistent approach across the Group. To improve our overall performance, a Group-wide HSE action plan is issued each year. The plan is based on our current health, safety and environmental performance, and the stated targets and actions are reviewed and amended annually.

In 2011, we also implemented a performance management system called "HSE@ISS – IT Tool", which enables us to monitor and document performance, compliance and risk management within HSE. This system is integral in improving the quality of our reporting globally and also raises employees and stakeholders awareness of health, safety and environmental management.

### Procurement

Consistent with our decentralised business model and our "multi-local" approach, country operations typically enter into a number of supply agreements with local suppliers. Consequently, procurement has traditionally been a relatively decentralised function with minimal coordination required at Group level. Therefore, most of the external procurement costs have been managed at country level and individual country procurement organisations have been established over the years with the aim of optimising country expenditures. In addition to these country-led initiatives, we have historically managed our fleet agreements and our chemical supplier agreements at Group level.

In 2013, we decided to initiate an assessment of the potential associated with coordinating procurement across countries, starting with our Western European and Nordic operating countries. From this assessment, we concluded that there are significant differences across countries and that substantial coordination potential exists in several categories to reduce our DKK 22 billion of aggregate external procurement expenses, DKK 17 billion of which are in Western Europe and the Nordic countries. We have identified three phases for the implementation of this cost reduction programme through 32 initiatives. We expect to generate savings through further supplier consolidation, the implementation of cleaning monitoring tools, optimisation of fleet management (utilisation, lease etc.), development of the food and beverage supplier network in certain countries and optimisation of existing processes to further reduce costs and implement synergies in respect of office supplies, IT consulting and contracting, mail and couriers.

The first phase in Western European and the Nordic operating countries has begun and we expect the potential savings of this phase to amount to between DKK 150 million and DKK 250 million. Over the course of 2014 and 2015, we plan to expand the cost savings plan to other regions and other expenditure categories to generate significant additional costs savings. We also expect the cost savings plan to result in increased transparency and improved compliance in local country operations.

As a result of our cost savings plan, increased resources have been dedicated to the procurement function resulting in headcount rising from four FTEs to 13 FTEs. The procurement initiative reports into a steering committee consisting of the Group COO EMEA, Group CFO EMEA, Regional CEO Central Europe, Regional CEO Nordics, Regional CFO Central Europe, Regional CFO Nordics and the VP Procurement with the VP Procurement reporting to the Group COO EMEA.

## Material Contracts

### *Financing arrangements*

For a description of our financing arrangements, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial indebtedness*".

### *Underwriting Agreement*

For a description of the Underwriting Agreement relating to this Offering, see "*Plan of Distribution*".

## Competition

The market for facility services is very fragmented. Basic facility services, including general cleaning services, can be provided with very limited resources and as a result of these low barriers to entry, it is likely that the market for the basic services will continue to include a large number of smaller operators. However, within each market there are generally only a few providers that have sufficient resources to provide customers with a full range of facility services and to service larger, multi-location customers. In general, our main competitors in each market are national or regional services providers, as well as larger international services companies, including Compass, Sodexo, G4S and Securitas. For large international facility services contracts competition is limited to Compass and Sodexo, both of which only provide a limited service capability comprising primarily catering services and a few facility management companies such as Jones Lang LaSalle, Johnson Controls and CBRE and their subcontractors. However, these competitors differ from market to market depending on the particular service. We also face competition from in-house providers of facility services.

## Real Estate and Leases

In addition to our head office, our facilities are comprised primarily of branch offices for our local operations. It is our policy to lease rather than own our offices, preferably on short-term leases. As of 31 December 2013, the value of land and buildings on our statement of financial position was DKK 65.3 million, excluding assets classified as held for sale. We do not consider any real property, whether owned or leased, to be material to our operations. We believe that our properties are generally adequate for their present needs and believe that suitable additional or replacement space would be available to the extent required. None of our significant properties are subject to material easements that prevent or restrict our current business activities or that we believe will require major investments or incur significant costs going forward.

We currently own or operate some properties at which industrial activities or activities involving the daily handling of hazardous materials take place. We are not otherwise aware of environmental matters that may have a material adverse effect on our business, result of operations, financial condition or use of our fixed assets.

## Regulation

The facility services industry is generally not subject to special regulations, although certain of our services, such as catering services and security services, require a license or permit from local authorities. In all countries in which we operate, we are subject to a number of generally applicable regulatory requirements, including labour laws, health and safety requirements and environmental regulations. In addition, where we have a leading market position, competition regulations may reduce our operational flexibility and limit our ability to make acquisitions.

We believe that we have obtained all material permits and licenses necessary to operate our business and that we comply in all material respects with all national and local laws and regulations governing our business. We have not been subject to any significant fines, penalties or other liabilities under such laws and regulations. However, there can be no assurances that changes in such laws and regulations, or interpretations thereof, will not have a material adverse effect on our operations.

## Insurance

Our group-wide insurance policies include insurance to cover risks associated with our business, including general liability, public and product liability, directors' and officers' liability, employment related liability, crime related losses and aviation liability in connection with our service delivery at airports and aircrafts. Our local operating subsidiaries maintain additional insurance, including automobile insurance, buildings and contents insurance and workers' compensation policies. To ensure consistency, quality and coverage, we have appointed Aon, an international firm, as our insurance broker for all non-life insurance policies globally. Our key insurance underwriters include Zurich Insurance, Chartis and AIG Europe Limited.

The potential liability we may have to our customers is generally governed by the contracts we have entered into with them. The terms of these contracts vary, but as a general rule, we do not accept unlimited liability or take responsibility for consequential, indirect or any other special damages. Nevertheless, no assurances can be given that we will not be responsible for damages such as these in some of the contracts that we have entered into, and will enter into in the future.

Management believes that our insurance coverage is consistent with industry standards. However, no assurances can be given that we will continue to maintain current levels of insurance cover. A successful claim of sufficient magnitude that is not covered, or only partially covered, by insurance could have a material adverse effect on us and our financial condition.

## Legal Proceedings

We are from time to time party to various legal proceedings arising in the ordinary course of business. Our legal proceedings are predominantly labour related. However, the extent of legal proceedings is different from jurisdiction to jurisdiction, varying from a few to more than 2,800 at year-end 2013 in Brazil, which is a particularly litigious market. We have not within the last twelve months from the date of this Offering Circular been, and we are not currently, party to any governmental, litigation, administrative, arbitration or dispute proceedings that could have, or have had in the recent past, a material adverse effect on our business, results of operations or financial condition, including as described in Note 8.6 to our audited consolidated financial statements for the year ended 31 December 2013. We are not aware of any threatened or potential dispute or governmental proceeding that could have a material adverse effect on our business, results of operations or financial condition in the future.

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The selected consolidated financial information comprising selected consolidated income statements, statements of financial position and cash flow statements shown below has been derived from the Audited Consolidated Financial Statements which have been prepared in accordance with IFRS as adopted by the European Union. The selected Other Data and Financial Measures as well as the segmental and operating information below has been derived from our regularly maintained records and operating systems. Investors should read the following data together with the Audited Consolidated Financial Statements, including the notes to those financial statements, and the "*Operating and Financial Review*".

### Income Statement Data

| | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012[6] | 2011[6] |
| | (DKK million) | | |
| Revenue | 78,459 | 79,454 | 77,644 |
| Staff costs | (51,234) | (52,071) | (50,089) |
| Consumables | (6,949) | (7,009) | (6,751) |
| Other operating expenses | (15,174) | (15,110) | (15,561) |
| Depreciation and amortisation[1] | (787) | (853) | (855) |
| **Operating Profit Before Other Items**[2] | **4,315** | **4,411** | **4,388** |
| Other income and expenses, net | (100) | (308) | (223) |
| **Operating Profit**[1] | **4,215** | **4,103** | **4,165** |
| Share of result from equity-accounted investees | 6 | 4 | 0 |
| Financial income | 170 | 217 | 197 |
| Financial expenses | (2,446) | (2,943) | (2,999) |
| **Profit before tax and goodwill impairment/amortisation and impairment of brands and customer contracts** | **1,945** | **1,381** | **1,363** |
| Income taxes[3] | (919) | (960) | (888) |
| **Profit before goodwill impairment/amortisation and impairment of brands and customer contracts** | **1,026** | **421** | **475** |
| Goodwill impairment | (985) | (385) | (501) |
| Amortisation and impairment of brands and customer contracts[4] | (667) | (679) | (708) |
| Income tax effect[5] | 229 | 193 | 231 |
| **Net profit/(loss) for the year** | **(397)** | **(450)** | **(503)** |
| **Attributable to:** | | | |
| Owners of ISS A/S | (399) | (453) | (510) |
| Non-controlling interests | 2 | 3 | 7 |
| Net profit/(loss) for the year | **(397)** | **(450)** | **(503)** |
| **DKK** | | | |
| **Earnings per Share** | | | |
| Basic earnings per Share | (2.9) | (4.0) | (5.1) |
| Diluted earnings per Share | (2.9) | (4.0) | (5.1) |

(1) Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(2) Excluding Other income and expenses, net, Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(3) Excluding tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(4) Includes customer contract portfolios and related customer relationships.
(5) Income tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(6) For further information on restatements under IAS 19 (revised), see Note 1.1 to our audited consolidated financial statements for the year ended 31 December 2013 included under "*Financial Information*".

### Statement of Financial Position Data

| | As of 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| | (DKK million) | | |
| **ASSETS** | | | |
| Total non-current assets | 30,995 | 34,844 | 37,016 |
| Total current assets | 17,581 | 19,044 | 17,964 |
| **Total Assets** | **48,576** | **53,888** | **54,980** |
| **EQUITY AND LIABILITIES** | | | |
| Equity attributable to owners of ISS A/S | 4,237 | 5,097 | 2,127 |
| Non-controlling interests | 9 | 10 | 12 |
| Total non-current liabilities | 23,314 | 27,551 | 31,669 |
| Total current liabilities | 21,016 | 21,230 | 21,172 |
| **Total Equity and Liabilities** | **48,576** | **53,888** | **54,980** |

### Statement of Cash Flows Data

| | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| | (DKK million) | | |
| Cash flow from operating activities | 3,715 | 3,855 | 3,676 |
| Cash flow from investing activities | 1,331 | (747) | (332) |
| Cash flow from financing activities | (5,159) | (3,643) | (2,874) |
| **Total cash flow** | **(113)** | **(535)** | **470** |
| Cash and cash equivalents as of 31 December | 3,277 | 3,528 | 4,037 |

### Other Data and Financial Measures

| | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| | (DKK million) | | |
| Operating Margin (%)(7) | 5.5 | 5.6 | 5.7 |
| EBITDA(8) | 5,002 | 4,956 | 5,020 |
| EBITDA margin (%)(8),(9) | 6.4 | 6.2 | 6.5 |
| Adjusted EBITDA(10) | 5,102 | 5,264 | 5,243 |
| Adjusted EBITDA margin (%)(10), (11) | 6.5 | 6.6 | 6.8 |
| Adjusted Earnings Per Share, Diluted (DKK)(12) | 7.6 | 3.8 | 4.7 |
| Carrying amount of net debt (13) | 22,651 | 25,955 | 29,905 |
| Net capital expenditure not related to acquisitions(14) | (803) | (762) | (1,010) |
| Net acquisitions(15) | 2,169 | 152 | 672 |
| Cash Conversion (%)(16) | 102 | 103 | 93 |
| Number of employees(17) | 533,544 | 534,273 | 534,519 |
| **Revenue Growth Analysis:** | | | |
| Organic Growth (%)(18) | 4.3 | 1.7 | 6.3 |
| Net acquisition/divestment growth (%)(19) | (2.3) | (1.8) | (1.9) |
| Currency adjustments (%)(20) | (3.3) | 2.4 | 0.4 |
| **Total revenue growth (%)** | **(1.3)** | **2.3** | **4.8** |

(7) Represents Operating Profit Before Other Items divided by total revenue. By using Operating Profit Before Other Items as a starting point for the calculation of Operating Margin instead of Operating Profit, we exclude from the calculation of Operating Margin items recorded under the line item "*Other income and expenses, net*". This line item includes income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property, restructurings and acquisition and integration costs. Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition related costs such as reversal of provisions in opening balances. Integration costs comprise costs incurred as a consequence of the integration such as termination of employees, contract termination costs mainly related to leasehold and advisory

fees. See "*Presentation of Financial and Certain Other Information*". In addition, because we record Depreciation and amortisation separately from Goodwill impairment and Amortisation and impairment of brands and customer contracts, Operating Profit also excludes Goodwill impairment and Amortisation and impairment of brands and customer contracts.

(8) Represents Operating Profit plus Depreciation and amortisation. See "*Presentation of Financial and Certain Other Information*". The reconciliation of our Operating Profit to EBITDA is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2013** | **2012** | **2011** |
| | | **(DKK million)** | |
| Operating Profit | 4,215 | 4,103 | 4,165 |
| Depreciation and amortisation | 787 | 853 | 855 |
| EBITDA | 5,002 | 4,956 | 5,020 |

(9) Represents EBITDA divided by Revenue.

(10) Represents Operating Profit Before Other Items plus Depreciation and amortisation. By using Operating Profit Before Other Items as a starting point for the calculation of Adjusted EBITDA instead of Operating Profit, we exclude from the calculation of Adjusted EBITDA items recorded under the line item "*Other income and expenses, net*". This line item includes income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property, restructurings and acquisition and integration costs. Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition related costs such as reversal of provisions in opening balances. Integration costs comprise costs incurred as a consequence of the integration such as termination of employees, contract termination costs mainly related to leasehold and advisory fees. See "*Presentation of Financial and Certain Other Information*".

The reconciliation of EBITDA to Adjusted EBITDA is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2013** | **2012** | **2011** |
| | | **(DKK million)** | |
| EBITDA | 5,002 | 4,956 | 5,020 |
| **Other income and expenses:** | | | |
| Gain on divestment | 806 | 83 | 90 |
| Other | 5 | 19 | 16 |
| Restructuring projects | (379) | (187) | (66) |
| Onerous contracts | (228) | — | — |
| Labour related claims | (100) | — | — |
| Loss on divestments | (72) | (42) | (24) |
| Build-up of IFS capabilities in North America | (50) | (62) | (52) |
| Costs related to exit processes | (15) | (2) | (111) |
| Misstatement of accounts | — | (98) | — |
| Revised estimate for social security contributions prior years | — | — | (47) |
| Other | (67) | (19) | (29) |
| Adjusted EBITDA | 5,102 | 5,264 | 5,243 |

(11) Represents Adjusted EBITDA divided by Revenue.

(12) Calculated as Profit before goodwill impairment/amortisation and impairment of brands and customer contracts divided by the average number of Shares outstanding (diluted). By using Profit before goodwill impairment/amortisation and impairment of brands and customer contracts as a starting point for the calculation of Adjusted Earnings Per Share, Basic, instead of Net profit/(loss) for the year, we exclude from the calculation of Adjusted Earnings Per Share, Basic, Goodwill impairment and Amortisation and impairment of brands and customer contracts.

(13) Includes current and non-current loans and borrowings, less cash and cash equivalents, less securities, less receivables from companies within the Group and less positive fair value of derivative financial instruments.

(14) Represents net investments in Intangible assets and Property, plant and equipment. Intangible assets and Property, plant and equipment exclude goodwill, brands and customer contract portfolios and related customer relationships.

(15) Represents the purchase price paid for acquired businesses, net of proceeds received from divested businesses.

(16) Represents Operating Profit Before Other Items (last twelve months) plus Changes in working capital (last twelve months) as a percentage of Operating Profit Before Other Items (last twelve months), which excludes capital expenditure not related to acquisitions. See "*Presentation of Financial and Certain Other Information*". Many of our peers calculate cash conversion including capital expenditure. If we were to calculate our cash conversion using this method, we would calculate it as Adjusted EBITDA plus changes in working capital less net capital expenditure not related to acquisitions, as a percentage of Adjusted EBITDA.

(17) As of end of period.

(18) Calculated as Revenue in the current year less comparable Revenue in the prior year, divided by comparable Revenue in the prior year, multiplied by 100. Comparable Revenue implies the exclusion of changes in Revenue attributable to businesses acquired or divested and the effect of changes in foreign exchange rates. In order to present comparable Revenue and thereby Organic Growth excluding any effect from changes in foreign currency exchange rates, comparable Revenue in the prior year is calculated at the subsequent year's foreign currency exchange rates. Acquisitions of businesses are treated as having been integrated into the Company upon acquisition, and our calculation of Organic Growth includes changes in Revenue of these acquired businesses compared with Revenue expectations at the

date of acquisition. Previously, the effect of divestments and acquisitions was adjusted in the actual consolidated revenue for the current year. This was changed in 2013 so that the effect of divestments and acquisitions is now adjusted in the prior year's actual consolidated revenue, in order to present a more logical calculation methodology. The change was retroactively implemented with respect to the 2008 to 2013 financial years. As a result of this change, there has been no significant impact on reported Organic Growth figures, either on a consolidated or regional basis. For further information, see "*Presentation of Financial and Certain Other Information*" and "*Operating and Financial Review—Revenue, Operating Costs and Operating Margins*".

(19) Represents Revenue from acquired entities, net of Revenue from divested businesses divided by Revenue in the prior year calculated at the subsequent year's foreign currency exchange rates.

(20) Calculated as Total revenue growth less Organic Growth and less Net acquisition/divestment growth. Currency adjustments thereby include the effect stemming from the exclusion of currency effects from the calculation of Organic Growth and Net acquisition/ divestment growth.

### Information by Geographical Segment, Service Type, Service Delivery Type and Customer Industry Segment

The following table presents our revenue and Operating Profit Before Other Items by geographical segment for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2011 | |
| | (DKK million) | % | (DKK million) | % | (DKK million) | % |
| **Revenue and Operating Margin by geographical segment:**[21] | | | | | | |
| Western Europe | 39,704 | 6.0 | 39,414 | 6.1 | 39,321 | 5.8 |
| Nordic region | 16,853 | 7.4 | 17,736 | 6.7 | 18,085 | 7.0 |
| Asia | 8,019 | 7.6 | 7,367 | 7.7 | 6,090 | 8.0 |
| Pacific | 5,105 | 5.0 | 6,007 | 5.2 | 5,525 | 6.5 |
| Latin America | 3,708 | 3.9 | 3,820 | 2.4 | 3,648 | 5.9 |
| North America | 3,459 | 2.9 | 3,539 | 4.3 | 3,369 | 3.4 |
| Eastern Europe | 1,657 | 6.6 | 1,605 | 6.4 | 1,641 | 6.5 |
| Other Countries | 38 | (3.2) | 36 | (3.0) | 30 | (3.5) |
| Corporate/eliminations | (84) | (0.7) | (70) | (0.5) | (65) | (0.6) |
| **Total revenue** | **78,459** | **5.5** | **79,454** | **5.6** | **77,644** | **5.7** |
| **Operating Profit Before Other Items and share of total Operating Profit Before Other Items by geographical segment:** | | | | | | |
| Western Europe | 2,388 | 55.3 | 2,407 | 54.6 | 2,268 | 51.7 |
| Nordic region | 1,246 | 28.9 | 1,190 | 27.0 | 1,268 | 28.9 |
| Asia | 608 | 14.1 | 564 | 12.8 | 486 | 11.1 |
| Pacific | 253 | 5.9 | 311 | 7.0 | 358 | 8.2 |
| Latin America | 145 | 3.4 | 91 | 2.1 | 215 | 4.9 |
| North America | 101 | 2.3 | 151 | 3.4 | 116 | 2.6 |
| Eastern Europe | 109 | 2.5 | 102 | 2.3 | 107 | 2.4 |
| Other Countries | (1) | (0.0) | (1) | (0.0) | (1) | (0.0) |
| Corporate/elimination | (534) | (12.4) | (404) | (9.2) | (429) | (9.8) |
| **Total Operating Profit Before Other Items** | **4,315** | **100.0** | **4,411** | **100.0** | **4,388** | **100.0** |

(21) Operations are managed based on a geographical structure in which countries are grouped into seven regions. The regions have been identified based on a key principle of grouping countries that share market conditions and cultures. The segment reporting is prepared in a manner consistent with our internal management and reporting structure.

The following table presents our revenue by service type for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2011 | |
| | (DKK million) | % | (DKK million) | % | (DKK million) | % |
| **Revenue by service type:** | | | | | | |
| Cleaning services | 38,494 | 49.1 | 39,514 | 49.7 | 39,470 | 50.9 |
| Property services | 15,307 | 19.5 | 14,987 | 18.9 | 15,003 | 19.3 |
| Catering services | 8,535 | 10.9 | 8,558 | 10.8 | 7,710 | 9.9 |
| Support services | 6,514 | 8.3 | 6,607 | 8.3 | 6,162 | 8.0 |
| Security services | 6,316 | 8.0 | 6,418 | 8.1 | 5,767 | 7.4 |
| Facility management services | 3,293 | 4.2 | 3,370 | 4.2 | 3,532 | 4.5 |
| **Total revenue** | **78,459** | **100.0** | **79,454** | **100.0** | **77,644** | **100.0** |

The following table presents our revenue by service delivery type for the years ended 2013, 2012 and 2011:

| | Year ended 31 December 2013 | | Year ended 31 December 2012 | | Year ended 31 December | |
|---|---|---|---|---|---|---|
| | (DKK million) | % | (DKK million) | % | (DKK million) | % |
| **Revenue by service delivery type:** | | | | | | |
| Single services | 44,890 | 57.2 | 47,359 | 59.6 | 47,338 | 61.0 |
| Multi-services | 12,895 | 16.4 | 13,304 | 16.7 | 13,680 | 17.6 |
| IFS | 20,674 | 26.4 | 18,791 | 23.7 | 16,626 | 21.4 |
| **Total revenue** | **78,459** | **100.0** | **79,454** | **100.0** | **77,644** | **100.0** |

The following table presents our revenue by customer industry segment for the years ended 2013, 2012 and 2011.

| | Year ended 31 December 2013 | | Year ended 31 December 2012 | | Year ended 31 December | |
|---|---|---|---|---|---|---|
| | (DKK million) | % | (DKK million) | % | (DKK million) | % |
| **Revenue by customer industry segment:** (22), (23) | | | | | | |
| Business services & IT | 23,085 | 29.4 | 22,822 | 28.7 | 21,399 | 27.6 |
| Industry & Manufacturing | 10,888 | 13.9 | 11,326 | 14.3 | 11,305 | 14.6 |
| Public administration | 10,592 | 13.5 | 11,018 | 13.8 | 11,139 | 14.3 |
| Healthcare | 8,902 | 11.3 | 9,075 | 11.4 | 8,674 | 11.2 |
| Retail & Wholesale | 5,651 | 7.2 | 5,761 | 7.3 | 5,495 | 7.1 |
| Transportation & Infrastructure | 5,394 | 6.9 | 5,654 | 7.1 | 5,627 | 7.2 |
| Energy & Resources | 3,147 | 4.0 | 3,438 | 4.3 | 3,434 | 4.4 |
| Hotels, Leisure & Entertainment | 2,970 | 3.8 | 3,191 | 4.0 | 3,242 | 4.2 |
| Food & Beverage | 2,651 | 3.4 | 2,677 | 3.4 | 2,505 | 3.2 |
| Pharmaceuticals | 2,099 | 2.7 | 1,313 | 1.7 | 1,306 | 1.7 |
| Other | 3,080 | 3.9 | 3,179 | 4.0 | 3,519 | 4.5 |
| **Total revenue** | **78,459** | **100.0** | **79,454** | **100.0** | **77,644** | **100.0** |

(22) Customer industry segment does not constitute a reportable accounting segment under our applied accounting policies and should not be used as a substitute for accounting segments in accordance with IFRS.

(23) Segmentation of revenue by customer industry segment follows the 10 customer segments identified by us, based on classifications of productive activities by the International Standard Industrial Classification.

## OPERATING AND FINANCIAL REVIEW

*The following is a discussion of our results of operations for the financial years ended 31 December 2013, 2012 and 2011 and our financial condition as of the end of such years. This discussion should be read in conjunction with the selected historical consolidated financial information included herein and our Audited Consolidated Financial Statements and the notes thereto presented under "Financial Information". Some of the information contained in the following discussion contains forward looking statements that are based on assumptions and estimates and are subject to risks and uncertainties. Investors should read the section entitled "Special Notice Regarding Forward Looking Statements" for a discussion of the risks and uncertainties related to those statements. Investors should also read the section entitled "Risk Factors" for a discussion of certain factors that may affect our business, results of operations or financial condition.*

### Overview of Our Business

We are a leading global provider of facility services, with operations in both established markets such as those in Western Europe and Emerging Markets. We have local management teams in 50 countries and operations in an additional 20 countries. We are one of the largest private employers in the world with 533,544 employees as of 31 December 2013. We achieved total revenue of DKK 78.5 billion and Operating Profit Before Other Items of DKK 4.3 billion in 2013.

We offer our customers a range of facility services, which include: (i) cleaning services, such as daily office and facility cleaning, industrial cleaning, cleaning services for transport services, dust control and specialised cleaning services; (ii) property services, such as building maintenance and technical services, landscaping and pest control services; (iii) catering services, such as in-house restaurants, hospital canteens, catering services to remote sites, executive dining, corporate catering and office catering solutions such as coffee points; (iv) support services, such as call centres, reception and switchboard services, office logistics and manpower supply; (v) security services, such as guarding, access control and patrolling of customer facilities and installation of alarms and access control systems; and (vi) facility management services, such as on-site management of facility services, change management, space management and consulting.

We deliver these services to our customers as either single services, multi-services or IFS. Single service contracts are those where we provide one type of service, such as cleaning services, to the customer. Multi-services refer to the provision of two or more non-integrated service types to one customer. We also provide IFS whereby we provide two or more service types under one contract, together with on-site management through a single point of contact with the customer, which allows us to integrate the facility services functions at the customer's premises. We have, in recent years, increasingly developed our business to enable us to provide IFS solutions. By offering an IFS solution, we provide customers not only with the benefits of specific service types, such as service excellence, labour and human resources management, the transfer of operational risk and our procurement expertise, but also with the integration of the services which allows our customers to reduce their administration costs and increase their operational flexibility.

We deliver services to our customers mainly through the use of our own employees (self-delivery) with only limited use of subcontractors. We believe that our ability to self-deliver enables us to provide our customers with several benefits including direct control over, and accountability for, resources employed, as well as the ability to standardise the service delivery and assess and manage risk related to specific contracts in a manner which we would not be able to if we relied mainly on subcontractors.

Our global footprint includes operations in Western Europe; the Nordic region; Asia; the Pacific; Latin America; North America and Eastern Europe. Although we are a global facility services provider, a strategic cornerstone of our business is our decentralised business model whereby management teams work independently, using local initiative, control and knowledge of local labour market conditions. This is leading to the development of local business strategies reflecting local demand. We call this our "multi-local" approach.

We have a large and diverse customer base operating in a wide range of industries and in the public sector, ranging in size from large, multi-national corporations seeking IFS to smaller businesses requiring a single service. Our 10 largest customer contracts together accounted for not more than 11% of our revenue in 2013. Our Global Corporate Clients Organisation provides a single point of contact for international contracts to multi-national customers and is instrumental in obtaining international contracts with multi-national customers across the regions and countries in which we operate. Multi-national customers with whom we have large IFS international contracts include, among others, Citi, H.J. Heinz, Nordea, Telenor, Novartis, Barclays, Deutsche Bank, the UK Foreign Commonwealth Office, Hewlett Packard and UBS.

Our key customer industry segments, which are based on classifications of productive activities by the International Standard Industrial Classification, include: Business Services & IT; Industry & Manufacturing; Public Administration; Healthcare; Transportation & Infrastructure; Retail & Wholesale; Energy & Resources; Hotels, Leisure & Entertainment; Food & Beverage; and Pharmaceuticals. Business Services & IT and Industry & Manufacturing are our largest customer industry segments, which represented 29.4% and 13.9% of 2013 revenue, respectively.

**Revenue, Operating Costs and Operating Margins**

***Revenue***

We generate revenue from the delivery of various facility services either as single services, multi-services or IFS. Our revenue is measured at fair value of the consideration received less VAT and duties as well as price and quantity discounts. Revenue is recognised in proportion to the stage of completion provided that the amount of revenue can be measured reliably, the recovery of the consideration is probable, the stage of completion can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The development of our revenue is affected by Organic Growth, growth in revenue from acquisitions, negative growth from divestments and foreign currency fluctuations. These factors are described in greater detail below.

- *Organic Growth*: Organic revenue growth is one of our key operational priorities. Organic Growth represents the percentage change in our revenue as compared to the prior period, excluding changes in revenue attributable to businesses acquired or divested and the effect of foreign exchange rates. Our Organic Growth is calculated as comparable revenue in the current year less comparable revenue in the prior year, divided by comparable revenue in the prior year, multiplied by 100. Comparable revenue reflects the exclusion of estimated changes in revenue attributable to businesses acquired or divested and the effect of changes in foreign exchange rates. In order to exclude any effect from changes in foreign currency exchange rates, comparable revenue in the prior year is calculated at the subsequent year's foreign currency exchange rates. Acquisitions of businesses are treated as having been integrated into ISS upon completion of the acquisition, and ISS' calculation of Organic Growth includes changes in revenue of the acquired businesses compared with revenue expectations at the date of acquisition. For the years ended 31 December 2013, 2012 and 2011, Organic Growth was 4.3%, 1.7% and 6.3%, respectively. See "*Presentation of Financial and Certain Other Information—Non-IFRS Financial Measures*" and "*Business—Our Strategy and Strengths*" for further information about our organic revenue growth and the way that we calculate Organic Growth.
- *Growth from acquisitions*: Growth from acquisitions is a measurement of the growth in our revenue attributable to acquired businesses, at constant foreign exchange rates. Growth from acquisitions is calculated as revenue from acquired entities divided by group revenue in the prior year calculated at the subsequent year's foreign currency exchange rates. Acquired businesses are treated as having been integrated into ISS upon acquisition and the revenue attributable to them is based upon internal management accounts of such acquired businesses and adjusted to take into account additional information available at the time of completion of the acquisition. For the years ended 31 December 2013 and 2012, the total annualised revenue of acquired businesses amounted to DKK 8 million and DKK 49 million, respectively, and the growth from acquisitions were nil in each year. We did not make any acquisitions in 2011. See "*Business—Divestments and Acquisitions*" for a discussion on our historical acquisitions and our acquisition strategy.
- *Negative growth from divestments*: Negative growth from divestments is a measurement of the adjustment in our revenue attributable to divested businesses, at constant foreign exchange rates. Negative growth from divestments is calculated as revenue from divested entities divided by group revenue in the prior year calculated at the subsequent year's foreign currency exchange rates. The adjustment of revenue attributable to divestments is based on estimates by our management in the respective jurisdictions in which these divestments occurred at the time of such divestment and actual results where available. For the years ended 31 December 2013, 2012 and 2011, the total annualised revenue of divested businesses amounted to DKK 2,934 million, DKK 872 million and DKK 1,997 million, respectively, and the negative growth from divestments, amounted to 2% in each year. See "*Business—Divestments and Acquisitions*".
- *Fluctuations in foreign currencies*: The translation of our revenue is impacted by changes in foreign currencies. We calculate the effect of fluctuations in foreign currencies as a residual of total revenue

growth, Organic Growth and net acquisition/divestment growth. Currency adjustments thereby include the effect stemming from the exclusion of currency effects from the calculation of Organic Growth and net acquisition/divestment growth. See "*—Principal Factors Affecting Our Results of Operations—Foreign currency translation*" below, for a more detailed discussion.

***Operating costs***

Our operating expenses consist of:

- *Staff costs*. Our principal operating expense is staff costs, which consists of salaries and wages, pensions, social security expenses and other employee related expenses. Our staff costs are flexible as a result of the relatively high employee turnover that is characteristic of the facility services industry, which enables us to reduce our staffing levels when necessary by limiting our hiring of new employees. We consider the majority of staff costs to be variable costs. For the years ended 31 December 2013, 2012 and 2011, staff costs comprised 65.3%, 65.5% and 64.5% of our revenue, respectively.
- *Consumables*. Consumables comprise material consumption related to the recognised revenue, for example, chemicals, food costs, cloths and uniforms. We consider the majority of consumables to be variable costs. For the years ended 31 December 2013, 2012 and 2011, consumables comprised 8.9%, 8.8% and 8.7% of our revenue, respectively.
- *Other operating expenses*. The remainder of our operating expenses primarily consist of expenses related to the operation of service equipment and other non-current assets, subcontractors and other external assistance and other selling, distribution and administrative expenses. For the years ended 31 December 2013, 2012 and 2011, other operating expenses comprised 19.3%, 19.0% and 20.0% of our revenue, respectively.

***Operating Margin***

Our Operating Margin has been resilient and consistent due to strong industry fundamentals. Our large employee base is highly flexible given natural staff turnover in the sector and the inherent ability to adapt recruitment according to operational needs. Furthermore, regulation in certain regions (e.g. E.U.) provides the ability to transfer staff to a new provider or in-house service provider in case of contract termination under certain circumstances. Our local scale and operational density also allows us to shift employees among existing customer contracts and locations over time.

For the years ended 31 December 2013, 2012 and 2011, the Operating Margin was 5.5%, 5.6% and 5.7%, respectively. In addition to the facts discussed under "*—Principal Factors Affecting Our Results of Operations*" below, our Operating Margin is impacted by:

- *Initiatives aimed at Operating Margins*. We seek to sustain, and improve, our Operating Margins through a continued focus on executing The ISS Way strategy. See "*Business—Our Strategy and Strengths—Our Strategy*". We believe that initiatives undertaken under The ISS Way strategy will increase our local market positions and operational densities, and together with our effort to promote the consistent implementation of company-wide best practice, stronger sales excellence, continued focus on customer industry segments and customer segments by size and optimisation of our self-delivery capabilities, will allow us to improve operational efficiency.
- *Limited levels of non-acquisition related depreciation and amortisation*. We have low levels of net capital expenditure which is not related to acquisitions as our business is capital light which, in turn, results in limited related depreciation and amortisation. For the years ended 31 December 2013, 2012 and 2011, the net capital expenditure not related to acquisitions amounted to 1.0%, 1.0% and 1.3% of our revenue, respectively.
- *Strategic divestments of certain non-core activities*. Our portfolio monitoring, carried out through the review of the strategic fit of our business units, is central to The ISS Way strategy and identifies and evaluates certain activities that we consider to be non-core to The ISS Way strategy, some of which have recently been divested or will be divested in the future. We believe that these divestments will have a positive impact on our Operating Margin in the longer term through alignment with our business platform. In the short term, specific divestments may have an adverse effect on Operating Margin depending on the particular businesses. For example, the 2013 Pest Control Divested Businesses had an Operating Margin of 18.8% and 17.6% in 2012 and 2011, respectively, as compared to the Group's reported Operating Margin of 5.6% and 5.7% in 2012 and 2011, respectively. In 2013, the 2013 Pest

Control Divested Businesses had an Operating Margin of 19.5%, as compared to the Group's reported 2013 Operating Margin of 5.5%, through to the date of the divestiture. For further information on our estimated total revenue and Operating Profit Before Other Items for all divested businesses, see Note 4.1 to our audited consolidated financial statements for the year ended 31 December 2013 included under "*Financial Information*".

- *Increase in IFS*. Our Estimated Weighted-Average IFS Operating Margin is typically margin accretive over the length of the contract. We believe that an increase in the contribution of IFS as a proportion of total services will have a positive impact on our Operating Margin. In the period from 2011 to 2013, Estimated Weighted-Average IFS Operating Margin has been calculated at approximately 6-7%, compared to the Group's average Operating Margin of 5.6% in the same period. For further information, see "*Presentation of Financial and Certain Other Information*".
- *Emerging Markets*. From 2008 to 2013, our operations in Emerging Markets have been margin accretive. We expect that accelerated demand for IFS and increased IFS penetration rates in Emerging Markets as these markets mature provide an opportunity to improve our Operating Margins.

### Principal Factors Affecting Our Results of Operations

Our results of operations have been affected in the periods under review, and are expected to continue to be affected, by the following principal factors relating to our business.

#### *General economic conditions*

We believe that demand for, and price of, our services generally correlate with economic conditions, including growth in gross domestic product, in the countries in which we operate. In particular, periods of recession or deflation may have an adverse impact on prices, payment terms and on the demand for our services, particularly if customers downsize their businesses or reduce their demand for services. However, we believe that the facility services industry is less sensitive to economic cycles than a number of other industries. Our Portfolio Business in particular has tended to be more resilient historically and was less affected during the recent economic downturns than our Non-Portfolio Business, which is at a cyclical low both in absolute terms and as a percentage of Group revenue. A rebound of macro-economic conditions is expected to drive increased demand for our Non-Portfolio Business which typically has higher margins as additional overhead costs are not required and competition is reduced.

Other than the factors described in this section "*—Principal Factors Affecting Our Results of Operations*", we do not consider any governmental, economic, fiscal, tax, monetary or political policy or factor individually to have had a material effect, directly or indirectly, on the Group's operations in the previous three financial years. See "*Risk Factors*" for information regarding any governmental, economic, fiscal, tax, monetary or political policies or factors that could materially affect, directly or indirectly, our operations in the future.

#### *Outsourcing trends*

We are dependent on the continued growth in the demand for outsourcing of facility services, whether as a single services, multi-services or IFS. Outsourcing trends may be influenced by a number of factors, including public opinion, economic constraints in times of economic downturns and adverse tax regulations in certain countries aimed at discouraging outsourcing. The estimated global level of outsourcing across five of our service types (cleaning services, property services, catering services, support services and security services) was 52% in 2006 and 55% in 2012, and we expect a steady continuation of this growth in outsourcing to an expected level of 57% by 2018. See "*Industry*" for a more detailed discussion.

#### *IFS trends*

We are dependent on the continuous growth in demand for IFS, both in our established markets and in Emerging Markets, which depends upon customers continuing to realise the operational and commercial benefits of migrating from single services and multi-services towards IFS. See "*Industry—Integrated facility services trend*" for a more detailed discussion.

#### *Divestments and acquisitions*

Consistent with our portfolio monitoring, we have divested a number of activities and smaller businesses during the periods under review that we considered to be non-core to The ISS Way strategy. In 2013, 2012 and

2011, we made a total of 14, 8 and 12 such divestments, respectively. These businesses had estimated annual revenue corresponding to approximately 3.7%, 1.1% and 2.6% of our total revenue in the respective years. For further information on our estimated total revenue and Operating Profit Before Other Items for all divested businesses, see Note 4.1 to our audited consolidated financial statements for the year ended 31 December 2013 included under "*Financial Information*".

In 2013 we divested our pest control activities in Australia, Austria, Belgium, Denmark, Germany, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain and Switzerland and our washroom activities in Australia, Italy and New Zealand (together, the "**2013 Pest Control Divested Businesses**") which we sold for an enterprise value of approximately DKK 2 billion. In 2013, the 2013 Pest Control Divested Businesses had revenues of DKK 408 million and Operating Profit Before Other Items of DKK 79 million, with an Operating Margin of 19.5% (as compared to a reported Operating Margin of 5.5% for 2013 for the Group, through the date of divestiture). Depreciation and amortisation relating to the 2013 Pest Control Divested Businesses was DKK 0 million in 2013. The 2013 Pest Control Divested Businesses had revenues of DKK 1,042 million and DKK 984 million in 2012 and 2011, respectively, and Operating Profit Before Other Items of DKK 196 million and DKK 173 million in 2012 and 2011, respectively, with an Operating Margin of 18.8% and 17.6% in 2012 and 2011, respectively (as compared to a reported Operating Margin of 5.6% and 5.7% for 2012 and 2011, respectively, for the Group). Depreciation and amortisation relating to the 2013 Pest Control Divested Businesses was DKK 17 million in 2012 and DKK 19 million in 2011.

Our damage control activities in the Nordic region and minor property and support service activities in Europe were also divested in 2013. Divestments completed in 2012 included our security activities and governmental outplacement services in Norway; our landscaping activities in the Netherlands; our washroom activities in the Netherlands, Belgium and Luxembourg; our mailroom and office support services in France; and our specialised consulting business in Finland. During 2011, we divested our industrial services activities in Belgium and Finland; our damage control activities in Germany; our home care services activities in the Netherlands and our coffee vending machine business in Denmark and Norway, as well as seven additional minor businesses in Western Europe, the Nordic region and Singapore. Following certain divestments, we entered into local partnerships to ensure that we can continue to offer services to complement our IFS delivery. Our partnerships include, among others, those with Anticimex in relation to the 2013 Pest Control Divested Businesses, Berendsen for delivery of washroom services and Sarah Lee in respect of services relating to our coffee vending machine divestments. Assets and liabilities related to non-core activities held for sale as of 31 December 2013 amounted to DKK 1,950 million and DKK 1,016 million, respectively.

We have made a very limited number of acquisitions during the periods under review as our strategic focus shifted away from building a platform mainly through acquisitions, instead focusing on driving Organic Growth by taking advantage of our existing global platform. We made one acquisition in 2013 and one acquisition in 2012, while we made zero acquisitions in 2011. We expect to continue focusing on Organic Growth and leveraging this platform going forward, and we expect our acquisition policy to remain disciplined and focused only on selective acquisitions. See "*Business—Divestments and Acquisitions*" for a more detailed discussion.

***Global Corporate Clients Organisation***

Consistent with our strategic focus on providing IFS to large multi-national customers, our Global Corporate Clients Organisation provides a single point of contact for international IFS contracts to multi-national customers. In addition to obtaining international IFS contracts from these customers, the Global Corporate Clients Organisation also negotiates these contracts, facilitates the transitioning towards a stronger IFS company and provides support to our IFS development.

Revenue derived from the Global Corporate Clients Organisation accounted for approximately 8.3%, 5.0% and 4.4%, respectively, of our total revenue in the years ended 31 December 2013, 2012 and 2011, respectively. We believe that the Global Corporate Clients Organisation will continue to have a substantial impact on our results of operations. See "*Business—Customers—Key global and regional customer relationships*", for a more detailed discussion of the key customer relationships within the Global Corporate Clients Organisation.

In addition, as of 31 December 2013 our Estimated Contract Value was DKK 29.4 billion, including the extension of the Hewlett Packard global agreement in January 2014. The Estimated Contract Value reflects expected revenue as of 31 December 2013 and assumes that services will be provided for the entire duration of the contract. Revenue from the contracts included in Estimated Contract Value is expected to be recognised over several years. For further information, see "*Presentation of Financial and Certain Other Information*".

### *Emerging Markets*

A part of our operations is also located in Emerging Markets, which for the years ended 31 December 2013, 2012 and 2011 accounted for 22.6%, 21.2% and 19.3% of our total revenue, respectively, and 56.0%, 53.6% and 53.0% of total number of employees, respectively. We believe that demand for complex IFS in emerging markets will accelerate as these markets develop and customers become more familiar with the expanded value propositions and potential for risk mitigation, providing Organic Growth opportunities and the potential to improve our Operating Margins. We also expect that the majority of any acquisitions will take place in emerging markets.

### *Regional or country specific factors*

Notwithstanding our global presence, our overall financial performance can be affected by external or internal factors relating to a specific region or country. In certain European countries in which we operate, we have in the period from 2011 to 2013 been negatively affected by the region's challenging macroeconomic conditions, including the impact from one-off austerity measures introduced in several countries as well as service and price reduction measures from both private and public customers. In addition, we have been impacted by certain operational challenges, especially in the Netherlands and France, which we are continuing to address.

To the extent negative external factors improve or we are able to improve internal negative factors in a region or country, our Operating Margins there should improve in subsequent periods. However, if positive external factors deteriorate in any of the regions or countries in which we operate, our Operating Margins may decline.

### *Seasonality*

Our Operating Margin is typically lower in the first quarter of the year and gradually increases throughout the year. The increasing Operating Margin throughout the year is a result of various services, such as landscaping, pest control and certain building maintenance functions being weather dependent. Moreover, the demand for additional services tends to be higher in the summer months where customers traditionally perform deep cleans of their sites (for example, in factories and production facilities). Changes in working capital tend to be lower in the first quarter and higher in the fourth quarter of the year due to payment relating to, among other things, pension contributions. Cash flow from operations also tends to be lower in the first quarter of the year due to a number of cash payments relating to, among other things, pension contributions, insurance premium payments, holiday payments and the payment of bonuses earned in the prior year. Cash flow from operations becomes increasingly positive throughout the year and is usually highest in the fourth quarter, when revenue recognised in the third quarter is collected.

### *Foreign currency translation*

Our business is characterised by a relatively low level of transactional risk, since the services are produced and delivered in the same local currency with minimal exposure from imported components. For the year ended 31 December 2013, 96% of our consolidated revenue was generated in currencies other than Danish kroner, our reporting currency. Revenue from countries with Euro, British pound sterling, Norwegian kroner and Swedish kroner as their functional currencies amounted to 34%, 12%, 7% and 5% of our revenue, respectively. Our consolidated financial statements are therefore affected by movements in the exchange rates of the currencies of the countries other than Denmark in which our subsidiaries operate. For example, in 2013, the appreciation of the Danish kroner against foreign currencies decreased our consolidated revenue by approximately DKK 2.1 billion, or 2.9%.

### *Restructuring*

As part of The ISS Way strategy, we engage in a number of ongoing restructuring projects such as redundancy payments, termination of leaseholds and relocation projects aimed at realising cost reductions. In 2011, expenses relating to restructuring projects (disclosed in the note to other income and expenses, net) amounted to DKK 66 million and related to a number of projects in Brazil, Finland, Norway, the Netherlands and the consolidation of office locations and other efficiency improvements as well as changes in the organisational structure. In 2012, expenses related to restructuring projects (disclosed in the note to other income and expenses, net) amounted to DKK 187 million and mainly related to structural adjustments in France, Norway, Brazil and the Netherlands, consolidation of office locations and other efficiency improvements in Norway as well as redundancy and severance payments relating to senior management changes. In 2013, expenses related to restructuring projects (disclosed in the note to other income and expenses, net) amounted to DKK 379 million and mainly related to structural adjustments in the United Kingdom, Greece, France, Brazil, Denmark and the United States. The restructuring projects include cost reductions aimed at making ISS more efficient in the future and primarily include redundancy payments, termination of leaseholds and relocation costs, exceptional provisions for impairment losses on receivables as well as redundancy and severance payments relating to senior management changes.

***Tax effects***

As described in the year-on-year comparisons to follow, our tax expense has historically been impacted by statutory Danish limitations on deduction of interest expenses. Following the completion of the Offering, we expect that our lower financial leverage will result in our future interest expenses being tax-deductible, which should decrease our effective tax rate. For further historical information, see "*Comparison of Results of Operations of the Financial Years Ended 31 December 2013, 2012 and 2011—Income tax effect*".

***Financial statement effects of the acquisition of ISS World Services A/S in May 2005***

In connection with the acquisition of ISS World Services A/S (formerly named ISS A/S) in May 2005, a purchase price of approximately DKK 22 billion was paid for the shares. When preparing consolidated financial statements for the acquiring company, ISS A/S, the purchase price paid was allocated to the identifiable assets, liabilities and contingent liabilities which were restated at their fair value. The residual amount was allocated to goodwill.

As the carrying amount of the net assets of ISS World Services A/S was approximately DKK 9 billion at the time of the 2005 Acquisition, the fair value adjustment of net assets resulted in significantly higher carrying amounts for intangible assets, i.e., goodwill, brands and customer contracts. Further, the fair value of non-current loans and borrowings was lower than the carrying amount. Finally, the deferred tax liabilities increased primarily as a result of the increase in the value of customer contracts and brands.

In accordance with applicable IFRS, the purchase price was allocated to each individual country (ISS' relevant cash generation unit ("**CGU**") level) and consequently the net assets in each country were adjusted to fair value in May 2005. This allocation has been binding following the closure of the twelve month window for adjustments. Consequently, subsequent impairment tests have been performed at country level based on these higher values of net assets.

The table below presents the effect of the 2005 Acquisition Fair Value Adjustments at the time of acquisition and the effect remaining at 31 December 2013:

| | Fair value adjustments following the 2005 Acquisition | Fair value adjustments remaining at 31 December 2013 |
|---|---|---|
| | (DKK million) | |
| Goodwill(1) | 6,443 | 4,330 |
| Brands(2) | 1,657 | 1,590 |
| Customer contracts(3) | 6,665 | 1,831 |
| Other assets(4) | (156) | — |
| Pensions(5) | (30) | — |
| Deferred tax liabilities(6) | (2,960) | (866) |
| Non-current loans and borrowings(7) | 1,811 | 20 |
| Non-controlling interests and other non-current and current liabilities(8) | (299) | (1) |
| **Total identifiable net assets and goodwill** | **13,131** | **6,904** |

(1) As indicated in annual impairment tests carried out, goodwill has been impaired in certain countries subsequent to the 2005 Acquisition. All such impairments have at consolidated level systematically been recognised against 2005 Acquisition Fair Value Adjustments initially. If goodwill impairment losses could not be absorbed by the 2005 Acquisition Fair Value Adjustments in respect of the relevant country, any remaining amount was recognised against goodwill booked in the individual country. In respect of divestments and assets held for sale, goodwill was reduced with the share related to the entity/service line being divested or held for sale, based on derecognition of any locally booked goodwill related to the entity/service line and the share of the purchase price allocation ("**PPA**") goodwill adjustment allocated to the country in May 2005. The share of total goodwill to be allocated to the divestment and assets held for sale has been determined by applying the proportionate share of earnings applied in allocation of goodwill to the various service lines, etc. in each country in May 2005 including allocation of country costs between the various service lines, etc.

(2) 2005 Acquisition Fair Value Adjustments related to the ISS brand are not amortised. The accumulated reduction since 2005 solely comprises impact from exchange rate adjustments and amortisation of local brands in the United Kingdom, France, Greece and Germany, respectively.

(3) 2005 Acquisition Fair Value Adjustments related to customer contracts are amortised according to an individual amortisation schedule for each CGU determined in 2005. If impairment tests have shown impairment of the consolidated carrying amount of customer contracts, all such impairments have at the consolidated level systematically been recognised against 2005 Acquisition Fair Value Adjustments initially. If customer contract impairment losses could not be absorbed by the 2005 Acquisition Fair Value Adjustments in respect of the relevant country, the remaining amount has been recognised against customer contracts booked locally in the individual country. Further, reductions reflect exchange rate adjustments, impact from divestments and assets held for sale. In respect of divestments and assets held for sale, customer contracts have been reduced with the share related to the entity/service line being divested or held for sale, based on derecognition of any local customer contracts related to the entity/service line and the share of the PPA customer contracts adjustment allocated to the country in May 2005. The share of total customer contracts has been determined by applying the proportionate share of earnings applied in allocation of the customer contracts to the various service lines, etc. in each country in May 2005 including allocation of country costs to the various service lines, etc.

(4) 2005 Acquisition Fair Value Adjustments comprised adjustment to valuation of private finance initiative ("**PFI**") contracts in the United Kingdom, etc. No adjustment remained at 31 December 2013 as all amounts were settled in prior years.

(5) Original adjustment related to actuarial fair value adjustments based upon updated calculations as of 9 May 2005. No PPA adjustment remained at 31 December 2013 as the fair values were aligned with updated ISS Group actuarial calculations at 31 December 2005.

(6) For each individual adjustment a deferred tax asset and liability was calculated and has been reduced accordingly over the period when relevant balances have changed.

(7) Original adjustment related to fair value of non-current loans and borrowings being lower than the carrying amount of non-current loans and borrowings and fair value adjustment on related swaps. The remaining adjustment solely relates to the amount of 2014 Medium Term Notes outstanding at 31 December 2013.

(8) Original adjustment related to bonuses, options, warrants and advisory fees partly set off by the related tax impact, which in all material respects have been settled in prior years.

The following table segregates the income statement effect of the 2005 Acquisition, as described in footnotes 1-8 to the table above, for each accounting period presented. This presentation is not in accordance with IFRS and is intended for additional analysis of our business. Management does not consider the impact of the amortisation and impairments when evaluating the overall development of the Group, including enterprise value of the Company. Although certain of the allocations of fair value were attributable, at the time, to countries which later could not support the valuation, there has been growth in other countries which positively impacts the overall enterprise value of the Company. Therefore, management performs an analysis of operations, excluding such items.

| | Year ended 31 December | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | | 2012 | | | 2011 | | |
| | Actual | Accounting impact from the 2005 Acquisition Fair Value Adjustment | Actual adjusted for the accounting impact from the 2005 Acquisition Fair Value Adjustment | Actual | Accounting impact from the 2005 Acquisition Fair Value Adjustment | Actual adjusted for the accounting impact from the 2005 Acquisition Fair Value Adjustment | Actual | Accounting impact from the 2005 Acquisition Fair Value Adjustment | Actual adjusted for the accounting impact from the 2005 Acquisition Fair Value Adjustment |
| | (DKK million) | | | | | | | | |
| **Operating Profit Before Other Items**(1) | **4,315** | **—** | **4,315** | **4,411** | **—** | **4,411** | **4,388** | **—** | **4,388** |
| Other income and expenses, net | (100) | 97 | (197) | (308) | (24) | (284) | (223) | (3) | (220) |
| **Operating Profit**(2) | **4,215** | **97** | **4,118** | **4,103** | **(24)** | **4,127** | **4,165** | **(3)** | **4,168** |
| Share of result from equity-accounted investees | 6 | — | 6 | 4 | — | 4 | 0 | — | 0 |
| Financial income and expenses, net | (2,276) | (22) | (2,254) | (2,726) | (22) | (2,704) | (2,802) | (22) | (2,780) |
| **Profit before tax and goodwill impairment/ amortisation and impairment of brands and customer contracts** | **1,945** | **75** | **1,870** | **1,381** | **(46)** | **1,427** | **1,363** | **(25)** | **1,388** |
| Income taxes(3) | (919) | 5 | (924) | (960) | 5 | (965) | (888) | 5 | (893) |
| **Profit before goodwill impairment/amortisation and impairment of brands and customer contracts** | **1,026** | **80** | **946** | **421** | **(41)** | **462** | **475** | **(20)** | **495** |
| Goodwill impairment | (985) | (119) | (866) | (385) | (176) | (209) | (501) | (179) | (322) |
| Amortisation and impairment of brands and customer contracts(4) | (667) | (398) | (269) | (679) | (319) | (360) | (708) | (342) | (366) |
| Income tax effect(5) | 229 | 153 | 75 | 193 | 100 | 93 | 231 | 114 | 117 |
| **Net profit/(Loss) for the year** | **(397)** | **(284)** | **(113)** | **(450)** | **(436)** | **(14)** | **(503)** | **(427)** | **(76)** |

(1) Excluding Other income and expenses, net, Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(2) Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(3) Excluding tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
(4) Includes customer contract portfolios and related customer relationships.
(5) Income tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.

As illustrated above our Net profit/(Loss) in 2013, 2012 and 2011 has been negatively impacted primarily by non-cash charges related to Goodwill impairment and Amortisation and impairment of brands and customer contracts following impairment tests in the respective years.

The amortisation and impairments related to the 2005 Acquisition have had a negative effect on net income in the amount of DKK 284 million, DKK 436 million and DKK 427 million for the years ended December 31, 2013, 2012, and 2011, respectively. As presented in the table above, historical Net profit/(Loss) adjusted to eliminate the financial statement impact of such amounts is DKK 113 million, DKK 14 million and DKK 76 million as of December 31, 2013, 2012 and 2011, respectively.

The income statement effects of the 2005 Acquisition will in the future depend on the development in the individual countries (impairment losses of goodwill, brands or customer contracts following impairment tests) as well as ordinary amortisation of customer contracts in future years. The customer contracts are amortised using the declining balance method for amortisation. We have in the period from 2005 to 2013 applied an average percentage of 13-14% and the remaining balance to be amortised was DKK 1,831 million at 31 December 2013. The income tax effect related to intangibles will be positively impacted by the tax effect of amortisation of customer contracts. The effective tax rate is the weighted average of the statutory tax rates of the countries to which the amortisation relates.

**Recent Events**

On 8 January 2014, we announced the sale of our commercial security business in Australia and New Zealand, although we will continue to provide security services at major airports in Australia. The transaction is subject to the satisfaction of certain customary conditions and we expect the sale to be completed in the first quarter of 2014.

On 29 January 2014, we completed the sale of our pest control activities in India. The divestment will not have any effect on ISS' other service offerings in India.

On 5 February 2014, we completed the divestment of our security activities in Israel.

On 28 February 2014, we completed the sale of our landscaping activities in France. We acquired these activities in 2001 and had developed these activities into a leading landscaping provider in France, conducting maintenance and construction of public parks, gardens, ponds, highways and railways as well as sports, leisure and urban facilities.

These divestments are in line with our strategy to divest activities that we consider to be non-core to The ISS Way strategy. The divested businesses in France, India and Israel had revenue in 2013 of DKK 2,363 million and are expected to reduce our net debt by approximately DKK 840 million. The divested business in Australia and New Zealand had revenue in 2013 of DKK 832 million and is expected to reduce our net debt by approximately DKK 110 million. For further information on our recent divestments and our divestment strategy, see "*Business—Divestments and Acquisitions*".

On 3 February 2014, we announced the extension of the global IFS contract with Hewlett Packard until the end of 2018. This is one of the largest global facility services agreements in the industry, whereby we will continue to deliver IFS to more than 500 Hewlett Packard sites in 58 countries across five continents.

On 18 February 2014, we announced that our Board of Directors had elected board member Thomas Berglund as Deputy Chairman of the Board of Directors.

On 18 February 2014, we entered into the 2014 Facilities Agreement. For further information, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial indebtedness—2014 Facilities*".

Apart from the above and the events described in the consolidated financial statements, we are not aware of events subsequent to 31 December 2013 which are expected to have a material impact on the Group's financial position or the operational objectives as set forth in *"Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014"*.

**Comparison of Results of Operations of the Financial Years Ended 31 December 2013, 2012 and 2011**

The following table presents our results of operations (including each item as a percentage of the revenue) for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2013[(1)] | | 2012[(1)] | | 2011[(1)] | |
| | (DKK million) | (%) | (DKK million) | (%) | (DKK million) | (%) |
| Revenue | 78,459 | 100.0 | 79,454 | 100.0 | 77,644 | 100.0 |
| Staff costs | (51,234) | (65.3) | (52,071) | (65.5) | (50,089) | (64.5) |
| Consumables | (6,949) | (8.9) | (7,009) | (8.8) | (6,751) | (8.7) |
| Other operating expenses | (15,174) | (19.3) | (15,110) | (19.0) | (15,561) | (20.0) |
| Depreciation and amortisation | (787) | (1.0) | (853) | (1.1) | (855) | (1.1) |
| **Operating Profit Before Other Items** | **4,315** | **5.5** | **4,411** | **5.6** | **4,388** | **5.7** |
| Other income and expenses, net | (100) | (0.1) | (308) | (0.4) | (223) | (0.3) |
| **Operating Profit** | **4,215** | **5.4** | **4,103** | **5.2** | **4,165** | **5.4** |
| Share of result from equity-accounted investees | 6 | 0.0 | 4 | 0.0 | 0 | 0.0 |
| Financial income | 170 | 0.2 | 217 | 0.3 | 197 | 0.3 |
| Financial expenses | (2,446) | (3.1) | (2,943) | (3.8) | (2,999) | (3.9) |
| **Profit before tax and goodwill impairment/ amortisation and impairment of brands and customer contracts** | **1,945** | **2.5** | **1,381** | **1.7** | **1,363** | **1.8** |
| Income taxes | (919) | (1.2) | (960) | (1.2) | (888) | (1.2) |
| **Profit before goodwill impairment/ amortisation and impairment of brands and customer contracts** | **1,026** | **1.3** | **421** | **0.5** | **475** | **0.6** |
| Goodwill impairment | (985) | (1.3) | (385) | (0.5) | (501) | (0.6) |
| Amortisation and impairment of brands and customer contracts | (667) | (0.8) | (679) | (0.8) | (708) | (0.9) |
| Income tax effect | 229 | 0.3 | 193 | 0.2 | 231 | 0.3 |
| **Net profit/(loss) for the year** | **(397)** | **(0.5)** | **(450)** | **(0.6)** | **(503)** | **(0.6)** |

(1) For an explanation of how certain of the items in the table below have been calculated, please refer to the footnotes accompanying the corresponding items in "*Selected Historical Consolidated Financial and Operating Information—Income Statement Data*".

***Revenue***

In 2013, our revenue was DKK 78,459 million, a decrease of DKK 995 million, or 1.3%, compared to our revenue of DKK 79,454 million in 2012. The decrease was mainly due to a negative effect from exchange rate movements of 3% and a negative impact from divestments of non-core activities of 2%. Partly offsetting these negative deviations was a positive Organic Growth of 4.3%.

Our revenue increased by DKK 1,810 million, or 2.3%, to DKK 79,454 million in 2012 from DKK 77,644 million in 2011, principally driven by Organic Growth of 1.7% and a positive effect from exchange rate movements of 2% which was partly offset by the divestment of non-core activities representing 2% of our 2011 revenue.

*Revenue by region*

The following table provides information concerning revenue in each of our regions for the years ended 2013, 2012 and 2011:

| | Revenue (DKK million) for the year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Western Europe | 39,704 | 39,414 | 39,321 |
| Nordic region | 16,853 | 17,736 | 18,085 |
| Asia | 8,019 | 7,367 | 6,090 |
| Pacific | 5,105 | 6,007 | 5,525 |
| Latin America | 3,708 | 3,820 | 3,648 |
| North America | 3,459 | 3,539 | 3,369 |
| Eastern Europe | 1,657 | 1,605 | 1,641 |
| Other Countries | 38 | 36 | 30 |
| Corporate/eliminations | (84) | (70) | (65) |
| **Total** | **78,459** | **79,454** | **77,644** |

The following table provides information concerning revenue growth in each of our regions for the years ended 2013, 2012 and 2011:

| | Revenue growth for the year ended 31 December (%)[1] | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | | | | 2012 | | | | |
| | Organic | Acquisitions | Divestments | Currency | Total growth/ (loss) | Organic | Acquisitions | Divestments | Currency | Total growth/ (loss) |
| Western Europe | 5 | 0 | (3) | (1) | 1 | 1 | — | (2) | 1 | 0 |
| Nordic region | 1 | — | (3) | (3) | (5) | (1) | — | (3) | 2 | (2) |
| Asia | 15 | 0 | — | (6) | 9 | 15 | 0 | (1) | 7 | 21 |
| Pacific | (1) | — | (4) | (10) | (15) | (0) | — | — | 9 | 9 |
| Latin America | 7 | — | — | (10) | (3) | 7 | — | — | (2) | 5 |
| North America | 2 | — | (1) | (3) | (2) | (3) | — | — | 8 | 5 |
| Eastern Europe | 5 | — | — | (2) | 3 | (1) | — | — | (1) | (2) |
| Other Countries | 18 | — | — | (14) | 4 | (19) | — | — | 0 | 19 |
| **Total** | **4.3** | **0** | **(2)** | **(3)** | **(1)** | **1.7** | **0** | **(2)** | **2** | **2** |

(1) The countries included in each region are described in the section "*Business—Overview—Regions*". See "*Selected Historical Consolidated Financial and Operating Information*" for an analysis of revenue growth. Due to rounding, the sum of the growth components may differ from the total figures.

*2013 compared with 2012*

*Western Europe*: Revenue in Western Europe increased by 0.7% in 2013. The increase was driven by Organic Growth of 5% while successful divestments of non-core activities in 2012 and 2013 and currency adjustments decreased revenue by 3% and 1%, respectively. Several countries delivered strong Organic Growth, especially the United Kingdom, Switzerland and Turkey, each of which recorded double-digit growth, but Germany, Austria and Portugal also contributed positively. There was a slight increase in the Non-Portfolio Business as compared with 2012, however the demand for Non-Portfolio Business remained weak.

*Nordic region*: Revenue in the Nordic region decreased 5.0% in 2013. The decrease was a result of the successful divestment of non-core activities in 2012 and 2013 and negative currency adjustments, which each reduced revenue by 3%. Organic Growth increased revenue by 1%, as a result of strong performance in Norway, which was offset by negative Organic Growth in Denmark, Finland and Sweden. The Organic Growth in Norway was driven by increased sales to large IFS customers. The negative Organic Growth in Denmark, Finland and Sweden was mainly a result of a lower demand for services in the Non-Portfolio Business from a number of large customers and the exit of certain contracts in 2012 and 2013.

*Asia*: Revenue in Asia increased by 8.8% in 2013. The increase was driven by continued strong Organic Growth of 15% while currency adjustments reduced revenue by 6%. Several countries reported double-digit Organic Growth, with Indonesia being the largest nominal contributor in the region with an Organic Growth of 25%, mainly due to the positive impact from a high level of contract wins in the fourth quarter of 2012 and increases in minimum wages passed on to customers. India, Thailand, Hong Kong and China also continued the positive trends driven by a strong retention of existing customers as well as a high rate of new sales.

*Pacific*: Revenue in the Pacific region decreased by 15.0% in 2013, negatively impacted by currency adjustments of 10%, a negative impact of 4% stemming from successful divestments of non-core activities in 2013 and negative Organic Growth of 1%. The Organic Growth was negatively impacted by the loss of certain large security contracts and a reduction in services delivered on certain contracts in Australia. There has been an increase in new sales and in the fourth quarter of 2013 we achieved significant contract extensions and wins.

*Latin America*: Revenue in Latin America decreased by 2.9% in 2013. The decrease was driven by a negative impact from currency adjustments of 10%, partly offset by a positive Organic Growth of 7%. All countries in the region reported positive Organic Growth rates driven by a continued high level of new sales and higher demand for project work, especially in Argentina and Chile. Brazil returned to positive Organic Growth following steps taken to exit certain less profitable contracts in 2012.

*North America*: Revenue in North America in 2013 decreased by 2.3%. The decrease was a result of an adverse impact from currency adjustments and divestments of 3% and 1%, respectively. The Organic Growth of 2% was primarily driven by the Barclays contract which began in September 2012. The termination of certain less profitable contracts and the loss of certain large contracts detracted from the region's performance.

*Eastern Europe*: Revenue in 2013 in Eastern Europe increased 3.3% driven by Organic Growth of 5% while currency adjustments decreased revenue by 2%. Organic Growth in Slovenia was mainly driven by the start-up of the Novartis contract, while in Russia, Hungary and Slovakia, growth was supported by higher new sales and greater demand for services in our Non-Portfolio Business.

*2012 compared with 2011*

*Western Europe*: In 2012, revenue in Western Europe increased by 0.2%. Organic Growth and currency adjustments both increased revenue by 1%, while divestments of non-core activities in 2011 and 2012 reduced revenue by 2%. Several countries delivered strong Organic Growth rates, notably Italy and Turkey, each of which reported double-digit growth rates, and the United Kingdom, Germany and Switzerland also contributed to the positive development. However, the demand for services in our Non-Portfolio Business has generally decreased in the region compared with the previous year and in order to ensure a profitable customer base, certain contracts were exited in 2011.

*Nordic region*: Revenue in the Nordic region decreased by 1.9% in 2012. The decrease was driven by negative Organic Growth of 1% and divestments, which had a negative impact of 3%. Currency adjustments, mainly stemming from the appreciation of SEK and NOK against DKK, increased revenue by approximately 2%. The negative Organic Growth reflects a negative performance in Sweden and Denmark, which was partly offset by positive Organic Growth in Norway and Finland. The negative performance in Denmark and Sweden was mainly a result of reduced non-recurring services and the trimming of our contract portfolio by terminating unprofitable contracts and contracts with unsatisfactory payment terms combined with a lower customer retention rate. Norway delivered the highest Organic Growth in the Nordic region achieved through improved customer retention rates and increases in services provided to existing customers.

*Asia*: Revenue in Asia increased by 21.0% in 2012, consisting of Organic Growth of 15% and currency adjustments of 7%. Divestments reduced revenue by 1%. Several countries reported double-digit Organic Growth, favourably impacted by the successful implementation of a sales strategy targeting certain customer segments. India, Indonesia and Thailand were the largest contributors to Organic Growth in the region with Organic Growth of 22%, 19% and 23%, respectively. Hong Kong, China and Singapore also showed positive developments, delivering Organic Growth of 10%, 30% and 8%, respectively.

*Pacific*: Revenue in the Pacific increased by 8.7% in 2012. The increase was driven by positive currency adjustments of 9%, while Organic Growth amounted to 0%. The Organic Growth included important renewals of large contracts within the resource and transportation segments, offset by the delayed commencement of a large security contract as well as a number of remote sites in Australia being forced to temporarily shut down due to cyclones in early 2012. Furthermore, the negative development of iron ore spot prices caused our customers in the Australian mining industry to reduce production, which has had a negative impact on our Organic Growth.

*Latin America*: In 2012, revenue in Latin America increased by 4.7%, mainly driven by Organic Growth of 7%, which was partly offset by a negative currency adjustment of 2%. All countries, except for Brazil, delivered double-digit Organic Growth driven by a continued high level of new sales, which was achieved on top of the region's strong Organic Growth in 2011. Brazil realised negative Organic Growth of 1% mainly as a result of our decision to restructure the route based maintenance division and exit certain less profitable contracts as well as operational challenges.

*North America*: Revenue in North America increased by 5.0% in 2012. Organic growth was negative at 3%, while currency adjustments increased revenue by 8%. The negative Organic Growth was primarily driven by a general reduction in Non-Portfolio Business services, following an Organic Growth of 35% in 2011 due to the commencement of our contract with a large technology company.

*Eastern Europe*: In 2012, revenue in Eastern Europe decreased by 2.2%, driven by negative Organic Growth of 1% and a negative impact from currency adjustments of 1%. The development and performance varied across the region, mainly as a result of differing market conditions from country to country. Russia and Poland delivered strong Organic Growth driven by high levels of Non-Portfolio Business revenue and high customer retention rates. This was more than offset by negative Organic Growth in particular in Slovakia and Slovenia, primarily due to continued difficult economic conditions.

*Revenue by service type*

The following table presents our revenue by service type for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2011 | |
| | (DKK million) | % | (DKK million) | % | (DKK million) | % |
| **Revenue by service type:** | | | | | | |
| Cleaning services | 38,494 | 49.1 | 39,514 | 49.7 | 39,470 | 50.9 |
| Property services | 15,307 | 19.5 | 14,987 | 18.9 | 15,003 | 19.3 |
| Catering services | 8,535 | 10.9 | 8,558 | 10.8 | 7,710 | 9.9 |
| Support services | 6,514 | 8.3 | 6,607 | 8.3 | 6,162 | 8.0 |
| Security services | 6,316 | 8.0 | 6,418 | 8.1 | 5,767 | 7.4 |
| Facility management services | 3,293 | 4.2 | 3,370 | 4.2 | 3,532 | 4.5 |
| **Total revenue** | **78,459** | **100.0** | **79,454** | **100.0** | **77,644** | **100.0** |

The development in revenue by service type for the periods under review reinforces the broader trend since the implementation of The ISS Way strategy, whereby we transformed from primarily being a cleaning services provider to a leading global provider of facility services. This transformation is evident from our increasing volume of services other than cleaning services, with revenue attributable to non-cleaning services increasing from 43% to 51% from 2006 to 2013.

*Revenue by service delivery type*

The following table presents our revenue by service delivery type for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2011 | |
| | (DKK million) | % | (DKK million) | % | (DKK million) | % |
| **Revenue by service delivery type:** | | | | | | |
| Single services | 44,890 | 57.2 | 47,359 | 59.6 | 47,338 | 61.0 |
| Multi-services | 12,895 | 16.4 | 13,304 | 16.7 | 13,680 | 17.6 |
| IFS | 20,674 | 26.4 | 18,791 | 23.7 | 16,626 | 21.4 |
| **Total revenue** | **78,459** | **100.0** | **79,454** | **100.0** | **77,644** | **100.0** |

The development in revenue by service delivery type for the periods under review reinforces the broader trend since the implementation of The ISS Way strategy, whereby the relative share of revenue from delivering either multi-services or IFS progressively increased compared to the revenue attributable to single services. Revenue attributable to IFS increased from 14% in 2006 to 26% in 2013, with revenue attributable to single services decreasing from 71% to 57% over the same period. This trend underlines the successful implementation of The ISS Way strategy and confirms our transformation from a cleaning services provider to a leading global provider of facility services and ability in continuing to attract strong demand for our IFS services.

*Revenue by customer industry segment*

The following table presents our revenue by customer industry segment for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2011 | |
| | (DKK million) | % | (DKK million) | % | (DKK million) | % |
| **Revenue by customer industry segment:**(1) | | | | | | |
| Business Services & IT | 23,085 | 29.4 | 22,822 | 28.7 | 21,399 | 27.6 |
| Industry & Manufacturing | 10,888 | 13.9 | 11,326 | 14.3 | 11,305 | 14.6 |
| Public Administration | 10,592 | 13.5 | 11,018 | 13.8 | 11,139 | 14.3 |
| Healthcare | 8,902 | 11.3 | 9,075 | 11.4 | 8,674 | 11.2 |
| Retail & Wholesale | 5,651 | 7.2 | 5,761 | 7.3 | 5,495 | 7.1 |
| Transportation & Infrastructure | 5,394 | 6.9 | 5,654 | 7.1 | 5,627 | 7.2 |
| Energy & Resources | 3,147 | 4.0 | 3,438 | 4.3 | 3,434 | 4.4 |
| Hotels, Leisure & Entertainment | 2,970 | 3.8 | 3,191 | 4.0 | 3,242 | 4.2 |
| Food & Beverage | 2,651 | 3.4 | 2,677 | 3.4 | 2,505 | 3.2 |
| Pharmaceuticals | 2,099 | 2.7 | 1,313 | 1.7 | 1,306 | 1.7 |
| Other | 3,080 | 3.9 | 3,179 | 4.0 | 3,519 | 4.5 |
| **Total revenue** | **78,459** | **100.0** | **79,454** | **100.0** | **77,644** | **100.0** |

(1) Revenue by customer industry segment follows the 10 customer segments identified by us, based on the levels of classification of productive activities by the International Standard Industrial Classification. Customer segment does not constitute a reportable accounting segment under our applied accounting policies and should not be used as a substitute for accounting segments in accordance with IFRS.

The Business Services & IT, Industry & Manufacturing, Public Administration and Healthcare segments are among our largest and most important customer segments, and we focus on developing service solutions for these segments. The revenue breakdown by customer segment in the period from 2011 to 2013 has been fairly stable. Many of the recent major contract wins such as the IFS contract with Barclays have increased revenue within the Business Services & IT segment. Business Services & IT thereby remained the largest customer segment in 2013. Revenue from Industry & Manufacturing decreased from 14.6% in 2011 to 13.9% in 2013, negatively impacted by a decrease in the manufacturing industry in certain countries of the Western Europe region and divestments. The revenue share from Public Administration decreased from 14.3% in 2011 to 13.5% in 2013 mainly due to divestments, the impact from reduced public spending in several countries in Western Europe and the decision to exit public sector contracts in certain regions.

***Staff costs***

*2013 compared with 2012*

Staff costs decreased by DKK 837 million, or 1.6%, from DKK 52,071 million in 2012 to DKK 51,234 million in 2013. The decrease was mainly due to divestments completed in 2012 and 2013 and to the impact from currency adjustments. Staff costs as a percentage of revenue amounted to 65.3% in 2013, broadly in line with 65.5% in 2012.

*2012 compared with 2011*

Staff costs increased by DKK 1,982 million, or 4.0%, from DKK 50,089 million in 2011 to DKK 52,071 million in 2012. This increase was primarily due to the impact from currency adjustments. Staff costs as a percentage of revenue increased slightly from 64.5% in 2011 to 65.5% in 2012.

***Consumables***

*2013 compared with 2012*

Consumables decreased by 0.9% compared with 2012, from DKK 7,009 million in 2012 to DKK 6,949 million in 2013. Consumables comprised items such as food costs, chemicals, cloths and uniforms and amounted to 8.9% of revenue in 2013, broadly in line with 8.8% in 2012.

*2012 compared with 2011*

Consumables increased by DKK 258 million, or 3.8%, from DKK 6,751 million in 2011 to DKK 7,009 million in 2012. Consumables comprised items such as food costs, chemicals, cloths and uniforms and amounted to 8.8% of revenue in 2012, broadly in line with 8.7% in 2011.

***Other operating expenses***

*2013 compared with 2012*

Other operating expenses increased by DKK 64 million, or 0.4%, from DKK 15,110 million in 2012 to DKK 15,174 million in 2013 and other operating expenses as a percentage of revenue totalled 19.3%, broadly in line with 19.0% in 2012.

*2012 compared with 2011*

Other operating expenses decreased by DKK 451 million, or 2.9%, from DKK 15,561 million in 2011 to DKK 15,110 million in 2012 and other operating expenses as a percentage of revenue totalled 19.0%, down from 20.0% in 2011. The decrease was partly a result of a decrease in subcontractor costs and costs related to temporary workers of DKK 205 million, or 2.6%, compared with 2011.

***Operating Profit Before Other Items and Operating Margin***

The following table presents our Operating Profit Before Other Items and Operating Margin, each by region for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | | | | | Year-on-year change in Operating Profit Before Other Items | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2011 | | | |
| | Operating Profit Before Other Items(1) | Operating Margin(2) | Operating Profit Before Other Items(1) | Operating Margin(2) | Operating Profit Before Other Items(1) | Operating Margin(2) | 2013 vs. 2012 | 2012 vs. 2011 |
| | (DKK million) | % | (DKK million) | % | (DKK million) | % | % | % |
| Western Europe | 2,388 | 6.0 | 2,407 | 6.1 | 2,268 | 5.8 | (0.8) | 6.2 |
| Nordic region | 1,246 | 7.4 | 1,190 | 6.7 | 1,268 | 7.0 | 4.7 | (6.1) |
| Asia | 608 | 7.6 | 564 | 7.7 | 486 | 8.0 | 7.7 | 16.1 |
| Pacific | 253 | 5.0 | 311 | 5.2 | 358 | 6.5 | (18.6) | (13.2) |
| Latin America | 145 | 3.9 | 91 | 2.4 | 215 | 5.9 | 59.7 | (57.8) |
| North America | 101 | 2.9 | 151 | 4.3 | 116 | 3.4 | (33.1) | 30.7 |
| Eastern Europe | 109 | 6.6 | 102 | 6.4 | 107 | 6.5 | 6.5 | (4.1) |
| Other Countries | (1) | (3.2) | (1) | (3.0) | (1) | (3.5) | 12.4 | 0.1 |
| Corporate/eliminations | (534) | (0.7) | (404) | (0.5) | (429) | (0.6) | (32.1) | 5.8 |
| **Total, Group** | **4,315** | **5.5** | **4,411** | **5.6** | **4,388** | **5.7** | **(2.2)** | **0.5** |

(1) Excluding Other income and expenses, net, Acquisition and integration costs, Goodwill impairment and Amortisation and impairment of brands and customer contracts.

(2) Represents Operating Profit Before Other Items divided by Revenue. By using Operating Profit Before Other Items as a starting point for the calculation of Operating Margin instead of Operating Profit, we exclude from the calculation of Operating Margin items recorded under the line item "*Other income and expenses, net*". This line item includes income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property, restructurings and acquisition and integration costs. Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition related costs such as reversal of provisions in opening balances. Integration costs comprise costs incurred as a consequence of the integration such as termination of employees, contract termination costs mainly related to leasehold and advisory fees. See "*Presentation of Financial and Certain Other Information*". In addition, because we record Depreciation and amortisation separately from Goodwill impairment and Amortisation and impairment of brands and customer contracts, Operating Profit also excludes Goodwill impairment and Amortisation and impairment of brands and customer contracts.

*2013 compared with 2012*

The Operating Margin in Western Europe was 6.0% in 2013, down from 6.1% in 2012. The Operating Margin for the region was supported by strong performance in the United Kingdom, Switzerland and Turkey. Margins came under pressure from challenging macroeconomic conditions and operational challenges in certain countries as well as from the start-up of the Barclays and Novartis contracts following initial investments. The divestment of the margin accretive washroom activities in the Netherlands, Belgium and Luxembourg in 2012 and the Pest Control Divested Business in certain countries in 2013 also had an adverse impact on the margin compared with 2012. Lastly, the 2012 Operating Margin was positively impacted by a gain of DKK 92 million related to negative past service costs for defined benefit plans in Switzerland, while the 2013 Operating Margin was positively impacted by a one-off gain of DKK 64 million related to a curtailment gain on defined benefit plans in the Netherlands.

The increase in Operating Margin in the Nordic region, from 6.7% in 2012 to 7.4% in 2013, was a result of increases in Finland, Sweden and Denmark due to improvements in operational performance across most service types and strong customer focus. This was partly offset by a decrease in Operating Margin in Norway mainly due to 2012 being positively impacted by one-off income related to the sale of certain assets.

Asia delivered the highest Operating Margin of all our regions. The margin was 7.6% in 2013 compared with 7.7% in 2012. The decrease was primarily a result of the commencement of the Barclays and Citi contracts in Asia Pacific which in the short term impacted the margin negatively as a result of initial investments. This was partly offset by strong operational performance in Thailand, Hong Kong and Singapore.

The decrease in the Operating Margin in the Pacific was mainly a result of the divestment of the margin accretive 2013 Pest Control Divested Businesses as well as a weaker demand for Non-Portfolio Business in Australia.

The increase in the Operating Margin in Latin America was a result of increases in Operating Margin in all countries in the region. The increase was driven by continued efforts to improve operational efficiencies, including amending or exiting certain customer contracts with unsatisfactory profitability conditions following the restructurings initiated in 2012.

The decrease in Operating Margin in North America was mainly due to the loss of certain large contracts combined with the initial investments related to the start-up of several new contracts. In addition, the Operating Margin was negatively impacted by restructuring the businesses in the eastern part of the United States. In 2013, we strengthened the management team in the United States to ensure that the business continues to develop and that ISS becomes a competitive market participant in 2014.

The increase in the Operating Margin in Eastern Europe was mainly a result of increases in Operating Margin in the Czech Republic and Hungary due to strong focus on operational efficiencies and cost savings. This was partly offset by a decrease in margin in Slovenia due to initial investments related to the Novartis contract.

*2012 compared with 2011*

The increase in the Operating Margin in Western Europe was a result of strong performances in Switzerland, the United Kingdom, Turkey and Italy despite the challenging macroeconomic conditions in Europe and the introduction of austerity measures in several European countries. We also experienced operational challenges in the Netherlands and France. The Operating Margin in Switzerland was positively impacted by a gain of DKK 92 million related to negative past service costs for defined benefit plans and a one-off income related to the sale of certain assets.

The Operating Margin in the Nordic region was 6.7% in 2012, reflecting the second highest margin of all our regions. The slight decrease from 7.0% in 2011 to 6.7% in 2012 was mainly due to results in Finland, which were adversely affected by a decline in Non-Portfolio Business service volumes and the imposition of a one-off special employee-related levy. Furthermore, the divestments of our coffee vending machine business in Denmark and Norway in 2011 and our governmental outplacement services business in Norway had an adverse impact on our Operating Margin. These negative developments were partly offset by margin increases in Norway as a result of improved operational performance across most service areas. The Operating Margin in 2012 was also positively impacted by one-off income related to the sale of certain assets.

Asia delivered the highest Operating Margin of all our regions. The Operating Margin in Asia was 7.7% in 2012, compared with 8.0% in 2011. The slight decrease in the Operating Margin was mainly due to strong growth and the commencement of new contracts as well as the timing impact in certain countries of passing on unexpected minimum wage increases to customers, all of which resulted in an expected margin reduction.

The decrease in the Operating Margin in the Pacific was mainly a result of the termination of a workers' compensation incentive scheme, under which we previously received income from the Australian government. Furthermore, the Operating Margin was affected by operating losses relating to our contract with a hospital in Sydney, as well as the forced temporary shut-down of certain remote sites.

The Operating Margin in Latin America was negatively impacted by Brazil, Mexico and Uruguay in particular, which all reported declining margins compared with 2011. The decrease in Brazil was mainly a result of operational challenges, while the decreases in Mexico and Uruguay were largely due to the unsatisfactory profitability from our contract portfolio, which is in the process of being remedied. In Mexico and Uruguay, the performance in 2012 was also negatively impacted by the identification of accounting misstatements.

The increase in the Operating Margin in North America was primarily a result of several operational improvements, especially within the IFS business, which were partly offset by general increases in payroll taxes in the United States.

The slight decrease in the Operating Margin in Eastern Europe was mainly a result of general price pressure, losses relating to customer receivables as well as unexpected minimum wage increases despite an ongoing focus on passing these on to customers.

***Other income and expenses, net***

*2013 compared with 2012*

Other income and expenses, net decreased by DKK 208 million from a net expense of DKK 308 million in 2012 to a net expense of DKK 100 million in 2013. Gain on divestments, net, including remeasurement of disposal groups held for sale, of DKK 734 million mainly related to the sale of the 2013 Pest Control Divested Businesses and the Nordic damage control activities. Costs related to restructuring projects primarily in the United Kingdom, Greece, France, Brazil, Denmark and the United States amounted to DKK 379 million, costs related to onerous contracts amounted to DKK 228 million, costs related to labour related claims amounted to DKK 100 million, costs related to the strategic build-up of our IFS delivery capabilities in North America amounted to DKK 50 million and losses on divestments amounted to DKK 72 million.

*2012 compared with 2011*

Other income and expenses, net increased by DKK 85 million from a net expense of DKK 223 million in 2011 to a net expense of DKK 308 million in 2012. The gain from divestments in 2012 was DKK 83 million which was more than offset by costs related to restructuring projects mainly in the Netherlands, France, Brazil and Norway, amounting to DKK 187 million. Furthermore, the gain was offset by accounting losses arising from prior periods accumulated misstatement of accounts in Uruguay, Mexico and India of DKK 98 million, costs of DKK 62 million related to the strategic build-up of our IFS delivery capabilities in North America and losses on divestments of DKK 42 million.

In 2011, the net expense of DKK 223 million consisted mainly of DKK 111 million related to our exit processes, including the initiated process of an initial public offering which was cancelled in March 2011, DKK 52 million related to our strategic build-up of IFS capabilities in North America, DKK 47 million related to a revised estimate for social security contributions in prior years, DKK 66 million related to restructuring projects including redundancy and severance payments in respect of senior management changes. The expenses were partly offset by a net gain of DKK 66 million related to divestments.

***Financial income and expenses, net***

*2013 compared with 2012*

Financial income and expenses, net decreased by DKK 450 million, or 16.5%, from a net expense of DKK 2,726 million in 2012 to a net expense of DKK 2,276 million in 2013. The decrease was mainly the result of a DKK 443 million reduction in interest expenses, net following the redemption in December 2012 of the 11% senior notes due 2014 and the EUR 232 million partial redemption in July 2013 of the 2016 Senior Subordinated Notes. Furthermore, the lower average net debt reduced financial expenses compared with 2012.

In 2013, financial income and expenses, net mainly comprised DKK 1,760 million of net interest expenses, DKK 262 million in net losses on foreign exchange and unamortised financing fees and call premiums of DKK 141 million being expensed as a consequence of the refinancing of the EUR 600 million second lien facility and partial redemption of the 2016 Senior Subordinated Notes.

Of the total Financial income and expenses in 2013 and 2012, DKK 22 million and DKK 22 million, respectively, resulted from the charges relating to the 2005 Acquisition Fair Value Adjustments (see "*— Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

*2012 compared with 2011*

Financial income and expenses, net decreased by DKK 76 million, or 2.7%, from a net expense of DKK 2,802 million in 2011 to a net expense of DKK 2,726 million in 2012. The decrease was achieved in spite of the costs of DKK 174 million incurred in relation to the redemption of the 11% senior notes due 2014, which consisted of a call premium of DKK 108 million and unamortised financing fees of DKK 66 million. In 2012, interest expenses, net, decreased by a net amount of DKK 139 million, and foreign exchange losses, net, increased by DKK 63 million.

In 2012, financial income and expenses, net mainly comprised DKK 2,292 million of net interest expenses, DKK 187 million in net losses on foreign exchange and DKK 174 million in relation to the redemption of the 11% senior notes due 2014 which consisted of a call premium of DKK 108 million and unamortised financing fees of DKK 66 million. Financial income and expenses, net also included an expected return on plan assets and interest expenses on defined benefit pension plans equal to a net expense of DKK 21 million.

In 2011, financial income and expenses, net mainly comprised DKK 2,431 million of net interest expenses, DKK 124 million in net losses on foreign exchange and DKK 117 million in additional non-cash amortisation of financing fees related to the amendment and extension of certain tranches under the Senior Facilities Agreement as all remaining financing fees recognised as part of the amended and extended debt were expensed. In addition, financial income and expenses, net included financing fees of DKK 38 million related to the initial public offering financing package which was not executed due to cancellation of the initial public offering. Financial income and expenses, net also included an expected return on plan assets and interest expenses on defined benefit pension plans equal to a net expense of DKK 24 million.

Of the total Financial income and expenses in 2012 and 2011, DKK 22 million and DKK 22 million, respectively, resulted from the charges relating to the 2005 Acquisition Fair Value Adjustments (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

***Income taxes***

*2013 compared with 2012*

Income taxes decreased from DKK 960 million in 2012 to DKK 919 million in 2013. The Group's effective tax rate was 47.3% in 2013 compared to 69.5% in 2012; the decrease was due to a significantly lower impact from interest limitation combined with a lower impact from valuation allowance on deferred tax assets. The Group's effective tax rate is calculated as the consolidated tax expense of DKK 919 million divided by Profit before tax and goodwill impairment/amortisation and impairment of brands and customer contracts of DKK 1,945 million. The rules concerning limitation on the deductibility of financial expenses in Denmark, France and Brazil impacted the 2013 tax expense adversely by approximately DKK 196 million. Costs relating to the 2013 refinancing impacted the limitation. The effective tax rate amounted to 39.0% when adjusted for the impact of the Danish limitation on deductibility of financial expenses. Further, a valuation allowance on deferred tax assets in France and the United States following an update of the assumptions in the business plan had an adverse impact on the effective tax rate net of interest limitation.

Income taxes in 2013 and 2012 were favourably impacted by DKK 5 million and DKK 5 million, respectively, as a result of the tax effects of the charges relating to the 2005 Acquisition Fair Value Adjustments in those years referred to above (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

*2012 compared with 2011*

Income taxes increased from DKK 888 million in 2011 to DKK 960 million in 2012. Our Group's effective tax rate was 69.5% in 2012 compared with 65.2% in 2011, calculated as the consolidated tax expense of DKK 960 million divided by Profit before tax and goodwill impairment/amortisation and impairment of brands and customer contracts of DKK 1,381 million. The effective tax rate was impacted by a valuation allowance on deferred tax assets mainly in France and by an interest limitation in Denmark. The rules on limitation on the deductibility of financial expenses in Denmark adversely impacted the tax expense in 2012 by approximately DKK 301 million. The effective tax rate amounted to 47.7% when adjusted for the impact of the limitation on deductibility of financial expenses.

Income taxes in 2012 and 2011 were favourably impacted by DKK 5 million and DKK 5 million, respectively, as a result of the tax effects of the charges relating to the 2005 Acquisition Fair Value Adjustments in those years referred to above (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

***Goodwill impairment***

*2013 compared with 2012*

Goodwill impairment amounted to DKK 985 million of which DKK 500 million derived from impairment tests and DKK 485 million derived from divestment of businesses. Impairment losses derived from impairment tests of DKK 500 million related to France (DKK 400 million) and the Netherlands (DKK 100 million) following an update of the assumptions in the business plans in both countries as well as an increase in the discount rate applied in the Netherlands. Impairment losses derived from the divestment of businesses of DKK 485 million mainly related to divestment of the security activities in the Netherlands and other divestments of non-core activities in Western Europe amounting to DKK 202 million. The remaining loss of DKK 283 million related to the re-measurement of non-core activities in Western Europe and the Pacific region, which were classified as held for sale at 31 December 2013.

Goodwill impairment in 2013 and 2012 included negative adjustments of DKK 119 million and DKK 176 million, respectively, as a result of the 2005 Acquisition Fair Value Adjustments (see "*—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

*2012 compared with 2011*

Goodwill impairment amounted to DKK 385 million of which DKK 200 million derived from impairment tests and DKK 185 million derived from divestment of businesses. Impairment losses due to impairment tests related to France and were caused mainly by new tax rules limiting the deductibility of financial expenses. Impairment losses derived from the divestment of businesses mainly related to divestment of the office support services in France, resulting in a loss of DKK 172 million. The remaining loss related to the re-measurement of non-core activities in Asia, which were classified as held for sale at 31 December 2012, resulting in a loss of DKK 13 million.

In 2012, goodwill impairment amounted to DKK 385 million of which DKK 200 million derived from impairment tests and DKK 185 million derived from divestments of businesses. Impairment losses derived from impairment tests of DKK 200 million related to France and were caused mainly by new tax rules limiting the deductibility of financial expenses. Impairment losses derived from the divestment of businesses mainly related to divestment of activities in Western Europe.

Goodwill impairment in 2012 and 2011 included negative adjustments of DKK 176 million and DKK 179 million, respectively, as a result of the 2005 Acquisition Fair Value Adjustments (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

***Amortisation and impairment of brands and customer contracts***

*2013 compared with 2012*

Amortisation and impairment of brands and customer contracts amounted to DKK 667 million in 2013, down from DKK 679 million in 2012 of which DKK 142 million derived from impairment losses in France and the Netherlands following an update of the assumptions in the business plans in both countries.

Amortisation and impairment of brands and customer contracts in 2013 and 2012 included charges of DKK 398 million and DKK 319 million, respectively, relating to the 2005 Acquisition Fair Value Adjustments (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

*2012 compared with 2011*

Amortisation and impairment of brands and customer contracts amounted to DKK 679 million in 2012, down from DKK 708 million in 2011, of which DKK 46 million derived from an impairment loss in Greece due to the continued unstable economic environment.

Amortisation and impairment of brands and customer contracts in 2012 and 2011 included charges of DKK 319 million and DKK 342 million, respectively, relating to the 2005 Acquisition Fair Value Adjustments (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

***Income tax effect***

*2013 compared with 2012*

The tax effect of goodwill impairment and amortisation and impairment of brands and customer contracts, which is presented separately in the income statement to show the effective tax percentage before impairment and amortisation of intangibles, was DKK 229 million in 2013 compared to DKK 193 million in 2012. The increase was mainly due to a reduction in corporate tax rates. Of those amounts, DKK 153 million and DKK 100 million, respectively, resulted from the tax effects of charges from amortisation and impairment of customer contracts and brands relating to the 2005 Acquisition Fair Value Adjustments (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

*2012 compared with 2011*

The tax effect of goodwill impairment and amortisation and impairment of brands and customer contracts, which is presented separately in the income statement to show the effective tax percentage before impairment and amortisation of intangibles, was DKK 193 million in 2012 compared with DKK 231 million in 2011. The decrease was due to the decrease in the value of customer contracts. Of those amounts, DKK 100 million and DKK 114 million, respectively, resulted from the tax effects of charges from amortisation and impairment of customer contracts and brands relating to the 2005 Acquisition Fair Value Adjustments (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

***Net profit/(loss) for the year***

*2013 compared with 2012*

Net loss improved from a loss of DKK 450 million in 2012 to a loss of DKK 397 million in 2013. Net loss was positively impacted by lower financial expenses, net, and a decrease in other income and expenses, net. Partly offsetting these positive developments was an increase in higher non-cash expenses related to goodwill impairment. A loss of DKK 399 million was attributable to the owners of ISS, whereas a profit of DKK 2 million was attributable to non-controlling interests.

Net profit/(loss) for 2013 and 2012 included aggregate net charges of DKK 284 million and DKK 436 million, respectively, resulting from the 2005 Acquisition Fair Value Adjustments (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

*2012 compared with 2011*

Net loss improved from a loss of DKK 503 million in 2011 to a loss of DKK 450 million in 2012. Net loss was positively impacted by growth in revenue combined with lower net financial expenses, net, lower amortisation and impairment of brands and customer contracts as well as lower non-cash expenses related to goodwill impairment. Partly offsetting these positive developments was an increase in other income and expenses, net and an increase in income taxes. A loss of DKK 453 million was attributable to the owners of ISS, whereas a profit of DKK 3 million was attributable to non-controlling interests.

Net profit/(loss) for 2012 and 2011 included aggregate net charges of DKK 436 million and DKK 427 million, respectively, resulting from the 2005 Acquisition Fair Value Adjustments (see "*—Principal Factors Affecting Our Results of Operations—Financial statement effects of the acquisition of ISS World Services A/S in May 2005*").

## Liquidity and Capital Resources

### *General*

We rely primarily on cash flow from operating activities, liquid funds and liquidity under our unused credit facilities to finance our operations. Our liquidity requirements primarily relate to meeting ongoing debt service obligations and funding our working capital requirements. The most significant components of our working capital are trade payable and receivables, as well as other liabilities.

We believe that, as of the date of this Offering Circular, our working capital is adequate to meet our financing requirements for at least twelve months after the first date of trading on NASDAQ OMX Copenhagen, which is expected to be on 17 March 2014.

### *Cash Conversion*

Our Cash Conversion, which is intended to measure our ability to convert Operating Profit Before Other Items into cash, is very stable and remains one of our key operational priorities. We expect a Cash Conversion in 2014 that will be above 90%.

The following table presents our Cash Conversion for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2013** | **2012** | **2011** |
| Cash Conversion (%)[1] | 102 | 103 | 93 |

(1) As set forth under "*Presentation of Financial and Certain Other Information*", we calculate Cash Conversion as Operating Profit Before Other Items plus Changes in working capital as a percentage of Operating Profit Before Other Items, which excludes capital expenditure not related to acquisitions. Many of our peers calculate cash conversion including capital expenditure. If we were to calculate our cash conversion using this method, we would calculate it as Adjusted EBITDA plus changes in working capital less net capital expenditure not related to acquisitions, as a percentage of Adjusted EBITDA.

Changes in working capital represented a cash inflow of DKK 80 million in the year ended 31 December 2013, resulting in Cash Conversion of 102% in 2013 compared with 103% in 2012 and 93% in 2011. The Cash Conversion of 102% in 2013 was primarily due to a strong cash flow performance across the regions, reflecting a continued focus on securing payments for work performed and exiting customer contracts with unsatisfactory payment conditions. In addition, Cash Conversion was positively impacted by a decrease in debtor days of more than one day compared with 2012.

Cash Conversion of 103% in 2012 was a result of strong cash flow performance in all our regions, reflecting a continued focus on securing payments for work performed and exiting customer contracts with unsatisfactory conditions. In addition, Cash Conversion was positively impacted by a decrease in debtor days by more than one day compared with 2011.

Cash Conversion of 93% for 2011 was a result of strong cash flow performance in particular in the Western European region, despite the negative effect from the strong Organic Growth. In addition, Cash Conversion was affected by a slight increase in debtor days compared with 2010.

### *Cash flow*

Our cash flow is affected by predictable seasonal factors. Cash flow from operations, which excludes interest payments, tends to be lower in the first quarter of the year due to a number of cash payments relating to, among other things, pension contributions, insurance premium payments, holiday payments and the payment of bonuses earned in the prior year. It is then typically positive in the second quarter of the year, becoming increasingly positive throughout the year and is usually highest in the fourth quarter of the year, when we collect revenue recognised in the third quarter of the year.

The following tables present primary components of our cash flow for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2013** | **2012** | **2011** |
| | (DKK million) | | |
| Cash flow from operating activities | 3,715 | 3,855 | 3,676 |
| Cash flow from investing activities | 1,331 | (747) | (332) |
| Cash flow from financing activities | (5,159) | (3,643) | (2,874) |
| **Total cash flow** | **(113)** | **(535)** | **470** |

We also evaluate our free cash flow before interest payments, which represents our Operating Profit taxed at an estimated corporate income tax rate of 30%, plus depreciation and amortisation, less changes in working capital, less net capital expenditure not related to acquisitions. Our free cash flow before interest payments measures our cash prior to payments related to our financial indebtedness and any increase or decrease is proportional to any decrease or increase in our financial indebtedness, as the case may be.

*Cash flow from operating activities*

Cash flow from operating activities was a net inflow of DKK 3,715 million in 2013, representing a decrease of DKK 140 million from DKK 3,855 million in 2012. This decrease was primarily due to a decrease in inflow in Operating Profit Before Other Items of DKK 96 million and an increase in cash outflow from Other expenses paid and Income taxes paid of DKK 39 million and DKK 48 million, respectively. This was partly offset by a decrease in cash outflow from changes in provisions, pensions and similar obligations of DKK 145 million. The cash inflow from changes in working capital of DKK 80 million was primarily due to a continued strong focus on working capital management as well as a reduction of debtor days by more than one day.

Cash flow from operating activities was a net inflow of DKK 3,855 million in 2012, representing an increase of DKK 179 million from DKK 3,676 million in 2011. This increase was primarily due to an increase in cash inflow from changes in working capital of DKK 433 million and an increase in cash inflow in Operating Profit Before Other Items of DKK 23 million, which were partly offset by an increase in outflow from income taxes paid of DKK 136 million as well as an increase in an outflow from other expenses paid and changes in provisions, pensions and similar obligations of DKK 83 million and DKK 56 million, respectively. The cash inflow from changes in working capital of DKK 116 million was primarily due to an increased focus on billing and collection throughout our Group as well as a lower Organic Growth compared with 2011. This positive effect was partly offset by an increase in cash outflow regarding payables mainly stemming from the increase in activity level. Other expenses paid of DKK 349 million predominantly related to restructuring projects initiated and expensed in both 2011 and 2012 as well as the build-up of IFS capabilities in North America.

*Cash flow from investing activities*

Cash flow from investing activities in 2013 was a net cash inflow of DKK 1,331 million. The cash inflow relating to acquisitions and divestments, net was DKK 2,169 million and mainly related to the 2013 Pest Control Divested Businesses and the divestment of Nordic damage control activities. Partly offsetting this inflow was a cash outflow of DKK 803 million from investments in intangible assets and Property plant and equipment, net representing 1.0% of revenue. Investments in financial assets, net, amounted to an outflow of DKK 35 million in 2013.

Cash flow from investing activities in 2012 was a net cash outflow of DKK 747 million. The net cash outflow relating to intangible assets and property plant and equipment, net was DKK 762 million, representing 1.0% of revenue. Partly offsetting this outflow was a cash inflow of DKK 152 million from acquisition and divestment of businesses, net. Investments in financial assets, net and a loan to the Selling Shareholder amounted to cash outflows of DKK 66 million and DKK 71 million, respectively.

*Cash flow from financing activities*

Cash flow from financing activities in 2013 was a net cash outflow of DKK 5,159 million. This was mainly a result of repayment of borrowings of DKK 7,983 million and interest payments, net of DKK 1,599 million. This was partly offset by proceeds from borrowings of DKK 4,425 million. Repayment of borrowings was related to the refinancing of the second lien facility and the Term Facility B and Acquisition Facility B facilities expiring in 2013, as well as the partial redemption (56%) of the 2016 Senior Subordinated Notes. Proceeds from borrowings were mainly related to the two new senior tranches of EUR 330 million and USD 350 million, respectively, refinancing the second lien facility as well as drawings on working capital facilities.

Cash flow from financing activities in 2012 was a net cash outflow of DKK 3,643 million. This was mainly a result of repayment of borrowings of DKK 5,180 million and net interest payments, net of DKK 2,236 million. Repayment of borrowings largely reflects repayment of an issue of 2014 senior notes and of the remaining part of a term loan and an acquisition facility. This cash outflow was partly offset by DKK 3,696 million in net proceeds from the issuance of share capital to OTPP and KIRKBI in relation to their investment in our ultimate parent company FS Invest S.à r.l., which proceeds were subsequently used to increase the share capital of the Company, and proceeds from borrowings of DKK 81 million from drawings on working capital facilities.

### *Capital expenditure*

We define net capital expenditure not related to acquisitions as investments in intangible assets and property, plant and equipment, net, excluding acquisition related intangibles.

The following table presents our net capital expenditure not related to acquisitions for the years ended 2013, 2012 and 2011:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| | (DKK million) | | |
| Net capital expenditure not related to acquisitions | (803) | (762) | (1,010) |

Our net capital expenditure as a percentage of revenue amounted to 1.0%, 1.0% and 1.3% for 2013, 2012 and 2011. Due to the nature of the business and our operational model, we have relatively few assets compared to the size of our operations and therefore capital expenditure is limited. Any such capital expenditure incurred in the ordinary course of business is funded by the Group's cash flow. We have no investments in progress or to which we are currently committed outside of the ordinary course of business which we consider to be material.

### *Financial indebtedness*

The following table presents the carrying amount of our borrowings as of each of the dates indicated:

| | As of 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| | (DKK million) | | |
| Non-current loans and borrowings | 20,416 | 24,011 | 28,181 |
| Current loans and borrowings | 5,648 | 5,607 | 5,778 |
| Cash and cash equivalents | 3,277 | 3,528 | 4,037 |
| Securities | 17 | 16 | 17 |
| Currency swap | 21 | 48 | — |
| Loan to FS Invest S.à r.l | 98 | 71 | — |
| **Total** | **22,651** | **25,955** | **29,905** |

#### *2014 Facilities*

As described in "*Background to the Offering and Use of Proceeds*", we expect to refinance all of our Existing Indebtedness following the Offering. We expect to redeem the 2016 Senior Subordinated Notes in full on or about 15 May 2014 using a portion of the net proceeds of the Offering, and we intend to use the remainder of the net proceeds of the Offering (save for any proceeds used to acquire Existing Offer Shares in order for us to meet certain of our obligations under our incentive programmes) together with drawdowns under the 2014 Facilities and cash on hand to repay the Senior Secured Facilities at the completion of the Offering. We intend to offer to purchase the 2014 Medium Term Notes or to repay them at maturity and to repay our securitisation programme and various other debt instruments during the course of 2014. We believe that the repayment of our Existing Indebtedness on a timely basis following the Offering would create a streamlined capital structure and increase our operational flexibility as a result of less restrictive covenants. We estimate that on an annualised basis (i.e., if the repayment of Existing Indebtedness had occurred on 1 January 2014) and assuming certain interest rates and drawn amounts under the Revolving Credit Facility, such repayment would decrease our net interest payment by approximately DKK 1.1 billion by the end of 2014. Refinancing fees associated with the 2014 Facilities Agreement are expected to be approximately DKK 200 million.

The following is a description of the material terms of the 2014 Facilities, which include a Term Loan A, a Term Loan B and a New Revolving Credit Facility (together, the "**2014 Facilities**"), available pursuant to a facilities agreement (the "**2014 Facilities Agreement**").

The 2014 Facilities Agreement is dated 18 February 2014 and was entered into with, among others, Barclays Bank PLC, Danske Bank A/S, DNB Bank ASA, Nordea Bank Danmark A/S and Merchant Banking, Skandinaviska Enskilda Banken AB as mandated lead arrangers and bookrunners, HSBC Bank plc, Societe Generale and Societe Generale, London Branch as mandated lead arrangers, Deutsche Bank Luxembourg S.A., Goldman Sachs International and UBS Limited as lead arrangers and KIRKBI as a lender.

The 2014 Facilities consist of the following facilities, capable of being drawn from the date of receipt of proceeds of the Offering (subject to the satisfaction of conditions precedent as described below):

- A term facility, in an amount of euro 1.2 billion (or its equivalent in other currencies), with a final maturity date of 18 February 2017 (the "**Term Loan A**") and a term facility in an amount of euro 800 million (or its equivalent in other currencies), with a final maturity date of 18 February 2019 (the "**Term Loan B**", and together with Term Loan A, the "**Term Facility**"). The Term Facility is to be further divided into sub-tranches in different currencies. We expect to use the Term Facility to repay Existing Indebtedness. Further, the 2014 Facilities Agreement contains an accordion feature which provides that the Term Facility may be increased by up to euro 200 million; and
- A revolving credit facility in an amount equivalent to euro 850 million (the "**New Revolving Credit Facility**"). The final maturity date of the New Revolving Credit Facility is 18 February 2019. The New Revolving Credit Facility will be used to repay the Existing Indebtedness and for general corporate and working capital purposes.

The 2014 Facilities will be able to be drawn upon satisfaction of certain conditions precedent, including certification by an officer of the Company that receipt of all net proceeds of the Offering contemplated by this Offering Circular has occurred or will occur contemporaneously with the 2014 Facilities' first utilisation.

The Term Loan A is priced with a margin of 125 basis points. The Term Loan B and the New Revolving Credit Facility are priced in accordance with a margin grid ranging from 100 basis points to 175 basis points depending on the level of leverage, as determined on a twice yearly basis. The initial margin for both the Term Loan B and the New Revolving Credit Facility is 150 basis points irrespective of leverage.

The 2014 Facilities will be subject to a condition subsequent requiring the 2016 Senior Subordinated Notes to be redeemed, prepaid or defeased in full by no later than 15 July 2014. We expect to redeem the 2016 Senior Subordinated Notes on or about 15 May 2014 using a corresponding portion of the net proceeds of the Offering.

No security has been granted pursuant to the 2014 Facilities Agreement.

Representations and warranties and covenants

The 2014 Facilities Agreement requires each obligor to make certain customary representations and warranties on the date on which the 2014 Facilities Agreement was entered into and on the date on which the 2014 Facilities are first drawn. Certain of the representative and warranties are deemed to be repeated in certain circumstances thereafter.

In addition, the 2014 Facilities Agreement contains certain covenants in respect of the future maintenance and conduct of the business (subject to certain agreed exceptions and limitations), including, amongst others, various restrictive covenants such as restrictions on disposals, acquisitions and mergers, limitations on the incurrence of financial indebtedness in non-obligor subsidiaries, restrictions on the grant of security, and requirements as to financial information.

The 2014 Facilities Agreement requires ISS to maintain specified financial ratios of leverage and interest cover.

Prepayment

In addition to the scheduled repayment of principal of the 2014 Facilities on 18 February 2017 and 18 February 2019 and repayment of each loan amount of the New Revolving Credit Facility on the last day of its interest period (subject to rollover), the 2014 Facilities Agreement may become prepayable in whole or part on the occurrence of certain customary events including change of control (as defined below) of the Company and, in the case of the Term Loan A, the issuance by any member of the Group of public and/or private debt instruments. Proceeds from such a debt issuance will be applied in prepayment of the Term Loan A. In addition, certain disposal proceeds are required to be applied in prepayment of the Term Loan A.

A "**change of control**" is defined under the 2014 Facilities Agreement as meaning, subject to certain exceptions as set out below, any person or group of persons acting in concert gaining control (having, if this person or group of persons is an investor or the investors, either bought Shares or take some other active step to do so) of the Company, and for this purpose "control" of the Company means the power to (i) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Company (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company or (iii) give directions with respect to the operating and financial policies of the Company with which the directors or equivalent officers of the Company are obliged to comply. The 2014 Facilities Agreement provides that a "change of control" shall not be deemed to occur (in relation to the investors only) as a result of the Offering, or where control of the Company is gained by any one or more of the Investors (having, if this person or group of persons is an investor or the investors (as such term is defined in the 2014 Facilities Agreement), either bought Shares or take some other active step to do so), provided that such Investors move out of control of the Company within 30 days of gaining control. A change of control will also occur if ISS Global A/S ceases to be a wholly owned direct or indirect subsidiary of the Company, subject to certain exceptions.

Indebtedness under the 2014 Facilities Agreement may be voluntarily prepaid in whole or in part, subject to notice, minimum amounts and breakage costs.

Events of default

The 2014 Facilities Agreement contains customary events of default subject to specified exceptions, materiality, grace periods, baskets, thresholds, qualifications, carve outs and remedy periods, including, amongst others, non-payment of principal or interest, breach of financial or other covenants, breach of representations and warranties, cross default subject to a minimum threshold, insolvency and bankruptcy events and circumstances and events having a material adverse effect (as defined in the 2014 Facilities Agreement).

*Existing Indebtedness*

As of 31 December 2013, our main debt-financing instruments, as listed below, were our Senior Secured Facilities, our 2014 Medium Term Notes, our 2016 Senior Subordinated Notes (each as defined below) and our securitisation programme (together, the "**Existing Indebtedness**"). Following the Offering, we expect to refinance all of our Existing Indebtedness during the course of 2014.

| Credit Facility | Size (DKK million) | Currency | Coupon/margin | Repayment | Maturity |
|---|---|---|---|---|---|
| Senior Secured Facilities: | | | | | |
| Term Facility A | 2,448 | EUR | +350 bps | Amortisation from 2015 | 30 April 2018 |
| Term Facility B | 1,040 | EUR, GBP | +350 bps | Bullet | 30 April 2015 |
| | 11,032 | EUR, GBP | +400 bps | Bullet | 30 April 2018 |
| | 1,885 | USD | +275 bps(1) | 5% Amortisation; 95% | 30 April 2018 |
| Acquisition Facility B | 1,839 | EUR | +400 bps | Bullet | 30 April 2018 |
| Revolving Credit Facility | 320 | Multi Currency | +375 bps | Bullet | 31 Dec 2014 |
| | 4,030 | Multi Currency | +400 bps | Bullet | 31 Dec 2017 |
| Letter of Credit Facility | 41 | Multi Currency | +375 bps | Bullet | 31 Dec 2014 |
| | 395 | Multi Currency | +400 bps | Bullet | 31 Dec 2017 |
| Securitisation | 2,984 | Multi Currency | +250 bps | Bullet | 14 Sep 2015 |
| 2016 Senior Subordinated Notes | 1,912 | EUR | 8.875% | Bullet | 15 May 2016 |
| 2014 Medium Term Notes | 824 | EUR | 4.50% | Bullet | 8 Dec 2014 |

(1) Libor has a floor of 1% such that the base rate is the higher of Libor or 1%

We had net debt with a carrying amount (which includes current and non-current loans and borrowings less cash and cash equivalents, less securities recorded under current assets, less receivables from affiliates and less positive fair value of interest rate swaps) as of 31 December 2013 of DKK 22,651 million compared with DKK 25,955 million as of 31 December 2012 and DKK 29,905 million as of 31 December 2011.

Senior Secured Facilities

The Company is a borrower under a senior facilities agreement (the "**Senior Facilities Agreement**", and the senior facilities thereunder, the "**Senior Secured Facilities**"), dated as of 28 March 2005 and amended from time to time, with, among others, Citigroup Global Markets Limited and Goldman Sachs International as mandated lead arrangers. We intend to use net proceeds of the Offering (save for any proceeds used to acquire Existing Offer Shares in order for us to meet certain of our obligations under our incentive programmes) together with drawdowns under the 2014 Facilities and cash on hand to repay the Senior Secured Facilities at the completion of the Offering. See "*Capitalisation and Indebtedness*" for further information.

As of 31 December 2013, the Senior Secured Facilities consisted of the following facilities:

- term facility A, divided into sub-tranches, in an amount equivalent to DKK 2,448 million with a first instalment due on 30 June 2015 and with a final maturity date of 30 April 2018 (the "**Term Facility A**");
- term facility B, divided into sub-tranches, in an amount equivalent to DKK 13,957 million, with a first instalment due on 31 March 2014 and a final maturity date of 30 April 2018 (the "**Term Facility B**");
- acquisition facility B in an amount equivalent to DKK 1,839 million, with a first instalment due on 31 December 2013 and a final maturity date of 30 April 2018 (the "**Acquisition Facility B**");
- revolving credit facility in an amount equivalent to DKK 4,350 million divided into sub-tranches (the "**Revolving Credit Facility**"). As of 31 December 2013, DKK 1,500 million was drawn. The first instalment is on 31 December 2014 and the final maturity date of the Revolving Credit Facility is 31 December 2017. Borrowings under the Revolving Credit Facility are primarily provided by local lenders to certain subsidiaries and are included in Other current loans and borrowings and Other non-current loans and borrowings in our audited consolidated financial statements for the year ended 31 December 2013; and
- letter of credit facility in an amount equivalent to DKK 436 million with a first instalment on 31 December 2014 and with a final maturity date of 31 December 2017 (the "**Letter of Credit Facility**").

The outstanding principal amount of the Senior Secured Facilities as of 31 December 2013 was equivalent to DKK 19,818 million.

The security granted under the Senior Facilities Agreement was shared in by a limited number of creditors under certain arrangements for foreign currency treasury transactions and certain working capital facilities, as permitted by the Senior Facilities Agreement. Our aggregate exposure to these other creditors that have the benefit of sharing in the first ranking security package is limited to EUR 225 million.

Representations and warranties and covenants

The Senior Facilities Agreement requires a member of the Group that is a party thereto to make certain customary representations and warranties at various times.

In addition, the Senior Facilities Agreement contains certain covenants in respect of the maintenance and conduct of the business (subject to certain agreed exceptions and limitations), including, amongst others, various restrictive covenants such as restrictions on disposals, acquisitions, joint ventures and mergers; limitations on the incurrence of financial indebtedness; restrictions on certain issuances of shares, payment of dividends and other distributions and grant of security; and requirements as to financial information. Subject to the closing of the Offering, certain of the covenants shall cease to apply or apply in a modified form if we are able to demonstrate a specified level of leverage for a specified period. Certain covenant easements are subject to the level of leverage not exceeding certain thresholds.

Subject to closing of the Offering, the Senior Facilities Agreement also requires us to maintain specified financial ratios of leverage and interest cover and to observe certain levels of capital expenditure.

Prepayment

In addition to repayment of principal in a series of scheduled dates from 30 September 2013 to 30 April 2018, the Senior Facilities Agreement may become prepayable in whole or in part on the occurrence of certain customary events including a change of control (as defined below). In addition, certain disposal proceeds are required to be applied in prepayment. A "change of control", on or following the Offering, is defined under the Senior Facilities Agreement as meaning, subject to certain exceptions as set out below, the Investors (as defined in the Senior Facilities Agreement) ceasing to own at least 30% of the shares of the Company or where any person or group of persons acting in concert (other than the Investors) beneficially holds more than 50% of the voting shares of the Company or gains control of the Company, and for this purpose "control" of the Company means a person that: (i) can vote, or (whether by contract or otherwise) direct casting of the votes attached to, more than 50% of the voting shares of the Company, (ii) can appoint or remove all, or the majority, of the directors or other equivalent officers of the Company, or (iii) can give directions with respect to material operating and financial policies of the Company with which the directors or other equivalent officers of the

Company are obliged to comply. Subject to certain rating requirements being met, the Senior Facilities Agreement provides that a "change of control" shall not be deemed to occur as a result of the Investors ceasing to own at least 30% of the shares of the Company.

Indebtedness under the Senior Facilities Agreement may be voluntarily prepaid in whole or in part, subject to notice, minimum amounts and breakage costs.

Events of default

The Senior Facilities Agreement contains customary events of default subject to specified exceptions, materiality, grace periods, baskets, thresholds, qualifications and remedy periods, including, amongst others, non-payment of principal or interest, breach of financial and other covenants, breach of representations and warranties, cross default above certain agreed threshold amounts, insolvency and bankruptcy events, and circumstances and events having a material adverse effect (as defined in the Senior Facilities Agreement).

Security

The Senior Secured Facilities are secured by first ranking security over certain assets of the Company and its material subsidiaries in Australia, Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, United Kingdom and United States. The assets over which security has been granted typically includes bank accounts, receivables, intellectual property rights and certain shares.

Intercreditor agreement

The intercreditor agreement is dated as of 19 September 2011 and regulates the rights of enforcement and order of priority as between creditors under the Senior Facilities Agreement, various other senior creditors and the trustee acting on behalf of holders of the 2016 Senior Subordinated Notes.

Medium Term Notes due 2014

In December 2004, ISS Global A/S issued EUR 500 million of medium term notes at a price of 99.291% of their aggregate nominal amount which have an annual coupon of 4.50%, payable annually in arrears, and mature on 8 December 2014 (the "**2014 Medium Term Notes**"). In June 2007, approximately 77.9% of the 4.50% 2014 Medium Term Notes were redeemed and cancelled and consequently approximately EUR 110.4 million of the 2014 Medium Term Notes remain outstanding. Following the completion of the Offering, we intend to offer to purchase the 2014 Medium Term Notes or to repay them at maturity with the net proceeds of the Offering and the 2014 Facilities. For further information, see "*Capitalisation and Indebtedness*".

Representations and warranties and covenants

The 2014 Medium Term Notes contain a negative pledge, pursuant to which ISS Global A/S will ensure that no "relevant indebtedness" will be secured by any mortgage, charge, lien, pledge or other security interest unless the 2014 Medium Term Notes are equally secured by such security interest or ISS Global A/S agrees some other security arrangement with the holders of the notes. The term "relevant indebtedness" means: (i) any present or future indebtedness which has an initial maturity of more than 12 months (whether being principal, premium, interest or other amounts) represented or evidenced by notes, bonds, debentures, debenture stock, loan stock or other securities which for the time being are, or are intended to be, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market; and (ii) any guarantee or indemnity of any such indebtedness.

The 2014 Medium Term Notes contain customary provisions relating to the amendment of the terms of the notes. The 2014 Medium Term Notes are governed by English law and are listed on the Luxembourg Stock Exchange and traded on the regulated market of the Luxembourg Stock Exchange.

Senior Subordinated Notes due 2016

On 8 May 2006, the Company issued EUR 454 million aggregate principal amount of notes due 2016, which bear interest at the rate of 8.875% per year, and on 30 March 2010, an additional EUR 127.5 million aggregate principal amount of notes were issued under the same indenture (collectively, the "**2016 Senior Subordinated Notes**"). The 2016 Senior Subordinated Notes are listed and traded on the Euro MTF market of the Luxembourg Stock Exchange. In July and December 2013, approximately EUR 232 million and EUR 93 million, respectively, of the 2016 Senior Subordinated Notes were redeemed and cancelled leaving approximately EUR 256 million outstanding. We expect to redeem the 2016 Senior Subordinated Notes on or about 15 May 2014, subject to the satisfaction of various requirements, using a corresponding portion of the net proceeds of the Offering. For further information, see "*Capitalisation and Indebtedness*".

Covenants

The indenture to the 2016 Senior Subordinated Notes contains covenants that restrict the ability of the Company and certain of its subsidiaries to, among other things, incur more debt; pay dividends and make distributions of certain other restricted payments; issue, sell or pledge capital stock of certain subsidiaries; enter into transactions with affiliates; impair the security interest for the benefit of note-holders; create liens; transfer or sell assets; enter into sale and leaseback transactions; guarantee additional debt; layer debt and consolidate or merge with or into another entity. Certain of these covenants will be suspended with respect to the 2016 Senior Subordinated Notes if and when, and for so long as, the 2016 Senior Subordinated Notes are rated at least: (i) Baa2 or higher by Moody's Investors Service, Inc. and BBB or higher by Standard & Poor's Rating Service; or (ii) Baa3 or higher by Moody's Investors Service, Inc. and BBB or higher by Standard & Poor's Rating Service.

Events of default

The indenture to the 2016 Senior Subordinated Notes contains customary events of default, including, among others, the non-payment of principal, interest or additional amounts under the 2016 Senior Subordinated Notes, certain failures to perform or observe other obligations under the indentures, the occurrence of certain defaults under other indebtedness that either result in the acceleration of such indebtedness at final maturity, failure to pay certain final judgments rendered against the Company or any of its restricted subsidiaries and insolvency or bankruptcy events.

Change of control provisions

The indenture to the 2016 Senior Subordinated Notes also contains a change of control provision which stipulates that if certain events occur, the Company must make an offer to purchase the 2016 Senior Subordinated Notes at 101% of their principal amount plus accrued and unpaid interest. These events are: (i) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and certain of its subsidiaries taken as a whole to any person or group other than one or more of the main shareholders and their affiliates or related persons; (ii) the consummation of any transaction or series of related transactions (including, without limitation, any merger, consolidation, amalgamation, or other combination), the result of which is that any person or group (as defined in Sections 13(d) and 14(d) of the U.S. Exchange Act), other than one or more of the main shareholders and their affiliates or related persons, becomes the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the voting stock of the Company (or successor companies); (iii) during any consecutive two-year period following the date of the indenture of the 2016 Senior Subordinated Notes, individuals who at the beginning of such period constituted the Company's Board of Directors (excluding employee appointed members) (together with any new members whose election to such board, or whose nomination for election by the Company's shareholders, was approved by the main shareholders or their affiliates or related persons then beneficially owning collectively 50% or more of the total voting power of the voting stock of the Company) cease for any reason to constitute a majority of such members of the Company's Board of Directors then in office; or (iv) the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction that complies with certain provisions of the indenture of the 2016 Senior Subordinated Notes. "Main shareholders" as used above means GSCP and the EQT Funds. The definition of "change of control" includes a disposition of all or substantially all of the assets of the Company and the other restricted subsidiaries to any person. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of such phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and the other restricted subsidiaries. As a result, it may be unclear as to whether a change of control has occurred and whether a holder of 2016 Senior Subordinated Notes may require the Company to make an offer to purchase the 2016 Senior Subordinated Notes.

Security

The 2016 Senior Subordinated Notes are secured by a second priority security interest in the Company's shares in ISS World Services A/S and a second priority security interest in all of the Company's rights under certain proceeds loans.

Securitisation programme

ISS has entered into a securitisation programme with a credit facility of up to EUR 400 million jointly arranged by HSBC Bank plc and Nordea Bank Danmark A/S. The proceeds of the securitisation programme (exceeding agreed limits) were used to repurchase and cancel or redeem 4.75% 2010 medium term notes.

Following the completion of the Offering, we expect to use the net proceeds of the Offering (save for any proceeds used to acquire Existing Offer Shares in order for us to meet certain of our obligations under our incentive programmes) and the 2014 Facilities to repay the securitisation programme during the course of 2014. The current margin of our securitisation programme is 250 basis points.

ISS launched its securitisation programme in ten major countries. Under the programme, trade receivables of the participating countries are sold on a "true sale" basis to a special purpose orphan entity. The securitised trade receivables however continue to be recognised in the statement of financial position as pursuant to IFRS the majority of risks and rewards remain with the Group. As of 31 December 2013, trade receivables of DKK 4,535 million were recognised as security for securitisation debt with a face value of DKK 2,773 million. In addition, DKK 1,532 million in cash held by the Group's consolidated special purpose entities handling the Group's securitisation programme was pledged as security for securitisation debt.

The securitisation programme is on a "true sale" basis and no member of the Group provides security in connection with the securitisation programme. The securitisation programme documents contain a number of customary representations and warranties and also contain certain covenants in respect of each member's compliance with the securitisation programme documents and maintenance of its business in order to ensure the Group continues to perform all of its material obligations under the underlying contracts with its customers.

**Contractual Obligations; Summary of Key Contractual Provisions and Commitments**

The table below shows our contractual cash obligations, including estimated interest payments, and commitments, excluding liabilities in connection with defined benefit pensions and similar obligations, fair value of interest rate swaps and other provisions, as of 31 December 2013:

| | 2014 | 2015 | 2016 | 2017 | 2018 | After 2018 | Total |
|---|---|---|---|---|---|---|---|
| | | | | (DKK million) | | | |
| Issued bonds | 1,028 | 170 | 1,975 | — | — | — | 3,173 |
| Other loans and borrowings | 5,712 | 2,434 | 1,398 | 1,473 | 16,232 | 3 | 27,252 |
| Operating lease obligations | 1,341 | 884 | 610 | 344 | 216 | 346 | 3,741 |
| **Total** | **8,081** | **3,488** | **3,983** | **1,817** | **16,448** | **349** | **34,166** |
| Hereof estimated interest payments | 1,085 | 968 | 923 | 943 | 322 | 0 | 4,241 |

For information on our anticipated indebtedness following the Offering, see "*Capitalisation and Indebtedness*".

Our operating leases consist primarily of leases and rentals of properties, vehicles (primarily cars) and production and other equipment. The total expense under operating leases for 2013, 2012 and 2011 was DKK 1,964 million, DKK 2,116 million and DKK 2,105 million, respectively.

We initially entered into an international fleet lease framework agreement on 1 January 2005 and extended it on 1 January 2008 and 12 January 2011. On 20 December 2013, we entered into a new five-year agreement with the same leasing company which provides the framework for the local leasing agreements of our fleet in a number of countries in which we operate until 31 December 2018. The framework agreement is non-exclusive and contains an option for us to terminate our entire fleet in a specific country or our entire fleet on a quarterly basis with four weeks' notice subject to payment of a termination amount. Our disclosed contractual obligations include our total leasing commitment with this international leasing company, assuming no early termination of any agreement.

In addition, we also have capital lease obligations and other non-current liabilities reflected on our statement of financial position which will become due at various times in the future. See Notes 5.2 and 5.3 to our audited consolidated financial statements for the year ended 31 December 2013 included under "*Financial Information*".

**Pension Obligations**

We contribute to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of annual premiums to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans we have no legal or constructive obligation to pay further contributions irrespective of the funding of these insurance companies. Pension costs related to such plans are recorded as expenses when incurred.

In some countries, most significantly Sweden, Switzerland, France, Germany, Norway and the United Kingdom, we have pension schemes where the actuarially determined pension obligations are recorded in the consolidated statement of financial position (defined benefit plans). The defined benefit plans are primarily based on years of service and benefits are generally determined on the basis of salary and rank. The majority of the obligations are funded, but in some countries, mainly Sweden and France, the obligation is unfunded.

Net obligations in respect of defined benefit pension plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit amount is discounted to determine its present value; and the fair value of any plan assets is deducted. The calculations are performed by a qualified actuary using the projected unit credit method.

In certain countries, we participate in multi-employer pension schemes. The funds are currently not able to provide the necessary information in order for us to account for the schemes as defined benefit plans. There is a risk that the plans are not sufficiently funded. Furthermore, there is a risk that changes to local legislation will entail that pension plans are reclassified from defined contribution plans to defined benefit plans, requiring us to recognise a provision.

Pensions and similar obligations amounted to DKK 838 million as of 31 December 2013, DKK 1,433 million as of 31 December 2012 and DKK 1,099 million as of 31 December 2011.

In connection with the preparation of the audited consolidated financial statements as of and for the year ended 31 December 2013, actuarial annual valuations have been updated to take into account changes in the underlying assumptions about, among other things, interest rates, inflation rates and demographic assumptions. The updated valuations led to actuarial gains including the effect of limitation from asset ceiling, net of tax amounting to DKK 271 million, which were recognised as equity as of 31 December 2013.

In the United Kingdom we are the sponsoring employer of a pension plan that was closed in 1997. Under English law, the trustees of the pension fund have the option of winding-up the fund at their discretion. If they elect to do so, for example, in light of external events, our obligation will increase from the obligation calculated according to IAS 19 to the amount an insurance company in the current insurance market would require to take over the pension scheme. The trustees have not notified us of any winding-up of the fund.

**Off Balance Sheet Arrangements**

We do have certain off-balance sheet liabilities comprising our contingent liabilities, including our operating lease commitments. See Notes 8.2 and 8.6 to our audited consolidated financial statements for the year ended 31 December 2013 included under "*Financial Information*" for discussion of our contingent liabilities.

**Critical Accounting Estimates**

For a discussion of our critical accounting estimates and judgements, see the Notes to our audited consolidated financial statements for the year ended 31 December 2013 included under "*Financial Information*".

**Quantitative and Qualitative Disclosure about Market Risk**

See Section 1 "*Basis of preparation*" of our audited consolidated financial statements for the year ended 31 December 2013 included under "*Financial Information*" for a discussion of our exposure to market risk, currency risk and the impact of exchange rate fluctuations, interest rate risk, liquidity risk, credit risk and a description of our risk management (including our current policies in place as approved by our Board of Directors) and capital structure management, including the underlying estimates and judgements. See also "*Operating and Financial Review—Principal Factors Affecting Our Results of Operations—Foreign currency translation*".

# CONSOLIDATED PROSPECTIVE FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2014

**Statement by the Board of Directors and Executive Group Management Board**

We have prepared and presented the consolidated prospective financial information for the financial year ending 31 December 2014, including the principal assumptions stated under "*—Methodology and Assumptions*". The accounting policies applied are in accordance with the accounting policies set out in the Notes to our 2013 audited consolidated financial statements included in this Offering Circular. The consolidated prospective financial information for the financial year ending 31 December 2014 is prepared for the purpose of this Offering Circular.

The consolidated prospective financial information for the financial year ending 31 December 2014 is based on a number of factors, including certain estimates and assumptions. The principal assumptions upon which we have based the consolidated prospective financial information for the financial year ending 31 December 2014 are described under "*—Methodology and Assumptions*". The consolidated prospective financial information for the financial year 2014 is based on a number of assumptions, and many of the significant assumptions we have used in preparing this information are outside of our control or influence.

The consolidated prospective financial information for the financial year 2014 represents the best estimates of the Board of Directors and Executive Group Management Board at the date of publication of this Offering Circular. Actual results are likely to be different from the consolidated prospective financial information for the financial year ending 31 December 2014 since anticipated events may not occur as expected and the variation may be material. You should read the consolidated prospective financial information for the financial year ending 31 December 2014 in this section in conjunction with "*Risk Factors*" included elsewhere in this Offering Circular. See also "*Special Notice Regarding Forward Looking Statements*".

Søborg, 3 March 2014

**ISS A/S**

**Board of Directors**

| | | |
|---|---|---|
| Lord Allen of Kensington CBE<br>*Chairman* | Thomas Berglund<br>*Deputy Chairman* | Jennie Chua |
| Morten Hummelmose | Henrik Poulsen | Jo Taylor |
| Andrew Evan Wolff | Pernille Benborg<br>*Employee representative* | Joseph Nazareth<br>*Employee representative* |
| Palle Fransen Queck<br>*Employee representative* | | |

**Executive Group Management Board**

| | | |
|---|---|---|
| Jeff Gravenhorst<br>*Group CEO* | Heine Dalsgaard<br>*Group CFO* | Henrik Andersen<br>*Group COO EMEA* |
| John Peri<br>*Group COO Americas & APAC* | | |

**Report from ISS A/S' Independent Auditors regarding the Consolidated Prospective Financial Information for the Financial Year 2014**

*To the readers of this Offering Circular*

We have examined the following consolidated prospective financial information for ISS A/S for the financial year 2014 as set out in the section "*Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014*".

This report is required by the Prospectus Regulation and is issued for the purpose of complying with that and for no other purposes. The report has been prepared in accordance with Danish practice for such reports and only for the use of shareholders and potential investors in connection with the contemplated listing on NASDAQ OMX Copenhagen of the Shares of ISS A/S and the proposed public offering of certain of these Shares. It is not included or incorporated by reference in the U.S. Offering Circular.

**Management's Responsibility**

The Board of Directors and the Executive Group Management Board are responsible for the preparation of the consolidated prospective financial information for the financial year 2014 on the basis of the significant assumptions disclosed in the section "*Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014*" and based on the accounting policies in respect of recognition and measurement as applied in the financial year 2013, as disclosed in the Company's audited consolidated financial statements at 31 December 2013 and for the financial year 2013 included in this Offering Circular (the "**accounting policies applicable**"). See "*Financial Information*".

In addition, the Board of Directors and the Executive Group Management Board are responsible for selecting the assumptions underlying the consolidated prospective financial information for the financial year 2014.

**Auditors' Responsibility**

Our responsibility is, on the basis of our examinations, to express an opinion on the consolidated prospective financial information for the financial year 2014. We have conducted our examination of the consolidated prospective financial information for the financial year 2014 in accordance with ISAE 3000 DK, "*Assurance engagements other than audits or reviews of historical financial information and additional requirements under Danish audit regulation*", to obtain reasonable assurance that the consolidated prospective financial information for the financial year 2014 in all material respects has been prepared on the basis of the assumptions disclosed and the accounting policies in respect of recognition and measurement applicable to ISS A/S. As part of our examination, we tested whether the consolidated prospective financial information were prepared on the basis of the assumptions disclosed and the accounting policies applicable to ISS A/S, including testing whether the figures of the prospective consolidated information for the financial year 2014 correlate. We believe that our examinations provide a reasonable basis for our opinion.

**Conclusion**

In our opinion, the consolidated prospective financial information for the financial year 2014 has in all material respects been prepared on the basis of the assumptions disclosed in the section "*Consolidated Prospective Financial Information for the Financial Year Ending 31 December 2014*" and in accordance with the accounting policies applicable to ISS A/S.

Actual results for the financial year 2014 are most likely to be different from the consolidated prospective financial information for the financial year 2014 since anticipated events frequently do not occur as expected. Such variation may be material. Our examination did not include an assessment as to whether the assumptions applied are well-founded or whether the consolidated prospective financial information for the financial year 2014 is realisable, and accordingly, we do not express an opinion thereon.

Copenhagen, 3 March 2014

**KPMG**

Statsautoriseret Revisionspartnerselskab

Jesper Koefoed
*State Authorised Public Accountant*

Claus Kronbak
*State Authorised Public Accountant*

## Introduction

We have prepared the consolidated prospective financial information for the year ending 31 December 2014 for use in this Offering Circular in accordance with applicable laws and regulations. Such information is the responsibility of our Board of Directors and Executive Group Management Board.

The consolidated prospective financial information was not prepared with a view toward compliance with published guidelines of the U.S. Securities and Exchange Commission and the American Institute of Certified Public Accountants (the "**AICPA**"), for preparation and presentation of prospective financial information. Accordingly, this information does not include disclosure of all information required by the AICPA guidelines on prospective financial information. The prospective financial information is necessarily based upon a number of assumptions and estimates that, while presented with numerical specificity and considered reasonable by us, are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, and upon assumptions with respect to future business decisions that are subject to change.

***Our expectations as to future developments may deviate substantially from actual developments, and our actual results of operations are likely to deviate, and may deviate materially, from the forecasts provided. Accordingly, potential investors should treat this information with caution and not place undue reliance on the expectations set forth below.***

## Methodology and Assumptions

The consolidated prospective financial information for the year ending 31 December 2014 has been prepared on the basis of our accounting policies, which are in accordance with recognition and measurement of IFRS as adopted by the EU, consistent in all material respects with those applied in the audited consolidated financial statements for the year ended and as of 31 December 2013 as disclosed in the Company's 2013 audited consolidated financial statements included under "*Financial Information*".

The consolidated prospective financial information for the year ending 31 December 2014 has been prepared for the purpose of this Offering Circular in accordance with our ordinary forecasting and budgeting procedures and on a basis comparable to the historical financial information included elsewhere in this Offering Circular. However, the consolidated prospective financial information is based on a large number of estimates made by us based on assumptions on future events, which are subject to numerous and significant uncertainties, for example, caused by business, economic and competitive risks and uncertainties, which could cause our actual results to differ materially from the prospective financial information presented herein.

Certain of the assumptions, uncertainties and contingencies relating to the consolidated prospective financial information are outside of our control, including those relating to changes in political, legal, fiscal, market or economic conditions, improvement in macroeconomic conditions, currency fluctuations and actions by customers or competitors. Certain other assumptions, uncertainties and contingencies are wholly or partially within our control, such as those relating to the execution of our strategy and restructuring projects.

While we have presented below the principal assumptions on which the prospective financial information is based, it is likely that one or more of the assumptions we have relied upon will fail to materialise.

Our actual results of operations could deviate materially from our forecasts as a result of other factors, including, but not limited to, those described under "*Special Notice Regarding Forward Looking Statements*" and "*Risk Factors*". For more information regarding principal factors that we expect could have a substantial effect on our results of operations, see "*Operating and Financial Review—Principal Factors Affecting Our Results of Operations*".

For the purpose of preparing the consolidated prospective financial information for the year ending 31 December 2014, we have applied the principal assumptions set forth below.

## Revenue

- Our Portfolio Business accounts for a significant part of our revenue. Our estimates regarding revenue for 2014 are primarily based on our current contract portfolio and the expected further ordinary course development thereof during 2014. Specifically, we expect our portfolio to experience contract wins, contract losses and scope adjustments on certain contracts in a manner consistent with our experience, and we expect to be able to implement price increases based on existing contract terms or through negotiations in a manner consistent with past experiences.

- Our estimate regarding revenue for 2014 also assumes an increased demand for IFS in 2014. This assumed increase in demand for IFS is expected to be driven through local, regional and global demand.
- We also assume that revenue growth in Emerging Markets will continue in line with that of previous years. We have a strong presence in Emerging Markets and expect to utilise this presence through new contract wins at local and regional level and further developing global customer relations.
- Furthermore, we assume that revenue from our Non-Portfolio Business, which is more discretionary as some of these services can be delayed or eliminated by customers, will remain at the same level as that experienced in 2013, based on the assumption of stable economic conditions in 2014 compared to 2013.

**Operating Margin**

- In recent years our Operating Margin has been stable, with an Operating Margin of 5.5%, 5.6% and 5.7% realised in 2013, 2012 and 2011, respectively. As previously mentioned in the Offering Circular, Operating Margin in 2013 was negatively impacted by the divestment of the margin accretive 2013 Pest Control Divested Businesses. Our estimates concerning the Operating Margin for 2014 are based on the Operating Margin for our current contract portfolio as well as anticipated changes in wages and assume that our overall business continues to develop as described in the section above captioned "Revenue".
- We assume that we will benefit from the further implementation of the five focus themes as described in "*Business—Our Strategy and Strengths—Our Strategy*". In particular the optimisation of our organisational structures, focus on IFS and the continued implementation of excellence across the Group are assumed to positively impact Operating Margin in 2014.
- We also assume a stable level of revenue from the Non-Portfolio Business as discussed above, which is assumed to have a positive effect on the Operating Margin as some of our Non-Portfolio Business typically requires less additional overhead costs and can often be carried out with existing staff at a customer's site.

**Cash Conversion**

- Our Cash Conversion has been 102%, 103% and 93% in 2013, 2012, and 2011, respectively. The estimate regarding Cash Conversion for 2014 is based on the assumption that we will continue our focus on working capital optimisation projects and thereby mitigate potential negative impacts from current macroeconomic conditions.

**Additional Assumptions**

In addition, for each of Revenue, Operating Margin and Cash Conversion, we have:

- other than our completed divestments of landscaping activities in France, pest control activities in India, security activities in Israel and HVAC activities in Belgium, not included the effect of any acquisitions or divestments that may be completed in 2014 in our expectations for 2014 set forth below;
- assumed that there will be no changes in existing political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules (including, but not limited to, accounting), which, individually or in the aggregate, are material to our results of operations;
- assumed no significant impact from foreign currency fluctuations on Operating Margin as revenue and cost in the individual countries are in all material respects denominated in the same currencies;
- assumed that we will not become party to any litigation or administrative proceeding that may have a material impact on us.

**Non-IFRS Financial Measures**

Operating Margin and Cash Conversion are not measures of financial performance or liquidity under IFRS. These measures are defined in the section "*Presentation of Financial and Certain Other Information*" to which we refer. These measures are used by management to monitor the underlying performance of our business and operations. Not all companies may calculate these measures in the same manner or on a consistent basis, and, as a result, our presentation of such may not be comparable to measures used by other companies under the same or similar names. Accordingly, these non-IFRS financial measures presented should not be used alone or as substitutes of IFRS financial measures as operating profit, net profit, cash flow or other financial measures computed in accordance with IFRS. In respect of the definition of these non-IFRS financial measures, reference is made to the section "*Presentation of Financial and Certain Other Information*".

**Expectations for the Year Ending 31 December 2014**

We expect revenue growth in 2014 to be 3% to 4% assuming constant foreign exchange rates(1) and before the impact of any acquisitions or divestments completed in 2013 and 2014. Changes in foreign exchange rates are expected to negatively impact revenue growth in 2014 by approximately 3 percentage points.(2) Divestments and acquisitions completed in 2013 and divestments completed in 2014 are expected to negatively impact revenue growth in 2014 by approximately 5 percentage points.(3) We expect total revenue growth in 2014 to be negative by 4% to 5%. Operating Margin in 2014 is expected to be above the 5.5% realised in 2013. Cash Conversion is expected to be above 90%.

Our financial and operational performance is affected by various factors. For a discussion of certain of those factors that may have an adverse effect on our operational and financial performance, see "*Risk Factors*".

(1) For the purposes of expectations for the year ending 31 December 2014, constant foreign exchange rates are the realised average exchange rates for the financial year 2013.

(2) Calculated revenue for 2014 using exchange rates at 31 December 2013, less the same revenue calculated at the average exchange rates for the financial year 2013, relative to revenue realised in 2013 less estimated revenue from divestments completed in 2013 and 2014.

(3) At 31 December 2013, certain businesses were held for sale; see "*Business—Divestments and Acquisitions*". Expectations for the year ending 31 December 2014 include only divestments completed in 2014 as of and including 28 February 2014: landscaping activities in France, pest control activities in India, security activities in Israel and HVAC activities in Belgium. Expectations for the year ending 31 December 2014 exclude the divestment of commercial security activities in Australia and New Zealand, which had revenue of approximately DKK 0.8 billion in 2013.

# BOARD OF DIRECTORS, EXECUTIVE GROUP MANAGEMENT BOARD AND KEY EMPLOYEES

## Overview

We have a two-tier governance structure consisting of our Board of Directors and our Executive Group Management Board. The two bodies are separate and have no overlapping members. Our Executive Group Management Board is supported by our Key Employees, who in addition to the members of the Executive Group Management Board, make up our Group Management Board.

## Board of Directors

Our Board of Directors determines our overall Group strategy and supervises our activities, management and organisation. Our Board of Directors appoints and dismisses the members of our Executive Group Management Board, which is responsible for the day-to-day management.

The business address of the members of our Board of Directors is: ISS A/S, Buddingevej 197, DK-2860 Søborg, Denmark.

In accordance with article 10.1 of our Articles of Association, our general meeting shall elect not less than four and not more than eight members to our Board of Directors. Our Board of Directors elects a Chairman (the "**Chairman**") and a Deputy Chairman (the "**Deputy Chairman**") of our Board of Directors among its members. If our Chairman resigns during a term of election, our Deputy Chairman shall take up the position as Chairman until a new Chairman is elected among the members of our Board of Directors. See article 10.3 of our Articles of Association.

The members of our Board of Directors elected by our general meeting are elected for a term of one year. Members of our Board of Directors may be re-elected. Only persons who are younger than 70 years at the time of election may be elected. Our general meeting may elect personal alternates for one or more members of our Board of Directors elected by the general meeting. See articles 10.4 and 10.5 of our Articles of Association.

As set out in our Articles of Association the employee representatives of our Board of Directors are elected on the basis of a voluntary arrangement between our Board of Directors and the election committee of ISS World Services A/S regarding group representation on our Board of Directors for employees of ISS World Services A/S. If a works council of ISS World Services A/S or the employee elected representatives in the voluntary arrangement and our Board of Directors no longer agree on the voluntary arrangement, or if it is decided in a yes/no vote that employee representatives and any alternates are to be elected, cf. sections 25 and 26 of the Danish executive order no. 344 of 30 March 2012 regarding employee representation in private and public limited companies, the voluntary arrangement regarding group representation will lapse. The same applies if employee representation on our Board of Directors is established on another legal basis, including by business transfer. See article 10.2 of our Articles of Association.

Our employee representatives were elected in January 2011 for a term of four years and joined our Board of Directors following our annual general meeting in March 2011. Our employee representatives hold the same rights and obligations as any other member of our Board of Directors.

The following table presents an overview of the current members of our Board of Directors:

| Name | Position | Independence assesment(1) | Year of first appointment | Expiration of term |
|---|---|---|---|---|
| Lord Allen of Kensington CBE (Lord Allen) | Chairman | Independent | 2013 | 2015 |
| Thomas Berglund | Deputy Chairman | Independent | 2013 | 2015 |
| Jennie Chua | Board member | Independent | 2011 | 2015 |
| Morten Hummelmose | Board member | Not independent | 2013(2) | 2015 |
| Henrik Poulsen | Board member | Independent | 2013 | 2015 |
| Jo Taylor | Board member | Not independent | 2012 | 2015 |
| Andrew Evan Wolff | Board member | Not independent | 2013 | 2015 |
| Pernille Benborg | Employee representative | Not independent | 2011 | 2015 |
| Joseph Nazareth | Employee representative | Not independent | 2011 | 2015 |
| Palle Fransen Queck | Employee representative | Not independent | 2011 | 2015 |
| Michael Specht Bruun | Alternate Board member (alternate to Andrew Evan Wolff) | | 2013 | 2015 |
| Nicholas Hooge | Alternate Board member (alternate to Morten Hummelmose) | | 2014 | 2015 |
| Iain Kennedy | Alternate Board member (alternate to Jo Taylor) | | 2014 | 2015 |
| Peter Jensen Jørgensen | First alternate employee representative | | 2012(3) | 2015 |
| Anders Rabing | Second alternate employee representative | | 2011 | 2015 |
| Erik Juel-Jacobsen | Third alternate employee representative | | 2011 | 2015 |

(1) We have based our assessment of independence on the basis of the criteria set out in the Danish Corporate Governance Recommendations (as defined below)

(2) Morten Hummelmose was an alternate member of our Board of Directors in the period from March 2011 to June 2013

(3) Peter Jensen Jørgensen was alternate employee representative in the period from March 2011 to December 2011 and employee representative on our Board of Directors from December 2011 to March 2012 after which he again became an alternate employee representative

Our Board of Directors currently has seven members elected by our general meeting. We consider four members as independent, while three members represent the interests of the Selling Shareholder due to their affiliation with the EQT Funds, GSCP and OTPP, respectively, and are therefore not considered independent. The three employee representatives are as employees of the Group not considered independent. Upon completion of the Offering and the Selling Shareholder Reorganisation Jo Taylor would be considered independent pursuant to the Danish Corporate Governance Recommendations as he would no longer represent the Selling Shareholder on our Board of Directors, whereas Morten Hummelmose and Andrew Wolff would continue to do so. See also "*Ownership Structure and Selling Shareholder*" for a description of the Selling Shareholder Reorganisation.

We believe that all members of our Board of Directors elected by our general meeting possess the professional skills and international experience required to serve as a board member of ISS and to supervise and manage a company with shares admitted to trading and official listing on NASDAQ OMX Copenhagen.

### *Biographies*

Other than as presented below, none of the members of our Board of Directors and their alternates have been a member of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Group within the past five years.

**Lord Allen of Kensington CBE** (full name: Charles Lamb, The Lord Allen of Kensington CBE, born 1957, British nationality) has been a member of our Board of Directors since March 2013 and chairman since August 2013.

Lord Allen is chairman of the board of directors of Global Radio Group, Boparan Holdings Ltd and 2 Sisters Food Group Ltd and a member of the board of directors of Endemol, Classic FM Ltd, Global Music Television Ltd, Global Radio Acquisitions Ltd, Global Radio Holdings Ltd, Global Radio Ltd, Global Radio Services Ltd, This Is Global Ltd, Edam Acquisition Holding I Cooperatief UA, Brand Investments Vehicle 2 Ltd, Grandmet Management Ltd, Grandmet Development Ltd, Get AS as well as a partner of Xseqour Partners. In addition, Lord Allen is chairman of the management board of the British Labour Party and Join In Trust Ltd and also acts as senior advisor to Goldman Sachs Capital Partners and advisor to Boparan Holdings Ltd and Powerscourt.

In the past five years, Lord Allen was chairman of the board of directors of EMI Music and a member of the board of directors of Virgin Media Ltd, Beacon Broadcasting Ltd, Birmingham Broadcasting Ltd, BRMB Ltd, Mercia Sound Ltd, Midlands Radio Ltd, Radio Wyvern Ltd, Tesco Plc, Wyfold UK Ltd and Grandmet Management (UK) LLP. Previously Lord Allen was also Chief Executive Officer of Compass. In addition, Lord Allen was chairman of the British Red Cross and a member of the London Organising Committee of Olympic and Paralympic Games as well as Vice Chairman of the 2012 Bid Committee for the Olympic and Paralympic Games.

Lord Allen holds a FCMA from Institute of Management Accountants as well as Honorary Doctorate Degrees from the University of Salford, the Manchester Metropolitan University and the Southampton Solent University.

**Thomas Berglund** (full name: Thomas Fredrik Berglund, born 1952, Swedish nationality) has been a member of our Board of Directors since March 2013 and Deputy Chairman since February 2014.

Thomas Berglund is President and Chief Executive Officer of Capio AB and Capio Holding AB as well as a member of the executive management of TA Consulting GmbH. Thomas Berglund is also chairman of the board of directors of Capio Deutsche Klinik GmbH, Capio Närsjuksvård AB, Capio S:t Görans Sjukhus AB, Capio Specialistkliniker AB, Capio S:t Göran Radiologi AB, Capio Psykiatri AB, Capio Norge Holding AS, Capio Gestion, Capio Sante SA (and administrator), Capio Services France GIE (and managing director) and Volvat Medisinske Senter AS as well as a member of the board of directors of Capio UK Ltd. In addition, Thomas Berglund is a member of the board of the Swedish Association of Private Care Providers.

In the past five years, Thomas Berglund was Chief Executive Officer of Eltel and served as chairman of the board of directors of Capio AB, Capio Holding AB, Ygeia TopHolding AB, Ygeia Equity AB, and InfraNet Company AB as well as a member of the board of directors of InfraNet Company 1 AB, Eltel Group Oy, Eltel Networks Oy, Eltel Networks AS, Eltel Networks A/S, AS Eltel Networks S.A., Eltel Networks Telecom Sp.z.o.o and P-PY 2009 Holding AB.

Thomas Berglund holds a Bachelor of Science in Economics and Business Administration from Stockholm School of Economics.

**Jennie Chua** (full name: Jennie Chua Kheng Yeng, born 1944, Singaporean nationality) has been a member of our Board of Directors since December 2011.

Jennie Chua is chairman of the Old Parliament House Ltd, Alexandra Health Pte Ltd and GLH Management Group Pte Ltd, and deputy chairman of Temasek Foundation CLG Ltd as well as a member of the board of directors of Yishun Community Hospital Pte Ltd, Far East Orchard Ltd, CapitaMalls Asia Ltd, GuocoLeisure Ltd, GuocoLand Ltd, Sentosa Development Corporation, Sentosa Cove Resort Management Pte Ltd, MOH Holdings Pte Ltd, Alexandra Health System Pte Ltd, Pas De Deux Holdings Pte Ltd, Beeworks Inc., the Singapore Chinese Girls' School and CapitaLand Hope Foundation. In addition, Jennie Chua is director and trustee of the Nanyang Technological University, chairman of the Advisory Committee of Singapore Institute of Technology and a member of the Joint Advisory Board of Cornell Nanyang Institute of Hospitality Management and the Singapore Pro-Enterprise Panel. Jennie Chua is also Justice of the Peace of the Prime Minister's Office (Singapore), Singapore's Non-Resident Ambassador to the United Mexican States, President Emeritus of Philippines Bayanihan Society (Singapore), Co-Chairman of Governing Council of the Institute of Service Excellence and committee member of MOH Holdings Healthcare Infrastructure and Planning Committee.

In the past five years, Jennie Chua was Chief Corporate Officer of CapitaLand Ltd and President and Chief Executive Officer of the Ascott Group Ltd. Jennie Chua also served as chairman of Sentosa Cove Pte Ltd, Community of Chest of Singapore, Singapore International Chamber of Commerce and Raffles Hotel (1886) Ltd as well as deputy chairman of CapitaLand ILEC Ptc. Ltd and Singapore Workforce Development Agency. Jennie Chua also served as a member of the board of directors of Ascott Serviced Residence (China) Fund, the Ascott Group Ltd, Ascott Residence Trust Management Ltd, Sentosa Leisure Holdings Pte Ltd, NYU Tisch School of the Arts, Asia, Ltd, CapitaLand Corporate Investments Pte Ltd, CapitaValue Homes Pte Ltd, CapitaLand Financial Ltd, RC Hotels (Pte) Ltd and National Healthcare Group Pte Ltd. In addition, Jennie Chua was Singapore's Non-Resident Ambassador to the Slovak Republic.

Jennie Chua holds a Bachelor of Science from the School of Hotel Administration, Cornell University.

**Morten Hummelmose** (born 1971, Danish nationality) has been a member of our Board of Directors since June 2013 and was prior to that an alternate member since March 2011.

Morten Hummelmose is partner at EQT Partners and head of its Copenhagen office as managing director of EQT Partners A/S. Morten Hummelmose is also a member of the executive management of ApS X of 1 February 2014 as well as a member of the board of directors of EQT Partners A/S and Zebra A/S.

In the past five years, Morten Hummelmose was a member of the board of directors of KMD Equity Holding A/S, KMD Holding A/S, KMD A/S, Dako A/S, Dako Denmark A/S and Leybold Optics GmbH.

Morten Hummelmose holds a Master of Science in Economics from the University of Copenhagen and a Master of Science in Finance from the University of London.

**Henrik Poulsen** (born 1967, Danish nationality) has been a member of our Board of Directors since August 2013.

Henrik Poulsen is Chief Executive Officer of DONG Energy A/S. Henrik Poulsen is also a member of the board of directors of Chr. Hansen Holding A/S, Falck Holding A/S, Falck A/S and Falck Danmark A/S. In addition, Henrik Poulsen acts as independent industrial advisor to EQT and is a member of the board of the Denmark-America Foundation and the Advisory Board of Danske Bank A/S.

In the past five years, Henrik Poulsen was Chief Executive Officer and President of TDC A/S and a member of the executive management of DONG Energy Wind Power A/S, DONG Energy Wind Power Denmark A/S, DONG Energy Wind Power Holding A/S, MP-Ax I Invest ApS and Danora ApS. Henrik Poulsen also served as chairman of the board of directors of DONG Naturgas A/S, YouSee A/S, Tele & Teknik Holding A/S, Fullrate Holding ApS and Fullrate A/S as well as a member of the board of directors of MNGT Holding A/S.

Henrik Poulsen holds a Bachelor of Science in International Business and a Master of Science in Finance and Accounting, both from Aarhus School of Business.

**Jo Taylor** (full name: Andrew Jonathan Mark Taylor, born 1961, British nationality) has been a member of our Board of Directors since August 2012.

Jo Taylor is Vice President and Senior Representative of the private capital team of Ontario Teachers' Pension Plan Board and head of its London office and holds positions as director and President of 2334906 Ontario Ltd and director and Vice President of 2337323 Ontario Ltd and 2397325 Ontario Ltd. Jo Taylor is also chairman of the board of directors of Teodin Holdco AS and Teodin Acquico AS as well as a member of the board of directors of Helly Hansen Group AS, Acorn Care 1 Ltd, Acorn Care 2 Ltd, Acorn Care 3 Ltd, Acorn Care 4 Ltd, Eagle Topco Ltd, Eagle Superco Ltd, Eagle Bidco Ltd, Eagle Holdco Ltd, Eagle Midco Ltd, Frontier Holdco Ltd, Frontier Bidco Ltd, Frontier Topco Ltd, Premier Lotteries Investments UK Ltd, Premier Lotteries Capital UK Ltd, Premier Lotteries UK Ltd, Camelot Business Solutions Ltd, Camelot Commercial Services Ltd, Camelot Strategic Solutions Ltd, Busy Bees Benefits Holdings Ltd, JoKa Consulting Ltd and Kainos Software Ltd.

In the past five years, Jo Taylor served as chairman of the board of directors of Helly Hansen Group AS as well as a member of the board of directors of Acraman Halycon Ltd, Halycon Hotels and Resorts Plc, Standard Life European Private Equity Trust Plc, Tideway Investment group Ltd, Newinco 1130 Ltd and Clearswift Ltd.

Jo Taylor holds a Bachelor of Arts in History from the University of London and a Master of Science in Business Administration from Manchester Business School.

**Andrew Evan Wolff** (born 1969, U.S. nationality) has been a member of our Board of Directors since June 2013.

Andrew Evan Wolff is head of the Goldman Sachs Merchant Banking Division in Europe, the Middle East and Africa and co-head of the Merchant Banking Division in Asia Pacific. Andrew Evan Wolff is also a member of the board of directors of Hastings Insurance Group (Investment) Plc, Get AS and Taikang Life Insurance Co. Ltd.

In the past five years, Andrew Evan Wolff served as a member of the board of directors Anhui Kouzi Distillery Co. Ltd, Geo Young Corporation, PagesJaunes Groupe SA, CS Wind Corporation and Leed International Education Group Inc. Previously Andrew Evan Wolff has also served as a member of the board of directors of C&M Co. Ltd and Mindsay International Holdings Ltd.

Andrew Evan Wolff holds a Bachelor in Philosophy from Yale University as well as a JD degree in law and a Master of Science in Business Administration, both from Harvard University.

**Pernille Benborg** (born 1970, Danish nationality) has been a member of our Board of Directors since March 2011 as an employee representative.

Pernille Benborg joined the Group in September 2000 and has been Group Vice President and Head of Compliance at ISS World Services A/S since January 2007. Previously Pernille Benborg held positions within the Group as Vice President of Compliance and Group Financial Controller of Group Finance.

Pernille Benborg holds a Master of Science in Business Administration and Auditing from Copenhagen Business School.

**Joseph Nazareth** (born 1960, Canadian nationality) has been a member of our Board of Directors since March 2011 as an employee representative.

Joseph Nazareth joined the Group in February 2010 and has since then been Group Vice President and Head of Group Health, Safety and Environment and Corporate Responsibility at ISS World Services A/S.

In the past five years, Joseph Nazareth was Head of Group HSSE at A.P. Møller-Mærsk.

Joseph Nazareth holds a Civil Engineering degree from McGill University and a Master of Science in Business Administration from the University of Ottawa.

**Palle Fransen Queck** (born 1975, Danish nationality) has been a member of our Board of Directors since March 2011 as an employee representative.

Palle Fransen Queck joined the Group in August 2000 and has been Group Vice President and Business Development Director, Central Europe at ISS World Services A/S since July 2012. Previously Palle Fransen Queck held a position within the Group as Vice President of Process Improvement and Business Solutions.

Palle Fransen Queck holds a Bachelor of Science (Hons) in Engineering from Copenhagen University College of Engineering and a Master of Science in Business Administration (MBA) from Henley Business School.

**Michael Specht Bruun** (born 1980, Danish nationality) has been alternate member of our Board of Directors since December 2013.

Michael Specht Bruun is Managing Director at Goldman Sachs International. Michael Specht Bruun is also a member of the Board of Directors of New Energy I S.à r.l, New Energy II S.à r.l and New Energy Investment S.à r.l and an observer on the board of directors of DONG Energy A/S.

In the past five years, Michael Specht Bruun was Executive Director at Goldman Sachs International and a member of the board of directors of MPP Invest 3A A/S, MPP Invest 3B A/S and MPP Invest 3C A/S.

Michael Specht Bruun holds a Bachelor of Science in Economics from the University of Copenhagen and a Master of Science in Economics from the University of Copenhagen and Cornell University.

**Nicholas Hooge** (full name: Nicholas Povl Zilstorff Hooge, born 1979, Danish nationality) has been an alternate member of our Board of Directors since January 2014.

Nicholas Hooge is employed as Director at EQT Partners A/S. In the past five years, Nicholas Hooge was chairman of the board of directors of MPP Invest 3B A/S.

Nicholas Hooge holds a Bachelor in Business Administration and Management Science and a Master of Science in Business Administration and Management Science, both from Copenhagen Business School and Postgraduate Diploma in Finance and Accounting from University of New South Wales.

**Iain Kennedy** (full name: Iain Alexander Kennedy, born 1969, British nationality) has been an alternate member of our Board of Directors since February 2014.

Iain Kennedy is Director of the private capital team of Ontario Teachers' Pension Plan Board.

In the past five years, Iain Kennedy was interim head of M&A of the Survitec Group Ltd and Partner at Duke Street as well as a member of the board of directors of Duke Street III Ltd, Duke Street V Ltd, DS (Scotland) GP Ltd, DS SLP GP Ltd, Duke Street General Partner Ltd, Payzone Ventures Ltd, the Wastepack Group Ltd, Trilliam Midco Ltd, Trilliam Bidco Ltd, Trilliam Intermediate Ltd, Trilliam Loanco Ltd and Equiniti X2 Ltd.

Iain Kennedy holds a Master in Politics, Philosophy and Economics from Oxford University and is Chartered Accountant (ACA) from the Institute of Chartered Accountants in England and Wales.

**Peter Jensen Jørgensen** (born 1978, Danish nationality) has been alternate employee representative in the period from March 2011 to December 2011 after which he served as employee representative on our Board of Directors from December 2011 to March 2012 and has since been alternate employee representative of our Board of Directors.

Peter Jensen Jørgensen joined the Group in March 2004 and has been Group Vice President and Group Treasury Manager at ISS World Services A/S since February 2010. Previously Peter Jensen Jørgensen held positions within the Group as Finance Manager and Financial Implementation Manager.

Peter Jensen Jørgensen holds a Diploma in Economic Financial and Management Accounting (HD) and a Master of Science in Business Administration and Auditing, both from Copenhagen Business School.

**Anders Rabing** (full name: Anders Rabing Noes, born 1979, Danish nationality) has been an alternate employee representative of our Board of Directors since March 2011.

Anders Rabing joined the Group in September 2007 and has been Deputy Chief Financial Officer at ISS Brazil since December 2012. Anders Rabing is also the sole-proprietor of ARAS Accounting Services v/Anders Rabing Christensen. Previously Anders Rabing held positions within the Group as Vice President, Group IT, Senior Implementation Manager, Group IT and Group Business Controller.

In the past five years, Anders Rabing served as a member of the board of directors of CCBR Czech A.S.

Anders Rabing holds a Bachelor of Science in Economics and Business Administration and a Master of Science in Business Administration and Auditing, both from Copenhagen Business School.

**Erik Juel-Jacobsen** (born 1970, Danish nationality) has been an alternate employee representative of our Board of Directors since March 2011.

Erik Juel-Jacobsen joined the Group in March 2008 and has been Head of Sales Development & CRM at ISS World Services A/S since January 2014. Previously Erik Juel-Jacobsen held positions within the Group as Head of CRM and Global Programme Manager.

Erik Juel-Jacobsen holds a Bachelor in Economics and a Master of International Business, both from Copenhagen Business School and studied Customer Service Markets at the University of Texas. In addition, Erik Juel-Jacobsen holds as a Diploma of Cross Cultural Business Behavior from Singapore Institute of Management.

***Board practices and committees***

Our Board of Directors convenes at least six times per year, including for one strategy meeting each year. Extraordinary board meetings are convened by our Chairman when necessary or when requested by a board member, a member of our Executive Group Management Board or by our auditors.

Our Board of Directors forms a quorum when more than half of the members of our Board of Directors including either our Chairman or our Deputy Chairman, are represented. Resolutions of our Board of Directors are passed by simple majority. In the event of equal votes, our Chairman, or in his absence our Deputy Chairman, shall have the casting vote. See articles 10.6 and 10.7 of our Articles of Association.

Our Executive Group Management Board provides our Board of Directors with monthly financial reporting packages and our Board of Directors is briefed about important matters that have occurred between board meetings. Our Board of Directors approves the strategy plan, the annual budget and certain large acquisitions, divestments and customer contracts based on recommendations from the Transaction Committee. Our Board of Directors annually performs an evaluation of the performance of our Board of Directors and of its individual members as well as the collaboration with our Executive Group Management Board.

Our Board of Directors has established the following four committees that all report to our Board of Directors.

*Audit and Risk Committee*

Our audit and risk committee (the "**Audit and Risk Committee**") evaluates external financial reporting, the main accounting policies and estimates and assesses systems of internal controls and risk management. Its duties also include supervision of our auditors and our internal audit function. In addition, our Audit and Risk Committee also considers the relationship with our independent auditors and reviews the audit process.

In accordance with the Recommendations on Corporate Governance of the Danish Committee on Corporate Governance issued in May 2013 (the "**Corporate Governance Recommendations**") we have decided that the chairman of the Board of Directors may not also be the chairman of the Audit and Risk Committee and that a majority of the members of our Audit and Risk Committee are required to meet the independence requirements set out in the Corporate Governance Recommendations. In addition, we have decided that at least one of the independent members shall have accounting or audit qualifications and between them, the members shall possess such expertise and experience as to provide an updated insight into, and experience in, the financial, accounting and audit aspects of companies with shares admitted to trading and official listing on a regulated market.

Our Audit and Risk Committee consists of three members appointed by and among our Board of Directors. Upon the Completion of the Offering and the Selling Shareholder Reorganisation, we will consider a majority of the current members of our Audit and Risk Committee to be independent based on the definition outlined in the Corporate Governance Recommendations. Our Audit and Risk Committee currently consists of Henrik Poulsen as chairman as well as Morten Hummelmose and Jo Taylor. Our external auditors shall attend the meetings of the Audit and Risk Committee if requested and shall attend at least one meeting per year where our Executive Group Management Board shall not be present. The Head of Group Internal Audit shall attend at least one meeting of the Audit and Risk Committee per year at which meeting our Executive Group Management Board shall not be present.

*Remuneration Committee*

Our remuneration committee (the "**Remuneration Committee**") assists our Board of Directors in its preparation of the remuneration policy and the overall guidelines on incentive pay and recommends to the Board of Directors the remuneration of the members of the Board of Directors and the Executive Group Management Board as well as a remuneration policy applicable to ISS in general.

Our Remuneration Committee consists of three members appointed by and among our Board of Directors. We consider a majority of the current members of our Remuneration Committee to be independent based on the definition outlined in the Corporate Governance Recommendations. Our Remuneration Committee currently consists of Lord Allen as chairman as well as Thomas Berglund and Andrew Evan Wolff.

*Nomination Committee*

Our nomination committee (the "**Nomination Committee**") assists our Board of Directors with ensuring that appropriate plans and processes are in place for nomination of candidates to our Board of Directors and our Executive Group Management Board and evaluating the composition of our Board of Directors and our Executive Group Management Board.

Our Nomination Committee consists of three members appointed by and among our Board of Directors. We consider a majority of the current members of our Nomination Committee to be independent based on the definition outlined in the Corporate Governance Recommendations. Our Nomination Committee currently consists of Lord Allen as chairman as well as Jennie Chua and Morten Hummelmose.

*Transaction Committee*

Our transaction committee (the "**Transaction Committee**") makes recommendations to our Board of Directors in respect of certain large acquisitions, divestments and customer contracts, reviews the transaction pipeline, considers our procedures for large transactions, and evaluates selected effected transactions.

Our Transaction Committee consists of four members appointed by and among our Board of Directors. Upon the completion of the Offering and Selling Shareholder Reorganisation, we will consider half of the current members of our Transaction Committee to be independent based on the definition outlined in the Corporate Governance Recommendations. Our Transaction Committee currently consists of Lord Allen as chairman as well as Morten Hummelmose, Jo Taylor and Andrew Evan Wolff.

***Compensation of our Board of Directors***

In respect of the financial year 2013, our Board of Directors received compensation in the aggregate amount of DKK 2.9 million. Morten Hummelmose, Andrew Evan Wolff and Jo Taylor waived their right to compensation in respect of the financial year 2013.

Each year the compensation of our Board of Directors for the pending financial year shall be approved by our general meeting. Our annual general meeting held on 3 March 2014 approved that in respect of the financial year 2014 each member of our Board of Directors will receive a fixed annual fee of DKK 400,000 while our Chairman will receive three times the fixed annual fee and the Deputy Chairman will receive 1.5 times the fixed annual fee for their extended duties. Members of our Audit and Risk Committee, Remuneration Committee, Nomination Committee and Transaction Committee will receive an additional annual compensation of DKK 150,000 and the chairman of our Audit and Risk Committee will receive DKK 400,000 while the chairman of our Remuneration Committee, Nomination Committee and Transaction Committee will receive twice the annual committee member fee. In addition, members of our Board of Directors may receive a travel allowance and be reimbursed for certain reasonable expenses in relation to performance of their tasks as board members and the Chairman may be reimbursed for reasonable expenses for secretarial services in relation to the duties as Chairman.

Members of our Board of Directors elected by the general meeting do not receive additional share-based variable compensation from us. Certain members of our Board of Directors elected by the general meeting are covered by the incentive programmes through their participation in the Directors Participation Programme. For more information on the participation of certain members of our Board of Directors in the incentive programmes, see "*—Incentive Programmes*".

We have not granted any loans, issued any guarantees or undertaken any other obligations to or on behalf of our Board of Directors or any of its members.

No member of our Board of Directors is entitled to any kind of compensation upon resignation as a member of our Board of Directors. We have not allocated funds or made provisions for any pension benefits, severance scheme or the like for our Board of Directors and we have no obligation to do so.

None of the members of our Board of Directors have received compensation from subsidiaries for any services performed to such subsidiary while they have held the position as a member of our Board of Directors, except for salary and benefits received by employee representatives.

**Executive Group Management Board**

According to article 11.1 of our Articles of Association, our Board of Directors appoints an Executive Group Management Board consisting of two to six members to conduct the day-to-day management of the Company.

The primary tasks of our Executive Group Management Board are to carry out the day-to-day management of our Group, develop and implement strategic initiatives, develop Group policies, monitor Group performance and evaluate investments as well as acquisitions, divestments and large customer contracts.

The business address of our Executive Group Management Board is: ISS A/S, Buddingevej 197, DK-2860 Søborg, Denmark.

The following table presents an overview of the current members of our Executive Group Management Board:

| Name | Position | Year of first employment with the Group | Year of appointment to current position |
|---|---|---|---|
| Jeff Gravenhorst | Group CEO | 2002 | 2010 |
| Heine Dalsgaard | Group CFO | 2013 | 2013 |
| Henrik Andersen | Group COO EMEA | 2000 | 2013 |
| John Peri | Group COO Americas & APAC | 2013 | 2013 |

We believe that all members of our Executive Group Management Board possess the professional skills and international experience required for their positions in ISS and to manage a company with shares admitted to trading and official listing on NASDAQ OMX Copenhagen.

***Biographies***

Other than as presented below, none of the members of our Executive Group Management Board have been members of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Group within the past five years.

**Jeff Gravenhorst** (full name: Jeff Olsen Gravenhorst, born 1962, Danish nationality) joined the Group in April 2002, became a member of our Executive Group Management Board in October 2005 and has been our Group CEO since April 2010. Previously Jeff Gravenhorst held positions within the Group as our Group COO, Group CFO and Chief Financial Officer of ISS UK.

Jeff Gravenhorst is also deputy chairman of the board of directors of Rambøll Gruppen A/S and a member of the board of directors of Danish Crown A/S and Statsautoriseret revisor Ove Haugsted og Hustru Lissi Haugsteds Familiefond. In addition, Jeff Gravenhorst is a member of the central board of the Confederation of Danish Industry (DI).

In the past five years, Jeff Gravenhorst was Chief Executive Officer of ISS Equity A/S and served as a member of the board of directors of Leverandørselskabet Danish Crown AMBA.

Jeff Gravenhorst holds a Bachelor in Business Administration and a Master of Science in Business Administration and Auditing, both from Copenhagen Business School.

**Heine Dalsgaard** (born 1971, Danish nationality) joined the Group in August 2013 where he became a member of our Executive Group Management Board as Group CFO.

In the past five years, Heine Dalsgaard was Group Chief Financial Officer and a member of the executive management board of the Grundfos Group and held positions at Grundfos Holding A/S, Grundfos Management A/S and Grundfos Holding AG. Heine Dalsgaard has also served as chairman of the board of directors of Grundfos Finance A/S and as member of the board of directors of Grundfos New Business A/S, Grundfos Holding Danmark A/S as well as chairman and/or a member of the board of directors of certain other companies within the Grundfos group. In addition, Heine Dalsgaard also served as a member of the board of directors of H+H International A/S, Tæppeland Holding A/S, Tæppeland-Jensen-Tæpper A/S and Tæppeland Erhverv A/S.

Heine Dalsgaard holds a Business School Diploma in Economics (HD) and a Master of Science in Business Economics and Auditing from Copenhagen Business School as well as part I and II diplomas from the Bank School.

**Henrik Andersen** (born 1967, Danish nationality) joined the Group in February 2000, became a member of our Executive Group Management Board in December 2011 and has been our Group COO EMEA since March 2013. Previously Henrik Andersen held positions within the Group as our Group CFO, Country Manager and Chief Financial Officer of ISS UK Ltd, International Business Director Northern Europe, Head of Group Treasury and other finance positions.

Henrik Andersen is a member of the board of directors of Vestas Wind System A/S and a member of the Investment Committee of Maj Invest Equity 4 K/S.

In the past five years, Henrik Andersen served as a member of the board of directors of Exceed Invest A/S.

Henrik Andersen holds a Graduate Diploma in Trade and Finance (HD) from Aarhus School of Business and a Master in law from Aarhus University.

**John Peri** (full name: Giovanni Peri, born 1961, Canadian nationality) joined the Group in August 2013 where he became a member of our Executive Group Management Board as Group COO Americas & APAC.

In the past five years, John Peri was Chief Operating Officer and Executive Vice President of Global Operations of Celestica Inc.

John Peri holds a Bachelor of Applied Science in Industrial Engineering from the University of Toronto.

***Compensation of our Executive Group Management Board***

In respect of the financial year 2013, the compensation of our Executive Group Management Board consisted of a fixed salary, a cash bonus under our previous short-term incentive programme as well as customary benefits in accordance with market standards. In addition, members of our Executive Group Management Board participated in our Pre-IPO long-term incentive programme ("**Pre-IPO LTIP**") and the MPP (as defined below).

The following table presents an overview of the compensation to our Executive Group Management Board in respect of the financial year 2013:

| (DKK million) | Jeff Gravenhorst | Heine Dalsgaard(1) | Henrik Andersen | John Peri(1) |
|---|---|---|---|---|
| Salaries and other remuneration | 7.9 | 2.8 | 6.4 | 2.5 |
| Bonus(2) | 4.6 | 1.5 | 3.7 | 1.4 |
| Share based payments | — | — | — | — |

(1) Reflects the amount of salary and other remuneration as well as bonus to be received under our previous short-term incentive programme by Heine Dalsgaard and John Peri since they joined the our Group in August 2013.

(2) The amount reflects the amount of bonuses earned during 2013. The amounts reflected in Note 6.1 to our audited consolidated financial statements for the year ended 31 December 2013 included under "*Financial Information*" reflect the amount of bonuses expensed during 2013.

For the financial year ending 31 December 2014, the compensation of our Executive Group Management Board consists of a combination of a fixed salary as well as customary benefits in accordance with market standards. In addition, members of our Executive Group Management Board participate in our new short-term incentive programme ("**STIP**"), the Pre-IPO LTIP, an IPO bonus scheme (the "**IPO Bonus Scheme**"), a transition share programme (the "**Transition Share Programme**"), a post-IPO long-term incentive programme (the "**Post-IPO LTIP**"), and the MPP. In addition, our Group COO EMEA Henrik Andersen participates in our transaction bonus scheme relating to the change of the MPP in 2012 (the "**MPP 2012 Transaction Bonus Scheme**").

Under our STIP the members of our Executive Group Management Board are eligible to receive a performance based cash bonus if certain bonus objectives are achieved with a target pay-out of 60%, capped at 90% of their annual base salary. One-third of the cash bonus (net of any taxes) is settled in restricted share units ("RSUs" and each a "RSU"). For more information see "*—Incentive Programmes—Short-term incentive programme*".

Under our Pre-IPO LTIP and our IPO Bonus Scheme, the members of our Executive Group Management Board will, in connection with and subject to the completion of the Offering, in aggregate receive up to DKK 3.0 million and DKK 13.9 million, respectively under each of the Pre-IPO LTIP and the IPO Bonus Scheme. For more information see "*—Incentive Programmes—Pre-IPO long-term incentive programme*" and "*—Incentive Programmes—IPO Bonus Scheme*". In addition, our Group COO EMEA Henrik Andersen will, under our MPP 2012 Transaction Bonus Scheme, in connection with and subject to the completion of the Offering, receive DKK 1 million as a cash bonus. For more information see "*—Incentive Programmes—MPP 2012 Transaction Bonus Scheme*".

Under our Transition Share Programme, our Group CEO will, in connection with and subject to the completion of the Offering, receive a number of PSUs (defined below) representing a value at grant of 100% of his annual base salary and the other members of our Executive Group Management Board will, in connection with and subject to the completion of the Offering, receive a number of PSUs representing an aggregate value at grant of 75% of their annual base salary. For more information see "*—Incentive Programmes—Transition Share Programme*".

Under our Post-IPO LTIP, our Group CEO will, in connection with and subject to the completion of the Offering, receive a number of PSUs as part of the Annual Grant (as defined below) representing a value at grant of 100% of the annual base salary and the other members of our Executive Group Management Board will, in connection with and subject to the completion of the Offering, receive a number of PSUs as part of the Annual Grant representing an aggregate value at grant of 70% of their annual base salary. For more information see "*—Incentive Programmes—Post-IPO Long-term incentive programme*".

The payments to our Executive Group Management Board upon completion of the Offering under (i) the Pre-IPO LTIP, (ii) the IPO Bonus Scheme, and (iii) the 2012 MPP Transaction Bonus Scheme amount to DKK 8.8 million for our Group CEO, Jeff Gravenhorst, DKK 2.3 million for our Group CFO, Heine Dalsgaard, DKK 5.0 million for our Group COO EMEA, Henrik Andersen and DKK 1.7 million for our Group COO Americas & APAC, John Peri.

Our Executive Group Management Board participates in the MPP and will, in connection with and subject to the completion of the Offering in aggregate receive Shares representing an aggregate value of DKK 29 million, assuming an Offer Price at the midpoint of the Offer Price Range. For more information see "*—Incentive Programmes—Directors participation programme and management participation programme*".

Our Group CEO will, subject to the completion of the Offering, be expected to establish a holding of Shares or share-related instruments equivalent to 100% of his annual base salary. The other members of our Executive Group Management Board will, subject to the completion of the Offering, be expected to establish a holding of Shares or share-related instruments equivalent to 70% of their annual base salary. The holding of Shares is expected to be established by retaining Shares received or share-related instruments awarded and vested as part of participation in our share based incentive schemes (subject to certain permitted disposals). The members of our Executive Group Management Board are expected to maintain such holding of Shares for as long as they are each respectively employed with us.

The compensation of the members of our Executive Group Management Board is in respect of all of their services provided to the Group.

We have not granted any loans, issued any guarantees or undertaken any other obligations to or on behalf of our Executive Group Management Board or any of its members.

We may dismiss Jeff Gravenhorst with a period of 24 months' notice but with a shortened period in case of long term illness, and Jeff Gravenhorst may terminate his position with us with a period of 6 months' notice. Heine Dalsgaard, Henrik Andersen and John Peri may be dismissed by us with a notice period of 18 months and they may terminate their positions with us with a notice period of 6 months. No member of our Executive Group Management Board is entitled to receive compensation for a period beyond their respective notice periods.

All members of our Executive Group Management Board are under their respective service contracts subject to non-competition clauses for a period of 12 months from the expiry of their notice periods. The clauses apply globally and cover all business of the Group. Under mandatory Danish law, non-competition clauses cannot be enforced after expiry of the notice period if termination is initiated by us without the member of our Executive Group Management Board having given reasonable cause for the dismissal.

The members of our Executive Group Management Board are not covered by a pension plan of the Group but will arrange for their own pension planning. We have not allocated funds or made provisions for any pension benefits, severance scheme or the like for our Executive Group Management Board and we have no obligation to do so.

### Key Employees

Our Key Employees are employed by companies within the Group and have been appointed as members of our Group Management Board by our Executive Group Management Board to carry out the day-to-day management within their functional areas. The primary tasks of the Group Management Board are to develop and execute new strategic initiatives, develop and implement Group policies, monitor Group performance, review financial matters, coordinate and evaluate acquisitions, divestments and large customer contracts and to provide the Executive Group Management Board with input for decision-making purposes.

The business address of our Key Employees is: ISS A/S, Buddingevej 197, DK-2860 Søborg, Denmark.

The following table presents an overview of our current Key Employees:

| Name | Position | Year of first employment with the Group | Year of appointment to current position |
|---|---|---|---|
| Luis Andrade | Regional CEO Latin America | 1992 | 2009 |
| Flemming Bendt | Regional CEO Eastern Europe | 1998 | 2013 |
| Troels Bjerg | Regional CEO Nordic | 2009 | 2011 |
| Daniel Patrick Brennan | Head of Group Human Resources | 2010 | 2010 |
| Jacob Götzsche | Regional CEO Central Europe | 1999 | 2008 |
| Thomas Hinnerskov | Regional CEO APAC | 2003 | 2012 |
| Henrik Langebæk | CFO EMEA & Group Procurement | 2004 | 2013 |
| Todd O'Neill | Head of Group Strategy & Corporate Development | 2008 | 2008 |
| Andrew Price | Head of Global Corporate Clients | 1995 | 2011 |
| Bjørn Raasteen | Group General Counsel | 1999 | 2005 |
| Jørn Vestergaard | CFO Americas & APAC | 2002 | 2013 |

No Key Employee is permitted to hold directorships in companies outside our Group, unless specific consent is granted.

#### *Biographies*

Other than as presented below, none of our Key Employees have been a member of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Group within the past five years.

**Luis Andrade** (full name: Luis Renato Neves Andrade, born 1960, Portuguese nationality) joined the Group in October 1992 and has been our Regional CEO Latin America since August 2009. Previously Luis Andrade held positions within the Group as Regional Director of Latin America and Country Manager of ISS Portugal.

Luis Andrade holds a degree in Mechanical Engineering from Instituto Superior de Engenharia de Lisboa.

**Flemming Bendt** (full name: Flemming Jesper Bendt, born 1971, Danish nationality) joined the Group in December 1998 and has been our Regional CEO Eastern Europe since February 2013. Previously Flemming Bendt held positions within the Group as interim Country Manager and Chief Financial Officer of ISS Denmark, Executive General Manager and Country Manager of ISS Australia, Chief Financial Officer of ISS Belgium, Head of Controlling in our Group and various positions at ISS Netherlands.

In the past five years, Flemming Bendt was a member of the board of the Confederation of Danish Industry, Capital City (DI), DI Service.

Flemming Bendt holds a Diploma in Financial Management Accounting (HD-R) and a Master of Science in Business Economics and Auditing, both from Copenhagen Business School.

**Troels Bjerg** (full name: Adam Troels Bjerg, born 1963, Danish nationality) joined the Group in March 2009 and has been our Regional CEO Nordic since August 2011. Previously Troels Bjerg held a position within the Group as Regional CEO Eastern Europe.

Troels Bjerg is also a member of the board of directors of Ejner Hessel A/S, Ejner Hessel Carranty A/S, Ejner Hessel Ejendomsselskab A/S and Ejner Hessel Holding A/S.

In the past five years, and prior to joining us, Troels Bjerg held positions as Group Chief Executive Officer of Stenhøj Group, TRB Invest ApS and TKS Invest ApS. Troels Bjerg also served as a member of the board of directors of Ejner Hessel Avedøre Aps, Ejner Hessel Thisted A/S, Ejner Hessel Sjælland ApS, Ejendomsselskabet Avedøre ApS, Ejner Hessel Næstved A/S.

Troels Bjerg holds a Bachelor in Business Administration from Copenhagen Business School and a Master of Business Administration from IMD.

**Daniel Patrick Brennan** (born 1956, Canadian nationality) joined the Group in August 2010 and has since been our Head of Group Human Resources.

In the past five years, and prior to joining us, Daniel Patrick Brennan held positions as Vice President of Human Resources EMEA of Electronic Data Systems (EDS) and Vice President of Human Resources Americas of Hewlett Packard.

Daniel Patrick Brennan holds a Diploma in Business Administration with specialty in Personnel Management from Niagara College and a Bachelor of Administrative Studies from York University, Atkinson College.

**Jacob Götzsche** (born 1967, Danish nationality) joined the Group in June 1999 and has been our Regional CEO Central Europe since July 2008. Previously Jacob Götzsche held the positions within the Group as COO Central Europe and Regional Director Central Europe as well as International Business Director Central Europe.

Jacob Götzsche holds a Master of Science in Business Economics and Auditing from Syddansk University and is also Chartered Public Accountant (FSR-Danish Auditors).

**Thomas Hinnerskov** (born 1971, Danish nationality) joined the Group in December 2003 and has been our Regional CEO APAC since February 2012. Previously Thomas Hinnerskov held positions within the Group as Country Manager of ISS Austria and ISS Ireland, respectively, and Chief Operating Officer Key Accounts of ISS Sweden as well as responsible for Task Force as Vice President at the Group.

Thomas Hinnerskov holds a Master of Science in Finance and Accounting from Copenhagen Business School.

**Henrik Langebæk** (born 1966, Danish nationality) joined the Group in June 2004 and has been our CFO EMEA & Group Procurement since February 2013. Previously Henrik Langebæk held positions within the Group as COO Projects & Group Procurement, interim Regional CEO APAC, COO Business Carve-out & Group Procurement, Regional CFO APAC and Regional Director (India, Thailand, Malaysia, Singapore & the Philippines).

Henrik Langebæk holds a Bachelor in Accounting & Business Finance and a Master in Business Administration and Audit, both from Copenhagen Business School.

**Todd O' Neill** (full name: John Todd O'Neill, born 1966, U.S. nationality) joined the Group in September 2008 and has since been our Head of Group Strategy & Corporate Development.

Todd O' Neill holds a Bachelor in Science from St. Michael's College and Graduate Diploma in Accounting (HD) from Copenhagen Business School.

**Andrew Price** (born 1964, British nationality) joined the Group in March 1995 and has been our Head of Global Corporate Clients since May 2011. Andrew Price previously held positions within the Group as Chief Operating Officer Facility Services and Managing Director of Integrated Solutions at ISS UK.

Andrew Price holds a BA (hons) in modern Language and Economics from the University of Northumbria.

**Bjørn Raasteen** (born 1964, Danish nationality) joined the Group in November 1999 and has been our Group General Counsel since January 2005.

In the past five years, Bjørn Raasteen served as a member of the board of directors of MPP Invest 1 A/S, MPP Invest 3 A/S, MPP Invest 3A A/S, MPP Invest 3B A/S and MPP Invest 3C A/S.

Bjørn Raasteen holds a Master of Law from the University of Copenhagen, was admitted to the Danish Bar in 1991 and obtained right of audience before the Danish Supreme Court in 1997.

**Jørn Vestergaard** (born 1968, Danish nationality) joined the Group in September 2002 and has been our CFO Americas & APAC since October 2013. Previously Jørn Vestergaard held positions within the Group as Chief Financial Officer of ISS Norway, Regional CFO Nordic, International Business Director, Head of Group Controlling and Group Controller.

Jørn Vestergaard holds a Bachelor and Master in Auditing from Aarhus School of Business and part I and II diplomas from the Bank School.

***Compensation of Key Employees***

For the financial year 2013, the compensation of our Key Employees consisted of a combination of a fixed salary in the aggregate amount of DKK 35.9 million as well as customary benefits in accordance with market standards and performance-based bonus under our previous short term incentive programme (in respect of all Key Employees) in the aggregate amount of DKK 18.1 million. For more information see "*—Incentive Programmes*".

For the financial year 2014, the compensation of our Key Employees consists of a combination of a fixed salary as well as customary benefits in accordance with market standards. In addition, our Key Employees participate in our STIP, the Pre-IPO LTIP, the IPO Bonus Scheme, a Transition Share Programme, the Post-IPO LTIP and the MPP (as defined below). Certain Key Employees moreover participate in our MPP 2012 Transaction Bonus Scheme.

Under our STIP our Key Employees are eligible to receive a cash bonus of up to a fixed percentage of their annual base salary as a cash bonus and payment may be subject to fulfilment of certain bonus objectives. The percentage is based on position and responsibility with a target pay-out of up to 60% and capped at up to 90% of their annual base salary if certain bonus objectives are achieved. One-third of the cash bonus (net of any taxes) is settled in RSUs. For more information see "*—Incentive Programmes—Short-term incentive programme*".

Under our Pre-IPO LTIP and our IPO Bonus Scheme, our Key Employees will, in connection with and subject to the completion of the Offering, in aggregate receive up to DKK 5.1 million and DKK 6.6 million, respectively . For more information see "*—Incentive Programmes—Pre-IPO Long-term incentive programme*" and "*—Incentive Programmes—IPO Bonus Scheme*". In addition, three Key Employees will under our MPP 2012 Transaction Bonus Scheme, in connection with and subject to the completion of the Offering, in aggregate receive DKK 2.9 million as a cash bonus. For further information, see "*—Incentive Programmes—MPP 2012 Transaction Bonus Scheme*".

Certain of our Key Employees participate in the MPP and will, in connection with and subject to the completion of the Offering, in aggregate receive Shares or cash representing an aggregate value of DKK 49 million, assuming an Offer Price at the midpoint of the Offer Price Range. For more information see "*—Incentive Programmes—Directors participation programme and management participation programme*".

Under our Transition Share Programme, our Key Employees and certain other employees will in connection with and subject to completion of the Offering receive a number of PSUs representing a value at grant of up to 70% of their annual base salary. For more information see "*—Incentive Programmes—Transition Share Programme*".

Under our Post-IPO LTIP, our Key Employees and certain other employees will in connection with and subject to completion of the Offering receive a number of PSUs as part of the Annual Grant representing a value at grant of up to 70% of their annual base salary. For more information see "*—Incentive Programmes—Post-IPO long-term incentive programme*".

Except for one member, our Key Employees are not covered by a pension plan of the Group but will arrange for their own pension planning. We have not allocated funds or made provisions for any pension benefits for the Key Employees and we have no obligation to do so.

Our Key Employees will, subject to the completion of the Offering, be expected to establish a holding of Shares or share-related instruments equivalent to 35% of their annual base salary. The holding of Shares is expected to be established by retaining Shares received or share-related instruments awarded and vested as part of participation in our share based incentive schemes (subject to certain permitted disposals). Our Key Employees are expected to maintain such holding of Shares for as long as they are each respectively employed with us.

The compensation of our Key Employees is in respect of all services provided to the Group.

Each of our Key Employees may be dismissed with a notice period of up to 12 months and all of the Key Employees may terminate their respective positions with us with a notice period of 6 months except for one contract where termination is subject to Portuguese law. Our Key Employees are generally not entitled to agreed severance payments. One contract, however, entitles the Key Employee to severance payment of 24 months' salary upon termination. Further, Key Employees with service contracts governed by the Danish Salaried Employees Act and who have been employed for 12, 15, or 18 years are, subject to certain conditions, entitled to severance payment of 1, 2, or 3 months' salary upon termination by the employer.

All Key Employees are subject to non-competition and non-solicitation of customers clauses for a period of 12 months from the expiry of their notice periods, except for two Key Employees who are only subject to a non-competition clause, and one Key Employee who is only subject to a non-solicitation clause regarding customers and certain employees. The non-competition clauses apply globally and generally cover all business of our Group. Under mandatory Danish law, non-competition clauses cannot be enforced after expiry of the notice period if termination is initiated by the employer without the Key Employee having given reasonable cause for the dismissal. Under statutory Danish law, all Key Employees governed by Danish law contracts are entitled to a compensation of 50% of their salary for undertaking a non-competition and non-solicitation of customers clause. The compensation is paid monthly in arrears during the period in which the clauses remain in force following resignation. However, with respect to the non-competition clause, compensation for the first three months is paid as a lump sum upon resignation.

The only Key Employee employment contracts not governed by Danish law are Luis Andrade's contract, which is governed by Portuguese law, and Andrew Price's contract which is partly governed by English law.

## Incentive Programmes

A number of incentive programmes have been established which are described in further detail below and which can be divided into three categories (i) new cash and share-based incentive programmes established in connection with the Offering comprising a STIP, a Transition Share Programme and a Post-IPO LTIP, (ii) the participation programmes comprising the MPP, DPP and the COI, and (iii) bonus schemes relating to the Offering comprising a MPP 2012 Transaction Bonus Scheme, a Pre-IPO LTIP and an IPO Bonus Scheme which are all cash based.

### *Overall guidelines on incentive pay*

In accordance with our remuneration policy and section 139 of the Danish Companies Act, we have adopted overall guidelines on incentive pay for our Executive Group Management Board which have been approved by the general meeting. The guidelines are available on our website; however, information on our website does not form part of and is not incorporated by reference into this Offering Circular.

### *New incentive programmes*

*Short-term incentive programme (the "**STIP**")*

We have adopted a general STIP under which the members of our Executive Group Management Board, our Key Employees and a number of our other employees participate in a short-term incentive programme that entitles each participant to receive an annual cash based performance bonus being subject to the achievement of certain operational and individual objectives determined annually and on an individual basis. For members of our Executive Group Management Board and our Key Employees up to one-third of the cash bonus (net of any taxes) may be settled in RSUs.

The members of our Executive Group Management Board are eligible to receive an annual performance based cash bonus with a target payout of 60%, capped at 90% of their annual base salary if certain bonus objectives are achieved. The cash bonus is subject to achieving performance targets in respect of the Group's key operational objectives relating to Cash Conversion, Organic Growth and Operating Margin, customer experience, employee engagement and health and safety (the "**STIP Quantitative Goals**") and may also include certain individual objectives. Performance will be measured for each financial year and the cash bonus achieved becomes payable in arrears as soon as practically possible after the amount of the bonus has been determined, however, no later than one month after our Board of Directors' approval of the annual report in the following year.

Under the STIP, our Board of Directors has currently decided that one-third of the cash bonus (net of any taxes) that may be achieved by the members of our Executive Group Management Board and our Group Management Board shall be settled in RSUs at the time when the cash bonus is paid. The number of RSUs shall be based on the average trading price of the Shares on NASDAQ OMX Copenhagen during the past 30 trading days prior to the grant or such shorter period as determined by our Board of Directors. The holder of RSUs shall be entitled to convert 50% of the RSUs received into Shares in ISS on the first anniversary following the payment of the cash bonus and the remaining 50% may be converted into Shares in ISS on the second anniversary following the payment of the cash bonus. Each RSU entitles the holder to receive one Share at no cost. Prior to conversion of RSUs into Shares, holders of RSUs shall not have any of the rights that holders of Shares would otherwise be entitled to, such as voting and dividend rights. Other participants in the STIP will not receive RSUs.

Under the STIP, a number of our other employees are eligible to receive up to a fixed percentage of their annual base salary as a cash bonus which is determined depending on position and responsibility and payment may be subject to the fulfilment of certain bonus objectives. Performance will be measured for each financial year and evaluation and payment of the cash bonus will generally occur as soon as practically possible after the amount of the bonus payable has been determined, however, no later than one month after our Board of Directors' approval of the annual report in the following year.

*Transition share programme*

We have adopted a Transition Share Programme under which the members of our Executive Group Management Board, our Key Employees and certain other employees are eligible to receive a number of performance based share units ("**PSUs**" and each a "**PSU**"), subject to completion of the Offering.

Upon vesting, each PSU entitles the holder to receive one Share at no cost. Prior to vesting, holders of PSUs will not have any of the rights that holders of Shares would otherwise be entitled to, such as voting and dividend rights, and all unvested PSUs will lapse in the event employees terminate their employment without cause or we terminate their employment with cause.

The PSUs will be granted in connection with, and subject to, completion of the Offering and represent a value at grant of up to DKK 84.3 million in aggregate, with an expected operating accounting expense in an aggregate amount of DKK 58.6 million impacting Operating Profit Before Other Items, of which DKK 22.8 million, DKK 28.9 million, and DKK 6.9 million are expected to be recognised in 2014, 2015 and 2016, respectively.

Full or partial vesting of the PSUs granted under the Transition Share Programme is subject to achievement of the STIP Quantitative Goals.

PSUs granted to the members of the Executive Group Management Board shall vest on an individual basis over a two-year period with a maximum of 50% on the date of the first and second anniversary, respectively, following the grant, subject to such members achieving 100% of their STIP Quantitative Goals for 2014 and 100% of their STIP Quantitative Goals for 2015, respectively. In no event can more than 100% of the PSUs granted vest, regardless of any overachievement of the STIP Quantitative Goals.

In connection with and subject to the completion of the Offering, our Board of Directors has decided to grant our Group CEO 50,515 PSUs, assuming an Offer Price at the midpoint of the Offer Price Range, representing a value at grant of 100% of his annual base salary and the other members of our Executive Group Management Board 89,458 PSUs, assuming an Offer Price at the midpoint of the Offer Price Range, representing a value at grant of 75% of their annual base salary.

PSUs granted to our Key Employees and certain other employees shall vest on an individual basis over a two-year period with a maximum of 50% on the date of the first and second anniversary, respectively, following the grant, subject to such Key Employees and certain other employees achieving their STIP Quantitative Goals.

In connection with and subject to the completion of the Offering, our Board of Directors has decided to grant our Key Employees and certain other employees 395,109 PSUs, assuming an Offer Price at the midpoint of the Offer Price Range representing a value at grant of up to 70% of their annual base salary.

*Post-IPO long-term incentive programme (the "Post-IPO LTIP")*

The Post-IPO LTIP will be established in connection with and subject to the completion of the Offering.

Our Executive Group Management Board, our Key Employees and a number of our other employees may be eligible to receive a number of PSUs, subject to fulfilment of certain bonus objectives.

PSUs granted as part of the Annual Grant shall subject to fulfilment of targets for earnings per share ("**EPS**") and total shareholder return ("**TSR**") compared against a peer group of Danish listed companies and a peer group of international service companies determined by our Board of Directors (each basket of the TSR weighting 50/50%) vest on the date of the third anniversary from the relevant grant date. EPS and TSR are weighted 50/50%.

Upon vesting, each PSU entitles the holder to receive one Share at no cost. Prior to vesting, holders of PSUs will not have any of the rights that holders of Shares would otherwise be entitled to, such as voting and dividend rights, and all unvested PSUs will lapse in the event employees terminate their employment without cause or we terminate their employment with cause.

We expect to grant PSUs annually ("Annual Grant"). The first Annual Grant is expected to be granted in the spring of 2014 in connection with and subject to completion of the Offering and will only comprise PSUs. The number of PSUs represents a value at grant of up to DKK 152.3 million in aggregate, with an expected operating accounting expense in the aggregate amount of DKK 82.6 million impacting Operating Profit Before Other Items, of which DKK 21.9 million, DKK 27.8 million, DKK 26.4 million and DKK 6.5 million are expected to be recognised in 2014, 2015, 2016 and 2017, respectively. In connection with and subject to the completion of the Offering, our Board of Directors has decided to grant our Group CEO 50,515 PSUs assuming an Offer Price at the midpoint of the Offer Price Range in connection with the Annual Grant for 2014 representing a value at grant of 100% of the annual base salary and the other members of our Executive Group Management Board 83,495 PSUs assuming an Offer Price at the midpoint of the Offer Price Range in connection with the Annual Grant for 2014 representing a value at grant of 70% of their annual base salary.

In connection with and subject to the completion of the Offering, our Board of Directors has decided to grant certain of our Key Employees and a number of our other employees 833,272 PSUs, assuming an Offer Price at the midpoint of the Offer Price Range in connection with the Annual Grant representing a value at grant of up to 70% of their annual base salary.

***Directors participation programme and management participation programme***

EQT Funds and GSCP have established (i) a directors participation programme in which certain current and former members of our Board of Directors elected by our general meeting (except board members that are employees of EQT Partners and Goldman Sachs or affiliated companies) participate (the "**DPP**"); (ii) a co-investment scheme in which certain former members of our Board of Directors elected by the shareholders participate (the "**COI**"); and (iii) a management participation programme in which the members of our Executive Group Management Board, our Key Employees and 102 other current and former employees participate (the "**MPP**").

Under the DPP and the MPP, certain of the participants have invested indirectly in shares and warrants in FS Invest S.à r.l., the Selling Shareholder's direct parent company and certain of the participants have invested indirectly in shares in FS Invest S.à r.l. Under the COI, the participants have invested directly in shares in FS Invest S.à r.l. Each warrant is convertible into one share in FS Invest S.à r.l. The participants in the DPP, the COI and the MPP have invested a total of approximately DKK 225 million in shares and warrants in FS Invest S.à r.l. The shares owned directly by the participants in the DPP, the COI and the MPP through which they invest in the DPP, the COI and the MPP are referred to in the following as "**Programme Securities**" and each as a "**Programme Security**".

In connection with, and subject to, the completion of the Offering, the DPP, the COI and the MPP will terminate and each of the participants will sell his/her Programme Securities to the Selling Shareholder.

The purchase price to be paid for the participants' Programme Securities under the DPP, the COI and the MPP will be determined on the basis of certain formulae, taking into account, among other things, the Offer Price and the implied value of each type of Programme Security. The participants will receive the purchase price for their Programme Securities in Shares except that one of our Key Employees and one other employee will receive the purchase price for their Programme Securities in cash.

The aggregate purchase price for the Programme Securities owned by participants in the DPP, the COI and the MPP which is payable in Shares will comprise 1,778,234 Shares if the Offering is completed at the bottom end of the Offer Price Range, 1,985,925 Shares if the Offering is completed at the midpoint of the Offer Price Range and 2,215,375 Shares if the Offering is completed at the top end of the Offer Price Range. The aggregate purchase price for the Programme Securities owned by one of our Key Employees and one other employee which is payable in cash will amount to approximately DKK 14 million if the Offering is completed at the bottom end of the Offer Price Range, DKK 20 million if the Offering is completed at the midpoint of the Offer Price Range and DKK 28 million if the Offering is completed at the top end of the Offer Price Range. For an overview of the number of Shares that the members of our Board of Directors who participate in the DPP, the members of our Executive Group Management Board and our Key Employees will receive as payment for their Programme Securities if the Offering is completed at an Offer Price at the bottom end, midpoint and top end, respectively, of the Offer Price Range, see "*—Ownership Structure and Selling Shareholder*".

The Shares which the members of our Board of Directors, our Executive Group Management and our Key Employees receive as payment for their Programme Securities are subject to a lock-up arrangement which will last for a period of 360 days from the first day of trading in, and official listing of, the Shares. See "*Plan of Distribution*" for a more detailed description of the lock-up arrangement.

***Bonus schemes relating to the Offering***

*MPP 2012 Transaction bonus scheme*

We have in connection with the unwinding of our previous management participation programme in 2012 adopted a MPP 2012 Transaction Bonus Scheme, designed for a limited number of employees including our Group COO EMEA, certain of our Key Employees and certain other employees.

Under the MPP 2012 Transaction Bonus Scheme, participants are entitled to receive a cash bonus subject to, among other things, the completion of the Offering. The aggregate amount of the cash bonus to be paid to the participants amounts to approximately DKK 12.7 million.

*Pre-IPO long-term incentive programme (the "Pre-IPO LTIP")*

All members of our Executive Group Management Board, our Key Employees and certain of our other employees, in total 150 persons, participate in our cash-based Pre-IPO LTIP programme and received grants in 2012 and/or 2013. Under the Pre-IPO LTIP, participants are entitled to receive cash award amounts subject to achieving performance targets based on EBITA and Net Debt and the occurrence of a vesting event, e.g. the completion of the Offering.

The participants shall not pay any consideration to the Company for the cash award amount. The cash award amount to be paid to the participants under the Pre-IPO LTIP in connection with and subject to the completion of the Offering amounts to approximately DKK 34.6 million in aggregate.

*IPO bonus scheme*

We have adopted an IPO Bonus Scheme under which the members of our Executive Group Management Board, our Key Employees and certain other employees will receive a cash bonus in connection with, and subject to the completion of the Offering.

Under the IPO Bonus Scheme, our Group CEO is eligible to receive DKK 7.7 million, our Group CFO is eligible to receive DKK 1.9 million, our Group COO EMEA is eligible to receive DKK 3.1 million and our Group COO Americas & APAC is eligible to receive DKK 1.2 million.

The aggregate cash bonus to be paid to the participants under the IPO Bonus Scheme amounts to DKK 25.2 million.

### Statement on Past Records

During the past five years, none of the members of our Board of Directors, our Executive Group Management Board or any of our Key Employees have been (i) convicted of fraudulent offenses; (ii) directors or officers of companies that have entered into bankruptcy, receivership or liquidation except as set out immediately below; or (iii) subject to any public incrimination and/or sanctions by statutory regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of an issuer's board of directors, executive board or supervisory body or being in charge of an issuer's management or other affairs.

Lord Allen was a member of the board of directors of the London Organising Committee of Olympic and Paralympic Games when the company went into voluntary liquidation in May 2013 and of Wyfold UK Ltd when the company dissolved in September 2009 and Grandmet Management (UK) LLP when it dissolved in February 2010. Jennie Chua was member of the board of directors of Sentosa Cove Pte Ltd when the company went into voluntary liquidation in 2013. Henrik Poulsen was chairman of the board of directors of Tele & Teknik Holding A/S when the company went into voluntary liquidation (liquidated in 2012) and Fullrate Holding ApS when the company went into voluntary liquidation (liquidated in 2011). Michael Specht Bruun was a member of the board of directors of MPP Invest 3A A/S, MPP Invest 3B A/S and MPP Invest 3C A/S when the companies went into voluntary liquidation in September 2013. Nicholas Hooge was chairman of the board of directors of MPP Invest 3B A/S when the company went into voluntary liquidation in September 2013. Iain Kennedy was a member of the board of directors of Duke Street Capital (North) Ltd when the company went into voluntary liquidation in May 2009.

Jeff Gravenhorst and Bjørn Raasteen were both members of the board of directors of our subsidiary Global Insurance A/S when the company was voluntarily dissolved by declaration of debt (renamed ISS Finans II A/S in December 2010 and voluntarily dissolved by declaration of debt in February 2011). Troels Bjerg was a member of the board of directors of Ejner Hessel Avedøre ApS when the company went into voluntary liquidation in November 2012. Bjørn Raasteen was a member of the board of directors of MPP Invest 3 A/S when the company went into voluntary liquidation in July 2010 and of MPP Invest 3A A/S, MPP Invest 3B A/S and MPP Invest 3C A/S when the companies went into voluntary liquidation in September 2013.

### Statement on Conflicts of Interest

There are no family ties among the members of our Board of Directors, our Executive Group Management Board or any of our Key Employees.

With the exception of the members of our Board of Directors Morten Hummelmose, Andrew Evan Wolff and Jo Taylor as well as our alternate directors Michael Specht Bruun, Nicholas Hooge and Iain Kennedy, we are not aware of any member of our Board of Directors, or our Executive Group Management Board or any of our Key Employees having been appointed to their current position pursuant to an agreement or understanding with our major shareholders, customers, suppliers or other parties. Morten Hummelmose is a partner at and Nicholas Hooge works for EQT Partners while Andrew Evan Wolff and Michael Specht Bruun work for the Merchant Banking Division of Goldman Sachs and Jo Taylor and Iain Kennedy are employees of OTPP. These directors and alternates represent the interests of the Selling Shareholder due to their affiliation with the EQT Funds, GSCP and OTPP, respectively. Upon the completion of the Offering and the Selling Shareholder Reorganisation Jo Taylor would no longer be considered to represent the interests of the Selling Shareholder as he would no longer represent the Selling Shareholder on our Board of Directors, whereas Morten Hummelmose and Andrew Wolff would continue to do so. See also "*Ownership Structure and Selling Shareholder*" for a description of the Selling Shareholder Reorganisation.

Except for the board members and their alternates mentioned above, none of the members of our Board of Directors, or our Executive Group Management Board or any of our Key Employees have conflicts of interest with respect to their duties as members of our Board of Directors, or our Executive Group Management Board or as Key Employees. See also "*Ownership Structure and Selling Shareholder*" for a description of the current ownership interest in ISS held by members of our Board of Directors, or our Executive Group Management Board and any of our Key Employees. Moreover, Lord Allen acts as senior advisor to Goldman Sachs Capital Partners and Henrik Poulsen acts as independent industrial advisor to EQT on a consultancy basis with no decision making authority.

None of the members of our Board of Directors, or our Executive Group Management Board or our Key Employees have positions in other companies which could result in a conflict of interest vis-à-vis such companies, either because we have an equity interest in such company or because we and the company concerned have an ongoing business relationship, except as disclosed under "*Related Party Transactions*". However, we may do business in the ordinary course with companies in which members of our Board of Directors, or our Executive Group Management Board, or our Key Employees may hold positions as directors or officers.

It follows from the Rules of Procedure of our Board of Directors and the Danish Companies Act that a member of our Board of Directors or our Executive Group Management Board shall not participate in the preparation, discussions or the decision-making process concerning an agreement between us (or another company within our Group) and the member in question or concerning legal proceedings between the member in question and us (or another company within our Group) or an agreement between us (or another company within our Group) and any third party or legal proceedings brought against any third party if the member in question has a significant interest therein that may conflict with our interests.

**Description of Internal Control and Financial Reporting Procedures**

We have developed financial reporting procedures to enable us to monitor the performance, operations, funding, risk and internal control. See "*Business—Control Environment and Risk Management*" for a detailed discussion.

**Corporate Governance**

It is important to us to exercise good corporate governance and in that connection to comply with statutory requirements and the Corporate Governance Recommendations. Accordingly, our Board of Directors regularly reviews its rules, policies and practices. NASDAQ OMX Copenhagen has incorporated the Corporate Governance Recommendations in its Rules for issuers of shares. We intend to comply with the Corporate Governance Recommendations in all material respects as also accounted for in the statutory corporate governance compliance report which has been prepared in connection with the Offering and admission of our Shares to trading and official listing on NASDAQ OMX Copenhagen and made available on our website www.issworld.com with three exceptions.

Firstly, upon the completion of the Offering and the Selling Shareholder Reorganisation, half of the members of the Transaction Committee will be considered independent. The reason for the composition of the Transaction Committee is due to the expected ownership structure upon the completion of the Offering where the Selling Shareholder will continue to hold a significant stake in the Company. See "*Ownership Structure and the Selling Shareholder*".

Secondly, our Transition Share Programme is established to ensure a possibility of share-related instruments vesting in the first two-year period after completion of the Offering. Accordingly, the PSUs granted under our Transition Share Programme vest, subject to achievement of certain bonus objectives, earlier than three years from the date of the grant.

Thirdly, our STIP is a cash based bonus with a deferral element to link a portion of the paid cash bonus to the price of our Shares as one-third of any cash bonus payable (net of taxes) is settled in RSUs when the cash bonus is paid. The RSUs are converted into Shares on the first and second anniversary following the payment of the cash bonus with 50% each time. 50% of the RSUs received under our STIP can be converted into Shares earlier than three years from the date of the grant of the bonus.

*Our communication and interaction with our investors and other stakeholders*

Our investors and other stakeholders are important to us and we are committed to maintain a constructive dialogue and a high level of transparency when communicating with our investors and other stakeholders.

We take corporate responsibility seriously and we constantly seek to create business value while ensuring proper working conditions for our employees, conducting our business in a lawful manner and seeking to make a positive impact on society, including by managing business activities in an environmentally responsible way. Accordingly, our Board of Directors has adopted a communication and stakeholder policy, an investor relations policy and a corporate responsibility policy.

We comply with the statutory requirements concerning the publication of material information relevant to investors' and the financial markets' evaluation of our activities, business objectives, strategies and results.

In addition to our investor relations policy and our communication and stakeholder policy, our Board of Directors has adopted a set of internal rules aiming to ensure that the disclosure of information complies with the applicable stock exchange regulations and rules applicable to our securities listed on regulated markets. All company announcements are published via NASDAQ OMX Copenhagen and can subsequently be accessed from our website at www.issworld.com. All company announcements will be published in Danish and English except for the annual report and any interim reports, which will be prepared in English and, if decided by our Board of Directors, in Danish.

Investor presentations and telephone conferences are expected to be held following the publication of each interim and annual report to provide participants the opportunity to ask questions to our Group CEO and Group CFO. Audiocasts of such presentations will subsequently be available on our website, www.issworld.com. Investors may also contact our investor relations department to obtain additional information.

The Board of Directors will strive to plan the general meetings in a manner that encourages active ownership of shareholders.

Not later than eight weeks before the contemplated date of our annual general meeting, we shall publish the date of the general meeting and the deadline for submitting requests for specific proposals to be included on the agenda. In accordance with our Articles of Association, general meetings shall be convened by our Board of Directors with at least three weeks' and not more than five weeks' notice. Notices convening general meetings will be published on our website at www.issworld.com, and will be sent to all registered shareholders who have so requested by way of electronic communication or by ordinary post, as decided by the Company.

Our shareholders are entitled to have specific business considered at our general meeting provided that a written request to that effect is submitted to our Board of Directors not later than six weeks prior to the general meeting. At general meetings, the attending shareholders will be able to ask questions to our Board of Directors and our Executive Group Management Board concerning the items on the agenda.

We have adopted contingency procedures in the event of takeover bids by adoption of a takeover defence manual, according to which our Board of Directors shall not without the acceptance of our general meeting attempt to counter the takeover bid by making decisions which in reality prevent our shareholders from deciding on the takeover bid.

*Tasks and responsibilities of our Board of Directors and our Executive Group Management Board*

As is current practice in Denmark, management powers are distributed between our Board of Directors and our Executive Group Management Board. No person serves as a member of both of these corporate bodies. Our Executive Group Management Board carries out the day-to-day management, while our Board of Directors supervises the work of our Executive Group Management Board and is responsible for the overall management and strategic direction.

Our Board of Directors' tasks and key responsibilities are reviewed annually. Furthermore, our Board of Directors will at least once a year consider our overall strategy in order to sustain value creation and assess our capital and share structure to ensure that the strategy and long-term value creation of ISS are in the best interest of the shareholders and ISS. Our Board of Directors will include such assessment in our annual report or on our website, www.issworld.com.

Our Board of Directors has issued rules of procedure for the Executive Group Management Board which are subject to annual review, comprising, inter alia, the requirements for the timely, accurate and adequate reporting from the Executive Group Management Board to our Board of Directors. Our Board of Directors annually discusses the composition of the Executive Group Management Board.

*Composition and organisation of our Board of Directors*

Our general meeting has elected seven members to our Board of Directors. Our Board of Directors has elected our Chairman and our Deputy Chairman among its members. Our Deputy Chairman will assume the responsibilities of our Chairman in the event of our Chairman's absence. Currently, four of the members of our

Board of Directors, including our Chairman, are considered independent, while three members represent the interests of the Selling Shareholder due to their affiliation with the EQT Funds, GSCP and OTPP, respectively and are therefore not considered independent. Upon the completion of the Offering and the Selling Shareholder Reorganisation Jo Taylor would be considered independent pursuant to the Danish Corporate Governance Recommendations.

All members of our Board of Directors elected by the general meeting stand for election each year at our annual general meeting. According to our Articles of Association, only persons younger than 70 at the time of election may be elected to our Board of Directors.

As set out in our Articles of Association, we also have employee representatives on our Board of Directors who have been elected on the basis of a voluntary arrangement between our Board of Directors and the election committee of ISS World Services A/S regarding group representation on our Board of Directors for employees of ISS World Services A/S. See also "*—Board of Directors*".

Once a year, our Board of Directors discusses the Company's activities to ensure relevant diversity at management levels, including setting specific targets and accounting for its objectives and progress made in achieving the objectives in the management commentary of the Company's annual report and/or on our website, www.issworld.com. With the aim of cultivating gender diversity, our Board of Directors targets an increase in the number of women on the Board of Directors (elected by the general meeting) from one to at least two members at the annual general meeting in 2017. When nominating new board members, we remain committed to always selecting the best person for the Board of Directors.

A minimum of six board meetings, including one strategy meeting, are held annually plus ad hoc meetings as required. Our Board of Directors has ten board meetings scheduled for 2014.

Our Board of Directors evaluates its performance on an annual basis and will evaluate (i) the work of the Board of Directors, (ii) the performance of the individual members of the Board of Directors and (iii) the collaboration between the Executive Group Management Board and the Board of Directors. Material changes resulting from the evaluation shall be disclosed in our annual report or on our website, www.issworld.com.

We do not limit the number of directorships that members of our Board of Directors may have, however, the board members are expected and required to devote sufficient time and resources to their responsibilities as a member of our Board of Directors.

Our Board of Directors has established an Audit and Risk Committee, a Remuneration Committee, a Nomination Committee and a Transaction Committee, each of which has a charter setting forth the purpose and responsibilities of such committees. The committees report to our Board of Directors. See "*—Board of Directors—Board practices and committees*". The Corporate Governance Recommendations recommend that a majority of the members of board committees be independent. Upon the completion of the Offering and the Selling Shareholder Reorganisation and based on the definition outlined in the Corporate Governance Recommendations, we will consider a majority of the current members of our Audit and Risk Committee, our Remuneration Committee and our Nomination Committee to be independent while we will consider half of the members of our Transaction Committee to be independent. The reason for the composition of the Transaction Committee is due to the expected ownership structure upon the completion of the Offering where the Selling Shareholder will continue to hold a significant stake in the Company. See "*Ownership Structure and the Selling Shareholder*".

*Compensation of members of our Board of Directors and our Executive Group Management Board*

Our Board of Directors has adopted a remuneration policy and overall guidelines on incentive pay, which have been approved by the general meeting and are made available on our website, www.issworld.com. Any amendments to the remuneration policy or the overall guidelines on incentive pay will be presented to our shareholders for approval at a general meeting.

The Remuneration Committee will assist our Board of Directors in respect of matters regarding compensation, including making recommendations to our Board of Directors regarding amendments to our remuneration policy and our overall guidelines on incentive pay.

The contents of any incentive programmes will be described in the annual report in accordance with applicable rules and regulations.

Members of our Board of Directors receive fixed annual fees, which will be presented for approval by our shareholders at our annual general meeting. According to our overall guidelines on incentive pay, remuneration to the members of our Board of Directors shall not include share or warrant related incentive programmes. However, certain members of our Board of Directors elected by the general meeting have made investments in the DPP, which will terminate in connection with, and subject to, the completion of the Offering, and will receive Shares for the sale of their investments in the DPP. See also "*—Board of Directors—Compensation of our Board of Directors" and "—Incentive Programmes*".

The compensation of our Executive Group Management Board will be disclosed in our annual report. Our STIP is a cash based bonus with a deferral element to link a portion of the paid cash bonus to the price of our Shares as one-third of any cash bonus payable (net of taxes) is settled in RSUs when the cash bonus is paid. The RSUs are converted into Shares on the first and second anniversary following the payment of the cash bonus with 50% each time. 50% of the RSUs received under our STIP can be converted into Shares earlier than three years from the date of the grant of the bonus. Under our Transition Share Programme the PSUs granted vest, subject to achievement of certain bonus objectives, earlier than three years from the date of the grant. The Transition Share Programme is established to ensure a possibility of share-related instruments vesting in the first two-year period after completion of the Offering. Accordingly, the PSUs granted under our Transition Share Programme vest, subject to achievement of certain bonus objectives, earlier than three years from the date of the grant. See also "*—Compensation of our Executive Group Management Board" and "—Incentive Programmes*".

*Financial reporting, risk management and internal control*

Our Board of Directors regularly considers whether it would be expedient to include additional financial and non-financial information in our financial reports.

Our Board of Directors regularly assesses the material risks associated with our operations and the realisation of our strategy as well as the risks associated with our financial reporting and seeks to ensure that such risks are managed in a proactive and efficient manner. As part of our risk management, we have established various internal control systems, which are reviewed regularly by our Board of Directors to ensure that such systems are appropriate and sufficient in the context of our business and operations. Our annual report will contain information about our management of operational risks. See also "*Business—Control Environment and Risk Management*".

The Group has adopted a whistleblower policy. See also "*—General Compliance*".

*External and internal audit*

Our independent auditors are appointed for a term of one year by our shareholders at our annual general meeting upon recommendation from our Audit and Risk Committee. Our Board of Directors assesses the independence and competencies and other matters pertaining to the auditors. The framework for the auditors' compensation and duties, including audit and non-audit tasks, is agreed annually between our Board of Directors and our auditors based on recommendation from our Audit and Risk Committee. We have regular dialogue and exchange of information with our auditors.

We have established an internal audit function ("**Group Internal Audit**"). The scope of work of our Group Internal Audit is designed to ensure that the internal control system provides reasonable assurance of meeting ISS' business objectives and reliability in internal management information and external financial reporting. Our Group Internal Audit has direct access to our Audit and Risk Committee and our Board of Directors. Our Head of Group Internal Audit has separate sessions with our Audit and Risk Committee. The appointment and dismissal of the Head of Group Internal Audit shall be approved by our Board of Directors.

**General Compliance**

The ISS Values and our fundamental rules on acting responsibly and with integrity are set out in the ISS Code of Conduct which was first published in 2003 and latest revised in 2010. The ISS Code of Conduct applies to all our operations and employees and contains our principles with respect to personal conduct of employees, anti-corruption and bribery, compliance with competition laws, business partner relations, workplace standards and corporate responsibility. To support and explain these principles, the following guidelines and policies have been issued: the ISS Competition Guidelines (2001 and latest revised in 2008), the Corporate Governance Guidelines for ISS Subsidiaries (2009) and the ISS Anti-Corruption Policy (2010). In addition, the ISS Leadership Principles (2009) and our

International HR Standards (2009 and latest revised in 2011) are also based on our Code of Conduct. Furthermore, we issued the ISS Supplier Code of Conduct in 2013, which sets out ISS' key principles and requirements to our suppliers, contractors and other providers with respect to responsible social, environmental and ethical practices. We have also developed a HSE manual that sets minimum requirements for the development and implementation of effective health, safety and environmental management in accordance with internationally recognised standards and ISS safety rules to align behaviour across the organisation.

We have in 2009 established a Business Integrity Committee consisting of our Group CFO, Group General Counsel, Head of Group Human Resources and Head of Group Internal Audit to strengthen the enforcement of our policies. The committee has the responsibility of investigating reports of possible serious violations of the Code of Conduct throughout the Group. The Business Integrity Committee reports to the Executive Group Management Board and the Audit and Risk Committee.

The Group has a whistleblower policy, which was approved by the Danish Data Protection Agency in 2011. The whistleblower policy was adopted to make it possible for employees of ISS, business partners and other stakeholders to report any serious and sensitive concerns. Such concerns may be reported to the Head of Group Internal Audit via a secure and externally hosted reporting site which is accessible via the ISS website.

**Employee Information**

As of 31 December 2013, we had 533,544 employees. See "*Business—Human Resources*" for a detailed discussion of the composition of the employees and a breakdown of the number of employees for the Group and across each geographical region.

We have not recently experienced, nor do we reasonably foresee, an inability to find and employ the people necessary to run the business. For information regarding pension plans, see *"Operating and Financial Review—Pension Obligations*".

Management believes that we have a strong reputation as a business and as an employer, and we are regarded as a desirable place to work. We have not experienced any significant industrial disputes or strikes in recent years.

## OWNERSHIP STRUCTURE AND SELLING SHAREHOLDER

As of the date hereof, the Selling Shareholder owns 100% of our Shares. The ultimate controlling company of our Group is FS Invest S.à r.l ("**FS Invest**"), which is owned by the EQT Funds, GSCP, OTPP, KIRKBI and certain members of the Board of Directors, the Executive Group Management Board, a number of senior officers of our Group and certain former shareholder elected members of our Board of Directors through the MPP, DPP and COI. See also "*—The Selling Shareholder*" below.

In connection with, and subject to, the completion of the Offering, the Selling Shareholder and its direct and indirect shareholders will carry out a reorganisation (the "**Selling Shareholder Reorganisation**"). The Selling Shareholder Reorganisation will result in OTPP, KIRKBI and the participants in the MPP, DPP and COI no longer holding an indirect ownership interest in the Company through the Selling Shareholder but will instead have a direct ownership interest in the Company, except for those participants in the MPP receiving cash instead of Shares in connection with the termination of the MPP. See also "*—The Selling Shareholder*" below.

At the time of completion of the Offering, we will issue up to 57,399,894 New Shares. The exact number will be determined for us to receive gross proceeds of approximately DKK 8,036 million. Based on an Offer Price at the midpoint of the Offer Price Range, we will issue 51,022,128 New Shares in connection with the Offering and the Selling Shareholder is offering 1,000,000 Existing Offer Shares, excluding any Shares subject to the Overallotment Option. Up to 1,000,000 Existing Offer Shares will be reserved for the Company to purchase in connection with the Offering for the Company to meet certain of its obligations to deliver Shares to participants in the Company's incentive programmes, see also "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes*".

### *Table of shareholders*

The following table sets out the information regarding our ownership structure as at 3 March 2014, and immediately following the completion of the Offering and the Selling Shareholder Reorganisation, assuming (i) full exercise of the Overallotment Option, (ii) an Offer Price at the bottom end, midpoint and top end, respectively, of the Offer Price Range, and (iii) the completion of the Selling Shareholder Reorganisation including the termination of the MPP, DPP and COI; See "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—Directors participation programme and management participation programme*".

The number of Shares stated for our Board of Directors, our Executive Group Management Board and our Key Employees are approximations of the aggregate number of Shares that each member of these groups will receive under the MPP and DPP. The table does not include members of our Board of Directors, our Executive Group Management Board or our Key Employees that will not receive Shares under the MPP and the DPP, or Offer Shares purchased by any member of these groups in connection with the Offering.

| Shareholder | Shares owned before the Offering | | Shares owned after the Offering, following completion of the Selling Shareholder Reorganisation, including the termination of the MPP, DPP and COI, and assuming full exercise of the Overallotment Option (1) | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | At an Offer Price at the bottom end of the Offer Price Range | | At an Offer Price at the midpoint of the Offer Price Range | | At an Offer Price at the top end of the Offer Price Range | |
| | Number of Shares | % | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| Selling Shareholder(2) | 135,443,319 | 100 | 88,636,446 | 45.96% | 89,431,269 | 47.96% | 90,022,862 | 49.64% |
| OTPP | — | — | 24,688,063 | 12.80% | 24,655,969 | 13.22% | 24,616,972 | 13.57% |
| KIRKBI | — | — | 10,580,591 | 5.49% | 10,566,836 | 5.67% | 10,550,123 | 5.82% |
| New shareholders(3)(4) | — | — | 67,464,558 | 34.98% | 60,360,595 | 32.37% | 54,713,749 | 30.17% |
| The Company (treasury shares)(5) | — | — | 1,000,000 | 0.52% | 888,889 | 0.48% | 800,000 | 0.44% |
| **Board of Directors(6)** | | | | | | | | |
| Lord Allen | — | — | 86,974 | 0.05% | 86,861 | 0.05% | 86,724 | 0.05% |
| Thomas Berglund | — | — | 8,688 | 0.00% | 8,677 | 0.00% | 8,663 | 0.00% |
| Jennie Chua | — | — | 8,688 | 0.00% | 8,677 | 0.00% | 8,663 | 0.00% |
| Henrik Poulsen | — | — | 26,091 | 0.01% | 26,057 | 0.01% | 26,016 | 0.01% |
| **Total, Board of Directors** | **—** | **—** | **130,441** | **0.07%** | **130,272** | **0.07%** | **130,066** | **0.07%** |
| **Executive Group Management Board and Key Employees(6)** | | | | | | | | |
| Jeff Gravenhorst | — | — | 43,026 | 0.02% | 54,820 | 0.03% | 67,858 | 0.04% |
| Heine Dalsgaard | — | — | 37,668 | 0.02% | 47,992 | 0.03% | 59,407 | 0.03% |
| Henrik Andersen | — | — | 27,516 | 0.01% | 35,059 | 0.02% | 43,397 | 0.02% |
| John Peri | — | — | 37,668 | 0.02% | 47,992 | 0.03% | 59,407 | 0.03% |
| Luis Andrade | — | — | 33,617 | 0.02% | 42,832 | 0.02% | 53,019 | 0.03% |
| Flemming Bendt | — | — | 8,650 | 0.00% | 8,638 | 0.00% | 8,625 | 0.00% |
| Troels Bjerg | — | — | 23,428 | 0.01% | 29,849 | 0.02% | 36,949 | 0.02% |
| Daniel Patrick Brennan | — | — | 20,539 | 0.01% | 26,169 | 0.01% | 32,393 | 0.02% |
| Thomas Hinnerskov | — | — | 25,088 | 0.01% | 31,965 | 0.02% | 39,568 | 0.02% |
| Henrik Langebæk | — | — | 17,282 | 0.01% | 22,019 | 0.01% | 27,256 | 0.02% |
| Todd O'Neill | — | — | 28,099 | 0.01% | 35,801 | 0.02% | 44,316 | 0.02% |
| Andrew Price | — | — | 13,741 | 0.01% | 17,507 | 0.01% | 21,671 | 0.01% |
| Bjørn Raasteen | — | — | 15,311 | 0.01% | 19,508 | 0.01% | 24,148 | 0.01% |
| Jørn Vestergaard | — | — | 11,481 | 0.01% | 11,466 | 0.01% | 11,448 | 0.01% |
| **Total, Executive Group Management Board and Key Employees** | **—** | **—** | **343,114** | **0.18%** | **431,617** | **0.23%** | **529,462** | **0.29%** |

(1) Number of Shares held by OTPP, KIRKBI, the Company, our Board of Directors, our Executive Group Management Board, and our Key Employees after completion of the Offering will not be affected by the exercise of the Overallotment Option in full or in part.

(2) Assuming no exercise of the Overallotment Option and (i) an Offer Price at the bottom end of the Offer Price Range, the Selling Shareholder will own 97,396,431 Shares after the Offering, equivalent to 50.5% of the total share capital, (ii) an Offer Price at the midpoint of the Offer Price Range, the Selling Shareholder will own 97,234,589 Shares after the Offering, equivalent to 52.1% of the total share capital and (iii) an Offer Price at the top end of the Offer Price Range, the Selling Shareholder will own 97,060,850 Shares after the Offering, equivalent to 53.5% of the total share capital.

(3) Assuming no exercise of the Overallotment Option, and (i) an Offer Price at the bottom end of the Offer Price Range, the group of new shareholders will own 58,704,573 Shares after the Offering, equivalent to 30.4% of the total share capital, (ii) an Offer Price at the midpoint of the Offer Price Range, the group of new shareholders will own 52,557,275 Shares after the Offering, equivalent to 28.2% of the total share capital and (iii) an Offer Price at the top end of the Offer Price Range, the group of new shareholders will own 47,675,761 Shares after the Offering, equivalent to 26.3% of the total share capital.

(4) New shareholders do not include OTPP, KIRKBI and the members of our Board of Directors, our Executive Group Management Board and our Key Employees who are all listed separately in this table.

(5) Reflects Existing Offer Shares to be acquired by the Company at the Offer Price from the Selling Shareholder in connection with the Offering. See "*Description of the Shares and Share Capital—Authorisation to Acquire Treasury Shares*".

(6) Other than as set out in this table no other member of our Board of Directors, our Executive Group Management Board or our Key Employees directly or indirectly hold Shares before the Offering, except for (i) the participants in the MPP and DPP who indirectly hold an interest in us for which they will receive Shares as reflected in the table under Shares owned after the Offering (except for those receiving cash instead of Shares), (ii) Morten Hummelmose, who is a member of our Board of Directors and holds an indirect economic interest in the Company through the EQT Funds, which hold an ownership stake in our ultimate controlling entity FS Invest S.à r.l. and who also holds beneficial interests in minority shareholdings in an indirect parent company of the general partners of the EQT Funds, (iii) Nicholas Hooge, who is an alternate member of our Board of Directors and holds an indirect economic interest in the Company through a fund advised by EQT Partners, EQT IV (see the definition of EQT Funds in the "*Glossary*") which hold an ownership stake in our ultimate controlling entity FS Invest S.à r.l. and (iv) Andrew Evan Wolff, who is a member of our Board of Directors and is incidental to his employment with Goldman Sachs, an investor in several employee funds advised by affiliates of Goldman Sachs and these employee funds, in turn, have an indirect interest in us, alongside GSCP that have invested in us.

We are not aware of being owned or controlled, directly or indirectly, by others, except as described in "—*Agreement amongst Owners of the Selling Shareholder and Undertaking on coordinated selling and orderly market arrangments*", and we are not aware of any agreement that could later result in others taking over the control of us.

**The Selling Shareholder**

The Selling Shareholder, FS Invest II S.à r.l., is a limited liability company organised under the laws of Luxembourg under reg. no B107.850. The address of the Selling Shareholder is 2 Rue du Fossé, L-1536 Luxembourg, Luxembourg.

As of the date of this Offering Circular, the Selling Shareholder is wholly owned by our ultimate controlling company, FS Invest S.à r.l., which is indirectly owned by the EQT Funds (40%), GSCP (33%), OTPP (18%) and KIRKBI (8%) and by certain current and former members of the Board of Directors, the Executive Group Management Board, a number of senior officers of our Group and certain former shareholder elected members of our Board of Directors through the MPP, DPP and COI (1%). Each of the directors Morten Hummelmose and Andrew Evan Wolff, indirectly own less than 0.1% of the Selling Shareholder through their employment with EQT Partners and Goldman Sachs, respectively. Jo Taylor, who is employed with OTPP, does not indirectly hold shares in the Company.

In connection with, and subject to, the completion of the Offering, the Selling Shareholder and its direct and indirect shareholders will carry out the Selling Shareholder Reorganisation. The Selling Shareholder Reorganisation will result in a termination of the MPP, DPP and COI and that OTPP, KIRKBI and the participants in the MPP, DPP and COI no longer holding an indirect ownership interest in the Company through the Selling Shareholder but will instead have a direct ownership interest in the Company, except for those participants in the MPP receiving cash instead of Shares in connection with the termination of the MPP. Accordingly, the EQT Funds and GSCP will, indirectly, own the entire share capital in the Selling Shareholder. For further details on the MPP, DPP and COI and the termination thereof, see "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—Directors participation programme and management participation programme*". In connection with the completion of the Selling Shareholder Reorganisation, OTPP is expected to carry out an internal share transfer from the legal entity currently holding the indirect ownership stake in the Company, 2337323 Ontario Limited, to Ontario Teachers' Pension Plan Board who currently controls 100% of the shares in 2337323 Ontario Limited, and as a result thereof Ontario Teachers' Pension Plan Board will become a direct shareholder in the Company.

Upon the completion of the Offering and the Selling Shareholder Reorganisation, the Selling Shareholder will own 89,431,269 Shares, corresponding to 48.0% of our share capital and voting rights, assuming full exercise of the Overallotment Option, and 97,234,589 Shares, corresponding to 52.1% of our share capital and voting rights, assuming no exercise of the Overallotment Option, in each case assuming an Offer Price at the midpoint of the Offer Price Range.

After the completion of the Offering and the Selling Shareholder Reorganisation and assuming an Offer Price at the midpoint of the Offer Price Range the EQT Funds will indirectly hold 55.0% and GSCP will indirectly hold 45.0% of the Selling Shareholder, respectively, corresponding to an indirect interest of 26.4% and 21.6% of our share capital and voting rights assuming full exercise of the Overallotment Option, and 28.7% and 23.5% of our share capital and voting rights assuming no exercise of the Overallotment Option, and OTPP and KIRKBI will each directly hold 13.2% and 5.7% of our share capital and voting rights irrespective of whether or not the Overallotment Option is exercised.

Each of our major indirect shareholders EQT Funds, GSCP, OTPP and KIRKBI are described below.

***EQT***

EQT is a leading private equity group in Northern Europe with more than approximately EUR 22 billion in raised capital across multiple investment strategies. Together with a network of industrial advisers, EQT implements its business concept by investing in good companies across the world with a mission to help them develop into great and sustainable companies. By providing access to ownership skills and operational expertise, EQT can help acquired companies grow and prosper, both under EQT's ownership and with future owners. The portfolio companies develop and grow through the implementation of industrial strategies geared towards growth and operational excellence. To date, EQT has invested more than EUR 13 billion in around 120 companies.

EQT Partners has more than 100 investment advisory professionals with an extensive industrial and financial competence. EQT Partners has offices in Copenhagen, Frankfurt, Helsinki, Hong Kong, Oslo, London, Munich, New York, Shanghai, Singapore, Stockholm, Warsaw and Zurich.

### *GSCP*

GSCP is advised by affiliates of The Goldman Sachs Group, Inc. ("Goldman Sachs"). Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and high net worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centres around the world.

### *OTPP*

With CAD 129.5 billion in net assets as of 31 December, 2012, OTPP is the largest single-profession pension plan in Canada. An independent organisation, it invests the pension fund's assets and administers the pensions of 303,000 active and retired teachers in Ontario. OTPP's diversified, global portfolio is managed by its 250 investment professionals working in six main asset groups at offices in Toronto, London and Hong Kong. Since its inception in 1990, OTPP has earned a 10.1% annualised rate of return.

### *KIRKBI*

KIRKBI is a wholly-owned Danish investment company of KIRKBI A/S. KIRKBI has a long-term investment profile and wants to act as a responsible investor with a high ethical standard. The activities of the KIRKBI group are divided into strategic and investment activities. The strategic activities include the 75% ownership of the LEGO Group, 29.9% of Merlin Entertainments Group Plc, the LEGO® trademarks and investments in renewable energy. The investment activities include investments in fixed income, listed equities, private equity, real estate etc.

**Agreement amongst Owners of the Selling Shareholder and Undertaking on coordinated selling and orderly market arrangements**

The EQT Funds, GSCP, FS Invest S.à r.l. and the Selling Shareholder, among others, have entered into an agreement (the "**Selling Shareholder Agreement**"), which became effective on the date of this Offering Circular. We are not party to the Selling Shareholder Agreement. The Selling Shareholder Agreement sets out certain rights and obligations of the EQT Funds and GSCP in connection with their indirect ownership of Shares.

Pursuant to the Selling Shareholder Agreement, the Selling Shareholder has agreed to vote its Shares as agreed between the EQT Funds and GSCP. If the EQT Funds and GSCP are unable to agree on how to vote, the Selling Shareholder Agreement includes provisions on how the Selling Shareholder must vote on its Shares in relation to election of members of the Board of Directors of the Company, any declaration or payment of dividends or other distributions by the Company and any proposal made at a general meeting of the Company which is submitted or supported by our Board of Directors.

There is no certainty as to how the EQT Funds and GSCP might instruct the Selling Shareholder to vote its Shares, and their voting instructions may not be consistent with the interests of other shareholders of the Company. See "*Risk Factors—Risks Relating to the Offering and the Offer Shares—Following the Offering, the Selling Shareholder will continue to be a large shareholder and may control or otherwise influence important actions we take*".

Pursuant to the terms of the Selling Shareholder Agreement, any disposal of Shares by the Selling Shareholder will require the written consent of both the EQT Funds and GSCP.

The Selling Shareholder, OTPP, KIRKBI, the EQT Funds, GSCP and FS Invest S.à r.l., among others, have entered into an agreement (the "**Selling Shareholder Reorganisation Agreement**"), which became effective on the date of this Offering Circular. We are not party to the Selling Shareholder Reorganisation Agreement. The Selling Shareholder Reorganisation Agreement sets out the terms of the transfer of OTPP's and KIRKBI's shares in FS Invest S.à r.l. to the Selling Shareholder against consideration in Shares in the Company which forms part of the Selling Shareholder Reorganisation.

Pursuant to the Selling Shareholder Reorganisation Agreement, each of the EQT Funds, GSCP, OTPP and KIRKBI (each, an "Investor") has undertaken to make reasonable efforts to dispose of any Shares in a manner that seeks to minimise disruption to the market, subject to the lock-up obligation undertaken by it toward the Managers in connection with the Offering. The foregoing obligation will terminate automatically at the earlier of (i) the second anniversary of the completion of the Offering, or (ii) when an Investor holds less than 5% of the issued share capital of the Company.

## RELATED PARTY TRANSACTIONS

The Board of Directors, the Executive Group Management Board and the Selling Shareholder are considered to be related parties as they exercise a significant influence on the Company's operations. Related parties also include such persons' relatives as well as undertakings in which such persons have significant interests.

As of the date hereof, the Selling Shareholder owns 100% of our Shares and the EQT Funds and GSCP indirectly own approximately 40% and 33% respectively, of the shares in the Selling Shareholder and the EQT Funds and GSCP also have representatives on our Board of Directors. Accordingly, GSCP and EQT portfolio enterprises may also be related parties. ISS has in a number of countries entered into facility services agreements with companies owned by EQT and GSCP or affiliates thereof.

Except as set out below we have not undertaken any significant transactions with our Board of Directors, our Executive Group Management Board, our Key Employees or the Selling Shareholder, or undertakings outside of the Group, in which related parties have interests.

In the past three financial years, we made the following transactions with related parties which were all carried out on arms' length terms unless otherwise indicated below:

- We have not had significant transactions with the members of our Board of Directors, our Executive Group Management Board and our Key Employees apart from remuneration, staff costs and co-investment programmes. For information on remuneration paid to the members of our Board of Directors and Executive Group Management Board, see "*Board of Directors, Executive Group Management Board and Key Employees—Board of Directors—Compensation of our Board of Directors*", and "*—Compensation of our Executive Group Management Board*" and "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes*".
- We have through our subsidiary ISS Global A/S issued a loan to our ultimate parent company FS Invest S.à r.l. of DKK 91 million, of which DKK 20 million was issued during 2013, and we received interest related to the loan in the amount of DKK 7 million in 2013 and DKK 5 million in 2012. The principal amount outstanding under the loan was DKK 98 million as of 31 December 2013 and DKK 71 million as of 31 December 2012. We understand that FS Invest S.à r.l. intends to repay the loan, together with accrued interest thereon, in connection with and subject to completion of the Offering using funds made available to FS Invest S.à r.l. by the Selling Shareholder from proceeds received by the Selling Shareholder from the sale of Existing Offer Shares.
- Goldman Sachs International, an affiliate of Goldman Sachs, is acting as Joint Global Coordinator and Joint Bookrunner in the offering, as described in "*Plan of Distribution*", in connection with which it will receive customary fees and reimbursement of expenses. Goldman Sachs International also acted as joint global coordinator and joint bookrunner in connection with the Company's abandoned initial public offering of the Company's shares in 2011.
- We have agreed with an affiliate of Goldman Sachs on the general terms and conditions for the supply of facility services to be applied by local ISS operations and local Goldman Sachs affiliates when contracting with each other. ISS in Switzerland, Russia and the United Kingdom have entered into facility services agreements with local Goldman Sachs affiliates. The annual revenue from these agreements was estimated at DKK 102 million in 2013, DKK 118 million in 2012 and DKK 101 million in 2011. Furthermore, we have local agreement terms with affiliates of Goldman Sachs in France, Singapore, Brazil and China. In addition, ISS in Spain and Italy have agreed to act as subcontractors to local Goldman Sachs suppliers. The annual revenue from these local and subcontractor agreements was estimated at DKK 7 million in 2013, DKK 8 million in 2012 and DKK 9 million in 2011.
- We and Goldman Sachs International have entered into various agreements on provision of funding and banking related services as well as interest rate swaps. The fees paid under these arrangements amounted to DKK 28 million in 2013, DKK 0 million in 2012 and DKK 16 million in 2011. Net interest paid relating to interest rate swaps amounted to DKK 5 million in 2013, DKK 6 million in 2012 and DKK 13 million in 2011.
- An affiliate of GSCP, Goldman Sachs International Bank, is a lead arranger under the 2014 Facilities Agreement and lender of EUR 100 million. An affiliate of GSCP, Goldman Sachs International Bank is among the mandated lead arrangers under the Senior Facilities Agreement. The outstanding balance was DKK 1,343 million as of 31 December 2013, DKK 1,581 million as of 31 December 2012 and DKK 1,739 million as of 31 December 2011, and interest expenses amounted to DKK 56 million in 2013, DKK 67 million in 2012 and DKK 68 million in 2011. Affiliates of GSCP are holders of 2014 Medium Term Notes.

- In May 2013, Anticimex, an affiliate of EQT, acquired our pest control businesses in Australia, Austria, Belgium, Denmark, Germany, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain and Switzerland as well as our washroom business in Australia, Italy and New Zealand. The purchase price amounted to approximately DKK 2 billion. See also "*Business—Divestments and Acquisitions*".
- We have entered into various agreements regarding delivery of facility services to companies owned by funds managed by EQT. The annual revenue from these local and subcontractor agreements was estimated at DKK 3 million in 2013, DKK 27 million in 2012 and DKK 90 million in 2011.
- In August 2012, OTPP and KIRKBI invested DKK 3,721 million (EUR 500 million) in FS Invest S.à r.l., our ultimate parent company. The proceeds from the investment was subsequently used to increase our share capital following which our 11% senior notes due 2014 of DKK 3,917 million (EUR 525 million) were fully redeemed via proceeds from the capital increase.
- In the solvent liquidation of MPP Invest 3A A/S, MPP Invest 3B A/S and MPP Invest 3C A/S, which were originally incorporated for the purpose of serving as joint holding companies for participants in a management participation programme established following the 2005 Acquisition (the "*Former MPP Companies*") we have undertaken to indemnify the external legal counsel acting as liquidator from any liability (including any tax liability) arising from the engagement as liquidator. As a result of our group relationship with the Former MPP Companies, we have agreed with FS Invest S.à r.l., on arguably arm's length terms, that we will be liable vis-à-vis the Danish tax authorities for taxes for which the Former MPP Companies were liable (if any). The Former MPP Companies were liquidated in December 2013 and at the time of liquidation they were wholly owned by FS Invest S.à r.l. We have estimated the maximum exposure related to any tax risk to approx. DKK 20 million. Based upon advice from our external tax advisers, we believe that the tax risk is remote.

In addition to the above and except for intra Group transactions, which have been eliminated in our consolidated financial statements, there were no material transactions with other related parties and shareholders in the financial years 2013, 2012 and 2011.

## DESCRIPTION OF THE SHARES AND SHARE CAPITAL

The following is a summary of material information relating to our share capital, including a summary of certain provisions of our Articles of Association dated 1 March 2014 as well as a brief description of certain provisions of the Danish Companies Act. This summary does not purport to be exhaustive and should be read in conjunction with the full text of our Articles of Association as well as in the context of applicable Danish law. See "*Annex A—Articles of Association of ISS A/S*".

We are a public limited liability company incorporated on 11 March 2005 and are organised under the laws of the Kingdom of Denmark under the name ISS A/S with our registered office at Buddingevej 197, DK-2860 Søborg, Denmark. We are registered with the Danish Business Authority under CVR no. 28 50 47 99.

### Registered Share Capital

As of the date of this Offering Circular, our share capital had a nominal value of DKK 135,443,319, divided into 135,443,319 shares of DKK 1 each or multiples thereof. The Shares are not divided into share classes and all Shares rank *pari passu*. No Shares carry special rights. All Shares are issued and fully paid up. Each Share of the nominal value DKK 1 gives the holder the right to one vote at our general meetings.

We have not issued any securities that are convertible, exchangeable nor have warrants attached.

Immediately after settlement of the New Shares and registration of the capital increase, our registered share capital will have a nominal value of DKK 186,465,447, divided into 186,465,447 shares of nominal value DKK 1 each, assuming an Offer Price at the midpoint of the Offer Price Range.

### Historical Movement in the Share Capital

The table set forth below presents the development of our share capital from our incorporation to the date of this Offering Circular.

| Date of approval | Transaction type | Share capital before change (DKK) | Share capital change (DKK) | Share capital after change (DKK) | Price (DKK)(1) | Number of shares after change |
|---|---|---|---|---|---|---|
| 11 March 2005 | Incorporation of the Company | — | 1,000,000 | 1,000,000 | 100.0 | 1,000,000 |
| 10 May 2005 | Capital increase | 1,000,000 | 99,000,000(2) | 100,000,000 | 7,770.7 | 100,000,000 |
| 23 October 2007 | Capital increase | 100,000,000 | 1(3) | 100,000,001 | 17,825,000,000.0 | 100,000,001 |
| 29 August 2012 | Capital increase | 100,000,001 | 19,999,999(4) | 120,000,000 | 18,607.7 | 120,000,000 |
| 31 August 2012 | Capital increase | 120,000,000 | 15,443,319(5) | 135,443,319 | 100.0 | 135,443,319 |

(1) Calculated in accordance with the practice of the Danish Business Authority whereby payment of an amount equivalent to the nominal value of a share is set at index price 100.

(2) Cash contribution of DKK 7,693,000,000 subscribed by the Selling Shareholder, the EQT Funds and GSCP's equity investment in the 2005 Acquisition was used to pay the purchase price for the shares in ISS World Services A/S.

(3) Cash contribution of DKK 178,250,000 subscribed by the Selling Shareholder. The cash contribution comprises a portion of the investments of the participants in the previous MPP, DPP and COI in shares and warrants in FS Invest S.à r.l. made in connection with the establishment of the previous MPP, DPP and the COI.

(4) Cash contribution of DKK 3,721,548,469.44 subscribed by the Selling Shareholder.

(5) Issuance of bonus shares to the Selling Shareholder. Capital increase by transfer from the Company's reserves to the share capital.

### Authorisation to Increase the Share Capital

The Board of Directors has pursuant to our Articles of Association been granted authorisation to increase our share capital.

In accordance with article 4.1 of our Articles of Association, the Board of Directors is, until 30 June 2014, authorised to increase the share capital of the Company in one or more issues without pre-emption rights for the existing shareholders of the Company by up to a nominal amount of DKK 65,000,000 by cash payment. The capital increase shall take place at market price. See also "*The Offering—Authorisation*".

Further, in accordance with article 4.2 of our Articles of Association, the Board of Directors is, until 1 March 2019, authorised to increase the share capital of the Company in one or more issues without pre-emption rights for the existing shareholders of the Company by up to a nominal amount of DKK 40,000,000. The capital increase shall take place at market price and may be effected by cash payment or as consideration for an acquisition of a business or parts hereof or other assets.

Also, in accordance with article 4.3 of our Articles of Association, the Board of Directors is, until 1 March 2019, authorised to increase the Company's share capital in one or more issues without pre-emption rights for the existing shareholders of the Company by up to a nominal amount of DKK 5,000,000 in connection with the issue of new shares for the benefit of the Company's employees and/or employees of our subsidiaries. The new shares shall be issued against cash payment at a subscription price to be determined by the Board of Directors, which may be below the market price.

Shares issued pursuant to the Board of Directors' authorisations shall be issued in the name of the holder and shall be recorded in the holder's name in our register of shareholders, shall be negotiable instruments, and shall in every respect carry the same rights as the existing Shares.

**Authorisation to Acquire Treasury Shares**

The Board of Directors is authorised in the period until 1 March 2019 to approve the acquisition of treasury shares, on one or more occasions, with a total nominal value of up to 10% of the share capital of the Company, subject to the Company's holding of treasury shares after such acquisition not exceeding 10% of the Company's share capital. The consideration may not deviate more than 10% from the official price quoted on NASDAQ OMX Copenhagen at the time of acquisition.

We do not hold any treasury shares as of the date of this Offering Circular, but have agreed with the Selling Shareholder to acquire up to 1,000,000 of the Existing Offer Shares from the Selling Shareholder at the Offer Price in connection with the Offering in order for us to meet certain of our obligations to deliver Shares to participants in our incentive programmes. See "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes*".

**Authorisation to Distribute Interim Dividend**

As of the date of this Offering Circular, the Board of Directors has been authorised by our general meeting to distribute interim dividends, but currently has no plan to do so in the near future.

For further details on dividends and our dividend policy see "*Dividends and Dividend Policy*".

**General Meetings and Voting Rights**

Our general meetings shall be held in the Capital Region of Denmark.

Our annual general meeting shall be held before the end of April. Not later than eight weeks before the contemplated date of the annual general meeting, we shall publish the date of the general meeting and the deadline for submitting requests for specific business to be included in the agenda.

Extraordinary general meetings shall be held when determined by the Board of Directors or requested by our auditor. Furthermore, the Board of Directors shall convene an extraordinary general meeting within two weeks of receipt of a written request from shareholders representing at least 5% of the share capital containing specific proposals for the business to be transacted at such extraordinary general meeting.

General meetings shall be convened by the Board of Directors with at least three weeks' and not more than five weeks' notice by publishing a notice on our website. Furthermore, a notice of the general meeting shall be sent by way of electronic communication or by ordinary post, as decided by the Company, to all shareholders recorded in our register of shareholders who have requested such notice.

The notice shall specify the time and place of the general meeting and the agenda containing the business to be transacted at the general meeting. If a proposal to amend the Articles of Association is to be considered at the general meeting, the main contents of the proposal shall be specified in the notice. Notices convening general meetings at which a resolution shall be passed pursuant to Section 77 (2), Section 92 (1) or (5), or Section 107 (1) or (2) of the Danish Companies Act shall set out the full wording of the proposals.

Our general meetings shall be held in English but our Board of Directors may decide to offer simultaneous interpretation into Danish. Documents prepared in connection with or following a general meeting shall be in English and, if decided by the Board of Directors, in Danish.

Annual reports shall be prepared in English only and, if decided by the Board of Directors, in Danish.

Every shareholder is entitled to have specific business transacted at the annual general meeting, provided that the shareholder submits a written request to that effect to the Board of Directors not later than six weeks before the date of the annual general meeting.

The right of a shareholder to attend a general meeting and to vote is determined relative to the Shares held by the shareholder at the registration date. The registration date is one week before the general meeting. The Shares held by each shareholder are determined at the registration date based on the number of shares held by that shareholder as registered in our register of shareholders and on any notification of ownership received by us at the registration date for the purpose of registration in our register of shareholders, which have not yet been registered.

At the general meeting each Share of the nominal value of DKK 1 shall entitle the holder thereof to one vote.

Any shareholder who is entitled to attend the general meeting pursuant to our Articles of Association and who wishes to attend the general meeting shall request an admission card not later than three days before the general meeting is held. A shareholder may, subject to having requested an admission card in accordance with our Articles of Association, attend in person or by proxy, and the shareholder or the proxy may attend together with an adviser.

The right to vote may be exercised by a written and dated instrument of proxy in accordance with applicable laws. The Board of Directors of the Company may be appointed as proxy. A shareholder who is entitled to participate in the general meeting according to our Articles of Associations is further entitled to vote by correspondence according to the Danish Companies Act's provisions thereon. Such votes by correspondence shall be received by us the day before the general meeting at the latest. Votes by correspondence cannot be withdrawn.

**Resolutions by the General Meetings and Amendments to the Articles of Associations**

Resolutions at general meetings shall be passed by a simple majority of votes cast, unless otherwise prescribed by law or by our Articles of Association.

Adoption of changes to our Articles of Association, dissolution of the Company, merger or demerger requires that the resolution is adopted by at least 2/3 of the votes cast as well as the share capital represented at the general meeting, unless applicable laws prescribe stricter or less strict adoption requirements or applicable laws confer specific authority to the Board of Directors or other bodies.

The provisions in our Articles of Association relating to a change of the rights of shareholders or a change to the capital are not more stringent than required by the Danish Companies Act.

**Registration of Shares**

The Shares will be delivered in book-entry form through allocation to accounts with VP Securities through a Danish bank or other institution authorised as custodian.

The Shares are issued in dematerialised form through VP Securities. The address of VP Securities is VP SECURITIES A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark.

The Shares shall be issued in the name of the holder and shall be recorded in the holder's name, in our register of shareholders through the holder's custodian bank. Our register of shareholders is kept by Computershare A/S, CVR no. 27 08 88 99.

**Transfer of Shares**

The Shares are negotiable instruments and no restrictions under Danish law apply to the transferability of the Shares. See "*Selling Restrictions*" and "*Transfer Restrictions*" for certain restrictions applicable to the Offer Shares.

## Pre-emption Rights

Under Danish law, our shareholders generally have pre-emption rights if the general meeting of the Company resolves to increase the share capital by cash payment. However, the pre-emption rights of the shareholders may be derogated from by a majority comprising at least 2/3 of the votes cast and of the share capital represented at the general meeting if the share capital increase is made at market price. The Board of Directors is authorised to increase our share capital in one or more issues at market price without pre-emption rights to our shareholders. See "*—Authorisation to Increase the Share Capital*".

The exercise of pre-emption rights may be restricted for shareholders resident in certain jurisdictions, including but not limited to the United States, Canada, Japan and Australia, unless we decide to comply with applicable local requirements. Consequently, U.S. holders and certain other holders of Shares may not be able to exercise their pre-emption rights or participate in a rights offer, as the case may be, unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements is available.

We intend to evaluate at the time of any issue of Shares subject to pre-emption rights or in a rights offer, as the case may be, the cost and potential liabilities associated with complying with any local requirements, including any registration statement in the U.S., as well as the indirect benefits to us of enabling the exercise of non-Danish shareholders of their pre-emption rights to Shares or participation in any rights offer, as the case may be, and any other factors considered appropriate at the time, and then to make a decision as to whether to comply with any local requirements, including filing any registration statement in the U.S. No assurances are given that local requirements will be complied with or that any registration statement would be filed in the U.S. so as to enable the exercise of such holders' pre-emption rights or participation in any rights offer.

## Redemption and Conversion Provisions

Except as provided for in the Danish Companies Act, see "*The Danish Securities Market—Mandatory Redemption of Shares*", no shareholder is under an obligation to have his Shares redeemed in whole or in part by us or by any third party, and none of the Shares carry any redemption or conversion rights or any other special rights.

## Dissolution and Liquidation

In the event of dissolution and liquidation, our shareholders are entitled to participate in the distribution of assets in proportion to their nominal shareholdings after payment of our creditors.

## Indication of Takeover Bids

No takeover offers have been made by any third party in respect of our Shares during the past or current financial year.

Our Articles of Association do not contain provisions that are likely to have the effect of delaying, deferring or preventing a change in control of us.

# TAXATION

## Danish Tax Considerations

The following is a summary of certain Danish income tax considerations relating to an investment in the Shares.

The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the Shares. The summary is based solely upon the tax laws of Denmark in effect on the date of this Offering Circular. Danish tax laws may be subject to change, possibly with retroactive effect.

The summary does not cover investors to whom special tax rules apply, and therefore may not be relevant, for example, to investors subject to the Danish Act on Pension Investment Return Taxation (i.e. pension savings), professional investors, certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors with tax liability on return on pension investments. The summary does not cover taxation of individuals and companies who carry on a business of purchasing and selling shares. The summary only sets out the tax position of the direct owners of the shares and further assumes that the direct owners are the beneficial owners of the shares and dividends thereon. Sales are assumed to be sales to a third party.

Potential investors in the Shares are advised to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the Shares based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances as such consequences may differ significantly from those described herein.

### *Taxation of Danish tax resident shareholders*

*Sales of shares—individuals*

Gains from the sale of shares are taxed as share income at a rate of 27% on the first DKK 49,200 in 2014 (for cohabiting spouses, a total of DKK 98,400) and at a rate of 42% on share income exceeding DKK 49,200 (for cohabiting spouses over DKK 98,400). Such amounts are subject to annual adjustments and include all share income i.e., all capital gains and dividends derived by the individual or cohabiting spouses, respectively.

Gains and losses on the sale of shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price. The purchase price is generally determined using the average method which means that each share is considered acquired at a price equivalent to the average acquisition price of all the shareholder's shares in the issuing company.

Losses on the sale of shares admitted to trading on a regulated market can only be offset against other share income deriving from shares admitted to trading on a regulated market, (i.e. received dividends and capital gains on the sale of shares admitted to trading on a regulated market). Unused losses can be offset against a cohabiting spouse's share income deriving from shares admitted to trading on a regulated market or can be carried forward indefinitely and offset against future share income deriving from shares admitted to trading on a regulated market.

Losses on shares admitted to trading on a regulated market may only be set off against gains and dividends on other shares admitted to trading on a regulated market if the Danish Tax Authorities have received certain information concerning the ownership of the shares. This information is normally provided to the Danish Tax Authorities by the securities dealer.

*Sale of shares—companies*

For the purpose of taxation of sales of shares made by company shareholders, a distinction is made between Subsidiary Shares, Group Shares, Tax-Exempt Portfolio Shares and Taxable Portfolio Shares:

"**Subsidiary Shares**" is generally defined as shares owned by a shareholder holding at least 10% of the nominal share capital of the issuing company,

"**Group Shares**" is generally defined as shares in a company in which the shareholder of the company and the issuing company are subject to Danish tax consolidation or fulfil the requirements for international tax consolidation under Danish law, "**Tax-Exempt Portfolio Shares**" is generally defined as shares not admitted to trading on a regulated market owned by a shareholder holding less than 10% of the nominal share capital in the issuing company,

"**Taxable Portfolio Shares**" are shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares.

Gains or losses on disposal of Subsidiary Shares, Group Shares and Tax-Exempt Portfolio Shares are not included in the taxable income of the shareholder.

Special rules apply in order to prevent avoidance of the 10% ownership requirement through pooling of shareholdings in a holding company. These rules will not be described in further detail.

Capital gains from the sale of Taxable Portfolio Shares are taxable at a rate of 24.5% irrespective of ownership period. Losses on such shares are generally deductible. The corporate income tax rate will be reduced to 23.5% in 2015 and to 22% in 2016.

Gains and losses on Taxable Portfolio Shares are, as a general rule, taxable according to the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning and end of the tax year. Thus, taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realised. If the Taxable Portfolio Shares are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the Taxable Portfolio Shares at the beginning of the income year and the value of the Taxable Portfolio Shares at realisation. If the Taxable Portfolio Shares have been acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the realisation sum. If the Taxable Portfolio Shares are acquired in the income year and not realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the Shares at the end of the income year.

A change of status from Subsidiary Shares/Group Shares/Tax-Exempt Portfolio Shares to Taxable Portfolio Shares (or vice versa) is for tax purposes deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status.

*Dividends—individuals*

Dividends received by individuals who are tax residents of Denmark are taxed as share income. Share income is taxed at a rate of 27% on the first DKK 49,200 in 2014 (for cohabiting spouses, a total of DKK 98,400) and at a rate of 42% on share income exceeding DKK 49,200 (for cohabiting spouses over DKK 98,400). Such amounts are subject to annual adjustments and include all share income i.e., all capital gains and dividends derived by the individual or cohabiting spouses, respectively.

Dividends paid to individuals are generally subject to 27% withholding tax.

*Dividends—companies*

Dividends received on Portfolio Shares (both Tax-Exempt Portfolio Shares and Taxable Portfolio Shares) are subject to the standard corporate tax rate of 24.5% irrespective of ownership period.

The withholding tax rate is 22%. If the distributing company withholds a higher amount, the shareholder can claim a refund of the excess tax. A claim for repayment must be filed within 2 months, otherwise the excess tax will instead be credited in the corporate income tax for the year.

Dividends received on Subsidiary Shares and Group Shares will not be subject to taxation irrespective of ownership period.

***Taxation of shareholders residing outside Denmark***

*Sales of shares—individuals and companies*

A non-resident of Denmark will normally not be subject to Danish tax on any gains realised on the sale of shares, irrespective of the ownership period. Where a non-resident of Denmark holds Taxable Portfolio Shares which can be attributed to a permanent establishment in Denmark, such gains are taxable pursuant to the rules applying to Danish tax residents as described above.

*Dividends—individuals*

Under Danish law, dividends paid in respect of shares are generally subject to Danish withholding tax at a rate of 27%.

In the event that the dividend receiving individual is a resident of a state having a double taxation treaty with Denmark, the shareholder may claim a refund of the tax amount exceeding the treaty rate, through certain application procedures, from the Danish tax authorities. Denmark has executed tax treaties with more than 70 countries, including the United States and almost all members of the E.U. The treaties generally provide for a 15% withholding tax rate. The refund is sought by completing form 06.003 and filing it with the Danish Tax Authorities. The form can be downloaded from the Danish Tax Authorities' website at the following Internet address: http://www.skat.dk/getFile.aspx?Id=70193.

In addition, if the shareholder holds less than 10% of the nominal share capital of the company and the shareholder is tax resident in a state which has a double tax treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obliged to exchange information with Denmark, dividends are subject to tax at a reduced rate of 15%. If the shareholder is tax resident outside the E.U., it is an additional requirement for eligibility for the 15% tax rate that the shareholder together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate, why the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

Finally, there is a special tax regime that applies to dividends, distributed to individuals residing in certain countries, such as the United States, the United Kingdom and Northern Ireland, Belgium, Canada, Greece, the Netherlands, Ireland, Luxembourg, Finland, Switzerland, Sweden and Germany. This special tax regime provides that tax on dividends may be withheld at the applicable tax rate specified in the relevant tax treaty. In order to qualify for the application of this special tax regime, an eligible holder of shares must deposit his shares with a Danish bank, and the shareholding must be registered with and administered through VP Securities. This latter condition will be met, since the Shares will be registered with VP Securities as described under "*The Offering—Registration and Settlement*". The shareholder must complete form 02.009 and send it to the Danish bank, in which the shareholders shares are deposited. The form can be downloaded from the Danish Tax Authorities' website at the following internet address: http://www.skat.dk/getFile.aspx?ID=14951. If the shareholder is a resident of the United Kingdom, the shareholder must use form 02.012 instead. The form can be found at the following Internet address: http://www.skat.dk/getFile.aspx?ID=14949. The documentation is valid for five years. If the documentation is not filed before the dividend is paid, a refund of excess withholding tax may be sought pursuant to the procedure described in the preceding paragraph.

Note that the Danish tax form described in this section requires a certification by the applicable local tax authority. With respect to U.S. persons, a properly completed IRS Form 6166 should satisfy this requirement.

Where a non-resident of Denmark holds shares which can be attributed to a permanent establishment in Denmark, dividends are taxable pursuant to the rules applying to Danish tax residents described above.

*Dividends—companies*

Dividends from Subsidiary Shares are exempt from Danish withholding tax provided the taxation of the dividends is to be waived or reduced in accordance with the Parent Subsidiary Directive (2011/96/EU) or in accordance with a tax treaty with the jurisdiction in which the company investor is resident. If Denmark is to reduce taxation of dividends to a foreign company under a tax treaty, Denmark will not—as a matter of domestic law—exercise such right and will in general not impose any tax at all.

Dividends from Group Shares are exempt from Danish withholding tax provided the company investor is a resident of the E.U. or the EEA and the taxation of dividends should have been waived or reduced in accordance with the Parent Subsidiary Directive (2011/96/EU) or in accordance with a tax treaty with the country in which the company investor is resident had the shares been Subsidiary Shares.

Dividend payments on Portfolio Shares (both Tax-Exempt Portfolio Shares and Taxable Portfolio Shares) will be subject to a withholding tax of 27% irrespective of ownership period. If the shareholder holding the Portfolio Shares (either Tax-Exempt Portfolio Shares or Taxable Portfolio Shares) is resident in a jurisdiction which has a double taxation treaty with Denmark, dividends from the Portfolio Shares are subject to the reduced tax rate agreed in the double taxation treaty in question.

In the event that the dividend receiving company is a resident of a state with which Denmark has entered into a double taxation treaty, the shareholder may, through certain certification procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the applicable treaty rate, which is typically 15%. Denmark has executed tax treaties with more than 70 countries, including the United States and almost all members of the E.U. The treaty between Denmark and the United States generally provides for a 15% rate. The refund is sought by completing form 06.003 and filing it with the Danish Tax Authorities. The form can be downloaded from the Danish Tax Authorities' website at the following Internet address: http://www.skat.dk/getFile.aspx?Id=70193.

Note that the Danish tax form described in this section requires a certification by the applicable local tax authority. With respect to U.S. persons, a properly completed IRS Form 6166 should satisfy this requirement.

In addition, if the shareholder holds less than 10% of the nominal share capital of the company and the shareholder is tax resident in a state which has a double tax treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obliged to exchange information with Denmark, dividends are subject to tax at a reduced rate of 15%. If the shareholder is tax resident outside the E.U., it is an additional requirement for eligibility for the 15% tax rate that the shareholder together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate, why the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

***Share transfer tax and stamp duties***

No Danish share transfer tax or stamp duties are payable on transfer of the shares.

***U.S. Federal Income Tax Considerations***

**This disclosure is limited to the U.S. federal tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal tax treatment of the Offer Shares. This tax disclosure was written in connection with the promotion or marketing of the Offer Shares by the Company and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against any person under the Internal Revenue Code of 1986, as amended (the "Code"). Prospective investors should seek advice based on their particular circumstances from independent tax advisers.**

The following is a description of certain U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of Offer Shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire Offer Shares. This discussion applies only to a U.S. Holder that owns Offer Shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including alternative minimum tax consequences, any aspect of the Medicare contribution tax on "**net investment income**" and tax consequences applicable to U.S. Holders subject to other special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons owning Offer Shares as part of straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the Offer Shares;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- tax-exempt entities, including "**individual retirement accounts**" or "**Roth IRAs**";
- persons that own or are deemed to own ten percent or more of the Company's voting stock; or
- persons holding Offer Shares in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns Offer Shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Offer Shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of the Offer Shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between Denmark and the United States (the "**Treaty**"), all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

A "**U.S. Holder**" is a person that, for U.S. federal income tax purposes, is a beneficial owner of Offer Shares, is eligible for the benefits of the Treaty and is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of Offer Shares in their particular circumstances.

This discussion assumes that the Company is not, and will not become, a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes, as described in "*—Passive foreign investment company rules*" below.

***Taxation of distributions***

Distributions paid on Offer Shares, other than certain pro rata distributions of ordinary shares, will be treated as dividends to the extent paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that any distributions generally will be reported to U.S. Holders as dividends. Subject to applicable limitations and requirements, including that the Company must be entitled to the benefits of the Treaty and must not be a PFIC for the taxable year in which dividends are paid or the preceding taxable year, dividends paid to certain non-corporate U.S. Holders may be taxable at the favourable rates applicable to "**qualified dividend income**". U.S. Holders should consult their tax advisers regarding the availability of these favourable rates. The amount of a dividend will include any amounts withheld by the Company in respect of Danish income taxes. The dividend will be treated as foreign source dividend income to U.S. Holders and will not be eligible for the dividends received deduction generally available to U.S. corporations under the Code. Dividends will generally be included in a U.S. Holder's income on the date of the U.S. Holder's receipt of the dividend. The amount of any dividend paid in Danish Kroner will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognise foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt, and any such gain or loss will be U.S. source ordinary income or loss. U.S. Holders should consult their tax advisers regarding the possible recognition of foreign currency gain or loss in respect of any amount of Danish taxes received as a refund from the Danish tax authorities after the date of distribution (see "*—Taxation of shareholders residing outside Denmark—Dividends—Individuals*" and "*—Taxation of shareholders residing outside Denmark—Dividends—Companies*."

Subject to applicable limitations, some of which vary depending upon the U.S. Holder's circumstances, Danish income taxes withheld from dividends on Offer Shares at a rate not exceeding any applicable rate provided by the Treaty will be creditable against the U.S. Holder's U.S. federal income tax liability. Foreign taxes eligible for credit are calculated separately with respect to specific classes of foreign source income. For this purpose, dividends paid by the Company on the Offer Shares generally will constitute "**passive category income**" but could, in the case of certain U.S. Holders, constitute "**general category income**." Danish income taxes withheld in excess of the rate applicable under the Treaty will not be eligible for credit against a U.S. Holder's federal income tax liability. See "*—Taxation of shareholders residing outside Denmark—Dividends—individuals*" and "*—Taxation of shareholders residing outside Denmark—Dividends—companies*" for a discussion of how to obtain the applicable Treaty rate or a refund of Danish taxes withheld in excess of the applicable Treaty rate. In lieu of claiming a foreign tax credit, U.S. Holders may, at their election, deduct foreign taxes, including the Danish tax, in computing their taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

### *Sale or other taxable disposition of Offer Shares*

For U.S. federal income tax purposes, gain or loss realised on the sale or other taxable disposition of Offer Shares (other than certain share buy-backs) generally will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the Offer Shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the Offer Shares disposed of and the amount realised on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S. source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations. Share buy-backs will be treated as either taxable dispositions subject to taxation as described above in this paragraph, or distributions taxable as dividends, depending on the circumstances. U.S. Holders that dispose of Shares in a share buy-back should consult their tax advisers regarding the U.S. federal income tax treatment of such dispositions.

### *Passive foreign investment company rules*

The Company believes that it was not a PFIC for U.S. federal income tax purposes for its most recent taxable year and does not expect to be a PFIC for its current taxable year or in the foreseeable future. Because PFIC status depends on the composition of a company's income and assets, and the market value of its assets from time to time (which may be determined by reference to the market value of the Company's Shares) there can be no assurance that the Company will not be a PFIC for any taxable year.

In general, a non-U.S. corporation will be considered a PFIC for any taxable year in which: (i) 75% or more of its gross income consists of passive income; or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain capital gains.

If the Company were a PFIC for any taxable year during which a U.S. Holder owned Offer Shares, gain recognised by a U.S. Holder on a sale or other disposition, including certain pledges, of Offer Shares would be allocated rateably over the U.S. Holder's holding period for the Offer Shares. The amounts allocated to the taxable year of the sale or disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the resulting tax liability with respect to each taxable year. Further, to the extent that any distribution received by a U.S. Holder on its Offer Shares exceeds 125% of the average of the annual distributions on the Offer Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, as described immediately above. If the Company is a PFIC for any year during which a U.S. Holder holds Offer Shares, it generally will continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns the Offer Shares, even if the Company ceases to meet the threshold requirements for PFIC status. If the Company were a PFIC, U.S. Holders would be deemed to own their proportionate share of any other PFIC in which the Company may own, directly or indirectly, equity interests and would be subject to the rules described above with respect to such indirectly-owned PFICs. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the Offer Shares. U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If the Company were a PFIC or, with respect to a particular U.S. Holder, were treated as a PFIC for the taxable year in which it paid a dividend or the prior taxable year, the reduced rate on dividends paid to certain non-corporate U.S. Holders (as described in "*—U.S. Federal Income Tax Considerations—Taxation of distributions*" above) would not apply.

If a U.S. Holder owns Offer Shares during any year in which the Company is a PFIC, the U.S. Holder generally will be required to file with the Internal Revenue Service annual returns containing such information as may be required by the U.S. Treasury.

### *Information reporting and backup withholding*

Payments of dividends and sales proceeds that are made within the United States or through certain U.S. related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless: (i) the U.S. Holder is an exempt recipient; or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals (and under proposed regulations, certain entities controlled by individuals) may be required to report information relating to their ownership of the Company's Shares, unless the Shares are held in accounts at financial institutions (in which case the accounts may be reportable if maintained by non-U.S. financial institutions). U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the Shares.

## THE OFFERING

### Joint Global Coordinators

The Offering is being arranged by Goldman Sachs International, Nordea Markets (division of Nordea Bank Danmark A/S) and UBS Limited in their capacity as Joint Global Coordinators and Joint Bookrunners.

### The Offering

The Offering consists of: (i) an initial public offering to retail and institutional investors in Denmark, (ii) a private placement in the United States to persons who are "qualified institutional buyers" or "QIBs" (as defined in Rule 144A under the U.S. Securities Act in reliance on Rule 144A; and (iii) private placements to institutional investors in the rest of the world. The Offering outside the United States will be made in compliance with Regulation S under the U.S. Securities Act.

The Company is offering between 45,919,915 and 57,399,894 New Shares and the Selling Shareholder is offering 1,000,000 Existing Offer Shares, excluding any Shares subject to the Overallotment Option.

The exact number of New Shares to be issued by us pursuant to the Offering will be adjusted depending on the Offer Price in order for us to receive gross proceeds of approximately DKK 8,036 million. Up to 1,000,000 Existing Offer Shares will be reserved for the Company to purchase in connection with the Offering for the Company to meet certain of its obligations to deliver Shares to participants in the Company's incentive programmes. see also "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes*".

The Selling Shareholder has agreed to grant the Joint Global Coordinators, on behalf of the Managers, an Overallotment Option to purchase up to 8,759,985 Option Shares at the Offer Price, exercisable, in whole or in part, from the first day of trading in, and official listing of, the Shares until 30 calendar days thereafter, solely to cover overallotments or short positions, if any, incurred in connection with the Offering. See "*Plan of Distribution*".

### Offer Price

The Offer Price will be determined through a book-building process. Book-building is a process in which the Joint Global Coordinators, prior to the final pricing of the Offering, determine the Offer Price by collecting expressions of interest in the Offer Shares from potential institutional investors. Following the book-building process, the Offer Price will be determined by our Board of Directors and the Selling Shareholder in consultation with the Joint Global Coordinators. The Offer Price is expected to be announced through NASDAQ OMX Copenhagen no later than 8:00 a.m. (CET) on 17 March 2014.

The Offer Price is free of brokerage charges and is expected to be between DKK 140 and DKK 175 per Offer Share, but the Offer Price may be set within, above or below such Offer Price Range. This indicative Offer Price Range has been set by our Board of Directors and the Selling Shareholder following consultation with the Joint Global Coordinators taking into account, among other things, our historic and projected revenue and earnings, our objective to establish an orderly after-market in the Offer Shares and prevailing market conditions.

It is currently expected that the Offer Price will be set within the Offer Price Range. If the Offer Price is set above the Offer Price Range or the Offer Price Range is amended upwards, the Company will make an announcement through NASDAQ OMX Copenhagen and publish a supplement to this Offering Circular. In such case, investors who have submitted orders to purchase Offer Shares in the Offering will have two trading days following publication of the relevant supplement to withdraw their offer, in its entirety, to subscribe for or purchase Offer Shares in the Offering. See also "*—Investors' Withdrawal Rights*". In such circumstances, the announcement of the Offer Price will not be published until the period for exercising such withdrawal rights has ended.

### Offer Period

The Offer Period will commence on 5 March 2014 and will close no later than 14 March 2014 at 4:00 p.m. (CET). The Offer Period may be closed prior to 14 March 2014; however, the Offer Period will not be closed in whole or in part before 11 March 2014 at 00:01 a.m. (CET). If the Offering is closed before 14 March 2014, the announcement of the Offer Price, allocation, the first day of trading and official listing and the date of payment and settlement may be moved forward accordingly. The Offer Period in respect of applications for purchases of amounts up to, and including, DKK 3 million may be closed before the remainder of the Offering is closed. Any such earlier closing, in whole or in part, will be announced through NASDAQ OMX Copenhagen.

### Submission of Bids

***Applications to purchase or subscribe for amounts of up to and including DKK 3 million***

Applications by Danish investors to purchase or subscribe for amounts of up to and including DKK 3 million should be made by submitting the application form enclosed in the English Language Offering Circular and the Danish Offering Circular to the investor's own account-holding bank during the Offer Period or such shorter period as may be announced through NASDAQ OMX Copenhagen. Applications are binding and cannot be altered or cancelled. Bids may be made at a maximum price per Offer Share in Danish kroner. If the Offer Price exceeds the maximum price per Offer Share stated in the application form, then no Offer Shares will be allocated to the investor. Where no maximum price per share has been indicated, applications will be deemed to be made at the Offer Price. All applications made at a price equivalent to the Offer Price, or a higher price, will be settled at the Offer Price following allotment, if any. Applications should be made for a number of Offer Shares or for an aggregate amount rounded to the nearest Danish kroner amount. Only one application will be accepted from each account in VP Securities. For binding orders, the application form must be submitted to the investor's own account-holding bank in complete and executed form in due time to allow the investor's own account-holding bank to process and forward the application to ensure that it is in the possession of Nordea Bank Danmark A/S, no later than 4:00 p.m. (CET) on 14 March 2014, or such earlier time at which the Offering is closed.

***Applications to purchase or subscribe for amounts of more than DKK 3 million***

Investors who wish to apply to purchase or subscribe for amounts of more than DKK 3 million can indicate their interest to one or more of the Managers during the Offer Period. During the Offer Period, such investors can continuously change or withdraw their declarations of interest, but these declarations of interest become binding applications at the end of the Offer Period. Immediately following the determination of the Offer Price, investors will be allocated a number of Offer Shares at the Offer Price within the limits of the investor's most recently submitted or adjusted declaration of interest. All applications made at a price equivalent to the Offer Price, or a higher price, will be settled at the Offer Price following allotment, if any.

### Minimum and Maximum Subscription Amounts

The minimum subscription/purchase amount is one Offer Share. No maximum subscription amount applies to the Offering. However, the number of shares is limited to the number of Offer Shares in the Offering.

### Allocation and Reduction

In the event that the total amount of shares applied for in the Offering exceeds the number of Offer Shares, reductions will be made as follows:

- With respect to applications for amounts of up to and including DKK 3 million, reductions will be made mathematically except that orders by the members of our Board of Directors, members of our Executive Group Management Board and our Key Employees will be fully allocated.
- With respect to applications for amounts of more than DKK 3 million, individual allocations will be made. The Joint Global Coordinators will allocate the Offer Shares after agreement upon such allocations with our Board of Directors and the Selling Shareholder.
- Up to 1,000,000 of the Existing Offer Shares will be reserved for us to purchase in connection with the Offering in order for us to meet certain of our obligations to deliver Shares to participants in our incentive programmes described in "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes*".

It is expected that the result of the Offering, the Offer Price and the basis of the allocation will be announced through NASDAQ OMX Copenhagen no later than 8:00 a.m. (CET) on 17 March 2014. If the Offer Period is closed before 14 March 2014, announcement of the Offer Price and allocation will be brought forward accordingly.

Following the expiration of the Offer Period, investors will receive a statement indicating the number of Offer Shares allocated, if any, and the equivalent value at the Offer Price unless otherwise agreed between the investor and the relevant account-holding bank.

Orders as well as indications of interest may not result in an allocation of Offer Shares.

If the total applications in the Offering exceed the number of Offer Shares, a reduction will be made. In such event, the Joint Global Coordinators reserve the right to require documentation to verify that each application relates to a single account in VP Securities. Further, the Joint Global Coordinators reserve the right to require documentation to verify the authenticity of all orders, to demand the name of each subscriber, to pass on such information to us and the Selling Shareholder, and to make individual allocations if there are several orders that are determined to have originated from the same subscriber.

**Authorisation**

Our Board of Directors passed a resolution on 3 March 2014 pursuant to the authorisation given to the Board of Directors at the extraordinary general meeting on 1 March 2014, see "*Description of the Shares and Share Capital—Authorisation to Increase the Share Capital*", to increase our share capital by a minimum of 45,919,915 New Shares with a total nominal value of DKK 45,919,915 and a maximum of up to 57,399,894 New Shares with a total nominal value of DKK 57,399,894. The capital increase will be made by cash payment and without pre-emption rights to our existing shareholders.

Accordingly, the existing Shares at the date of this Offering Circular will be diluted by the issue of up to 57,399,894 New Shares in the Offering corresponding to a nominal value of DKK 57,399,894. Following the completion of the Offering, the existing Shares will represent 73% of the Company's share capital assuming an Offer Price at the midpoint of the Offer Price Range.

**Trading and Official Listing on NASDAQ OMX Copenhagen**

The existing Shares are issued under the permanent ISIN DK0060542181. The Offer Shares will be issued under the temporary ISIN DK0060542264 except for the Existing Offer Shares to be acquired by the Company at the Offer Price from the Selling Shareholder in connection with the Offering. The first day of trading in, and official listing of, the existing Shares issued under the permanent ISIN and the Offer Shares issued under the temporary ISIN on NASDAQ OMX Copenhagen is expected to be on 17 March 2014. The trading and official listing of the Shares is subject to, among other things, NASDAQ OMX Copenhagen's approval of the distribution of the Offer Shares. If the Offering is closed prior to 14 March 2014, the first day of trading and official listing and the date of payment and settlement may be moved forward accordingly.

Upon completion of the Offering and after payment for the Offer Shares, the capital increase relating to the New Shares will be registered with the Danish Business Authority, which is expected to take place on 20 March 2014 and as soon as possible thereafter, the temporary ISIN of the Offer Shares will be merged with the permanent ISIN of the Shares, expected to be on or about 24 March 2014.

If the Offering is not completed, no Offer Shares will be delivered to investors. Consequently, any trades in the Shares effected on or off the market before the Offer Shares have been delivered to investors may subject investors to liability for not being able to deliver the Shares sold and investors who have sold or acquired Shares on or off the market may incur a loss. Any such dealings will be at the sole risk of the parties concerned.

**Identification**

Permanent ISIN: DK0060542181

Temporary ISIN: DK0060542264

The temporary ISIN code will be used for the settlement of the Offer Shares through Clearstream and Euroclear.

NASDAQ OMX Copenhagen Symbol: "**ISS**"

**Share Lending Agreement**

The Selling Shareholder has agreed with the Joint Global Coordinators that the Selling Shareholder will make available up to 8,759,985 Shares for purposes of delivery of the Offer Shares to investors in connection with the Overallotment Option.

### Registration and Settlement

The Offer Shares will be registered in book-entry form electronically with VP Securities, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark. All Shares are registered on accounts with account-holding banks in VP Securities. Investors that are not residents of Denmark may use a Danish bank directly or their own bank's Danish correspondent bank as their account-holding bank or arrange for registration and settlement through Clearstream, 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg, or Euroclear, 1, Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

Settlement is expected to take place within three business days after the announcement of the Offer Price and allocation, which is expected to be on 17 March 2014. The account-holding bank will normally send a statement to the name and address registered in VP Securities showing the number of Offer Shares purchased or subscribed for by the investor unless otherwise agreed between the investor and the relevant account-holding bank. This statement also constitutes evidence of the investor's holding.

The Offer Shares are expected to be delivered in book-entry form through the facilities of VP Securities, Euroclear and Clearstream on or around 20 March 2014 against payment in immediately available funds in Danish kroner. If pricing and allocation of the Offering takes place before 17 March 2014, the first date of trading and official listing and the date of payment and settlement will be brought forward accordingly. All dealings in the Offer Shares prior to settlement will be for the account of and at the sole risk of the parties involved.

### Withdrawal of the Offering

Completion of the Offering is conditional upon the Offering not being withdrawn. The Offering may be withdrawn by the Company, the Selling Shareholder and the Joint Global Coordinators at any time before pricing and allocation of the Offering take place. The Offering may also be withdrawn if NASDAQ OMX Copenhagen is not satisfied that there will be a sufficiently broad distribution of the Shares to investors or if, for other reasons, the Shares cannot be admitted for trading and official listing on NASDAQ OMX Copenhagen.

The Underwriting Agreement (as defined in "*Glossary*") contains a provision entitling the Joint Global Coordinators to terminate the Offering (and the arrangements associated with it) at any time prior to the delivery and payment of the Offer Shares in certain circumstances, including force majeure and material changes in the financial condition of our business.

The Underwriting Agreement contains closing conditions which we believe are customary for offerings such as the Offering. In addition, we and the Selling Shareholder have given usual representations and warranties to the Joint Global Coordinators and the Joint Bookrunners. The Completion of the Offering is dependent on compliance with all of the closing conditions set forth in the Underwriting Agreement. If one or more closing conditions are not met, the Joint Global Coordinators and the Joint Bookrunners may, at their discretion, withdraw the Offering. If the Offering is withdrawn, the Offering and any associated arrangements will lapse, all submitted orders will be automatically cancelled, any monies received in respect of the Offering will be returned to the investors without interest (less any transaction costs) and admission to trading and official listing of the Shares on NASDAQ OMX Copenhagen will be cancelled. All dealings in the Offer Shares prior to settlement are for the account of, and at the sole risk of, the parties concerned.

Any withdrawal of the Offering will be announced immediately through NASDAQ OMX Copenhagen.

### Investors' Withdrawal Rights

In the event that we are required to publish a supplement to this Offering Circular, between the date of publication of this Offering Circular and the first day of trading of the Offer Shares, investors who have submitted orders to purchase Offer Shares in the Offering shall have two trading days following the publication of the relevant supplement within which the investors can withdraw their offer to subscribe for or purchase Offer Shares in the Offering in its entirety. The right to withdraw an application to subscribe for or purchase Offer Shares in the Offering in these circumstances will be available to all investors in the Offering provided the obligation to publish a supplement to this Offering Circular was not triggered before the final closing of the Offering and provided no Offer Shares have been delivered. If the order is not withdrawn within the stipulated period any order to purchase Offer Shares in the Offering will remain valid and binding.

### Costs of the Offering

Assuming an Offer Price at the midpoint of the Offer Price Range and full exercise of the Overallotment Option, the total expenses in relation to the Offering, including commissions and fees (fixed and discretionary) payable by us to the Managers, are estimated to be approximately DKK 350 million, of which DKK 100 million is expected to be recognised in the income statement in 2013 and 2014. In addition, certain expenses in relation to the Offering, including, but not limited to, commissions and fees (fixed and discretionary) to be paid to the Managers, are payable by the Selling Shareholder proportionally based on the number of New Shares and Existing Offer Shares that are sold in the Offering.

Further, we and the Selling Shareholder have agreed to pay a selling commission to account-holding banks (unless such account-holding bank is a Manager) equivalent to 0.25% of the Offer Price of the Offer Shares that are allocated in respect of purchase orders of up to and including DKK 3 million submitted through the account-holding banks to be paid proportionally by us and the Selling Shareholder based on the number of New Shares and Existing Offer Shares, respectively, that are sold.

None of the Company, the Selling Shareholder or the Managers will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account-holding banks.

### Selling Agents for the Danish Offering

Nordea Bank Danmark A/S
CVR no. 13 52 21 97
Strandgade 3
PO Box 850
DK-0900 Copenhagen C
Denmark

and

Danske Bank A/S
CVR no. 61 12 62 28
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

A request for copies of the English Language Offering Circular and the Danish Offering Circular may be submitted by persons who satisfy the requirements of the applicable selling restrictions from:

Nordea Bank Danmark A/S
Securities Operations
Helgeshøj Allé 33
DK-2630 Taastrup
Denmark
Tel: +45 33 33 21 55
E-mail: prospekt.ca@nordea.com

and

Danske Bank A/S
Corporate Actions
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark
Tel: +45 70 23 08 34
E-mail: prospekter@danskebank.dk

In addition, the English Language Offering Circular and the Danish Offering Circular is available, subject to certain restrictions, on our website (www.issworld.com). Information included on our website does not form part of and is not incorporated into this Offering Circular.

The distribution of this Offering Circular and the offer or sale of the Offer Shares in certain jurisdictions is restricted by law. Persons possessing this Offering Circular are required by us, the Selling Shareholder and the Managers to inform themselves about and to observe any restrictions. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any of the Offer Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer in such jurisdiction.

**Interests of Natural and Legal Persons Involved in the Offering**

As described in "*Board of Directors, Executive Management and Key Employees—Statement on Conflicts of Interest*" and in "*Ownership Structure and Selling Shareholder*" certain members of our Board of Directors as well as our Executive Group Management Board and Key Employees are indirect shareholders in the Company or hold economic interests therein and will, following the Selling Shareholder Reorganisation, hold a direct interest in the Company and therefore have an interest in the Offering. No member of our Board of Directors or Executive Group Management Board or any of our Key Employees, directly or indirectly, hold more than 5% of our share capital.

GSCP, who currently indirectly owns 33% of the Company, is advised by affiliates of Goldman Sachs International, who acts as Joint Global Coordinator in the Offering. In addition, affiliates of Goldman Sachs, KIRKBI and some of the Managers or their affiliates hold interests in the Company as lenders under our Existing Indebtedness and/or 2014 Facilities, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial indebtedness*" for further details in this regard. See also "*Ownership Structure and Selling Shareholder*" for further details on direct and indirect ownership interests in the Company and "*Plan of Distribution*" for a description of certain other interests of the Managers in the Offering.

Our ultimate parent company FS Invest S.à r.l. will, upon completion of the Offering, use funds made available to FS Invest S.à r.l. by the Selling Shareholder from proceeds received by the Selling Shareholder from the sale of Existing Offer Shares, to repay loans together with accrued interest thereon to our subsidiary ISS Global A/S, as well as nine of our current and former employees and a former member of our board of directors. As of 31 December 2013 the total aggregate amount of the loans was approximately DKK 103 million, of which approximately DKK 98 million was owed to ISS Global A/S.

We are not aware of any other potential interest of natural or legal persons involved in the Offering who may have a material interest in the Offering.

**Governing Law**

The Shares are issued in accordance with Danish law.

## THE DANISH SECURITIES MARKET

Set forth below is a summary of certain information concerning the Danish securities market including information on certain provisions of Danish law and Danish securities market regulations in effect on the date of the Offering Circular. Such summary is qualified in its entirety by reference to the applicable Danish law and securities market regulations.

### NASDAQ OMX Copenhagen

NASDAQ OMX Copenhagen is a company incorporated and organised under the laws of Denmark. Trading on NASDAQ OMX Copenhagen is conducted by authorised firms, which include major Danish banks and other securities brokers, as well as certain mortgage credit institutions and the Danish Central Bank (Danmarks Nationalbank).

The trading system for equities trading in Denmark on NASDAQ OMX Copenhagen operates between 9:00 a.m. and 4:55 p.m. (CET) on weekdays. After the end of the continuous trading there is a pre-closing call between 4:55 p.m. to 5:00 p.m. (CET). An after trade "post trade" session exists from 5:00 p.m. to 5:20 p.m. (CET). Before the continuous trading begins, there is a second after trade "pre-open" session from 8:00 a.m. to 9:00 a.m. and a morning call session from 8:45 a.m. to 9:00 a.m. (CET) for the purpose of establishing fair opening prices. After the opening prices have been presented, the continuous trading begins.

### Registration Process

In connection with an initial public offering, a company's shares are registered in book-entry form on accounts maintained in the computer system of VP Securities, which acts as an electronic central record of ownership and as the clearing centre for all transactions. The address of VP Securities is Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark.

Danish financial institutions, such as banks, are authorised to keep accounts for each specific investor with VP Securities, including for Euroclear and Clearstream. All Danish shares listed on NASDAQ OMX Copenhagen are dematerialised, "non-certificated" and registered at VP Securities. The account is maintained through an account holding bank.

The account holding bank has the exclusive right to make transactions and registrations on these accounts on behalf of its customers.

Shares shall be registered in the holder's name through the account holding bank.

### Nominees

An account may be kept on behalf of one or more owners, meaning that a shareholder may appoint a nominee.

A nominee shareholder is entitled to receive dividends and to exercise all subscription and other financial and administrative rights attached to the shares held in its name with VP Securities. The relationship between the nominee shareholder and the beneficial owner is regulated solely by an agreement between the parties, and the beneficial owner must disclose its identity, if any of the aforementioned rights are to be exercised directly by the beneficial owner.

The right to appoint a nominee does not eliminate a shareholder's obligation to notify us and the Danish Financial Supervisory Authority (the "**Danish FSA**") of a major shareholding. See "—*Disclosure of Major Shareholdings*" below.

### Settlement Process

Settlement in connection with trading on NASDAQ OMX Copenhagen normally takes place on the third business day after effecting a sale or purchase transaction. VP Securities has announced that as a consequence of expected harmonisation on EU level, settlement will take place on the second business day after effecting a sale or purchase transaction with effect from 6 October 2014. On behalf of VP Securities, the account holding bank sends a statement to the name and address recorded in VP Securities, showing the amount of shares held in that name, which provides the holder with evidence of its rights. Settlement can also take place through the clearing facilities of Euroclear and Clearstream.

**Disclosure of Major Shareholdings**

Holders of shares in Danish companies with shares admitted for trading and official listing on NASDAQ OMX Copenhagen are, pursuant to the Danish Securities Trading Act Section 29, required to give notice to the company and the Danish FSA of the share holdings in the company, as soon as possible, when:

(i) the voting right conferred on the shares represents no less than 5% of the share capital's voting rights or their nominal value accounts for no less than 5% of the share capital, or

(ii) a change of a holding already notified entails that limits at intervals of 5, 10, 15, 20, 25, 50 or 90% and limits of 1/3 or 2/3 of the share capital's voting rights or nominal value are reached or are no longer reached.

Holders of shares in a company mean a natural or legal person who, directly or indirectly, holds: (i) shares in the company on behalf of himself and for own account or, (ii) shares in the company on behalf of himself, but for the account of another natural or legal person; or (iii) share certificates, where such holder is considered a shareholder in relation to the underlying securities represented by the certificate.

The duty to notify set forth above further applies to natural and legal persons who are entitled to acquire, sell or exercise voting rights which are:

(i) held by a third party with whom that natural or legal person has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer in question (common duty to inform for all parties to the agreement);

(ii) held by a third party under an agreement concluded with that natural or legal person providing for the temporary transfer of the voting rights in question in return for consideration;

(iii) attached to shares which are lodged as collateral for that natural or legal person, provided the person controls the voting rights and declares an intention of exercising them;

(iv) attached to shares in which that natural or legal person has a lifelong right of disposal;

(v) held, or may be exercised within the meaning of (i) to (iv), by an undertaking controlled by that person or entity;

(vi) attached to shares deposited with that natural or legal person and which the person can exercise at his own discretion in the absence of specific instructions from the shareholders;

(vii) held by a third party in its own name on behalf of that person; or

(viii) exercisable by that person through a proxy where that person may exercise the voting rights at his discretion in the absence of specific instructions of the shareholder.

The notification shall be made as soon as possible and in accordance with the provisions of the Executive Order no. 668 of 25 June 2012 and disclose the number of voting rights and shares held directly or indirectly following the transaction. The notification shall further state the transaction date on which the threshold was reached or no longer reached and the identity of the shareholder as well as the identity of any natural or legal person with the right to vote on behalf of the shareholder and in the case of a group structure, the chain of controlled undertakings through which voting rights are effectively held. The information shall be notified to the company and simultaneously submitted electronically to the Danish FSA. Failure to comply with the notification requirements is punishable by fine.

When an obligation to notify rests on more than one natural or legal person the notification may be made through a joint notification. However, use of a joint notification does not exempt the individual shareholders or natural or legal persons from their responsibilities in connection with the obligation to notify or the contents of the notification.

After receipt of the notification, the company shall publish the contents of the notification.

Furthermore, the general duty of notification under the Danish Companies Act Section 55 in respect of notification of significant holdings (similar to the thresholds set out in the Danish Securities Trading Act Section 29) applies, including when the limit of 100% of the share capital's voting rights or nominal value of the company is reached or are no longer reached. Section 58 of the Danish Companies Act, which has not yet entered into force, provides that a company shall publish the content of the notification received pursuant to section 55 of the Danish Companies Act in an electronic public register of shareholders which will be kept by the Danish Business Authority. Section 58 of the Danish Companies Act will enter into force upon decision by the Danish Minister for Business and Growth.

**Short-selling**

The Short Selling Regulation (236/2012/EU) includes certain notification requirements in connection with short selling and imposes restrictions on uncovered short selling of shares admitted to trading on a trading venue (including NASDAQ OMX Copenhagen).

When a natural or legal person reaches or falls below a net, short position of 0.2% of the issued share capital of a company that has shares admitted to trading on a trading venue, such person shall notify the relevant competent authority, which in Denmark is the Danish FSA. The obligation to notify, moreover, applies in each case where the net short position reaches or falls below each 0.1% threshold above the 0.2% threshold. In addition, when a natural or legal person reaches or falls below a net short position of 0.5% of the issued share capital of a company that has shares admitted to trading on a trading venue and each 0.1% threshold above that, such person shall make a public announcement of its net short position.

A natural or legal person is prohibited from entering into a short sale of shares admitted to trading on a trading venue unless one of the following conditions is satisfied: (i) the natural or legal person has borrowed the share or has made alternative provisions resulting in a similar legal effect, (ii) the natural or legal person has entered into an agreement to borrow the share or has another absolutely enforceable claim under contract or property law to be transferred ownership of a corresponding number of securities of the same class so that settlement can be effected when it is due; or (iii) the natural or legal person has an arrangement with third party under which that third party has confirmed that the share has been located and has taken measures vis-á-vis third parties necessary for the natural or legal person to have reasonable expectation that settlement can be effected when it is due. Certain exemptions apply to the prohibition, such as in the case of market-makers or in connection with stabilisation in accordance with the Safe Habour Regulation (no. 2273/2003/EC).

**Mandatory Tender Offers**

The Danish Securities Trading Act (Part 8) and the Executive Order no. 221 of 10 March 2010 includes rules concerning public offers for the acquisition of shares admitted to trading on a regulated market (including NASDAQ OMX Copenhagen) or an alternative market place.

If a shareholding is transferred, directly or indirectly, in a company with one or more share classes admitted to trading on a regulated market or an alternative market place, to an acquirer or to persons acting in concert with such acquirer, the acquirer shall give all shareholders of the company the option to dispose of their shares on identical terms, if the acquirer gains a controlling interest as a result of the transfer.

Controlling interest exists if the acquirer, directly or indirectly, holds more than half of the voting rights in the company, unless it can be clearly proven in special cases that such ownership does not constitute a controlling interest. An acquirer, who does not hold more than half of the voting rights in a company, nevertheless has a controlling interest when the acquirer has:

(i) the right to control more than half of the voting rights in the company according to an agreement with other investors;

(ii) the right to control the financial and operational affairs of the company according to the articles of association or agreement;

(iii) the right to appoint or dismiss a majority of the members of the supervisory body and this body has controlling influence over the company; or

(iv) more than one third of the voting rights in the company and the actual majority of votes at the general meeting or similar body, thus having controlling influence over the company.

Warrants, call options and other potential voting rights, which may currently be exercised or converted, shall be taken into account in the assessment of whether the acquirer holds a controlling interest. Voting rights attached to treasury shares shall be included in the calculation of voting rights.

Exemptions from the mandatory tender offer rules may be granted under special circumstances by the Danish FSA.

An amendment to the rules on takeover offers set out in the Danish Securities Trading Act has been proposed. The proposal, inter alia, entails that a mandatory takeover offer requirement, as a general rule, is triggered if a shareholder directly or indirectly holds minimum one-third of the voting rights in the company, unless it can be clearly demonstrated in special cases that such ownership does not constitute a controlling interest. The effective date of the amendment is currently expected to be 1 July 2014 if the proposal is adopted.

### Mandatory Redemption of Shares

Where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, such shareholder may, pursuant to the Danish Companies Act, Section 70, deem that the other shareholders have their shares redeemed by that shareholder. In this case, the other shareholders must be requested, under the rules governing notices for general meeting, to transfer their shares to the shareholder within four weeks. If the redemption price cannot be agreed upon, the redemption price must be determined by an independent expert appointed by the court in the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act. Specific requirements apply to the contents of the notice to the other shareholders regarding the redemption. Any minority shareholders who have not transferred their shares to the acquiring shareholder before the expiry of the four week period shall, pursuant to the Danish Companies Act Section 72, be requested, through notification in the Danish Business Authority's IT system, to transfer their shares to the acquiring shareholder within a period of not less than three months.

Furthermore, where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, the other shareholders may require such shareholder to acquire their shares pursuant to Section 73 of the Danish Companies Act. If the redemption price cannot be agreed upon, the redemption price must be determined by an independent expert appointed by the court in the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act. Amendments to the Danish Companies Act, which inter alia, entails that the redemption offer shall be communicated through the Danish Business Authority's IT system already at the time of notification of the four-week period and that the remaining shareholders may be redeemed at the time of the expiry of the four-week period even if the redemption price remains subject to final determination by an expert, if funds representing the redemption price have been deposited by the majority shareholder, were adopted in May 2013. The effective date of these amendments has not yet been announced by the Danish Minister for Business and Growth.

### Disclosure Requirements for Companies Admitted to Trading and Official Listing on NASDAQ OMX Copenhagen

Under the Danish Securities Trading Act, the Danish Executive Order on Issuer's Duty to Provide Information and the issuer rules of NASDAQ OMX Copenhagen, as a company admitted to trading and official listing we will be obliged to inform the public and the Danish FSA as soon as possible of inside information, as defined in the Danish Securities Trading Act Section 34(2), if such information directly relates to our business. Inside information must be disclosed as soon as possible upon the coming into existence of the relevant circumstances or the occurrence of the relevant event. We are also obliged to disclose any significant changes concerning already publicly disclosed inside information.

In addition, we shall ensure that all market participants simultaneously have access to any material information about our company, if such information is assumed to affect the pricing of our securities. We are also required to make sure that no unauthorised person gains access to such inside information prior to its publication to the market. Inside information includes, for example: (i) changes to our Board of Directors, Executive Group Management Board and auditors, (ii) decisions to introduce incentive schemes, (iii) substantial changes in business activities, (iv) material acquisitions and divestments, (v) unexpected and significant deviations in our financial result or position, (vi) proposed changes in the capital structure, (vii) interim reports and accounts; and (viii) annual reports and accounts.

## PLAN OF DISTRIBUTION

The Company, the Selling Shareholder and the Managers named below have entered into an underwriting agreement, dated as of 3 March 2014, (the "**Underwriting Agreement**") with respect to the Offer Shares. Subject to certain conditions set forth in the Underwriting Agreement, the Company and the Selling Shareholder, severally but not jointly, will agree to sell to the purchasers procured by the Managers or, failing which, to the Managers themselves, and each of the Managers, severally but not jointly, will agree to procure purchasers for, or failing such procurement, to purchase from the Company or the Selling Shareholder the percentage of total number of Offer Shares, excluding the Incentive Plan Reserved Shares (as defined below), offered listed opposite such Manager's name below.

| Managers | Percentage of Offer Shares |
|---|---|
| Goldman Sachs International | 22.0% |
| Nordea Markets (Division of Nordea Bank Danmark A/S) | 22.0% |
| UBS Limited | 22.0% |
| Barclays Bank PLC | 11.0% |
| Morgan Stanley & Co. International plc | 11.0% |
| Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige | 4.0% |
| Danske Bank A/S | 4.0% |
| Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige | 4.0% |
| **Total** | **100.0%** |

The Underwriting Agreement provides that the obligations of the Managers to procure purchasers for, or failing which, to purchase themselves, Offer Shares, excluding the Incentive Plan Reserved Shares, are subject to: (i) entry into the pricing agreement between the Company, the Selling Shareholder and the Managers, which will contain the Offer Price and the exact number of Offer Shares, (ii) receipt of opinions on certain legal matters from counsel; and (iii) certain other conditions. Both we and the Selling Shareholder have agreed to indemnify the Managers against certain losses and liabilities arising out of or in connection with the Offering, including liabilities under the U.S. Securities Act. The Managers are not required to take or pay for the Option Shares covered by the Managers' Overallotment Option described below.

The Underwriting Agreement provides that, upon the occurrence of certain events, such as the general suspension of all trading on NASDAQ OMX Copenhagen, a material adverse change in our business, results of operations or financial condition or in the financial markets and under certain other conditions, the Managers may elect to terminate their several commitments and have the right to withdraw from the Offering before delivery of the Offer Shares. If the Managers elect to terminate their several commitments, the Offering may be cancelled and, if it is cancelled, no Offer Shares will be delivered. All dealings in the Offer Shares prior to delivery and settlement are at the sole risk of the parties concerned.

Pursuant to the Underwriting Agreement, the Joint Global Coordinators, on behalf of the Managers, have been granted an option to purchase up to an additional 8,759,985 Option Shares from the Selling Shareholder, solely to cover over-allotments or short positions, if any, exercisable for a period of 30 calendar days after the first day of trading in and official listing of the Shares. If any Option Shares are agreed to be purchased under this option, each Manager will be obligated, subject to certain conditions contained in the Underwriting Agreement, to purchase a number of additional Option Shares proportionate to that Manager's initial percentage of Offer Shares reflected in the table above, and the Selling Shareholder will be obligated to sell a number of Shares proportionate to the additional Option Shares over which they have granted this option.

Purchasers of the Offer Shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Offer Price.

Application has been made to admit the Shares, including the New Shares, for trading and official listing on NASDAQ OMX Copenhagen and trading in the Shares, including the New Shares, is expected to commence on 17 March 2014 provided that the announcement of the Offer Price and allocation has been published through NASDAQ OMX Copenhagen no later than 8:00 a.m. (CET) on 17 March 2014. The trading and official listing is subject to, among other things, NASDAQ OMX Copenhagen's approval of the distribution of the Offer Shares. The Offer Shares are expected to be delivered to investors' accounts on or around 20 March 2014. The Offer Shares will be accepted for delivery through the facilities of VP Securities, Euroclear and Clearstream, against payment in immediately available funds. All dealings in the Offer Shares prior to settlement will be for the account of and at the sole risk of the parties involved.

In connection with the Offering, the Managers and any affiliates acting as investors for their own account may take up the Shares and in that capacity may retain, purchase or sell the Shares, for their own account and may offer or sell such securities otherwise than in connection with the Offering, in each case, in accordance with applicable law. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

We and the Selling Shareholder have been advised by the Managers that: (i) the Managers, through their respective selling agents Goldman, Sachs & Co., UBS Securities LLC, Barclays Capital Inc, Morgan Stanley & Co. Inc., Carnegie, Inc., Danske Markets Inc. and SEB Securities Inc., propose to sell the Offer Shares in the United States only to QIBs in reliance on Rule 144A, (ii) the Managers propose to sell the Offer Shares outside the United States in compliance with, Regulation S; and (iii) the Managers propose to sell Offer Shares to retail and institutional investors in Denmark. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Exchange Act. Terms used in this paragraph have the meanings given to them by Regulation S and Rule 144A under the U.S. Securities Act.

As of the date of this Offering Circular, we do not hold any treasury shares, but up to 1,000,000 of the Existing Offer Shares will be reserved for us to purchase from the Selling Shareholder in connection with the Offering in order for us to meet certain of our obligations to deliver Shares to participants in our incentive programmes (the "**Incentive Plan Reserved Shares**"). For the purpose of meeting our obligation to deliver Shares under the incentives programmes, subsequent to the allocation of such Existing Offer Shares, we intend to buy Shares in the market at prevailing market price from time to time, see "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes*".

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act.

No action has been or will be taken in any jurisdiction other than Denmark that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Offering Circular or any other material relating to us or the Offer Shares, in any jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

We have agreed with the Managers that we will not, except as set forth below, for a period of 180 days from the first day of trading and official listing of the Shares, without the prior written consent of the Joint Global Coordinators on behalf of the Managers: (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) submit to our shareholders a proposal to effect any of the foregoing.

The Selling Shareholder has agreed with the Managers that it will not, except as set forth below, for a period of 180 days after the first day of trading and official listing of the Shares, without the prior written consent of the Joint Global Coordinators on behalf of the Managers: (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any of its Lock-up Shares, or any securities convertible into or exercisable or exchangeable for such Lock-up Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Lock-up Shares, whether any such transactions described in clause (i) or (ii) above are to be settled by delivery of such Lock-up Shares or such other securities, in cash or otherwise; or (iii) submit to the Company's shareholders a proposal to effect any of the foregoing.

The foregoing shall not apply to: (i) the sale of the Offer Shares in the Offering; (ii) the lending of Shares under the Share Lending Agreement (see "*The Offering—Share Lending Agreement*"); (iii) the sale of Shares in response to or as required by a takeover offer, reorganisation, scheme of arrangement or analogous process or other similar event; (iv) the Selling Shareholder's delivery of existing Shares as payment of the purchase price in connection with the termination of the MPP, DPP and COI; (v) the provision of Shares by the Selling Shareholder to OTPP and KIRKBI as consideration for the sale of shares in FS Invest S.à r.l. by OTPP and KIRKBI in connection with the Selling Shareholder Reorganisation, or (vi) the transfer of Shares to the direct or indirect existing shareholders of the Selling Shareholder as a result of, or required for purposes of, any dividend, distribution, redemption or exchange, or any liquidation, dissolution, reorganisation or other similar event involving the Selling Shareholder, provided that as a condition to such transfer, such direct or indirect shareholder has agreed to assume such obligations of the Selling Shareholder.

In addition, the members of our Board of Directors, Executive Group Management Board and our Key Employees have agreed with the Managers that, for a period of 360 days from the first day of trading in, and official listing of, the Shares, they will be subject to similar restrictions in respect of any Lock-up Shares received as payment of the share component of the purchase price in connection with the termination of the DPP and the MPP, as applicable. In addition, a transfer by one of these individuals shall be exempt from the restrictions set forth in respect of the Selling Shareholder above, to the extent that it is: (i) to the individual's (a) spouse, (b) child or (c) any legal entity over which the individual alone has a controlling influence, including any intermediary holding company controlled by the individual alone, provided that such persons agree to be bound by the restrictions set forth in respect of the Selling Shareholder above, (ii) as a result of the death, permanent disability of the individual or an interruption in employment for a continuous period of not less than 16 weeks due to disability or illness of the individual, (iii) following the termination of employment with the Company or its affiliates, (iv) a pledge of the Lock-up Shares in favour of a bank or other financial institution to replace a pledge in favour of such bank or financial institution over any Programme Securities held by the individual that have been pledged prior to the date of this Offering Circular, and (v) to cover any taxes, duties or similar being imposed on the individual during the restricted period as a result of the individual's participation in the DPP and the MPP.

OTPP and KIRKBI have agreed with the Managers that they will not, except as set forth below, for a period of 180 days from the first day of trading and official listing of the Shares, without the prior written consent of the Joint Global Coordinators on behalf of the Managers: (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any of their Lock-up Shares, or any securities convertible into or exercisable or exchangeable for such Lock-up Shares, or (ii) enter into any swap or other arrangement that transfers to another, in whole, any of the economic consequences of ownership of such Lock-up Shares, whether any such transactions described in clause (i) or (ii) above are to be settled by delivery of our Shares or such other securities, in cash or otherwise; (iii) submit to the Company's shareholders a proposal to effect any of the foregoing.

The foregoing shall not apply to: (i) the sale of Shares in response to or as required by a takeover offer, reorganisation, an offer by us to repurchase Shares in connection with a general share buy-back programme (provided that OTPP and KIRKBI shall be limited to participate in such share buy-back programme pro rata to their then current holding in us), scheme of arrangement or analogous process or other similar event, (ii) the transfer of Shares to the direct or indirect existing shareholders of OTPP or KIRKBI, as the case may be, as a result of, or required for purposes of, any dividend, distribution, redemption or exchange, or any liquidation, dissolution, reorganisation or other similar event affecting OTPP or KIRKBI, provided that, as a condition to such transfer, such direct or indirect shareholder has agreed to assume such obligations of OTPP or KIRKBI, as the case may be, or (iii) any investment made on OTPP's or KIRKBI's behalf, as the case may be, by third party investment managers with discretionary authority, or any investment made by investment funds or other pooled investment vehicles in which OTPP or KIRKBI, as the case may be, has invested or may invest and that are managed by third parties.

In connection with the Offering, Goldman Sachs International, as the stabilising manager, or its agents, on behalf of the Managers may engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days from the first day of trading in and official listing of the Shares on NASDAQ OMX Copenhagen. Specifically, the Managers, the Selling Shareholder and the Company have agreed that the stabilising manager on behalf of the Managers may over-allot Offer Shares by accepting offers to purchase a greater number of Offer Shares than for which they are obligated to procure purchasers under the Underwriting Agreement, creating a short position. A short sale is covered if the short position is no greater than the number of Offer Shares available for purchase by the stabilising manager on behalf of the Managers under the Overallotment Option. The Managers can close out a covered short sale by exercising the Overallotment Option or purchasing Shares in the open market. In determining the source of Shares to close out a covered short sale, the Managers will consider, among other things, the open market price of Shares compared to the price available under the Overallotment Option. As an additional means of facilitating the Offering, the stabilising manager or its agents may effect transactions to stabilise the price of the Shares. These activities may support the market price of the Offer Shares at a level higher than that which might otherwise prevail. Such transactions may be effected on NASDAQ OMX Copenhagen, in the over-the-counter markets or otherwise. The stabilising manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the stabilising manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the stabilising manager does not intend to disclose the extent of any Stabilisation transactions under the Offering.

Prior to the Offering, the Shares have never been listed and there is currently no public market for the Shares, although the shares of our wholly-owned subsidiary, ISS World Services A/S, were listed on the Copenhagen Stock Exchange (now NASDAQ OMX Copenhagen) until they were delisted in 2005 in connection with the 2005 Acquisition. The Offer Price will be determined by our Board of Directors and the Selling Shareholder following consultation with the Joint Global Coordinators, on the basis of a number of factors, including the following:

- the orders, in terms of price and quantity, received from potential institutional and retail investors;
- prevailing market conditions;
- our historical, operational and financial performance;
- estimates of our business potential and earning prospects; and
- the market valuation of publicly traded common stock of comparable companies.

The Offer Price is expected to be announced no later than 17 March 2014. The indicative Offer Price Range set forth on the cover page of this Offering Circular is subject to change as a result of market conditions and other factors. See also "*The Offering—Offer Price*". There can be no assurance that an active trading market will develop for the Shares or that the Shares will trade in the public market after the Offering at or above the Offer Price. See also "*Risk Factors—Risks Relating to the Offering and the Offer Shares*".

Some of the Managers and their respective affiliates have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with us or the Selling Shareholder or any of our or their respective related parties. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Managers have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with potential investors' and our interests.

In addition, some of the Managers or their affiliates are parties to our 2014 Facilities. Barclays Bank PLC, Danske Bank A/S, Nordea Bank Danmark A/S and Skandinaviska Enskilda Banken AB are the mandated lead arrangers and bookrunners under the 2014 Facilities Agreement, Goldman Sachs International Bank and UBS Limited are lead arrangers under the 2014 Facilities Agreement and KIRKBI Invest A/S is a lender under the 2014 Facilities Agreement. Some of the Managers or their affiliates are also parties to our Existing Indebtedness. Goldman Sachs International Bank is among the mandated lead arrangers under the Senior Facilities Agreement, Nordea Bank Danmark A/S is the issuing bank and a lender under the Senior Facilities Agreement and Barclays Bank PLC, Danske Bank A/S, Morgan Stanley & Co. International plc, Skandinaviska Enskilda Banken AB and UBS Limited or their affiliates are lenders under the Senior Facilities Agreement.

Goldman Sachs International, Nordea Markets (division of Nordea Bank Danmark A/S), UBS Limited, Barclays Bank PLC, Morgan Stanley & Co. International plc, Danske Bank A/S and Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige, or their affiliates, receive facility services provided by us.

The Managers have carried out customary conflict of interest procedures to identify any holdings that they or their respective affiliates may have in the entities that indirectly own the Selling Shareholder. GSCP, advised by an affiliate of Goldman Sachs International, own 30% of the ultimate controlling company of our Group, FS Invest S.à r.l. Affiliates of Nordea Markets (division of Nordea Bank Danmark A/S), Danske Bank A/S and Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige hold certain minority interests in the EQT Funds and the GSCP funds that own the majority of FS Invest S.à r.l.

## SELLING RESTRICTIONS

### *United States*

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act.

The Offer Shares may only be resold (i) in the United States only to QIBs in reliance on Rule 144A under the U.S. Securities Act; and (ii) outside the United States of America in offshore transactions in compliance with Regulation S under the U.S. Securities Act and in accordance with applicable law. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Exchange Act. Terms used above shall have the meanings given to them by Regulation S and Rule 144A under the U.S. Securities Act.

### *European Economic Area*

In relation to each Relevant Member State of the EEA that has implemented the Prospectus Directive (with the exception of Denmark), no offer of the Offer Shares may be made to the public in that Relevant Member State, except that offers of the Offer Shares may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this paragraph, the expression an "offer of the Offer Shares may be made to the public" in relation to any of the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

### *United Kingdom*

Any offer or sale of the Offer Shares may only be made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the UK Financial Services and Markets Act 2000. Any investment or investment activity to which this Offering Circular relates is available only to, and will be engaged in only with, investment professionals falling within Article 19(5), or fall within section 49(2)(a) to (d) ("high net worth; unincorporated associations, etc."), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of this offering memorandum and should not act or rely on it.

### *General*

No action has been or will be taken in any country or jurisdiction other than Denmark that would, or is intended to, permit a public offering of the Offer Shares, or the possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Circular comes are required by the Company, the Selling Shareholder and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Offer Shares or have in their possession or distribute such offering material, in all cases at their own expense. Neither we, the Selling Shareholder or the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the Offer Shares, of any such restrictions.

## TRANSFER RESTRICTIONS

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Each purchaser of the Offer Shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;

(3) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;

(4) the purchaser is not an affiliate of ours or a person acting on behalf of such affiliate;

(5) the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;

(6) the purchaser acknowledges that we shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above stated restrictions;

(7) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(8) the purchaser acknowledges that we, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States purchasing pursuant to an exemption from the registration requirements of the U.S. Securities Act will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

(3) the purchaser: (i) is a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act), (ii) is aware that the sale to it is being made pursuant to an exemption from the registration requirements of the U.S. Securities Act; and (iii) is acquiring such Offer Shares for its own account or for the account of a qualified institutional buyer;

(4) the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;

(5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, or any economic interest therein, such Offer Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only: (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in compliance with Regulation S under the U.S. Securities Act; or (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

(6) the purchaser acknowledges that the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resale of any Offer Shares;

(7) the purchaser will not deposit or cause to be deposited such Offer Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

(8) the purchaser acknowledges that we shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above stated restrictions;

(9) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and

(10) the purchaser acknowledges that we, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each person in a Relevant Member State, other than persons receiving offers contemplated in the English Language Offering Circular in Denmark, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Managers, the Selling Shareholder and us that:

(1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(2) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive: (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer" in relation to any of the Offer Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

## LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company by Davis Polk & Wardwell London LLP, United States legal counsel to the Company, and by Gorrissen Federspiel, Danish legal counsel to the Company. Certain legal matters in connection with the Offering will be passed upon for the Managers by Latham & Watkins (London) LLP, United States legal counsel to the Managers, and by Plesner, Danish legal counsel to the Managers.

## STATE AUTHORISED PUBLIC ACCOUNTANTS

The Audited Consolidated Financial Statements for 2011, 2012 and 2013 have been prepared in accordance with IFRS as adopted by the European Union, included in this Offering Circular and have been audited by KPMG Statsautoriseret Revisionspartnerselskab as stated in their report appearing therein. KPMG Statsautoriseret Revisionspartnerselskab was appointed and registered as our auditors on 27 June 2005. KPMG Statsautoriseret Revisionspartnerselskab is a member of FSR-Danish Auditors (*FSR—danske revisorer*)

The name and address of our independent auditors are as follows:

KPMG Statsautoriseret Revisionspartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg
Denmark

KPMG Statsautoriseret Revisionspartnerselskab is represented by Jesper Koefoed, State Authorised Public Accountant, and Claus Kronbak, State Authorised Public Accountant, members of FSR Danish Auditors.

The independent auditors' report included in our annual reports for 2013 and 2012, respectively, were signed by Jesper Koefoed and Claus Kronbak while the independent auditors' report included in our annual report for 2011 was signed by Jesper Ridder Olsen and Claus Kronbak. Jesper Ridder Olsen was replaced by Jesper Koefoed in the beginning of the financial year 2012 due to regulatory Danish rotation requirements for auditors of Danish Public Interest Entities.

On 18 November, 2013 our Danish statutory auditor KPMG Statsautoriseret Revisionspartnerselskab (Danish member firm of KPMG International) notified KPMG International that it would be leaving the KPMG network. On the same date, KPMG Statsautoriseret Revisionspartnerselskab entered into an agreement with EY Global to join the EY network. The transaction is pending termination of the membership agreement with KPMG International as well as approval from the Danish Competition and Consumer Authority.

KPMG Statsautoriseret Revisionspartnerselskab will continue as a KPMG network member firm until 30 September 2014 or any earlier termination date agreed mutually with KPMG International. When KPMG Statsautoriseret Revisionspartnerselskab joins the EY network, it will change its name and operate under the EY brand name.

The legal entity elected as our statutory Danish auditors at the annual general meeting in 2014 will not change but will become part of the EY network as a result of the transaction. Once KPMG Statsautoriseret Revisionspartnerselskab joins the EY network, we will determine if our individual local subsidiaries should remain audited by the KPMG network or should change local auditors to an EY network member. Among other possibilities, the Company may at any time decide to tender the Group's audit services.

## ADDITIONAL INFORMATION

### Name, Registered Office and Date of Incorporation

ISS A/S
Buddingevej 197
DK-2860 Søborg
Denmark
Telephone: + 45 38 17 00 00
Telefax: + 45 38 17 00 11
Website: www.issworld.com

We were incorporated as a public limited liability company under the laws of Denmark on 11 March 2005. We do not have any secondary names.

Information on our website does not form part of and is not incorporated by reference into this Offering Circular.

### Registered Office

Our registered office is located at Buddingevej 197, DK-2860 Søborg, Denmark.

### Registration

We are registered with the Danish Business Authority under CVR no. 28 50 47 99.

### Objectives of the Company

According to article 1.2 of our Articles of Association our object is, directly or indirectly, to carry on business within the service industry. In addition, the company may, directly or indirectly, carry on commercial and industrial activities and any other activities related thereto, including holding equity investments in other companies.

### Material Subsidiaries

Our material subsidiaries are:

| Entity Name | Country of Incorporation | Currency | Nominal Share Capital | Percentage of (Direct or Indirect) Ownership Interest and voting rights |
|---|---|---|---|---|
| ISS World Services A/S | Denmark | DKK | 1,000,000,000 | 100% |
| ISS Global A/S | Denmark | DKK | 180,000,000 | 100% |
| ISS Holding France A/S | Denmark | DKK | 50,000,000 | 100% |
| ISS Venture A/S | Denmark | DKK | 20,001,000 | 100% |
| ISS Holding Paris SAS | France | EUR | 189,645,682.57 | 100% |
| ISS UK Holding Limited | United Kingdom | GBP | 245,000,001 | 100% |
| ISS Holding AS | Norway | NOK | 100,000,000 | 100% |
| Integrated Service Solutions S.L. | Spain | EUR | 9,053,026.50 | 100% |
| ISS Facility Services Holding AB | Sweden | SEK | 625,000 | 100% |
| ISS Facility Services A/S | Denmark | DKK | 101,100,000 | 100% |
| ISS Holding Nederland B.V. | The Netherlands | EUR | 50,000,200 | 100% |
| ISS Palvelut Holding OY | Finland | EUR | 100,000 | 100% |
| Pacific Invest December 2004 Pty. Ltd. | Australia | AUD | 135,000,000 | 100% |
| ISS N.V. | Belgium | EUR | 30,364,812.86 | 100% |
| ISS Schweiz AG | Switzerland | CHF | 62,369,000 | 100% |
| ISS Tesis Yönetim Hizmetleri A.S. | Turkey | TRY | 2,610,000 | 90% |
| ISS Holding Inc. | United States | US | 15 | 100% |

Our material subsidiaries comprise ISS World Services A/S, ISS Global A/S, ISS Holding France A/S, ISS Venture A/S and parent companies of the operating subsidiaries for each of our 13 largest country operations measured by revenue. These 13 country operations together represent 72.3% of our revenue and 82.8% of our Operating Profit Before Other Items for 2013 and include all countries where we had revenue in excess of DKK 2 billion in 2013. The list of our material subsidiaries above does not include all subsidiaries of all countries in which we have operations.

We have entered into a shareholders' agreement with the minority shareholder of our material Turkish subsidiary ISS Tesis Yönetim Hizmetleri A.S, in which the minority shareholder holds a put option. Moreover, we have from time to time entered into option agreements that may be exercised at our discretion in relation to the share capital of certain Group companies, including in companies where local legislation limits foreign ownership. For further information, see "*Risk Factors—We are subject to risks associated with doing business in emerging markets*" for a description of certain risks associated with doing business in emerging markets. We also hold interests in joint ventures governed by customary terms and conditions which provide for certain obligations in relation to the share capital of those joint ventures; however, the Group is not party to any agreement which provides for the share capital of any member within our Group to be or to be put under option which could have a material effect on our operations or financial position.

We continuously seek to optimise the Group's corporate structure and, depending on the specific circumstances, we may deem a corporate reorganisation of the Group to be worthwhile. Such a corporate reorganisation may entail a merger between us and our wholly owned subsidiary ISS World Services A/S which could potentially occur during the financial year ending 31 December 2014. However, no decision on any potential merger or other corporate reorganisation has been made as of the date of this Offering Circular and no plans of a specific nature are currently contemplated.

**Information Incorporated by Reference**

The additional historic audited consolidated financial information explicitly listed in the table below has been incorporated by reference in the Offering Circular pursuant to article 28 of the Prospectus Regulation as also set out in section 19 of the Danish Executive Order on Prospectuses. Direct and indirect references in the reports to other documents or websites are not incorporated by reference and do not form part of this Offering Circular. The reports speak only as at the date of their respective publications and have not been updated and in some cases they have been made superfluous by the information in this Offering Circular. Potential investors should assume that the information in this Offering Circular as well as the information incorporated by reference is accurate as at the dates on the front cover of those documents only. Our business, financial condition, cash flows and results of operations may have changed since those dates.

Potential investors are encouraged to read the information incorporated by reference in conjunction with the cautionary statements in "*Special Notice Regarding Forward Looking Statements*" and in conjunction with the "*Risk Factors*" of this Offering Circular.

The audited financial statements included in the published official annual report for 2013, 2012 and 2011 are incorporated in this Offering Circular by reference as set out in the cross reference table below, and are available for inspection at our address, Buddingevej 197, DK-2860 Søborg, Denmark and on our website.

**2013**

| Information | Reference | Page(s) |
|---|---|---|
| Management statement | Annual report 2013 | 166 |
| Independent Auditor's report | Annual report 2013 | 167 |
| Consolidated and parent company financial statements including notes | Annual report 2013 | 89-197 |

**2012**

| Information | Reference | Page(s) |
|---|---|---|
| Management statement | Annual report 2012 | 168 |
| Independent Auditor's report | Annual report 2012 | 169 |
| Consolidated and parent company financial statements including notes | Annual report 2012 | 75-166 |

**2011**

| Information | Reference | Page(s) |
|---|---|---|
| Management statement | Annual report 2011 | 154 |
| Independent Auditor's report | Annual report 2011 | 155 |
| Consolidated and parent company financial statements including notes | Annual report 2011 | 63-153 |

## General Meetings

The general meeting is the ultimate authority in all matters relating to us, subject to the limitations in Danish law and our Articles of Association. See "*Description of the Shares and Share Capital—General Meetings and Voting Rights*".

## Principal Bankers

Prior to completion of the Offering, our principal bankers are Nordea Bank Danmark A/S, Danske Bank A/S, DnB NOR Bank ASA and HSBC Bank plc, Skandinaviska Enskilda Banken AB (publ), Societe Generale. In addition, we have a number of other lenders including, amongst others, Barclays Bank PLC, UBS Limited, Goldman Sachs International Bank and Morgan Stanley.

After completion of the Offering, when a portion of our Existing Indebtedness is repaid and the 2014 Facilities at our option becomes effective, our principal bankers will be Barclays Bank PLC, Danske Bank A/S, DNB Bank ASA, Nordea Bank Danmark A/S, Skandinaviska Enskilda Banken AB (publ), HSBC Bank plc, Societe Generale, Societe Generale, London Branch, Deutsche Bank Luxembourg S.A., Goldman Sachs International Bank and UBS Limited. These bankers are all lenders under the 2014 Facilities Agreement.

## Share Issuing Agent

Our share issuing agent is

Nordea Bank Danmark A/S
Issuer Services
Strandgade 3
PO Box 850
DK-0900 Copenhagen C
Denmark

## GLOSSARY

The following explanations are not intended as technical definitions, and are provided purely for assistance in understanding certain terms as used in this Offering Circular.

| | |
|---|---|
| **"2005 Acquisition"** | the acquisition of the former ISS A/S (now ISS World Services A/S) in May 2005 |
| **"2005 Acquisition Fair Value Adjustments"** | the carrying amount of the net assets of the company acquired for approximately DKK 22 billion was approximately DKK 9 billion at the time of the 2005 Acquisition and the reassessment of assets, liabilities and contingent liabilities to fair value resulted in an increase in the carrying amount of mainly intangible assets including the residual amount allocated to goodwill |
| **"2013 Pest Control Divested Businesses"** | pest control activities in Australia, Austria, Belgium, Denmark, Germany, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain and Switzerland and washroom activities in Australia, Italy and New Zealand |
| **"2014 Facilities"** | the facilities pursuant to the 2014 Facilities Agreement, including a Term Loan A, a Term Loan B and a New Revolving Credit Facility |
| **"2014 Facilities Agreement"** | a senior facilities agreement dated 18 February 2014 and entered into with, among others, Barclays Bank plc, Danske Bank A/S, DNB Bank ASA, Nordea Bank Danmark A/S and Skandinaviska Enskilda Banken AB as mandated lead arrangers and bookrunners, HSBC Bank plc, Societe Generale and Societe Generale, London Branch as mandated lead arrangers, Deutsche Bank Luxembourg S.A., Goldman Sachs International Bank and UBS Limited as lead arrangers and KIRKBI as a lender |
| **"2014 Medium Term Notes"** | ISS Global A/S issuance in December 2004 of €500 million medium term notes at a price of 99.291% of their aggregate nominal amount which have an annual coupon of 4.50%, payable annually in arrears, maturing on 8 December 2014 |
| **"2016 Senior Subordinated Notes"** | Company issuance on 8 May 2006 of €454 million aggregate principal amount of notes due 2016, which bear interest at the rate of 8.875% per year, and on 30 March 2010, an additional €127.5 million aggregate principal amount of notes issued under the same indenture |
| **"Acquisition Facility B"** | acquisition facility B in an amount equivalent to DKK 1,839 million, with a first instalment due on 31 December 2013 and a final maturity date of 30 April 2018 |
| **"Adjusted EBITDA"** | as calculated by us, represents Operating Profit Before Other Items plus depreciation and amortisation |
| **"AICPA"** | American Institute of Certified Public Accountants |
| **"APJ"** | Asia Pacific Japan region |
| **"Articles of Association"** | articles of association of the Company |
| **"Asia"** | for our reporting purposes, includes Brunei, China, Hong Kong, India, Indonesia, Japan, Philippines, Malaysia, Singapore, Taiwan and Thailand |

| | |
|---|---|
| **"Audit and Risk Committee"** | the audit and risk committee of our Board of Directors, described in "*Board of Directors, Executive Group Management Board and Key Employees—Board of Directors—Board practices and committees*" |
| **"Audited Consolidated Financial Statements"** | consolidated financial statements (including the notes thereto) of ISS A/S at 31 December 2013, 31 December 2012 and 31 December 2011 and for the financial years 2013, 2012 and 2011, audited by KPMG and as included in this Offering Circular |
| **"Australian dollar"** or **"AUD"** | Australian dollar, the lawful currency of Australia |
| **"Board of Directors"** | the board of directors of the Company at any given date |
| **"British pound sterling", "GBP"** or **"£"** | British pound sterling, the lawful currency of the United Kingdom |
| **"CAGR"** | compound annual growth rate, the geometric progression ratio that provides a constant rate of return over the time period |
| **"Cash Conversion"** | Operating Profit Before Other Items (in the last twelve months) plus changes in working capital (in the last twelve months) as a percentage of Operating Profit Before Other Items (in the last twelve months), which excludes capital expenditure not related to acquisitions |
| **"CET"** | Central European Time |
| **"Chairman"** | Chairman of the Board of Directors of the Company |
| **"Clearstream"** | Clearstream Banking, S.A. |
| **"Code"** | The Internal Revenue Code of 1986 |
| **"COI"** | a co-investment scheme in which certain former members of our Board of Directors elected by the shareholders participate, as described under "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—Directors participation programme and management participation programme*" |
| **"Co-Lead Managers"** | Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige, Danske Bank A/S and Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige |
| **"Company Market Study"** | a market study commissioned by the Company from Bain & Company |
| **"Company", "ISS", "we", "our"** or **"us"** | ISS A/S or ISS A/S and its subsidiaries (unless the context indicates otherwise) |
| **"Corporate Governance Recommendations"** | the Recommendations on Corporate Governance of the Danish Committee on Corporate Governance issued in May 2013 |
| **"Danish Central Bank"** | Danmarks Nationalbank |
| **"Danish Companies Act"** | the Danish Consolidated Companies Act no. 322 of 11 April 2011 |
| **"Danish Executive Order regarding employee representation in private and public limited companies"** | the Executive order no. 344 of 30 March 2012 |

| | |
|---|---|
| **"Danish Executive Order on Issuer's Duty to Provide Information"** | the Executive order no. 1442 of 13 December 2013 |
| **"Danish Executive Order on Major Shareholders"** | the Executive order no. 668 of 25 June 2012 |
| **"Danish Executive Order on Prospectuses"** | the Executive order no. 643 of 19 June 2012 |
| **"Danish Executive Order on Takeover Bids"** | the Executive Order no. 221 of 10 March 2010 |
| **"Danish FSA"** | Danish Financial Supervisory Authority |
| **"Danish Offering"** | an initial public offering to retail and institutional investors in Denmark |
| **"Danish Offering Circular"** | an Offering Circular in Danish to be made available in connection with the Danish Offering |
| **"Danish Securities Trading Act"** | The Danish Consolidated Securities Trading Act no. 982 of 6 August 2013 |
| **"Deputy Chairman"** | Deputy Chairman of the Board of Directors of the Company |
| **"DKK"** or **"Danish kroner"** | Danish kroner, the lawful currency of Denmark |
| **"DPP"** | the directors' participation programme established by the EQT Funds and GSCP, as described under "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—Directors participation programme and management participation programme*" |
| **"Eastern Europe"** | for our reporting purposes, includes Croatia, Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia |
| **"EBITDA"** | as calculated by us, EBITDA represents Operating Profit plus depreciation and amortisation. |
| **"EEA"** | European Economic Area |
| **"EMEA"** | Europe, the Middle East and Africa |
| **"Emerging Markets"** | all the emerging markets in which we currently operate, comprising countries in Asia, Eastern Europe and Latin America and Turkey, Israel and South Africa |
| **"English Language Offering Circular"** | a prospectus in English for the purpose of the Danish Offering |
| **"EQT Funds"** | the funds known as EQT III and EQT IV together with parallel co-investment vehicles or schemes managed by EQT and invested in parallel with such funds in the Selling Shareholder |
| **"EQT Partners"** | EQT Holdings AB and its subsidiaries, including, but not limited to, EQT Partners AB and EQT Partners A/S |
| **"Estimated Contract Value"** | the value of our larger international contracts, most of which are attributable to our Global Corporate Clients Organisation. The Estimated Contract Value is calculated as of a year end and reflects |

the aggregated expected revenue from these contracts at such time. The calculation of Estimated Contract Value assumes that such contracts will stay in effect for their contractually stipulated duration, which is not guaranteed since they may be terminated earlier

**"Estimated Weighted-Average IFS Operating Margin"** . . . . . . . . . . . . . a special-purpose management calculation of an estimate for a weighted average Operating Margin on IFS contracts within the Group. The calculation, completed in 2014, is based on an analysis of the Operating Margin in 2013, 2012 and 2011 derived from internal accounting records for certain business units within the Group. As set out in our definition of Operating Margin, we exclude from the calculation items recorded under the line item "*Other income and expenses, net*". Only business units where reported IFS revenue accounts for a majority of the unit's total revenue have been included in the analysis. The analysis captures business units that together, in the aggregate, represented approximately 70% to 80% of our total reported IFS revenue in each of 2013, 2012 and 2011. Corporate and other costs not charged to these business units have been allocated to IFS proportionately based on the business units' revenue relative to our total revenue, except for costs considered to be entirely IFS related, which have been fully allocated to IFS.

**"E.U."** . . . . . . . . . . . . . . . . . . . . . . . . . . European Union

**"euro", "EUR"** or **"€"** . . . . . . . . . . . . . . euro, the lawful currency of the participating member states in the Third Stage of the European and Monetary Union of the Treaty Establishing the European Community

**"Euroclear"** . . . . . . . . . . . . . . . . . . . . . . Euroclear Bank S.A./N.A.

**"EWC"** . . . . . . . . . . . . . . . . . . . . . . . . . . European Works Council

**"Executive Group Management Board"** . . . . . . . . . . . . . . . . . . . . . . . executive group management board of the Company

**"Existing Indebtedness"** . . . . . . . . . . . . our Senior Secured Facilities, Revolving Credit Facility, 2014 Medium Term Notes, 2016 Senior Subordinated Notes and our securitisation programme

**"Existing Offer Shares"** . . . . . . . . . . . . 1,000,000 ordinary Shares offered by the Selling Shareholder

**"Global Corporate Clients Organisation"** . . . . . . . . . . . . . . . . . . organisational division established in 2007 to focus on international IFS contracts for large multi-national customers

**"Goldman Sachs"** . . . . . . . . . . . . . . . . . The Goldman Sachs Group, Inc.

**"Group"** . . . . . . . . . . . . . . . . . . . . . . . . . ISS A/S and its subsidiaries

**"Group CEO"** . . . . . . . . . . . . . . . . . . . . the Group Chief Executive Officer

**"Group CFO"** . . . . . . . . . . . . . . . . . . . . the Group Chief Financial Officer

**"Group COO"** . . . . . . . . . . . . . . . . . . . . the Group Chief Operating Officer

**"Group Internal Audit"** . . . . . . . . . . . . ISS' internal audit function

**"Group Management Board"** . . . . . . . our group management Board, which is comprised of the Key Employees and the four members of our Executive Group Management Board. See "*Board of Directors, Executive Group Management Board and Key Employees—Key Employees*"

| | |
|---|---|
| **"GSCP"** | funds advised by affiliates of Goldman Sachs |
| **"HSE"** | Health, Safety and Environment |
| **"IFRS"** | International Financial Reporting Standards |
| **"IFS"** | the provision of two or more facility services under one contract with a single point of contact with the customer |
| **"International Offering"** | the private placement in the United States only to persons who are "qualified institutional buyers" or "QIBs" (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A and the private placements to institutional investors in the rest of the world |
| **"International Offering Circular"** | an Offering Circular in English for use of the international private placement outside of Denmark and the United States |
| **"IPO"** | initial public offering |
| **"IPO Bonus Scheme"** | the bonus scheme related to this Offering for the members of our Executive Group Management Board, our Key Employees and certain of our other employees as described under "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—IPO Bonus Scheme*" |
| **"IRS"** | Internal Revenue Service |
| **"ISS"** | ISS A/S or ISS A/S and its subsidiaries |
| **"Joint Bookrunners"** | the Joint Global Coordinators, Barclays Bank PLC and Morgan Stanley & Co. International plc |
| **"Joint Global Coordinators"** | Goldman Sachs International, Nordea Markets (division of Nordea Bank Danmark A/S) and UBS Limited |
| **"Key Employees"** | our key employees, as described in "*Board of Directors, Executive Group Management Board and Key Employees—Key Employees*" |
| **"KIRKBI"** | KIRKBI Invest A/S, CVR no. 31 15 98 30 |
| **"KPMG"** | KPMG Statsautoriseret Revisionspartnerselskab |
| **"Latin America"** | for our regional reporting purposes, includes Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, Uruguay and Venezuela |
| **"Lazard"** | Lazard and Co., Limited |
| **"Letter of Credit Facility"** | letter of credit facility in an amount equivalent to DKK 500 million with a final maturity date of 31 December 2017 |
| **"Lock-up Shares"** | Shares subject to lock-up under the Underwriting Agreement or separate lock-up agreements entered into in accordance with the Underwriting Agreement |
| **"Managers"** | the Joint Bookrunners and the Co-Lead Managers |
| **"MPP"** | the management participation programme established by the EQT Funds and GSCP, as described under "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—Directors participation programme and management participation programme*" |

| | |
|---|---|
| "**MPP 2012 Transaction Bonus Scheme**" | the transaction bonus scheme applicable to our Group COO EMEA, certain of our Key Employees and certain other employees as described under "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—MPP 2012 Transaction Bonus Scheme*" |
| **"NASDAQ OMX Copenhagen"** | NASDAQ OMX Copenhagen A/S, CVR no. 19 09 26 77 |
| **"New Shares"** | an offering by the Company of between 45,919,915 and 57,399,894 new ordinary Shares |
| **"Nomination Committee"** | the nomination committee of our Board of Directors, described in "*Board of Directors, Executive Group Management Board and Key Employees—Board of Directors—Board practices and committees*" |
| **"Non-Portfolio Business"** | all services which do not form part of our Portfolio Business, mainly our non-recurring services |
| **"Nordic region"** | for our regional reporting purposes, includes Denmark, Finland, Greenland, Iceland, Norway and Sweden |
| **"North America"** | for our reporting purposes, includes Canada and the U.S. |
| **"Norwegian kroner"** or **"NOK"** | Norwegian kroner, the lawful currency of Norway |
| **"Offer Period"** | 5 March 2014 to 14 March 2014 at 4:00 p.m. (CET) unless the Offering is closed earlier |
| **"Offer Price"** | the price per Offer Share at which the Offer Shares will be sold |
| **"Offer Price Range"** | the Offer Price is expected to be between DKK 140 and DKK 175 per Offer Share |
| **"Offer Shares"** | the New Shares and the Existing Offer Shares, including any Option Shares (unless the context indicates otherwise) |
| **"Offering"** | offering of up to 58,399,894 Offer Shares of DKK 1 nominal value each |
| **"Offering Circular"** | the U.S. Offering Circular, the English Language Offering Circular, the Danish Offering Circular and the International Offering Circular |
| **"Operating Margin"** | Operating Profit Before Other Items divided by total revenue, expressed as a percentage |
| **"Operating Profit Before Other Items"** | Operating Profit excluding the line item "*Other income and expenses, net*", which includes both recurring and non-recurring items that the Group does not consider to be part of normal ordinary operations, and excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts |
| **"Option Shares"** | option granted by the Selling Shareholder to the Joint Global Coordinators, on behalf of the Managers, to purchase up to 8,759,985 additional shares at the Offer Price |
| **"Organic Growth"** | represents the percentage change in our revenue as compared to the prior period, excluding revenue attributable to businesses acquired or divested and the effect on revenue in the current period of changes in foreign currency exchange rates |
| **"Other Countries"** | for our reporting purposes, includes Bahrain, Cayman Islands, Cyprus, Egypt, Morocco, Nigeria, Pakistan, Qatar, Saudi Arabia, South Africa, South Korea, Ukraine, and the United Arab Emirates |

| | |
|---|---|
| **“OTPP”** | Ontario Teachers’ Pension Plan Board indirectly holding an ownership stake in us through 2337323 Ontario Limited until completion of the Selling Shareholder Restructuring, after which Ontario Teachers’ Pension Plan Board is expected to hold Shares directly in the Company |
| “**Overallotment Option**” | the option granted the Joint Global Coordinators, on behalf of the Managers, by the Selling Shareholder to purchase additional Shares at the Offer Price |
| “**Pacific**” | for our regional reporting purposes, includes Australia and New Zealand |
| “**Parent-Subsidiary Directive**” | Directive 2011/96/EU |
| “**PFIC**” | passive foreign investment company |
| “**Portfolio Business**” | recurring services rendered under a contract with a stated period in excess of six months |
| “**Portfolio Shares**” | Shares that do not qualify as Subsidiary Shares or Group Shares |
| “**PPP**”/”**PFI**” | Public Private Partnerships/Private Finance Initiatives |
| “**Post-IPO LTIP**” | the long-term incentive programme established in connection with this Offering for members of our Executive Group Management Board, our Key Employees and a number of our other employees as described under “*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—Post-IPO long-term incentive programme*” |
| “**Pre-IPO LTIP**” | the long-term incentive programme established prior to this Offering for members of our Executive Group Management Board, our Key Employees and certain of our other employees as described under “*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—Pre-IPO long-term incentive programme*” |
| “**Prospectus Directive**” | Directive 2003/71/EC (together with any applicable implementing measures in any member state) |
| “**Prospectus Regulation**” | means the European Commission Regulation No. 809/2004, as amended |
| “**PSU**” | the performance share units granted under the Transition Share Programme or the Post-IPO LTIP |
| “**QIBs**” | qualified institutional buyers |
| “**Regulation S**” | Regulation S under the U.S. Securities Act |
| **“Relevant Member State**” | any Member State of the European Economic Area that has implemented the Prospectus Directive, excluding Denmark |
| “**relevant persons**” | persons who: (i) are investment professionals falling within Article 19(5); or (ii) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available |

| | |
|---|---|
| "**Remuneration Committee**" . . . . . . . . . | the remuneration committee of our Board of Directors, described in "*Board of Directors, Executive Group Management Board and Key Employees—Board of Directors—Board practices and committees*" |
| "**Revolving Credit Facility**" . . . . . . . . . | revolving credit facility in an amount equivalent to DKK 5,000 million divided into sub-tranches and a portion of the Senior Secured Facilities |
| "**RSA**" . . . . . . . . . . . . . . . . . . . . . . . . . . | New Hampshire revised statutes |
| "**RSU**" . . . . . . . . . . . . . . . . . . . . . . . . . . | the restricted share units granted under the STIP |
| "**Rule 144A**" . . . . . . . . . . . . . . . . . . . . . . | Rule 144A under the U.S. Securities Act |
| "**Safe Habour Regulation**" . . . . . . . . . . | means the European Commission Regulation no. 2273/2003/EC, as amended |
| "**Selling Agents**" . . . . . . . . . . . . . . . . . . . | Nordea Bank Danmark A/S, CVR no. 13 52 21 97, Strandgade 3, PO Box 850, DK-0900 Copenhagen C, Denmark and Danske Bank A/S, CVR no. 61 12 62 28, Holmens Kanal 2-12, DK-1092 Copenhagen K, Denmark |
| "**Selling Shareholder**" . . . . . . . . . . . . . . | FS Invest II S.à r.l., reg. no. B107.850, a limited liability company organised under the laws of Luxembourg with its registered office at L-1536 Luxembourg, 2 rue du Fossé, Luxembourg |
| "**Selling Shareholder Agreement**" . . . . | agreement between the EQT Funds, GSCP, FS Invest S.à r.l. and the Selling Shareholder, among others, with effect from the date of this Offering Circular governing certain rights and obligations of the EQT Funds and GSCP in connection with their indirect ownership of Shares |
| "**Selling Shareholder Reorganisation**" . . . . . . . . . . . . . . . . . | the reorganisation which will be carried out subject to completion of the Offering, which will result in a termination of the MPP, DPP and COI and that OTPP, KIRKBI and the participants in the MPP, DPP and COI no longer holding an indirect ownership interest in the Company through the Selling Shareholder but will instead have a direct ownership interest in the Company, except for those participants in the MPP receiving cash instead of Shares in connection with the termination of the MPP |
| "**Selling Shareholder Reorganisation Agreement**" . . . . . . . . . . . . . . . . . . . . | agreement between the OTPP, KIRKBI, the EQT Funds, GSCP and FS Invest S.à r.l., among others, with effect from the date of this Offering Circular governing an undertaking on coordinated selling and orderly market arrangements |
| "**Senior Facilities Agreement**" . . . . . . . | senior facilities agreement dated as of 28 March 2005 and amended from time to time with, among others, Citigroup Global Markets Limited and Goldman Sachs International as mandated lead arrangers |
| "**Senior Secured Facilities**" . . . . . . . . . . | senior facilities under the Senior Facilities Agreement |
| "**Shares**" . . . . . . . . . . . . . . . . . . . . . . . . . | the outstanding ordinary shares of the Company |
| "**Short Selling Regulation**" . . . . . . . . . . | means the European Commission Regulation 236/2012/EU on short selling |
| "**STIP**" . . . . . . . . . . . . . . . . . . . . . . . . . | the short-term general incentive programme for members of our Executive Group Management Board, our Key Employees and a number of our other employees as described in "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—Short-term incentive programme*" |

| | |
|---|---|
| "**STIP RSU Grant**" | grants of RSUs provided under the STIP |
| "**STIP Quantitative Goals**" | certain performance targets in respect of the Group's key operational objectives relating to Cash Conversion, Organic Growth and Operating Margin, customer experience, employee engagement and health and safety |
| "**Swedish kronor" or "SEK**" | Swedish kronor, the lawful currency of Sweden |
| "**Swiss francs**" or "**CHF**" | Swiss francs, the lawful currency of Switzerland |
| "**Term Facility A**" | term facility A, divided into sub-tranches, in an amount equivalent to DKK 2,448 million with a first instalment due on 30 June 2015 and a final maturity date of 30 April 2018 |
| "**Term Facility B**" | term facility B, divided into sub-tranches, in an amount equivalent to DKK 13,957, with a first instalment due on 31 March 2014 and a final maturity date of 30 April 2018 |
| "**Transition Share programme**" | the transition share programme established in connection with this Offering for members of our Executive Group Management Board, our Key Employees and certain of our other employees as described under "*Board of Directors, Executive Group Management Board and Key Employees—Incentive Programmes—Transition Share Programme*" |
| "**Treaty**" | the income tax treaty between Denmark and the United States |
| "**Turkish lira**" or "**TRY**" | the lawful currency of Turkey |
| "**U.S.**" or "**United States**" | United States of America |
| "**U.S. dollar**" or "**$**" | United States dollar, the lawful currency of the United States of America |
| "**U.S. Exchange Act**" | U.S. Securities Exchange Act of 1934, as amended |
| "**U.S. Offering Circular**" | an Offering Circular in English in connection with the private placement in the United States |
| "**U.S. Securities Act**" | U.S. Securities Act of 1933, as amended |
| "**Underwriting Agreement**" | an agreement dated as of 3 March 2014, between the Company, the Selling Shareholder and the Managers |
| "**UNI**" | Union Network International |
| "**VAT**" | value added tax |
| "**VP Securities**" | VP SECURITIES A/S, CVR no. 21 59 93 36 |
| "**Western Europe**" | for our regional reporting purposes, includes Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom |

## FINANCIAL INFORMATION

**Statement by the Executive Group Management Board and the Board of Directors on the consolidated financial statements of ISS A/S at 31 December 2013, 31 December 2012 and 31 December 2011 and for the financial years 2013, 2012 and 2011**

The Executive Group Management Board and the Board of Directors have today discussed and approved the consolidated financial statements of ISS A/S (together with its subsidiaries the "ISS A/S Group") at 31 December 2013, 31 December 2012 and 31 December 2011 and for the financial years 2013, 2012 and 2011. The consolidated financial statements for the financial years 2012 and 2011 serves as comparative figures for the financial year 2013 and have been derived from the published consolidated financial statements for 2012 and 2011, respectively, as prepared and approved by the Executive Group Management Board and the Board of Directors on 7 March 2013 and 5 March 2012, respectively. These comparative figures have been restated due to certain amendments to IAS 19 as adopted by EU. The consolidated financial statements comprise Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of cash flows, Consolidated statement of financial position, Consolidated statement of changes in equity and notes, including a summary of significant accounting policies for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

In our opinion, the accounting policies applied are appropriate, and the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2013, 31 December 2012 and 31 December 2011 and of the results of the Group's operations and cash flows for the financial years 2013, 2012 and 2011 in accordance with International Financial Reporting Standards as adopted by the European Union.

Søborg, 3 March 2014

**ISS A/S**

**Board of Directors**

Lord Allen of Kensington CBE
*Chairman*

Thomas Berglund
*Deputy Chairman*

Jennie Chua

Morten Hummelmose

Henrik Poulsen

Jo Taylor

Andrew Evan Wolff

Pernille Benborg
*Employee representative*

Joseph Nazareth
*Employee representative*

Palle Fransen Queck
*Employee representative*

**Executive Group Management Board**

Jeff Gravenhorst
*Group CEO*

Heine Dalsgaard
*Group CFO*

Henrik Andersen
*Group COO EMEA*

John Peri
*Group COO Americas & APAC*

**Independent auditors' report on the consolidated financial statements of ISS A/S at 31 December 2013, 31 December 2012 and 31 December 2011 and for the financial years 2013, 2012 and 2011**

**To the shareholder of ISS A/S**

We have audited the consolidated financial statements of ISS A/S (together with its subsidiaries the "Group") at 31 December 2013, 31 December 2012 and 31 December 2011 and for the financial years 2013, 2012 and 2011. The consolidated financial statements for the financial years 2012 and 2011 serves as comparative figures for the financial year 2013 and have been derived from the published consolidated financial statements for 2012 and 2011, respectively, as prepared and approved by the Executive Group Management Board and the Board of Directors (the "Management") on 7 March 2013 and 5 March 2012, respectively. These comparative figures have been restated due to certain amendments to IAS 19 as adopted by EU.

The consolidated financial statements comprise Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of cash flows, Consolidated statement of financial position, Consolidated statement of changes in equity and notes, including a summary of significant accounting policies for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The audits for the financial years 2012 and 2011 were completed and auditors' reports issued on 7 March 2013 and 5 March 2012, respectively.

***Management's responsibility for the consolidated financial statements***

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

***Opinion***

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2013, 31 December 2012 and 31 December 2011 and of the results of the Group's operations and cash flows for the financial years 2013, 2012 and 2011 in accordance with International Financial Reporting Standards as adopted by the European Union.

Copenhagen, 3 March 2014

**KPMG**

Statsautoriseret Revisionspartnerselskab

| | |
|---|---|
| Jesper Koefoed | Claus Kronbak |
| *State Authorised Public Accountant* | *State Authorised Public Accountant* |

**The consolidated financial statements and notes**

**Consolidated income statement**
**1 January – 31 December**

| | Note | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | | | (DKK million) | |
| **Revenue** | 2.1, 2.2 | **78,459** | **79,454** | **77,644** |
| Staff costs | 2.4 | (51,234) | (52,071) | (50,089) |
| Consumables | | (6,949) | (7,009) | (6,751) |
| Other operating expenses | 6.3 | (15,174) | (15,110) | (15,561) |
| Depreciation and amortisation[1] | 4.3, 8.2 | (787) | (853) | (855) |
| **Operating profit before other items**[2] | | **4,315** | **4,411** | **4,388** |
| Other income and expenses, net | 2.5 | (100) | (308) | (223) |
| **Operating profit**[1] | 2.2 | **4,215** | **4,103** | **4,165** |
| Share of result from equity-accounted investees | | 6 | 4 | 0 |
| Financial income | 5.7 | 170 | 217 | 197 |
| Financial expenses | 5.7 | (2,446) | (2,943) | (2,999) |
| **Profit before tax and goodwill impairment/amortisation and impairment of brands and customer contracts** | | **1,945** | **1,381** | **1,363** |
| Income taxes[3] | 7.1 | (919) | (960) | (888) |
| **Profit before goodwill impairment/amortisation and impairment of brands and customer contracts** | | **1,026** | **421** | **475** |
| Goodwill impairment | 4.5 | (985) | (385) | (501) |
| Amortisation and impairment of brands and customer contracts | 4.3 | (667) | (679) | (708) |
| Income tax effect[4] | 7.1, 7.2 | 229 | 193 | 231 |
| **Net profit/(loss) for the year** | | **(397)** | **(450)** | **(503)** |
| **Attributable to:** | | | | |
| Owners of ISS A/S | | (399) | (453) | (510) |
| Non-controlling interests | | 2 | 3 | 7 |
| **Net profit/(loss) for the year** | | **(397)** | **(450)** | **(503)** |
| **Earnings per share:** | | | | |
| Basic earnings per share (EPS), DKK | 8.1 | (2.9) | (4.0) | (5.1) |
| Diluted earnings per share, DKK | 8.1 | (2.9) | (4.0) | (5.1) |
| Adjusted earnings per share, DKK[5] | 8.1 | 7.6 | 3.8 | 4.7 |

1) Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.
2) Excluding Other income and expenses, net, Goodwill impairment and Amortisation and impairment of brands and customer contracts.
3) Excluding tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
4) Income tax effect of Goodwill impairment and Amortisation and impairment of brands and customer contracts.
5) Calculated as Profit before goodwill impairment/amortisation and impairment of brands and customer contracts divided by the average number of shares (diluted)

**Consolidated statement of comprehensive income**
**1 January – 31 December**

| | Note | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | | (DKK million) | | |
| **Net profit/(loss) for the year** | | **(397)** | **(450)** | **(503)** |
| **Other comprehensive income** | | | | |
| Items not to be reclassified to the income statement in subsequent periods: | | | | |
| Actuarial gains/(losses) | 8.4 | 410 | (516) | (133) |
| Impact from asset ceiling regarding pensions | 8.4 | (63) | 1 | 8 |
| Tax | 7.1 | (76) | 120 | 29 |
| Items to be reclassified to the income statement in subsequent periods: | | | | |
| Foreign exchange adjustments of subsidiaries and non-controlling interests | | (796) | 184 | (46) |
| Fair value adjustment of hedges, net | 5.6 | 4 | (114) | (14) |
| Fair value adjustment of hedges, net, transferred to Financial expenses | 5.6 | 80 | 52 | 106 |
| Limitation to interest deduction | 7.1 | — | (16) | — |
| Tax | 7.1 | (21) | 16 | (23) |
| **Total other comprehensive income/(loss)** | | **(462)** | **(273)** | **(73)** |
| **Total comprehensive income/(loss) for the year** | | **(859)** | **(723)** | **(576)** |
| **Attributable to:** | | | | |
| Owners of ISS A/S | | (860) | (726) | (583) |
| Non-controlling interests | | 1 | 3 | 7 |
| **Total comprehensive income/(loss) for the year** | | **(859)** | **(723)** | **(576)** |

## Consolidated statement of cash flows
## 1 January – 31 December

| | Note | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | | (DKK million) | | |
| Operating profit before other items | | 4,315 | 4,411 | 4,388 |
| Depreciation and amortisation | 4.3, 8.2 | 787 | 853 | 855 |
| Changes in working capital | 3.1 | 80 | 116 | (317) |
| Changes in provisions, pensions and similar obligations | | (146) | (291) | (235) |
| Other expenses paid | | (388) | (349) | (266) |
| Income taxes paid | | (933) | (885) | (749) |
| **Cash flow from operating activities** | | **3,715** | **3,855** | **3,676** |
| Acquisition of businesses | 4.1 | (14) | (60) | (89) |
| Divestment of businesses | 4.1 | 2,183 | 212 | 761 |
| Acquisition of intangible assets and property, plant and equipment | | (902) | (881) | (1,103) |
| Disposal of intangible assets and property, plant and equipment | | 99 | 119 | 93 |
| (Acquisition)/disposal of financial assets | | (35) | (137) | 6 |
| **Cash flow from investing activities** | | **1,331** | **(747)** | **(332)** |
| Proceeds from borrowings | | 4,425 | 81 | 468 |
| Repayment of borrowings | | (7,983) | (5,180) | (1,110) |
| Interest received | | 135 | 137 | 137 |
| Interest paid | | (1,734) | (2,373) | (2,361) |
| Proceeds from issuance of share capital | | — | 3,696 | — |
| Non-controlling interests | | (2) | (4) | (8) |
| **Cash flow from financing activities** | | **(5,159)** | **(3,643)** | **(2,874)** |
| **Total cash flow** | | **(113)** | **(535)** | **470** |
| Cash and cash equivalents at 1 January | | 3,528 | 4,037 | 3,606 |
| Total cash flow | | (113) | (535) | 470 |
| Foreign exchange adjustments | | (138) | 26 | (39) |
| **Cash and cash equivalents at 31 December** | | **3,277** | **3,528** | **4,037** |

## Consolidated statement of financial position
## At 31 December

| | Note | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | | | (DKK million) | |
| **Assets** | | | | |
| Intangible assets | 4.3, 4.4 | 28,346 | 31,969 | 34,097 |
| Property, plant and equipment | 8.2 | 1,715 | 1,887 | 2,077 |
| Investments in equity-accounted investees | | 5 | 11 | 7 |
| Deferred tax assets | 7.2 | 627 | 550 | 535 |
| Other financial assets | 8.3 | 302 | 427 | 300 |
| **Non-current assets** | | **30,995** | **34,844** | **37,016** |
| Inventories | | 309 | 312 | 334 |
| Trade receivables | 3.2 | 10,299 | 11,433 | 11,871 |
| Tax receivables | | 204 | 207 | 330 |
| Other receivables | 3.3 | 1,542 | 1,295 | 1,227 |
| Cash and cash equivalents | | 3,277 | 3,528 | 4,037 |
| Assets classified as held for sale | 4.2 | 1,950 | 2,269 | 165 |
| **Current assets** | | **17,581** | **19,044** | **17,964** |
| **Total assets** | | **48,576** | **53,888** | **54,980** |

| | Note | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | | | (DKK million) | |
| **Equity and liabilities** | | | | |
| Total equity attributable to owners of ISS A/S | | 4,237 | 5,097 | 2,127 |
| Non-controlling interests | | 9 | 10 | 12 |
| **Total equity** | 5.1 | **4,246** | **5,107** | **2,139** |
| Loans and borrowings | 5.2 | 20,416 | 24,011 | 28,181 |
| Pensions and similar obligations | 8.4 | 838 | 1,433 | 1,099 |
| Deferred tax liabilities | 7.2 | 1,590 | 1,755 | 2,051 |
| Provisions | 8.5 | 470 | 352 | 338 |
| **Non-current liabilities** | | **23,314** | **27,551** | **31,669** |
| Loans and borrowings | 5.2 | 5,648 | 5,607 | 5,778 |
| Trade payables | | 3,436 | 3,669 | 3,466 |
| Tax payables | | 443 | 339 | 422 |
| Other liabilities | 3.4 | 10,156 | 10,657 | 11,161 |
| Provisions | 8.5 | 317 | 225 | 255 |
| Liabilities classified as held for sale | 4.2 | 1,016 | 733 | 90 |
| **Current liabilities** | | **21,016** | **21,230** | **21,172** |
| **Total liabilities** | | **44,330** | **48,781** | **52,841** |
| **Total equity and liabilities** | | **48,576** | **53,888** | **54,980** |

**Consolidated statement of changes in equity**
**1 January – 31 December**

| 2013 | Share capital | Share premium | Retained earnings | Translation reserve | Hedging reserve | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | Attributable to owners of ISS A/S | | | | | | | |
| | | | | (DKK million) | | | | |
| **Equity at 1 January** | **135** | **11,430** | **(6,741)** | **367** | **(94)** | **5,097** | **10** | **5,107** |
| **Comprehensive income for the year** | | | | | | | | |
| **Net profit/(loss) for the year** | **—** | **—** | **(399)** | **—** | **—** | **(399)** | **2** | **(397)** |
| **Other comprehensive income** | | | | | | | | |
| Foreign exchange adjustments of subsidiaries and non-controlling interests | — | — | — | (795) | — | (795) | (1) | (796) |
| Fair value adjustment of hedges, net | — | — | — | — | 4 | 4 | — | 4 |
| Fair value adjustment of hedges, net, transferred to Financial expenses | — | — | — | — | 80 | 80 | — | 80 |
| Actuarial gains/(losses) | — | — | 410 | — | — | 410 | — | 410 |
| Impact from asset ceiling regarding pensions | — | — | (63) | — | — | (63) | — | (63) |
| Tax | — | — | (76) | — | (21) | (97) | — | (97) |
| **Total other comprehensive income/(loss)** | **—** | **—** | **271** | **(795)** | **63** | **(461)** | **(1)** | **(462)** |
| **Total comprehensive income/(loss) for the year** | **—** | **—** | **(128)** | **(795)** | **63** | **(860)** | **1** | **(859)** |
| **Transactions with owners** | | | | | | | | |
| Dividends paid | — | — | — | — | — | — | (2) | (2) |
| **Total transactions with owners** | **—** | **—** | **—** | **—** | **—** | **—** | **(2)** | **(2)** |
| **Total changes in equity** | **—** | **—** | **(128)** | **(795)** | **63** | **(860)** | **(1)** | **(861)** |
| **Equity at 31 December** | **135** | **11,430** | **(6,869)** | **(428)** | **(31)** | **4,237** | **9** | **4,246** |

### Dividends

No dividends have been proposed or declared before the Annual Report was issued.

## Consolidated statement of changes in equity
## 1 January – 31 December

| 2012 | Share capital | Share premium | Retained earnings | Translation reserve | Hedging reserve | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | Attributable to owners of ISS A/S | | | | | | | |
| | (DKK million) | | | | | | | |
| **Equity at 1 January** | **100** | **7,772** | **(5,896)** | **183** | **(32)** | **2,127** | **12** | **2,139** |
| **Comprehensive income for the year** | | | | | | | | |
| **Net profit/(loss) for the year** | **—** | **—** | **(453)** | **—** | **—** | **(453)** | **3** | **(450)** |
| **Other comprehensive income** | | | | | | | | |
| Foreign exchange adjustments of subsidiaries and non-controlling interests | — | — | — | 184 | — | 184 | 0 | 184 |
| Fair value adjustment of hedges, net | — | — | — | — | (114) | (114) | — | (114) |
| Fair value adjustment of hedges, net, transferred to Financial expenses | — | — | — | — | 52 | 52 | — | 52 |
| Actuarial gains/(losses) | — | — | (516) | — | — | (516) | — | (516) |
| Impact from asset ceiling regarding pensions | — | — | 1 | — | — | 1 | — | 1 |
| Limitation to interest deduction | — | — | — | — | (16) | (16) | — | (16) |
| Tax | — | — | 120 | — | 16 | 136 | — | 136 |
| **Total other comprehensive income/(loss)** | **—** | **—** | **(395)** | **184** | **(62)** | **(273)** | **0** | **(273)** |
| **Total comprehensive income/(loss) for the year** | **—** | **—** | **(848)** | **184** | **(62)** | **(726)** | **3** | **(723)** |
| **Transactions with owners** | | | | | | | | |
| Share issue | 35 | 3,686 | — | — | — | 3,721 | — | 3,721 |
| Costs related to the share issue | — | (28) | — | — | — | (28) | — | (28) |
| Impact from acquired and divested companies, net | — | — | — | — | — | — | (1) | (1) |
| Dividends paid | — | — | — | — | — | — | (4) | (4) |
| Share-based payments | — | — | 3 | — | — | 3 | — | 3 |
| **Total transactions with owners** | **35** | **3,658** | **3** | **—** | **—** | **3,696** | **(5)** | **3,691** |
| **Total changes in equity** | **35** | **3,658** | **(845)** | **184** | **(62)** | **2,970** | **(2)** | **2,968** |
| **Equity at 31 December** | **135** | **11,430** | **(6,741)** | **367** | **(94)** | **5,097** | **10** | **5,107** |

### Dividends

No dividends have been proposed or declared before the Annual Report was issued.

## Consolidated statement of changes in equity
## 1 January – 31 December

| 2011 | Share capital | Share premium | Retained earnings | Translation reserve | Hedging reserve | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | Attributable to owners of ISS A/S | | | | | | | |
| | (DKK million) | | | | | | | |
| **Equity at 1 January** | **100** | **7,772** | **(5,276)** | **227** | **(197)** | **2,626** | **25** | **2,651** |
| Change in accounting policy due to implementation of IAS 19 (2011) | — | — | 81 | 2 | — | 83 | — | 83 |
| **Adjusted equity at 1 January** | **100** | **7,772** | **(5,195)** | **229** | **(197)** | **2,709** | **25** | **2,734** |
| **Comprehensive income for the year** | | | | | | | | |
| **Net profit/(loss) for the year** | — | — | (510) | — | — | (510) | 7 | (503) |
| **Other comprehensive income** | | | | | | | | |
| Foreign exchange adjustments of subsidiaries and non-controlling interests | — | — | — | (46) | — | (46) | 0 | (46) |
| Adjustment relating to previous years | — | — | (96) | — | 96 | — | — | — |
| Fair value adjustment of hedges, net | — | — | — | — | (14) | (14) | — | (14) |
| Fair value adjustment of hedges, net, transferred to Financial expenses | — | — | — | — | 106 | 106 | — | 106 |
| Actuarial gains/(losses) | — | — | (133) | — | — | (133) | — | (133) |
| Impact from asset ceiling regarding pensions | — | — | 8 | — | — | 8 | — | 8 |
| Tax | — | — | 29 | — | (23) | 6 | — | 6 |
| **Total other comprehensive income/(loss)** | **—** | **—** | **(192)** | **(46)** | **165** | **(73)** | **0** | **(73)** |
| **Total comprehensive income/(loss) for the year** | **—** | **—** | **(702)** | **(46)** | **165** | **(583)** | **7** | **(576)** |
| **Transactions with owners** | | | | | | | | |
| Impact from acquired and divested companies, net | — | — | — | — | — | — | (12) | (12) |
| Dividends paid | — | — | — | — | — | — | (8) | (8) |
| Share-based payments | — | — | 1 | — | — | 1 | — | 1 |
| **Total transactions with owners** | **—** | **—** | **1** | **—** | **—** | **1** | **(20)** | **(19)** |
| **Total changes in equity** | **—** | **—** | **(701)** | **(46)** | **165** | **(582)** | **(13)** | **(595)** |
| **Equity at 31 December** | **100** | **7,772** | **(5,896)** | **183** | **(32)** | **2,127** | **12** | **2,139** |

### Dividends

No dividends have been proposed or declared before the Annual Report was issued.

## Section 1 Basis of preparation

In 2013, significant changes to the structure of the consolidated financial statements have been implemented with the aim to ensure a more readable report with a logical structure taking the characteristics of ISS's business into account. The notes have been grouped into eight sections based on theme rather than in consecutive order based on line items in the primary statements. Furthermore, compared to prior years a number of notes have been excluded from the consolidated financial statements based on a reassessment of materiality as described below in "Defining materiality". Finally, the Group's accounting policies as well as critical accounting estimates and judgements (in prior years note 1 and note 2) are included in the beginning of each relevant section or note.

Due to the intended Initial Public Offering (IPO) and the requirement of two years of comparative figures in the offering circular, the consolidated financial statements for 2013 including notes contain two years of comparative figures. These comparative figures for the financial years 2012 and 2011 have been derived from the published consolidated financial statements for 2012 and 2011, respectively, as prepared and approved by the Executive Group Management Board and the Board of Directors on 7 March 2013 and 5 March 2012, respectively. These comparative figures have been restated due to certain amendments to IAS 19 as adopted by EU, cf. note 1.1, Basis of preparation, below.

Included in this section are required disclosures relevant for the understanding of the basis of preparation of the consolidated financial statements, i.e.:

- **Reporting entity**
- **Statement of compliance**
- **Functional and presentation currency**
- **Basis of measurement**
- **Defining materiality**
- **Changes in accounting policies for 2013, 2012 and 2011**
- **Going concern**
- **Basis of consolidation**
- **Foreign currency**
- **Accounting policies, i.e. policies not relevant for a specific section**
- **Equity**
- **Use of critical accounting estimates and judgements**
- **Financial risk management**

### NOTE 1.1 Basis of preparation

*Reporting entity*

ISS A/S is a company domiciled in Denmark. The consolidated financial statements of ISS A/S as of and for the year ended 31 December 2013 comprise ISS A/S and its subsidiaries (together referred to as "the Group") and the Group's interests in equity-accounted investees.

A group chart is included in note 8.11, Subsidiaries, associates, joint ventures and SPEs.

*Statement of compliance*

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for consolidated financial statements (class D).

In addition, the consolidated financial statements have been prepared in compliance with the IFRSs issued by the IASB.

The Annual Report for ISS A/S for 2013 was discussed and approved by the Executive Group Management Board (the EGM) and the Board of Directors (the Board) on 3 March 2014 and issued for approval at the subsequent Annual General Meeting on 3 March 2014.

*Functional and presentation currency*

The consolidated financial statements are presented in Danish kroner (DKK), which is ISS A/S's functional currency. All amounts have been rounded to nearest DKK million, unless otherwise indicated.

*Basis of measurement*

The consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities, which are measured at fair value; derivatives, financial instruments designated as fair value through the income statement and financial assets classified as available for sale.

*Defining materiality*

The income statement and the statement of financial position separately present items that are considered individually significant, or are required under the minimum presentation requirements of IAS 1.

In determining whether an item is individually significant ISS considers both quantitative and qualitative factors. If the presentation or disclosure of an item does not increase the value of information to users, the information is considered insignificant.

Explanatory disclosure notes related to the income statement, the statement of financial position and the statement of cash flows are presented for individually significant items. Where separate presentation of a line item is made solely due to the minimum presentation requirements in IAS 1, no further disclosures are provided in respect of that line item.

*Changes in accounting policies 2013*

Except for the changes below, the Group has consistently applied the accounting policies set out below to all periods presented in these consolidated financial statements. However, based on new information minor adjustments to comparative figures in primary statements and notes have been implemented.

With effect from 1 January 2013, the Group has implemented:

- Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income";
- Amendments to IFRS 7 "Financial Instrument Disclosure";
- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entities";
- IAS 27 (2011) "Separate Financial Statements";
- Amendments to IAS 27 (2011) "Separate Financial Statements";
- IAS 28 (2011) "Investments in Associates and Joint Ventures";
- IFRS 13 "Fair Value Measurement";
- IAS 19 (2011) "Employee Benefits";
- Amendments to IAS 36 "Impairment of Assets"; and
- Annual improvements to IFRSs 2009-2011 cycle.

As a result of the amendments to **IAS 1**, the Group has modified the presentation of items of Other comprehensive income to present separately items that would be reclassified to the income statement from those that would never be. Comparative figures have been restated accordingly.

As a result of **IFRS 10** the Group changed the accounting policy for determining whether it has control over and consequently whether it consolidates its investees. The new standard introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provision of IFRS 10 the Group reassessed the control conclusion for its investees in 2013. The reassessment had no quantitative impact on the Group's consolidated financial statements.

**IFRS 11** removes the option to account for jointly controlled entities using proportionate consolidation. Instead jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard impacted the Group by replacing proportionate consolidation of the Group's joint ventures with the equity method of accounting. The implementation did not have a material impact on the Group's consolidated financial statements.

**IFRS 13** changes the principles for calculation of fair value of financial and non-financial assets and liabilities and introduces a number of new disclosure requirements. The Group already complies with the fair value calculation principles. Consequently, the new standard only affects disclosure requirements for the Group.

The **amendments to IAS 19** results in interest income no longer being calculated and recognised in the income statement on the basis of the expected return on plan assets, but instead by using the applied liability discount rate. Furthermore, risk sharing between the Group and the plan participants has been changed. Comparative figures have been restated and the impact on Equity is shown in the statement of changes in equity. The impact on the income statement was an increase in financial expenses of DKK 8 million in 2012 and a reduction in financial expenses of DKK 5 million in 2011. Net of tax the implementation increased Net loss for the year from DKK 444 million to DKK 450 million in 2012 and reduced Net loss for the year from DKK 507 million to DKK 503 million in 2011.

Except for IFRS 11 and IAS 19, the adoption of these standards and interpretations did not affect recognition and measurement in the consolidated financial statements for 2013.

*Changes in accounting policies 2012*

With effect from 1 January 2012, the Group has implemented:

- Amendments to IFRS 7 "Financial Instrument Disclosures";
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"; and
- Amendments to IAS 12 "Deferred tax" (Recovery of Underlying Assets).

The adoption of these Standards and Interpretations did not affect recognition and measurement for 2012 including earnings per share and diluted earnings per share.

*Changes in accounting policies 2011*

With effect from 1 January 2011, the Group has implemented:

- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement";
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments";
- Revised IAS 24 "Related Party Disclosures";
- Amendments to IAS 32 "Classification of Rights Issues";
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"; and
- Improvements to IFRSs (May 2010).

The adoption of these Standards and Interpretations did not affect recognition and measurement in the consolidated financial statements for 2011 including earnings per share and diluted earnings per share.

**Change in classification** In 2011, the Group changed the classification of interest on defined benefit plans (interest on obligation and expected return on plan assets) and interest on other long-term employee benefits from Staff costs to Financial expenses to reflect more appropriately the nature of these items and the way they affect the business. The change in classification increased Operating profit before other items with DKK 36 million but had zero impact on Net profit/(loss) for the year. Comparative figures were reclassified for consistency, which resulted in DKK 43 million being reclassified from Staff costs to Financial expenses, i.e. Operating profit before other items was increased by DKK 43 million but Net profit/(loss) for the year was unchanged.

*Going concern*

The Board and the EGM have during the preparation of the consolidated financial statements of the Group assessed the going concern assumption. The Board and the EGM believe that no events or conditions give rise to doubt about the ability of the Group to continue in operation within the next reporting period. The conclusion is made based on knowledge of the Group, the estimated economic outlook and identified risks and uncertainties in relation thereto. Further, the conclusion is based on review of budgets, including expected development in liquidity and capital etc., current credit facilities available including contractual and expected maturities and covenants. Consequently, it has been concluded that it is reasonable to apply the going concern concept as underlying assumption for the consolidated financial statements of the Group.

*Basis of consolidation*

**Subsidiaries** are entities controlled by ISS A/S. ISS A/S controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

The non-controlling interest's share of the net profit/loss for the year and of the equity of subsidiaries, which are not wholly owned, are included in the Group's net profit/(loss) and equity, respectively, but is disclosed separately. By virtue of agreement certain non-controlling shareholders are only eligible of receiving benefits from their non-controlling interest when ISS as controlling shareholder has received their initial investment and compound interest on such. In such instances the subsidiaries' result and equity are fully allocated to ISS until the point in time where ISS has recognised amounts exceeding their investment including compound interest on such.

At initial recognition a non-controlling interest is measured at fair value or at its proportionate interest in the fair value of the net assets acquired. The measurement principle is elected on a transaction-by-transaction basis and is disclosed in the notes together with the description of the acquired businesses.

Written put options held by non-controlling shareholders are accounted for in accordance with the anticipated acquisition method, i.e. as if the put option has been exercised already. Such options are recognised as Other liabilities initially at fair value. Fair value is measured at the present value of the exercise price of the option.

Subsequent fair value adjustments of put options held by non-controlling interests relating to business combinations effected on or after 1 January 2010 are recognised directly in equity. Subsequent fair value adjustments of put options held by non-controlling interests related to business combinations effected prior to 1 January 2010 are recognised in goodwill. The effect of unwind of discount is recognised under Financial expenses.

Upon **loss of control** the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

The Group's **interests in equity-accounted investees** comprise interests in associates and joint ventures.

Associates are entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

**Transactions eliminated on consolidation** On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

*Foreign currency*

Transactions denominated in currencies other than the functional currency of the respective Group companies are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the respective functional currencies of the Group companies at the exchange rates at the transaction date. Foreign exchange adjustments arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement under Financial income or Financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognised in the income statement under Financial income or Financial expenses.

On recognition in the consolidated financial statements of Group companies with a functional currency other than DKK, the income statements and statements of cash flows are translated at the exchange rates at the transaction date and the statements of financial position are translated at the exchange rates at the reporting date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange adjustments arising on translation of the opening balance of equity of foreign entities at the exchange rates at the reporting date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the reporting date are recognised in other comprehensive income and presented in equity under a separate translation reserve. However, if the foreign entity is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to the non-controlling interest.

Foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in foreign entities with a functional currency other than DKK and which effectively hedge against corresponding foreign exchange gains and losses on the investment in the entity are also recognised in other comprehensive income and presented in equity under a separate translation reserve.

*Accounting policies*

The Group's significant accounting policies and accounting policies related to IAS 1 minimum presentation items are described in the relevant individual notes to the consolidated financial statements or otherwise stated below. A list of the notes is shown in the overview on page F-4.

**Presentation of income statement** The consolidated income statement is presented in accordance with the "nature of expense" method. Goodwill impairment and Amortisation and impairment of brands and customer contracts as well as the Income tax effect hereof are presented in separate line items after Operating profit. This income statement presentation is considered most appropriately to reflect the Group's profitability.

**Presentation of statement of cash flows** The consolidated statement of cash flows shows the Group's cash flows from operating, investing and financing activities for the year. Interest paid and received is included in cash flow from financing activities as this most appropriately reflects the distinction between operating and financing activities following the acquisition of ISS World Services A/S by ISS A/S.

**Inventories** are measured at the lower of cost under the FIFO principle and net realisable value. Net realisable value of inventories is calculated as the estimated selling price less costs of completion and costs necessary to complete the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

**Share-based payments** The value of services received in exchange for granted warrants is measured at fair value. The fair value of equity-settled programmes is measured at grant date and recognised over the vesting period.

The fair value of the warrants granted is measured using the Black- Scholes option pricing model based on the terms and conditions on which they were granted. Service and non-market vesting conditions are not taken into account when estimating the fair value, but are considered when estimating the number of warrants expected to vest.

**Other long-term employee benefits** The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. Gains and losses on remeasurement are recognised in the income statement in the period in which they arise.

*Equity*

**Share premium** comprises amounts above the nominal share capital paid by shareholders when shares are issued by ISS A/S. The share premium is part of the Group's free reserves.

**Translation reserve** comprises all foreign exchange differences arising from the translation of financial statements of foreign entities with a functional currency other than DKK as well as from the translation of non-current balances which are considered part of the investment in foreign entities.

On full or partial realisation of a foreign entity where control is lost the foreign exchange adjustments are transferred to the income statement under the same line item as the gain or loss.

**Hedging reserve** comprises the effective portion of the cumulative net change after tax in the fair value of cash flow hedging instruments which fulfil the criteria for hedging of future cash flows, when the hedged transactions have not yet occurred.

**Dividends** are recognised as a liability at the date when they are adopted at the Annual General Meeting (declaration date). Dividends proposed for the year are shown in a separate reserve under Equity.

Interim dividends are recognised as a liability at the date when the decision to pay interim dividend is made.

*Use of critical accounting estimates and judgements*

In preparing these consolidated financial statements, management has made various judgements, estimates and assumptions concerning future events that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and have been prepared taking the financial market situation into consideration, but still ensuring that one-off effects which are not expected to exist in the long term do not affect estimation and determination of these key factors, including discount rates and expectations of the future.

Information about judgement, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Revenue (note 2.1)
- Other income and expenses, net (note 2.5)
- Trade receivables and related credit risk (note 3.2)
- Acquisition and divestment of businesses (note 4.1)
- Assets held for sale (note 4.2)
- Impairment tests (note 4.4)
- Deferred tax (note 7.2)
- Pensions and similar obligations (note 8.4)
- Provisions (note 8.5)

*Financial risk management*

The Group is exposed to a number of financial risks arising from its operating and financing activities, mainly currency risk, interest rate risk, liquidity risk and credit risk. These financial risks are managed centrally by Group Treasury based on the treasury policy. The treasury policy is reviewed annually and approved by the Board. Additionally, the treasury policy complies with current loan documentation, e.g. the Senior Facility Agreement and the Intercreditor Agreement.

It is not the Group's policy to take speculative positions in the financial markets. The Group's financial risk management is focused on managing risks arising from the Group's operating and financing activities, mainly by use of interest rate instruments and currency instruments with the purpose of managing volatility in the Group's results.

The areas involving the most significant financial risks are trade receivables, loans and borrowings and financial income and expenses. Information about the Group's objectives, policies and processes for measuring and managing the risk exposure related to these items is included in these notes:

- Trade receivables and related credit risk (note 3.2)
- Liquidity risk (note 5.3)
- Currency risk (note 5.4)
- Interest rate risk (note 5.5)

The Group has not identified additional financial risk exposures in 2013 compared to 2012 and 2011, and the approach to capital management and risk management activities is unchanged compared with 2012 and 2011.

The Group is exposed to risk in relation to translation into DKK of income statements and net assets of foreign subsidiaries, including intercompany items such as loans, royalties, management fees and interest payments between entities with different functional currencies, since a significant portion of the Group's revenue and operating profit is generated in foreign entities. This risk is described in the following note:

- Translation and operational currency risk (note 2.3)

To limit the exposure to credit risk related to securities, cash and cash equivalents it is Group policy only to enter into transactions with financial institutions carrying a minimum required short-term credit rating assigned by Standard & Poor's (S&P) (A-1 rating) or Moody's (P-1 rating). Other banks may be approved separately by Group Treasury. Group Treasury monitors credit ratings and given that the Group generally enters into transactions only with financial institutions with high credit ratings, management assesses that sufficient steps are taken in order to mitigate potential counterparties failing to meet contractual obligations.

**Section 2 Operating profit**

This section comprise notes which provide specifications and explanations related to the composition of the Group's operating profit for the year, including disclosures on revenue and operating segments. Segment information is presented in three ways: reportable segments, service types, and geographical information.

In this section, the following notes are presented:

**2.1 Revenue**
**2.2 Segment information**
**2.3 Translation and operational currency risk**
**2.4 Staff costs**
**2.5 Other income and expenses, net**

**NOTE 2.1 Revenue**

*Accounting policy*

Revenue from rendering services is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. Revenue is recognised when the recovery of the consideration is probable and when, the amount of revenue, the stage of completion, the costs incurred for the transaction, and the costs to complete the transaction can be measured reliably.

The stage of completion of a contract is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Revenue from the sale of goods in the course of the ordinary activities is recognised in the income statement provided that all significant risks and rewards of ownership have been transferred to the customer, and that the amount can be measured reliably.

Revenue is measured at fair value of the consideration received less VAT and duties as well as price and quantity discounts.

*Critical accounting estimates and judgements*

Management makes estimates and judgement in relation to presentation of revenue as gross or net as well as in relation to treatment of significant contracts.

In some instances ISS will serve as reseller of goods such as cleaning materials, cleaning equipment etc. or provide staff for canteens selling food etc. In other instances services on an ISS contract will be delivered to the customer through a subcontractor of ISS. The issue is whether revenue should be presented gross or net, i.e. based on the gross amount billed to the customer, or based on the net amount retained (the amount billed to the customer less the amount paid to the supplier). To determine whether revenue should be presented gross or net of costs incurred management considers whether ISS is acting in the capacity of an agent or a principal, which requires judgement in the evaluation of relevant facts and circumstances.

The Group has entered into certain significant contracts with complex revenue and cost structures. Accounting for these contracts requires management's judgement in terms of recognition of the individual items of revenue and costs, including recognition in the correct periods over the term of the contract.

*Specification of revenue*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Rendering of services | 76,105 | 76,987 | 75,019 |
| Sale of goods | 2,354 | 2,467 | 2,625 |
| **Revenue** | **78,459** | **79,454** | **77,644** |

## NOTE 2.2 Segment information

ISS is a global facility services company, that operates in more than 50 countries and delivers a wide range of services within the areas cleaning services, support services, property services, catering services, security services and facility management.

Operations are generally managed based on a geographical structure in which countries are grouped into seven regions. The regions have been identified based on a key principle of grouping countries that share market conditions and cultures. However, countries with activities managed by the Global Corporate Clients organisation are excluded from the geographical segments and combined in a separate segment called “Other countries”.

*Accounting policy*

The accounting policies of the reportable segments are the same as the Group's accounting policies described throughout the notes. Segment revenue, costs, assets and liabilities comprise items that can be directly referred to the individual segments. Unallocated items mainly consist of revenue, costs, assets and liabilities relating to the Group's Corporate functions as well as Financial income, Financial expenses and Income taxes.

For the purpose of segment reporting, segment profit has been identified as Operating profit (before Goodwill impairment and Amortisation and impairment of brands and customer contracts). Segment assets and segment liabilities have been identified as Total assets and Total liabilities, respectively.

When presenting geographical information segment revenue and non-current assets are based on the geographical location of the individual subsidiary from which the sales transaction originates.

*Reportable segments*

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure. A reconciliation of total reportable segments to the income statement and statement of financial position is provided in note 8.8, Reconciliation of segment information.

Transactions between reportable segments are made on market terms.

**2013**

| | Western Europe | Nordic | Asia | Pacific | Latin America | North America | Eastern Europe | Other countries | Total reportable segments |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (DKK million) | | | | |
| Revenue[1] | 39,704 | 16,853 | 8,019 | 5,105 | 3,708 | 3,459 | 1,657 | 38 | 78,543 |
| Depreciation and amortisation[2] | (381) | (170) | (67) | (64) | (45) | (17) | (17) | — | (761) |
| Operating profit before other items[3] | 2,388 | 1,246 | 608 | 253 | 145 | 101 | 109 | (1) | 4,849 |
| Other income and expenses, net | (148) | 11 | (45) | 499 | (175) | (173) | (5) | — | (36) |
| Operating profit[2] | 2,240 | 1,257 | 563 | 752 | (30) | (72) | 104 | (1) | 4,813 |
| Goodwill impairment | (822) | — | — | (133) | — | (30) | — | — | (985) |
| Amortisation and impairment of brands and customer contracts | (401) | (124) | (44) | (40) | (10) | (32) | (16) | — | (667) |
| Total assets | 28,270 | 14,822 | 4,215 | 2,640 | 1,484 | 1,792 | 1,297 | 8 | 54,528 |
| Hereof assets classified as held for sale | 1,373 | 303 | 122 | 152 | — | — | — | — | 1,950 |
| Additions to non-current assets[4] | 485 | 180 | 87 | 91 | 30 | 13 | 11 | — | 897 |
| Total liabilities | 18,901 | 8,766 | 1,785 | 1,637 | 1,796 | 1,085 | 527 | 8 | 34,505 |
| Hereof liabilities classified as held for sale | 800 | 131 | 16 | 69 | — | — | — | — | 1,016 |

1) Including internal revenue which due to the nature of the business is insignificant and is therefore not disclosed.
2) Excluding Goodwill impairment and Amortisation and impairment of brands and customer contracts.
3) Excluding Other income and expenses, net, Goodwill impairment and Amortisation and impairment of brands and customer contracts.
4) Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment including acquisitions through business combinations.

**2012**

| | Western Europe | Nordic | Asia | Pacific | Latin America | North America | Eastern Europe | Other countries | Total reportable segments |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (DKK million) | | | | |
| Revenue[1] | 39,414 | 17,736 | 7,367 | 6,007 | 3,820 | 3,539 | 1,605 | 36 | 79,524 |
| Depreciation and amortisation[2] | (391) | (206) | (80) | (62) | (51) | (20) | (19) | — | (829) |
| Operating profit before other items[3] | 2,407 | 1,190 | 564 | 311 | 91 | 151 | 102 | (1) | 4,815 |
| Other income and expenses, net | (72) | 27 | (23) | (2) | (128) | (62) | — | — | (260) |
| Operating profit[2] | 2,335 | 1,217 | 541 | 309 | (37) | 89 | 102 | (1) | 4,555 |
| Goodwill impairment | (372) | — | (13) | — | — | — | — | — | (385) |
| Amortisation and impairment of brands and customer contracts | (372) | (146) | (54) | (44) | (12) | (32) | (19) | — | (679) |
| Total assets | 30,144 | 15,576 | 4,452 | 3,674 | 1,732 | 1,838 | 1,292 | 9 | 58,717 |
| Hereof assets classified as held for sale | 873 | 928 | 145 | 323 | — | — | — | — | 2,269 |
| Additions to non-current assets[4] | 519 | 195 | 107 | 96 | 45 | 8 | 12 | — | 982 |
| Total liabilities | 20,944 | 9,666 | 1,997 | 2,800 | 1,793 | 876 | 535 | 8 | 38,619 |
| Hereof liabilities classified as held for sale | 194 | 415 | 20 | 104 | — | — | — | — | 733 |

**2011**

| | Western Europe | Nordic | Asia | Pacific | Latin America | North America | Eastern Europe | Other countries | Total reportable segments |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (DKK million) | | | | |
| Revenue[1)] | 39,321 | 18,085 | 6,090 | 5,525 | 3,648 | 3,369 | 1,641 | 30 | 77,709 |
| Depreciation and amortisation[2)] | (362) | (240) | (65) | (52) | (38) | (16) | (21) | — | (794) |
| Operating profit before other items[3)] | 2,268 | 1,268 | 486 | 358 | 215 | 116 | 107 | (1) | 4,817 |
| Other income and expenses, net | (72) | 61 | (4) | (3) | (20) | (53) | (0) | — | (91) |
| Operating profit[2)] | 2,196 | 1,329 | 482 | 355 | 195 | 63 | 107 | (1) | 4,726 |
| Goodwill impairment | (478) | (23) | — | — | — | — | — | — | (501) |
| Amortisation and impairment of brands and customer contracts | (370) | (168) | (55) | (45) | (14) | (34) | (22) | — | (708) |
| Total assets | 30,584 | 14,902 | 4,250 | 3,545 | 1,972 | 1,833 | 1,338 | 6 | 58,430 |
| Hereof assets classified as held for sale | 165 | — | — | — | — | — | — | — | 165 |
| Additions to non-current assets[4)] | 539 | 222 | 56 | 119 | 81 | 26 | 19 | — | 1,062 |
| Total liabilities | 20,913 | 9,403 | 1,958 | 2,682 | 1,612 | 1,404 | 624 | 5 | 38,601 |
| Hereof liabilities classified as held for sale | 90 | — | — | — | — | — | — | — | 90 |

1-4) Refer to the segment reporting for 2013

*Grouping of countries into regions*

| | |
|---|---|
| Western Europe: | Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom |
| Nordic: | Denmark, Finland, Greenland, Iceland, Norway and Sweden |
| Asia: | Brunei, China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Taiwan and Thailand |
| Pacific: | Australia and New Zealand |
| Latin America: | Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, Uruguay and Venezuela |
| North America: | Canada and the USA |
| Eastern Europe: | Croatia, the Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia |
| Other countries: | Bahrain, Cayman Islands, Cyprus, Egypt, Morocco, Nigeria, Pakistan, Qatar, Saudi Arabia, South Africa, South Korea, Ukraine and the United Arab Emirates |

*Service types*

The Group's revenue derives from the following service types:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | | (DKK million) | |
| Cleaning services | 38,494 | 39,514 | 39,470 |
| Property services | 15,307 | 14,987 | 15,003 |
| Catering services | 8,535 | 8,558 | 7,710 |
| Support services | 6,514 | 6,607 | 6,162 |
| Security services | 6,316 | 6,418 | 5,767 |
| Facility management | 3,293 | 3,370 | 3,532 |
| **Revenue** | **78,459** | **79,454** | **77,644** |

*Geographical information*

Revenue and non-current assets (excluding deferred tax assets) is specified below for each of the Group's significant countries[1]:

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| | Revenue | Non-current assets | Revenue | Non-current assets | Revenue | Non-current assets |
| | | | (DKK million) | | | |
| United Kingdom | 9,322 | 3,184 | 8,792 | 3,304 | 7,835 | 3,246 |
| France | 7,122 | 3,304 | 7,248 | 4,554 | 7,560 | 4,981 |
| Norway | 5,762 | 2,165 | 6,080 | 2,420 | 5,940 | 2,910 |
| Australia | 4,572 | 1,606 | 5,476 | 2,072 | 5,033 | 2,334 |
| Spain | 4,173 | 1,445 | 4,410 | 1,384 | 4,467 | 1,617 |
| Switzerland | 4,005 | 1,618 | 3,471 | 1,645 | 3,323 | 1,779 |
| Finland | 3,986 | 2,892 | 4,131 | 2,965 | 4,154 | 3,020 |
| Sweden | 3,948 | 2,031 | 4,047 | 2,129 | 4,172 | 2,058 |
| Denmark (country of domicile) | 2,965 | 2,118 | 3,293 | 2,217 | 3,640 | 2,307 |
| Other countries[2] | 32,604 | 10,005 | 32,506 | 11,604 | 31,520 | 12,229 |
| **Total** | **78,459** | **30,368** | **79,454** | **34,294** | **77,644** | **36,481** |

1) In this context significant countries are defined as countries representing 5% or more of the Group's revenue.
2) Including unallocated items and eliminations.

*Major customers*

No customer comprises more than 10% of the Group's external revenue in 2013 (2012/2011: none/none).

**NOTE 2.3 Translation and operational currency risk**

The Group is exposed to a low level of currency risk on transaction level, since the services are produced, delivered and invoiced in the same local currency with minimal exposure from imported components. The Group is, however, exposed to risk in relation to translation into DKK of income statements and net assets of foreign subsidiaries, including intercompany items such as loans, royalties, management fees and interest payments between entities with different functional currencies, since a significant portion of the Group's revenue and operating profit is generated in foreign entities.

In 2013, the currencies in which the Group's revenue was denominated decreased with an average of 3.3% (2012/2011: increased with 2.4%/0.4%) relative to DKK, decreasing the Group's revenue by DKK 2,094 million (2012/2011: an increase of DKK 1,966 million/DKK 432 million). Currency movements decreased the Group's operating profit before other items by DKK 126 million (2012/2011: an increase of DKK 127 million/ DKK 41 million). The effect of the translation of net assets in foreign subsidiaries decreased other comprehensive income by DKK 796 million (2012/2011: an increase of DKK 184 million/a decrease of DKK 46 million)

**Sensitivity analysis** It is estimated that a change in foreign exchange rates of the Group's main currencies would have impacted revenue, operating profit before other items and other comprehensive income by the amounts shown below. The analysis is based on foreign exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is prepared on the same basis for 2012 and 2011.

| | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | Change in foreign exchange rates | Revenue | Operating profit before other items | Net assets in foreign subsidiaries | Change in foreign exchange rates | Revenue | Operating profit before other items | Net assets in foreign subsidiaries |
| | | (DKK million) | | | | (DKK million) | | |
| GBP | 10% | 929 | 66 | 308 | 10% | 877 | 60 | 287 |
| AUD | 10% | 457 | 23 | 94 | 10% | 548 | 29 | 76 |
| CHF | 5% | 200 | 17 | 74 | 10% | 347 | 38 | 115 |
| USD | 10% | 337 | 10 | 78 | 10% | 347 | 16 | 98 |
| NOK | 5% | 288 | 21 | 65 | 5% | 304 | 22 | 62 |
| EUR | 1% | 266 | 14 | 59 | 1% | 278 | 15 | 57 |
| TRY | 10% | 241 | 18 | 28 | 10% | 221 | 16 | 43 |
| SEK | 5% | 197 | 15 | 56 | 5% | 202 | 14 | 52 |
| Other | 10% | 1,548 | 94 | 332 | 10% | 1,480 | 81 | 358 |
| **Total** | | **4,463** | **278** | **1,094** | | **4,604** | **291** | **1,148** |

| | 2011 | | | |
|---|---|---|---|---|
| | Change in foreign exchange rates | Revenue | Operating profit before other items | Net assets in foreign subsidiaries |
| | | (DKK million) | | |
| GBP | 10% | 781 | 54 | 255 |
| AUD | 10% | 503 | 34 | 75 |
| CHF | 10% | 332 | 32 | 144 |
| USD | 10% | 330 | 12 | 44 |
| NOK | 5% | 297 | 21 | 50 |
| EUR | 1% | 293 | 15 | 64 |
| TRY | 10% | 184 | 13 | 36 |
| SEK | 5% | 209 | 15 | 45 |
| Other | 10% | 1,321 | 87 | 378 |
| **Total** | | **4,250** | **283** | **1,091** |

### NOTE 2.4 Staff costs

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Wages and salaries | 40,824 | 41,577 | 39,756 |
| Defined benefit plans | 139 | 64 | 159 |
| Defined contribution plans | 1,830 | 1,868 | 1,839 |
| Social security costs | 5,936 | 6,084 | 6,111 |
| Other employee benefits | 2,505 | 2,478 | 2,224 |
| **Staff costs** | **51,234** | **52,071** | **50,089** |
| **Average number of employees** | **533,792** | **536,731** | **533,573** |

The Group received government grants in the form of wage subventions, which have been recognised in the income statement as a reduction of staff costs. The grants compensate the Group for staff costs primarily related to social security as well as hiring certain categories of employees such as trainees, disabled persons, long-term unemployed and employees in certain age groups.

## NOTE 2.5 Other income and expenses, net

*Accounting policy*

Other income and expenses, net consists of income and expenses, both recurring and non-recurring, that the Group does not consider to be part of normal ordinary operations, such as gains and losses arising from divestments, remeasurement of disposal groups classified as held for sale, the winding-up of operations, disposals of property, restructurings and acquisition and integration costs. Acquisition costs comprise earn-out adjustments, direct acquisition costs related to external advisors and other acquisition-related items such as subsequent adjustments to opening balances. Integration costs comprise costs incurred as a consequence of the integration such as termination of employees, contract termination costs mainly related to leasehold and advisory fees.

*Critical accounting estimates and judgements*

The use of Other income and expenses, net entails management judgement in the separation from the normal ordinary operations of the Group. When using Other income and expenses, net it is crucial that these constitute items that can not be attributed directly to the Group's ordinary operating activities.

*Specification of other income and expenses, net*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Gain on divestments | 806 | 83 | 90 |
| Other | 5 | 19 | 16 |
| **Other income** | **811** | **102** | **106** |
| Restructuring projects | (379) | (187) | (66) |
| Onerous contracts | (228) | — | — |
| Labour related claims | (100) | — | — |
| Loss on divestments | (72) | (42) | (24) |
| Build-up of IFS capabilities in North America | (50) | (62) | (52) |
| Costs related to exit processes | (15) | (2) | (111) |
| Misstatement of accounts | — | (98) | — |
| Revised estimate for social security contributions prior years | — | — | (47) |
| Other | (67) | (19) | (29) |
| **Other expenses** | **(911)** | **(410)** | **(329)** |
| **Other income and expenses, net** | **(100)** | **(308)** | **(223)** |

**Gain on divestments** in 2013 related to a number of divestments, most significantly the pest control activities in 12 countries and the Nordic damage control activities. In 2012, the gain mainly related to the sale of Reaktorskolen AS, the governmental outplacing services in Norway, and the washroom activities in the Netherlands and Belgium & Luxembourg. In 2011, the gain mainly related to the divestment of the coffee vending business in Norway and Denmark and the sale of the industry service activities in Finland.

**Restructuring projects** in 2013 related to structural adjustments in a number of countries, mainly the United Kingdom, Greece, France, Brazil, Denmark and the USA. The restructuring projects include cost reductions to make ISS more efficient going forward and primarily comprise redundancy payments, termination of leaseholds, relocation costs, exceptional provisions for impairment losses on receivables as well as redundancy and severance payments relating to senior management changes. In 2012, costs mainly related to structural adjustments in France, Norway, Brazil and the Netherlands, consolidation of office locations and other efficiency improvements in Norway as well as redundancy and severance payments relating to senior management changes. In 2011, costs related to a number of projects in Brazil, Finland, Norway, the Netherlands and at Corporate covering consolidation of office locations and other efficiency improvements as well as changes in the organisational setup.

**Onerous contracts** related to the expected losses on a few large specific contracts which were entered into in previous years. Following recent development in assumptions it is not considered probable that the contracts will be profitable over the lifetime.

**Labour related claims** consisted of claims related to previous years on specific contracts.

**Loss on divestments** in 2013 related to a number of divestments, mainly occupational health and safety (Arbo) activities in the Netherlands and building services and hardware services in Belgium as well as the remeasurement of net assets of the security activities in Israel in connection with the classification as held for sale as per 31 December 2013. In 2012, the loss mainly related to the landscaping activities in the Netherlands and the mailroom services in France. In 2011, the loss mainly related to the sale of the industrial services business in Belgium.

**Build-up of IFS capabilities in North America** comprised costs incurred in relation to the strategic build-up of the IFS platform to support and deliver on major contracts in the USA. The build-up of the IFS platform was completed in 2013.

**Costs related to exit processes** comprised costs for external advisors. In 2013, the costs related to the initiated IPO process, which was announced on 18 February 2014. In 2012 and 2011, the costs primarily related to the initiated IPO process announced in February 2011 and subsequently cancelled in March 2011 due to the extraordinarily high level of uncertainty and volatility in the global financial markets.

**Misstatement of accounts** in 2012, related to Uruguay, India and Mexico. The loss was a result of the expansion of the businesses in these high-growth markets not being sufficiently supported by a satisfactory control environment.

**Revised estimate for social security contributions prior years** in 2011 related to Greece for the period 2006 to 2010.

## Section 3 Working capital

Cash flows and in particular working capital is given high priority at ISS. Our approach to managing working capital is structured and well proven through continued delivery of steady cash flows reflected in cash conversion of 102% in 2013 which is consistent with performance in prior years with cash conversion realised in the range of 93% to 103% in the period from 2008 to 2012.

The approach to improving capital efficiency consists primarily of the following tools: i) working capital projects which focus on the order-to-cash process and in particular sharing of best practices within the Group, creating awareness of the different components influencing working capital and strengthening internal training to continue anchoring the cash flow culture across various functions (sales, operations, finance etc.); ii) particular focus on trade receivables, especially overdue receivables and unbilled receivables; iii) standardised reporting of cash flow forecasts and ongoing follow-up in order to monitor the cash performance on a regular basis; and iv) inclusion of cash conversion in the Group's incentive structure.

This section comprises notes to understand the development in working capital:

**3.1 Change in working capital**
**3.2 Trade receivables and related credit risk**
**3.3 Other receivables**
**3.4 Other liabilities**

### NOTE 3.1 Changes in working capital

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Changes in inventories | (39) | (15) | (43) |
| Changes in receivables | (593) | (65) | (1,394) |
| Changes in payables | 712 | 196 | 1,120 |
| **Changes in working capital** | **80** | **116** | **(317)** |

### NOTE 3.2 Trade receivables and related credit risk

Trade receivables are exposed to credit risk which might result in impairment losses. This note includes general information about trade receivables as well as specifications and explanations of the related credit risk.

*Accounting policy*

Trade receivables are recognised initially at fair value. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment losses are recognised when objective evidence indicates that an individual receivable or a portfolio of receivables with similar risk characteristics is impaired. This is based on an individual review for impairment due to customer insolvency, past due amounts and mathematically computed impairment losses based on classification of debtors, maturity and historical information.

Impairment losses, both individual and collective, are recognised in a separate account unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the receivable directly.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

*Critical accounting estimates and judgements*

Impairment losses are based on management's assessment of the customer's ability to make the required payments. Following the global economic downturn in recent years particularly in Western Europe the general credit risk has increased for groups of customers in certain countries in this region. Furthermore, in 2013, 2012 and 2011 a slight increase in the ageing of trade receivables and debtor days was seen most significantly in some Mediterranean countries and Latin America. Such developments and the economic downturn may have an adverse effect on the earnings in the industry in general and are taken into consideration in the assessment of impairment losses.

*Trade receivables and related credit risk*

The carrying amount of trade receivables of DKK 10,299 million (2012/2011: DKK 11,433 million/ DKK 11,871 million) recognised in the statement of financial position represents the maximum credit exposure.

Exposure to credit risk on trade receivables is managed locally in the operating entities and credit limits set as deemed appropriate for the customer taking into account the customer's financial position and the current market conditions. Generally, the Group does not hold collateral as security for trade receivables.

The Group's customer portfolio is diversified in terms of geography, industry sector and customer size. The Group is not exposed to credit risk related to significant individual customers. In some geographies, mainly the Mediterranean countries and Latin America, the general credit risk has increased for groups of customers, which has led to an increase in the level of impairment losses recognised in 2013. However, historically amounts written off as uncollectible have been relatively low, which is also the case in 2013.

The maximum credit risk exposure for trade receivables at the reporting date, i.e. the carrying amount, by geography was:

| | 2013 | | | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross | Impairment | Carrying amount | Gross | Impairment | Carrying amount | Gross | Impairment | Carrying amount |
| | | | | | (DKK million) | | | | |
| Western Europe | 6,117 | (195) | 5,922 | 6,683 | (124) | 6,559 | 6,862 | (136) | 6,726 |
| Nordic | 1,511 | (24) | 1,487 | 1,728 | (22) | 1,706 | 2,077 | (39) | 2,038 |
| Asia | 1,112 | (21) | 1,091 | 1,134 | (22) | 1,112 | 1,003 | (22) | 981 |
| Pacific | 575 | (7) | 568 | 687 | (8) | 679 | 740 | (6) | 734 |
| Latin America | 583 | (48) | 535 | 657 | (14) | 643 | 623 | (14) | 609 |
| North America | 390 | (7) | 383 | 441 | (10) | 431 | 469 | (7) | 462 |
| Eastern Europe | 318 | (8) | 310 | 306 | (8) | 298 | 327 | (9) | 318 |
| Other countries | 3 | — | 3 | 5 | — | 5 | 3 | — | 3 |
| **Total** | **10,609** | **(310)** | **10,299** | **11,641** | **(208)** | **11,433** | **12,104** | **(233)** | **11,871** |

*Impairment losses*

The ageing of trade receivables at the reporting date was:

| | 2013 | | | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross | Impairment | Carrying amount | Gross | Impairment | Carrying amount | Gross | Impairment | Carrying amount |
| | (DKK million) | | | | | | | | |
| Not past due | 8,204 | — | 8,204 | 8,860 | (0) | 8,860 | 9,135 | (3) | 9,132 |
| Past due 1 to 60 days | 1,594 | (0) | 1,594 | 1,911 | (0) | 1,911 | 2,048 | (2) | 2,046 |
| Past due 61 to 180 days | 322 | (19) | 303 | 434 | (13) | 421 | 466 | (7) | 459 |
| Past due 181 to 360 days | 199 | (33) | 166 | 151 | (34) | 117 | 201 | (56) | 145 |
| More than 360 days | 290 | (258) | 32 | 285 | (161) | 124 | 254 | (165) | 89 |
| **Total** | **10,609** | **(310)** | **10,299** | **11,641** | **(208)** | **11,433** | **12,104** | **(233)** | **11,871** |

The Group believes that the unimpaired amount at 31 December 2013 is still collectible based on historical behaviour and analysis of the underlying customers' financial position and credit ratings.

The movement in the allowance for impairment losses during the year was as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Impairment losses at 1 January | (208) | (233) | (241) |
| Impairment losses recognised | (162) | (75) | (78) |
| Impairment losses reversed | 8 | 21 | 39 |
| Amounts written off as uncollectible | 38 | 67 | 51 |
| Reclassification to Assets held for sale | 14 | 12 | (4) |
| **Impairment losses at 31 December** | **(310)** | **(208)** | **(233)** |

*Securitisation*

Certain countries participate in the Group's securitisation programme where securitised trade receivables are provided as security for the securitisation debt (bank loans). The securitised trade receivables continue to be recognised in the Group's statement of financial position as the credit risk and rewards remain with the Group.

As at 31 December 2013, trade receivables of DKK 4,535 million (2012/2011: DKK 4,818 million/ DKK 4,961 million) recognised in the statement of financial position were provided as security for securitisation debt with a face value of DKK 2,773 million (2012/2011: DKK 2,635 million/ DKK 2,638 million).

**NOTE 3.3 Other receivables**

*Accounting policy*

Other receivables are recognised initially at cost and subsequently at amortised cost. Prepayments are measured at cost. Costs relating to sales work and securing contracts are recognised in the income statement as incurred.

*Specification of other receivables*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Prepayments | 631 | 622 | 575 |
| Loan to FS Invest S.à r.l | 98 | — | — |
| Currency swaps | 21 | 48 | — |
| Other | 792 | 625 | 652 |
| **Other receivables** | **1,542** | **1,295** | **1,227** |

**Prepayments** comprise mainly prepayments to suppliers and sign-on fees related to customer contracts.

**Other** comprise various receivables such as supplier rebates and bonuses, refunds from customers and other recoverable amounts, contract work in progress, refunds and recoverable amounts related to employees, outlay for customers, costs related to PPP/PFI contracts, loans to customers, accrued interest, VAT, etc.

## NOTE 3.4 Other liabilities

*Accounting policy*

Other liabilities are recognised initially at cost.

*Specification of other liabilities*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | | (DKK million) | |
| Accrued wages, pensions and holiday allowances | 4,675 | 5,056 | 5,067 |
| Tax withholdings, VAT etc. | 2,849 | 3,111 | 3,401 |
| Prepayments from customers | 407 | 463 | 536 |
| Other | 2,225 | 2,027 | 2,157 |
| **Other liabilities** | **10,156** | **10,657** | **11,161** |

**Other** comprise supplier expenses, utilities such as rent, telephone, electricity etc., contingent consideration and deferred payments, accrued interests, fees to advisors and auditors, customer discounts and insurance, etc.

## Section 4 Strategic investments and divestments

In 2013, the Group continued to review the strategic rationale and fit of business units, which led to identification of activities that were non-core to the strategy. As a result ISS has divested 14 businesses in 2013 including the pest control activities in 12 countries and the damage control activities in the Nordics as the most significant. Further, as a result of this on-going review of our business platform, sales processes have been initiated for six businesses, and these have been classified as held for sale as per 31 December 2013.

In terms of acquisitions, in recent years the number of acquisitions have been few, and we expect to continue the disciplined and focused acquisition strategy going forward. In 2013, ISS acquired one minor business in Spain, which added an expanded service offering within the hotel segment.

Our acquisition strategy in previous years added more than 600 businesses to the Group in the period 2000 to 2010, which resulted in a significant amount of acquisition-related intangibles in addition to the significant amount of intangibles being recognised in May 2005 when ISS World Services A/S was acquired. This continues to make the Group exposed to possible impairment losses, both due to impairment tests and due to divestments. In 2013, intangibles have been reduced by both categories of impairment losses.

In this section, the following notes are presented:

**4.1 Acquisitions and divestment of businesses**
**4.2 Assets held for sale**
**4.3 Intangible assets**
**4.4 Impairment tests**
**4.5 Goodwill impairment**

## NOTE 4.1 Acquisition and divestment of businesses

*Accounting policy*

**Business combinations** Acquired businesses or entities formed during the year are recognised in the consolidated financial statements from the acquisition date, which is the date when the Group effectively obtains control of the acquired business, or date of formation. Businesses which are divested or wound up are recognised in the consolidated financial statements until the date of divestment or winding-up. Comparative figures are not restated for businesses acquired, divested or wound up. Assets held for sale are presented separately, refer to the description below.

For acquisitions where the Group obtains control of the acquired business the acquisition method is applied. The identifiable assets, liabilities and contingent liabilities of acquired businesses are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if separable or if they arise from contractual or other legal rights. Deferred tax related to fair value adjustments is recognised.

Any excess of the fair value of the consideration transferred, the recognised amount of any non-controlling interests and the fair value of any existing equity interest in the acquiree over the fair value of identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than the presentation currency used in the Group are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. When the excess is negative, a bargain purchase gain is recognised in the income statement at the acquisition date.

The consideration transferred comprises the fair value of the assets transferred and the liabilities and contingent liabilities incurred. If parts of the consideration are conditional upon future events (contingent consideration) or satisfaction of agreed terms, these parts are recognised at fair value at the acquisition date. Transaction costs that the Group incurs in connection with the business combination are expensed as incurred in Other income and expenses, net.

If uncertainties exist at the acquisition date regarding identification or measurement of acquired identifiable assets, liabilities and contingent liabilities or regarding the consideration transferred, initial recognition will take place on the basis of provisionally determined fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up until 12 months after the acquisition date and comparative figures are restated accordingly. Thereafter no adjustments are made to goodwill, and changes in estimates of contingent consideration relating to business combinations are recognised in the income statement under Other income and expenses, net.

Gains or losses on the divestment or winding-up of subsidiaries, associates or joint ventures are measured as the difference between the consideration received adjusted for directly related divestment or winding-up costs and the carrying amount of the net assets at the time of disposal or winding-up including any carrying amount of allocated goodwill.

*Critical accounting estimates and judgements*

The most significant assets acquired generally comprise goodwill, customer contracts and trade receivables. As no active market exists for the majority of acquired assets, liabilities and contingent liabilities, in particular in respect of acquired intangible assets, management makes estimates of the fair value. The methods applied are based on the present value of future cash flows calculated based on after-tax royalty payments, churn rates or other expected cash flows related to the specific asset. Estimates of fair value may be associated with uncertainty and possibly adjusted subsequently.

The fair value of customer contracts acquired in business combinations is based on an evaluation of the conditions relating to the acquired customer contract portfolio and related customer relationships. Measurement is based on a discounted cash flow model based on key assumptions about the estimated split of the acquired revenue in business segments and the related churn rates and profitability of the revenue at the time of the acquisition. Further, management estimates the Weighted Average Cost of Capital (WACC) and a risk premium for the assumed risk inherent in customer contracts.

*Acquisition of businesses*

The Group made one acquisition during 2013 (2012/2011: one/none). The acquisition and adjustments to prior years' acquisitions had the following effect on the Group's consolidated financial statements at the reporting date:

| | 2013 | | | 2012 | | | 2011 | |
|---|---|---|---|---|---|---|---|---|
| | Lloyd Outsourcing, S.L. | Adj. to prior years | Total acquisitions | SBA Co. Ltd. | Adj. to prior years | Total acquisitions | Adj. to prior years | Total acquisitions |
| | (DKK million) | | | | | | | |
| **Total identifiable net assets** | **(1)** | **—** | **(1)** | **10** | **(5)** | **5** | **15** | **15** |
| Goodwill | 4 | (6) | (2) | 18 | 6 | 24 | 5 | 5 |
| **Consideration transferred** | **3** | **(6)** | **(3)** | **28** | **1** | **29** | **20** | **20** |
| Cash and cash equivalent in acquisitions of businesses | 0 | — | 0 | (8) | — | (8) | — | — |
| **Cash consideration transferred** | **3** | **(6)** | **(3)** | **20** | **1** | **21** | **20** | **20** |
| Contingent and deferred consideration | (3) | 20 | 17 | (10) | 49 | 39 | 69 | 69 |
| **Total payments regarding acquisitions of businesses** | **0** | **14** | **14** | **10** | **50** | **60** | **89** | **89** |

Lloyd Outsourcing, S.L.

On 30 June 2013, the Group acquired 100% of the shares in the Spanish cleaning company Lloyd Outsourcing, S.L. The acquisition added an expanded service offering to ISS Spain for cleaning activities within the hotel sector.

The total annual revenue of Lloyd Outsourcing, S.L. was estimated at DKK 8 million (approximate figures extracted from unaudited financial information) based on expectations at the time of the acquisition. In the period from the acquisition date to 31 December 2013, Lloyd Out-sourcing, S.L. contributed revenue of DKK 3 million and operating profit before other items of DKK 0 million to the Group. The total number of employees taken over was 34.

Shanghai B&A Property Management Co. Ltd.

On 30 June 2012, the Group acquired 100% of the shares in the Chinese security company Shanghai B&A Property Management Co. Ltd. (SBA Co. Ltd.). The acquisition added licensed security and property management services to the service offerings of ISS China.

The total annual revenue of SBA Co. Ltd. was estimated at DKK 49 million (approximate figures extracted from unaudited financial information) based on expectations at the time of the acquisition. In the period from the acquisition date to 31 December 2012, SBA Co. Ltd. contributed revenue of DKK 29 million and operating profit before other items of DKK 2 million to the Group. The total number of employees taken over was 929.

Adjustments to prior years' acquisitions

Adjustments to prior years' acquisitions mainly related to revised estimates relating to earn-outs as well as a number of other minor adjustments to various acquisitions.

*Divestment of businesses*

The Group made 14 divestments during 2013 (2012/2011: 8/12 divestments). The total sales price amounted to DKK 2,459 million (2012/2011: DKK 291 million/DKK 942 million). The total annual revenue of the divested businesses (approximate figures extracted from unaudited financial information) is estimated at DKK 2,934 million (2012/2011: DKK 872 million/DKK 1,997 million) based on expectations at the time of divestment.

The divestments had the following impact on the Group's consolidated financial statements at the reporting date:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Goodwill | 1,021 | 117 | 368 |
| Customer contracts | 210 | 18 | 32 |
| Other non-current assets | 193 | 63 | 117 |
| Trade receivables | 395 | 125 | 398 |
| Other current assets | 48 | 27 | 130 |
| Provisions | (57) | (2) | (2) |
| Pensions, deferred tax liabilities and non-controlling interests | (79) | (10) | (32) |
| Non-current loans and borrowings | (13) | (27) | — |
| Current loans and borrowings | (8) | — | (13) |
| Other current liabilities | (325) | (148) | (226) |
| **Total identifiable net assets** | **1,385** | **163** | **772** |
| Gain/(loss) on divestment of businesses, net | 758 | 41 | 66 |
| Divestment costs, net of tax | 316 | 87 | 104 |
| **Consideration received** | **2,459** | **291** | **942** |
| Cash and cash equivalents in divested businesses | 3 | (5) | (88) |
| **Cash consideration received** | **2,462** | **286** | **854** |
| Contingent and deferred consideration | (33) | (5) | 2 |
| Divestment costs paid, net of tax | (246) | (69) | (95) |
| **Net proceeds regarding divestment of businesses** | **2,183** | **212** | **761** |

The 14 divestments completed by the Group before or at 31 December 2013 are listed below:

| Company/activity | Country | Service type | Excluded from the income statement | Percentage interest | Annual revenue[1] (DKK million) | Number of employees[1] |
|---|---|---|---|---|---|---|
| COOLIT, HVAC | Austria | Property services | April | 100% | 25 | 11 |
| ISS Document A/S | Denmark | Support services | May | 100% | 19 | 31 |
| Pest Control | Global[2] | Property services | June | 100%/Activities | 1,042 | 1,440 |
| Hygiene and Experience | Belgium | Property services | June | 100% | 5 | 6 |
| ISS Security Services | Netherlands | Security services | July | Activities | 294 | 804 |
| Washroom Services | Austria | Cleaning services | July | Activities | 15 | — |
| ISS Landscaping Services | USA | Property services | August | Activities | 78 | 137 |
| Damage Control | Nordic[3] | Support services | August | 100%/Activities | 853 | 1,073 |
| Security services and Reception single services | Denmark | Security and Support services | September | Activities | 27 | 66 |
| Hardware Services | Belgium | Support services | September | Activities | 70 | 76 |
| Karmak | Italy | Cleaning services | September | Activities | 96 | 192 |
| ISS Arbo Plus BV | Netherlands | Support services | September | 100% | — | 14 |
| ISS Building Services | Belgium | Support services | October | Activities | 12 | 11 |
| Landscaping | Norway | Property services | November | Activities | 398 | 206 |
| **Total** | | | | | **2,934** | **4,067** |

1) Approximate figures based on information available at the time of divestment extracted from unaudited financial information.
2) Comprise pest control activities in Australia, Austria, Belgium, Denmark, Germany, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain and Switzerland as well as washroom activities in Australia, Italy and New Zealand.
3) Damage Control activities have been sold in Denmark, Norway and Finland.

The eight divestments completed by the Group before or at 31 December 2012 are listed below:

| Company/activity | Country | Service type | Excluded from the income statement | Percentage interest | Annual revenue[1] (DKK million) | Number of employees[1] |
|---|---|---|---|---|---|---|
| ISS Proko Infra OY | Finland | Facility management | March | 64% | 9 | 14 |
| Reaktorskolen AS | Norway | Support services | April | 100% | 175 | 143 |
| ISS Landscaping | Netherlands | Property services | July | 100% | 268 | 261 |
| Security | Norway | Security services | August | 100% | 44 | 81 |
| ISS Mailroom Services | France | Property services | November | 100% | 39 | 74 |
| Washroom | Netherlands | Cleaning services | November | 100% | 126 | 62 |
| Washroom | Belgium & Luxembourg | Cleaning services | November | 100% | 38 | 25 |
| Office support | France | Support services | December | 100% | 173 | 853 |
| **Total** | | | | | **872** | **1,513** |

1) Approximate figures based on information available at the time of divestment extracted from unaudited financial information.

The 12 divestments completed by the Group before 31 December 2011 are listed below:

| Company/activity | Country | Service type | Excluded from the income statement | Percentage interest | Annual revenue[1] (DKK million) | Number of employees[1] |
|---|---|---|---|---|---|---|
| ISS Batiservices | France | Property | January | 100% | 6 | 7 |
| mo.hotel | Germany | Facility Management | March | Activities | 26 | 30 |
| Elektro Kristiansand | Norway | Property | May | Activities | 51 | 52 |
| Elektro Oslo | Norway | Property | June | Activities | 33 | 37 |
| Ventilasjon | Norway | Property | June | Activities | 64 | 22 |
| ISS Industrial Services | Belgium | Property | June | 100% | 269 | 418 |
| VATRO | Germany | Property | July | 86% | 1,133 | 720 |
| ISS Industrial Services | Finland | Property | October | 100% | 95 | 109 |
| Event Catering | Singapore | Catering | November | Activities | 42 | 85 |
| Domestic Care | Netherlands | Cleaning | December | 50% | 73 | 260 |
| ISS Property Development | Sweden | Property | January 2012 | Activities | 20 | 23 |
| House of Coffee | Denmark/ Norway | Catering | January 2012 | 100% | 185 | 93 |
| **Total** | | | | | **1,997** | **1,856** |

1) Approximate figures based on information available at the time of divestment extracted from unaudited financial information.

*Acquisitions and divestments subsequent to 31 December 2013*

Divestments made by the Group in the period from 1 January to 28 February 2014 are listed below. No acquisitions were completed in the period.

| Company/activity | Country | Service type | Excluded from the income statement | Percentage interest | Annual revenue[1] (DKK million) | Number of employees[1] |
|---|---|---|---|---|---|---|
| HiCare | India | Property Services | January | 100% | 60 | 1,337 |
| HVAC | Belgium | Property Services | January | Activities | 29 | 18 |
| Security | Israel | Security Services | February | 100% | 232 | 1,800 |
| Landscaping | France | Property Services | March | 100% | 2,071 | 2,372 |
| **Total** | | | | | **2,392** | **5,527** |

1) Approximate figures based on information available at the time of divestment extracted from unaudited financial information.

*Pro forma revenue and operating profit before other items*

For the purpose of estimating pro forma revenue and operating profit before other items, adjustments relating to acquisitions and divestments are based on estimates made by local ISS management in the respective jurisdictions in which the acquisitions and divestments occurred at the time of acquisition and divestment or actual results where available. Synergies from acquisitions are not included for periods in which the acquisitions were not controlled by the Group. The estimates are based on unaudited financial information.

These adjustments and the computation of total revenue and operating profit before other items on a pro forma basis are presented for informational purposes only. This information does not represent the results the Group would have achieved had the acquisitions and divestments during the year occurred on 1 January. In addition, the information should not be used as the basis for or prediction of any annualised calculation.

Assuming all acquisitions and divestments in the year were included as of 1 January the effect on revenue and operating profit before other items is estimated as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | | (DKK million) | |
| **Pro forma revenue** | | | |
| Revenue recognised in the income statement | 78,459 | 79,454 | 77,644 |
| Acquisitions | 3 | 20 | — |
| **Revenue adjusted for acquisitions** | **78,462** | **79,474** | **77,644** |
| Divestments | (1,515) | (467) | (1,113) |
| **Pro forma revenue** | **76,947** | **79,007** | **76,531** |

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | | (DKK million) | |
| **Pro forma operating profit before other items** | | | |
| Operating profit before other items recognised in the income statement | 4,315 | 4,411 | 4,388 |
| Acquisitions | 0 | 2 | — |
| **Operating profit before other items adjusted for acquisitions** | **4,315** | **4,413** | **4,388** |
| Divestments | (102) | (11) | (66) |
| **Pro forma operating profit before other items** | **4,213** | **4,402** | **4,322** |

## NOTE 4.2 Assets held for sale

*Accounting policy*

Assets held for sale comprises non-current assets and disposal groups held for sale. Liabilities classified as held for sale are those directly associated with the assets that will be transferred in the transaction. Assets are classified as held for sale when the carrying amount of the assets is expected to primarily be recovered through a sale within 12 months of the reporting date in accordance with a formal plan rather than through continuing use.

Immediately before classification as held for sale, the assets or disposal groups are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

Impairment losses on initial classification as held for sale, and subsequent gains and losses on remeasurement are recognised in the income statement. Gains and losses are disclosed in the notes to the consolidated financial statements.

Non-current assets and disposal groups held for sale are presented in separate lines in the statement of financial position and the main elements are specified in the notes to the consolidated financial statements. Comparative figures are not adjusted.

*Critical accounting estimates and judgements*

When classifying non-current assets and disposal groups as held for sale management makes estimates of their fair value (the final sales price and expected costs to sell). Depending on the nature of the non-current assets and disposal group's activity, assets and liabilities, the estimated fair value may be associated with uncertainty and possibly adjusted subsequently. Measurement of the fair value of disposal groups is categorised as Level 3 in the fair value hierarchy as measurement is not based on observable market data.

Management considers intangible assets relating to the disposal groups, taking into consideration how to separate the net assets (including intangible assets) relating to the disposal group from the Group's assets in the continuing business. Impairment of these intangibles both on initial classification as held for sale and subsequently is considered. The estimation uncertainty relating to impairment of intangibles in general is described below in note 4.4, Impairment tests.

*Specification of disposal groups classified as held for sale*

At 31 December disposal groups classified as held for sale comprised the following assets and liabilities:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Goodwill | 845 | 1,226 | 48 |
| Other intangibles | 65 | 271 | 4 |
| Property, plant and equipment | 134 | 156 | 34 |
| Other financial assets | 61 | 15 | 0 |
| Deferred tax assets | 42 | 14 | 2 |
| Inventories | 15 | 23 | 5 |
| Trade and other receivables | 788 | 564 | 72 |
| **Assets classified as held for sale** | **1,950** | **2,269** | **165** |
| Deferred tax liabilities | 15 | 73 | 1 |
| Tax payables | 15 | 44 | — |
| Pensions and similar obligations | 54 | 23 | — |
| Provisions | 17 | 23 | 3 |
| Loans and borrowings | 2 | 21 | — |
| Trade payables and other liabilities | 913 | 549 | 86 |
| **Liabilities classified as held for sale** | **1,016** | **733** | **90** |

*2013*

At 31 December 2013, assets held for sale comprised six businesses in Western Europe, Nordic, Asia and Pacific including the landscaping activities in France, the commercial security activities in Australia and New Zealand and the security activities in Israel. For the latter three businesses the sales process was initiated during 2013. The remaining three were classified as held for sale at 31 December 2012. However, sales processes are still ongoing and the disposal groups continue to be classified as held for sale.

During 2013, three of the businesses classified as held for sale at 31 December 2012 have been sold. The divestments comprised the pest control activities in 12 countries, the Nordic damage control activities and the landscaping activities in Norway resulting in a total gain of DKK 788 million, which was recognised in Other income and expenses, net. Additionally, one activity has been reclassified as held for use as the sales process was stalled. The impact of the reclassification on the consolidated financial statements was insignificant.

Revaluation of businesses classified as held for sale at 31 December 2013 resulted in a loss in the income statement of DKK 314 million of which DKK 24 million was recognised in Other income and expenses, net, DKK 283 million in Goodwill impairment, DKK 12 million in Amortisation and impairment of brands and customer contracts and DKK 5 million (income) in Income taxes.

*2012*

At 31 December 2012 assets held for sale comprised seven businesses in Western Europe, Nordic, Asia and Pacific. The assets and liabilities of these activities were reclassified and presented separately in the statement of financial position at the lower of the carrying amount at the date of the classification as held for sale and fair value less costs to sell. The revaluation resulted in a loss of DKK 13 million, which was recognised in the line Goodwill impairment.

During 2012, the businesses in Western Europe classified as held for sale at 31 December 2011 have been divested. The divestments comprised the landscaping activities and the washroom activities in the Netherlands and resulted in the recognition of a loss of DKK 32 million and a gain of DKK 19 million, respectively. Both were recognised in Other income and expenses, net.

*2011*

At 31 December 2011, sales processes had been initiated for two non-core activities in Western Europe, which were classified as held for sale. The assets and liabilities of these activities were reclassified and presented separately in the statement of financial position at the lower of the carrying amount at the date of the classification as held for sale and fair value less costs to sell. A loss of DKK 218 million was recognised in Goodwill impairment in connection with the reclassifications.

All businesses classified as held for sale at 31 December 2010 have been divested during 2011. The divestments comprised the non-core industrial service activities in Belgium, the non-core damage control activities, VATRO, in Germany and the investment in the associate ISS Industri-service AB in Sweden.

Upon initial classification as held for sale in 2010 no impairment losses were recognised. Subsequently, remeasurement of VATRO in June 2011 resulted in recognition of an impairment loss of DKK 61 million, which was recognised in Goodwill impairment. Upon completion of the divestments additional losses of DKK 19 million (Industrial Services, Belgium) and DKK 2 million (VATRO, Germany) were recognised in Other income and expenses, net. The divestment of the associate in Sweden resulted in a gain of DKK 6 million, which was also recognised in Other income and expenses, net.

*Cumulative income or expense recognised in other comprehensive income*

In 2013, 2012 and 2011, no cumulative income or expenses were recognised in other comprehensive income related to assets held for sale.

## NOTE 4.3 Intangible assets

*Accounting policy*

**Goodwill** is initially recognised in the statement of financial position at cost as described under "Business combinations" in note 4.1, Acquisition and divestment of businesses. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

Acquisition-related **brands** are recognised at fair value at the acquisition date. Subsequently, acquired brands with indefinite useful lives are measured at historical cost less any accumulated impairment losses.

Acquisition-related **customer contracts** are recognised at fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. The value is amortised based on the churn rate of the acquired portfolio using the declining balance method. The churn rate is calculated on a contract by contract basis and has historically averaged approximately 13% to 14% annually. In exceptional cases the value of customer contracts is amortised on a straight-line basis, e.g. based on the legal duration of the acquired contract or other relevant period, if deemed more appropriate.

**Software and other intangible assets** that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The cost of software developed for internal use includes external costs to consultants and software as well as internal direct and indirect costs related to the development. Other development costs for which it cannot be rendered probable that future economic benefits will flow to the Group are recognised in the income statement as and when incurred.

Amortisation is based on the cost of the asset and recognised in the income statement on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives for the current and comparative years are as follows:

| | Estimated useful life |
|---|---|
| Software | 5-10 years |
| Other intangible assets | 5-10 years |

Amortisation methods and useful lives are reassessed at each reporting date and adjusted if appropriate. When changing the amortisation period due to a change in the useful life, the effect on the amortisation is recognised prospectively as a change in accounting estimates.

Please refer to note 4.4, Impairment test, for a description of impairment of intangible assets.

*Critical accounting estimates and judgements*

The carrying amount of Brands is primarily related to the ISS brand, which is considered to have an indefinite useful life since there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows. Factors that played a significant role in determining that the ISS brand has an indefinite useful life are: i) the ISS brand has existed for decades, ii) the Group's strategy is based on the ISS brand, iii) all acquired brands are converted to or co-branded with the ISS brand and iv) the ISS brand is used in the business-to-business and public segments with low maintenance costs attached.

**2013**

| | Goodwill | Brands | Customer contracts | Software and other intangible assets | Total |
|---|---|---|---|---|---|
| | | | (DKK million) | | |
| Cost at 1 January | 28,225 | 1,657 | 10,608 | 1,238 | 41,728 |
| Foreign exchange adjustments | (992) | (41) | (403) | (53) | (1,489) |
| Additions and acquisitions through business combinations | (2) | — | 2 | 175 | 175 |
| Disposals through divestment of businesses | (324) | — | (146) | (46) | (516) |
| Disposals | — | — | — | (53) | (53) |
| Reclassification from/(to) Property, plant and equipment | — | — | — | (4) | (4) |
| Reclassification to Assets classified as held for sale | (833) | — | (155) | (39) | (1,027) |
| **Cost at 31 December** | **26,074** | **1,616** | **9,906** | **1,218** | **38,814** |
| Amortisation and impairment losses at 1 January | (2,384) | (26) | (6,579) | (770) | (9,759) |
| Foreign exchange adjustments | (8) | (0) | 239 | 33 | 264 |
| Amortisation | — | — | (492) | (151) | (643) |
| Impairment losses[1)] | (985) | — | (175) | — | (1,160) |
| Disposals through divestment of businesses | 186 | — | 116 | 31 | 333 |
| Disposals | — | — | — | 42 | 42 |
| Reclassification (from)/to Property, plant and equipment | — | — | — | 2 | 2 |
| Reclassification to Assets classified as held for sale | 272 | — | 146 | 35 | 453 |
| **Amortisation and impairment losses at 31 December** | **(2,919)** | **(26)** | **(6,745)** | **(778)** | **(10,468)** |
| **Carrying amount at 31 December** | **23,155** | **1,590** | **3,161** | **440** | **28,346** |

**2012**

| | Goodwill | Brands | Customer contracts | Software and other intangible assets | Total |
|---|---|---|---|---|---|
| | | | (DKK million) | | |
| Cost at 1 January | 29,366 | 1,635 | 11,079 | 1,094 | 43,174 |
| Foreign exchange adjustments | 336 | 22 | 130 | 17 | 505 |
| Additions and acquisitions through business combinations | 24 | — | 11 | 191 | 226 |
| Disposals through divestment of businesses | (246) | — | (78) | (6) | (330) |
| Disposals | — | — | — | (8) | (8) |
| Reclassification from/(to) Property, plant and equipment | — | — | — | 35 | 35 |
| Reclassification to Assets classified as held for sale | (1,255) | — | (534) | (85) | (1,874) |
| **Cost at 31 December** | **28,225** | **1,657** | **10,608** | **1,238** | **41,728** |
| Amortisation and impairment losses at 1 January | (2,196) | (26) | (6,190) | (665) | (9,077) |
| Foreign exchange adjustments | (9) | (0) | (70) | (12) | (91) |
| Amortisation | — | — | (620) | (153) | (773) |
| Impairment losses[1)] | (385) | — | (53) | — | (438) |
| Disposals through divestment of businesses | 173 | — | 59 | 5 | 237 |
| Disposals | — | — | — | 2 | 2 |
| Reclassification to Assets classified as held for sale | 33 | — | 295 | 53 | 381 |
| **Amortisation and impairment losses at 31 December** | **(2,384)** | **(26)** | **(6,579)** | **(770)** | **(9,759)** |
| **Carrying amount at 31 December** | **25,841** | **1,631** | **4,029** | **468** | **31,969** |

1) For a breakdown of impairment losses on goodwill, see note 4.5, Goodwill impairment. Impairment losses on customer contracts in 2013 identified in impairment tests in France and the Netherlands leading to losses of DKK 118 million and DKK 24 million, respectively. Furthermore, divestments and reclassification as held for sale of non-core activities in certain countries resulted in additional losses of DKK 33 million. In 2012, impairment losses on customer contracts mainly related to Greece of DKK 46 million.

**2011**

| | Goodwill | Brands | Customer contracts | Software and other intangible assets | Total |
|---|---|---|---|---|---|
| | | | (DKK million) | | |
| Cost at 1 January | 29,748 | 1,641 | 11,113 | 906 | 43,408 |
| Foreign exchange adjustments | (33) | 2 | 5 | (7) | (33) |
| Additions and acquisition through business combinations | 5 | — | — | 189 | 194 |
| Disposals through divestment of businesses | (66) | — | (22) | — | (88) |
| Disposals | (22) | (8) | — | (11) | (41) |
| Reclassification from/(to) Property, plant and equipment | — | — | — | 22 | 22 |
| Reclassification to Assets classified as held for sale | (266) | — | (17) | (5) | (288) |
| **Cost at 31 December** | **29,366** | **1,635** | **11,079** | **1,094** | **43,174** |
| Amortisation and impairment losses at 1 January | (2,001) | (29) | (5,501) | (519) | (8,050) |
| Foreign exchange adjustments | 5 | — | (15) | 2 | (8) |
| Amortisation | — | (5) | (696) | (146) | (847) |
| Impairment losses[1)] | (501) | — | — | — | (501) |
| Disposals through divestment of businesses | 61 | — | 7 | — | 68 |
| Disposals | 22 | 8 | — | (1) | 29 |
| Reclassification (from)/to Property, plant and equipment | — | — | — | (4) | (4) |
| Reclassification to Assets classified as held for sale | 218 | — | 15 | 3 | 236 |
| **Amortisation and impairment losses at 31 December** | **(2,196)** | **(26)** | **(6,190)** | **(665)** | **(9,077)** |
| **Carrying amount at 31 December** | **27,170** | **1,609** | **4,889** | **429** | **34,097** |

1) For a breakdown of impairment losses on goodwill, see note 4.5, Goodwill impairment.

## NOTE 4.4 Impairment tests

*Accounting policy*

Intangible assets with an indefinite useful life, i.e. goodwill and brands, are subject to impairment testing at least annually or when circumstances indicate that the carrying amount may be impaired. The carrying amount of other non-current assets is tested annually for indications of impairment.

If an indication of impairment exists, the recoverable amount of the asset is determined. The recoverable amount is the higher of the fair value of the asset less anticipated costs of disposal and its value in use. The value in use is calculated as the present value of expected future cash flows from the asset or the cash-generating unit to which the asset belongs. The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated.

An impairment loss is recognised in the income statement in a separate line if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses are only reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

*Critical accounting estimates and judgements*

In performing the impairment test management makes an assessment of whether the cash-generating unit to which the intangibles relate will be able to generate positive net cash flows sufficient to support the value of intangibles and other net assets of the entity.

This assessment is based on estimates of expected future cash flows (value-in-use) made on the basis of financial budgets for the following financial year. In addition to these the key assumptions used to estimate expected future cash flows are discount rates and growth. During recent years increased volatility in risk free interest rates has been experienced which generally has increased the estimation uncertainty. For further information please refer to "Estimates used to measure recoverable amount" below.

*Impairment test procedure*

Impairment tests are carried out per country as this represents the lowest level of cash-generating units (CGUs) to which the carrying amount of intangibles can be allocated and monitored with any reasonable certainty. This level of allocation and monitoring of intangibles should be seen in the light of the Group's strategy to integrate acquired companies as quickly as possible in order to benefit from synergies.

Acquired companies are typically organisationally integrated and merged with (or activities transferred to) existing Group companies shortly after the completion of the acquisition. Furthermore, synergies and other effects resulting from cooperation with existing Group companies in their geographical or business area normally influence the financial performance of an acquired company. Consequently, after a short period of time, it is generally not possible to track and measure the value of intangibles of the individual acquired companies (or activities) with any reasonable certainty.

*Estimates used to measure recoverable amount*

The recoverable amount of each CGU is determined on the basis of its value-in-use. The value-in-use is established using certain key assumptions as described below. The key assumptions are revenue growth and discount rates.

Value-in-use cash flow projections are based on financial budgets approved by management covering the following financial year. The assumptions applied in the short to medium term are based on management's expectations regarding the operational development and growth. The terminal growth rates do not exceed the expected long-term average growth rate including inflation for the country in which the CGUs operate.

The country specific discount rates, which are calculated net of tax, are generally based on 10 year government bonds of the individual countries. An interest premium is added to adjust for the inconsistency of applying government bonds with a short-term maturity when discounting the estimated future cash flows with infinite maturity. In the PIIGS countries, including Greece, Ireland, Italy, Portugal and Spain, the country specific discount rates are based on a 20 year German government bond with the addition of a 10 year Credit Default Swap weighted with the exposure to the public sector in the individual countries. This is due to the continued increased volatility and uncertainty related to interest rates on government bonds in these countries.

Following the investment by Ontario Teachers' Pension Plan Board through 2337323 Ontario Limited and KIRKBI Invest A/S in 2012 the capital structure was reassessed and a target ratio of 30/70 (2012/2011: 30/70 and 60/40) between the market value of debt and equity value has been applied in the calculation. As a company based in Europe, the Group assumes the long-term market equity risk premium to be 5.5% (2012/2011: 6.0%/5.0%). Uncertainties reflecting historical performance and possible variations in the amount or timing of the future cash flows are generally reflected in the discount rates. Consequently, a country specific risk premium is added to the discount rates to reflect the specific risk associated with each CGU.

*Impairment test results 2013*

The impairment test as per 31 December 2013 resulted in recognition of an impairment loss of DKK 288 million in France in addition to the loss of DKK 230 million recognised as per 30 September 2013. The total impairment loss recognised in 2013 for France was DKK 518 million due to an update in the assumptions in the business plan of which DKK 400 million related to goodwill and DKK 118 million related to customer contracts.

Furthermore, an impairment loss of DKK 124 million was recognised in the Netherlands following an update in the business plan as well as an increase in the discount rate applied of which DKK 100 million related to goodwill and DKK 24 million related to customer contracts.

*Impairment test results 2012*

The impairment test as per 31 December 2012 resulted in recognition of an impairment loss on goodwill of DKK 200 million in France. The impairment loss was mainly attributable to the negative impact from new tax rules imposed late 2012 with retroactive effect as per 1 January 2012 limiting the deductibility of net interest expenses.

Furthermore, an impairment loss of DKK 46 million on customer contracts in Greece was recognised due to the continued unstable economic environment. Following the recognition of the impairment loss the carrying amount of intangibles in Greece is zero.

*Impairment test results 2011*

At 30 June 2011, the impairment test for ISS Spain resulted in recognition of an impairment loss of DKK 200 million mainly due to difficult macroeconomic conditions combined with an increase in the discount rate applied following the amendment and extension of the Senior Facilities Agreement. As per 31 December 2011, the assumptions in the business plan were evaluated and updated again as part of the annual impairment testing. No additional impairment losses were identified.

*Carrying amounts and key assumptions*

The carrying amount of intangibles and the key assumptions[1)] used in the impairment testing as per 31 December are presented below for each CGU representing more than 5% of the carrying amount of the Group's intangibles.

**2013**

| | Carrying amount | | | | Applied key assumptions | | |
|---|---|---|---|---|---|---|---|
| | Goodwill | Brands | Customer contracts | Total intangibles | Long-term growth | Discount rate, net of tax | Discount rate, pre tax |
| | | | | (DKK million) | | | |
| France[2)] | 2,491 | 300 | 179 | 2,970 | 2.5% | 8.7% | 14.3% |
| United Kingdom | 2,343 | 171 | 411 | 2,925 | 2.5% | 9.5% | 11.4% |
| Finland | 2,268 | 120 | 401 | 2,789 | 2.0% | 8.4% | 10.1% |
| Norway | 1,537 | 128 | 337 | 2,002 | 2.0% | 9.7% | 12.8% |
| Denmark | 1,648 | 131 | 149 | 1,928 | 2.0% | 8.8% | 10.9% |
| Netherlands[3)] | 1,418 | 122 | 58 | 1,598 | 2.0% | 9.2% | 11.6% |
| Belgium | 1,312 | 86 | 133 | 1,531 | 2.5% | 9.2% | 13.0% |
| Switzerland | 1,237 | 62 | 168 | 1,467 | 2.0% | 6.8% | 8.2% |
| Australia | 1,294 | 11 | 147 | 1,452 | 3.0% | 10.8% | 14.2% |
| Sweden | 1,175 | 118 | 120 | 1,413 | 2.0% | 9.3% | 11.6% |
| Other countries | 6,432 | 341 | 1,058 | 7,831 | — | — | — |
| **Total carrying amount** | **23,155** | **1,590** | **3,161** | **27,906** | | | |

**2012**

| | Carrying amount | | | | Applied key assumptions | | |
|---|---|---|---|---|---|---|---|
| | Goodwill | Brands | Customer contracts | Total intangibles | Long-term growth | Discount rate, net of tax | Discount rate, pre tax |
| | | | | (DKK million) | | | |
| France[2)] | 3,555 | 300 | 358 | 4,213 | 2.5% | 8.8% | 14.3% |
| United Kingdom | 2,399 | 175 | 473 | 3,047 | 2.5% | 8.8% | 10.9% |
| Finland | 2,292 | 120 | 448 | 2,860 | 2.0% | 8.5% | 10.8% |
| Norway | 1,752 | 147 | 419 | 2,318 | 2.0% | 9.7% | 13.0% |
| Denmark | 1,689 | 131 | 186 | 2,006 | 2.0% | 8.7% | 11.1% |
| Australia | 1,669 | 13 | 220 | 1,902 | 3.0% | 10.6% | 14.0% |
| Netherlands | 1,609 | 122 | 117 | 1,848 | 2.0% | 9.0% | 11.3% |
| Belgium | 1,343 | 86 | 158 | 1,587 | 2.5% | 9.4% | 13.3% |
| Other countries | 9,533 | 537 | 1,650 | 11,720 | — | — | — |
| **Total carrying amount** | **25,841** | **1,631** | **4,029** | **31,501** | | | |

**2011**

| | Carrying amount | | | | Applied key assumptions | | |
|---|---|---|---|---|---|---|---|
| | Goodwill | Brands | Customer contracts | Total intangibles | Long-term growth | Discount rate, net of tax | Discount rate, pre tax |
| | | | | (DKK million) | | | |
| France[2)] | 3,914 | 299 | 445 | 4,658 | 2.5% | 9.0% | 14.6% |
| United Kingdom | 2,338 | 170 | 516 | 3,024 | 2.5% | 8.5% | 10.7% |
| Finland | 2,284 | 120 | 500 | 2,904 | 2.0% | 8.7% | 11.1% |
| Norway | 2,084 | 139 | 482 | 2,705 | 2.0% | 9.6% | 12.9% |
| Australia | 1,844 | 13 | 291 | 2,148 | 3.0% | 10.5% | 14.1% |
| Denmark | 1,739 | 131 | 216 | 2,086 | 2.0% | 8.9% | 11.4% |
| Netherlands | 1,604 | 121 | 138 | 1,863 | 2.0% | 9.2% | 11.6% |
| Belgium | 1,491 | 85 | 211 | 1,787 | 2.5% | 10.2% | 14.7% |
| Spain | 1,114 | 90 | 271 | 1,475 | 2.5% | 10.4% | 14.1% |
| Other countries | 8,758 | 441 | 1,819 | 11,018 | — | — | — |
| **Total carrying amount** | **27,170** | **1,609** | **4,889** | **33,668** | | | |

1) The key assumptions applied in the impairment tests are used for accounting purposes and should not be considered a forward-looking statement within the meaning of the US Private Securities Litigation Act of 1995 and similar laws in other countries regarding expectations to the future development.
2) The growth is expected to be in the range 0.3% to 7.7% over the next five years (2012/2011: 0.5% to 5.0% over the next six years/1.1% to 5.0% over the next seven years). The recoverable amount of the CGU is estimated at DKK 2.4 billion at 31 December 2013, which equals the carrying amount of the CGU's net assets. Net assets comprise total intangible assets reduced by other net assets, which are negative at 31 December 2013.
3) The recoverable amount of the CGU is estimated at DKK 1.3 billion at 31 December 2013, which equals the carrying amount of the CGU's net assets. Net assets comprise total intangible assets reduced by other net assets, which are negative at 31 December 2013.

*Sensitivity analysis*

A sensitivity analysis on the key assumptions in the impairment testing is presented below. The allowed change represents the percentage points by which the value assigned to the key assumption as applied in the expected long-term rate can change, all other things being equal, before the CGU's recoverable amount equals its carrying amount.

**2013**

| | Growth | | Discount rate, net of tax | |
|---|---|---|---|---|
| | **Applied expected long-term rate** | **Allowed decrease** | **Applied rate** | **Allowed decrease** |
| France | 2.5% | 0.0% | 8.7% | 0.0% |
| United Kingdom | 2.5% | >2.5% | 9.5% | >3.0% |
| Finland | 2.0% | >2.0% | 8.4% | 2.8% |
| Norway | 2.0% | >2.0% | 9.7% | >3.0% |
| Denmark | 2.0% | 1.6% | 8.8% | 1.7% |
| Netherlands | 2.0% | 0.0% | 9.2% | 0.0% |
| Belgium | 2.5% | 0.5% | 9.2% | 0.4% |
| Switzerland | 2.0% | >2.0% | 6.8% | >3.0% |
| Australia | 3.0% | 0.7% | 10.8% | 0.5% |
| Sweden | 2.0% | >2.0% | 9.3% | >3.0% |

**2012**

| | Growth | | Discount rate, net of tax | |
|---|---|---|---|---|
| | **Applied expected long-term rate** | **Allowed decrease** | **Applied rate** | **Allowed decrease** |
| France | 2.5% | 0.0% | 8.8% | 0.0% |
| United Kingdom | 2.5% | >2.5% | 8.8% | >3.0% |
| Finland | 2.0% | >2.0% | 8.5% | >3.0% |
| Norway | 2.0% | >2.0% | 9.7% | >3.0% |
| Denmark | 2.0% | 1.3% | 8.7% | 1.4% |
| Australia | 3.0% | 0.8% | 10.6% | 0.7% |
| Netherlands | 2.0% | 0.6% | 9.0% | 0.4% |
| Belgium | 2.5% | 1.6% | 9.4% | 1.3% |

**2011**

| | Growth | | Discount rate, net of tax | |
|---|---|---|---|---|
| | Applied expected long-term rate | Allowed decrease | Applied rate | Allowed decrease |
| France | 2.5% | 0.0% | 9.0% | 0.0% |
| United Kingdom | 2.5% | >2.5% | 8.5% | >3.0% |
| Finland | 2.0% | >2.0% | 8.7% | 3.0% |
| Norway | 2.0% | >2.0% | 9.6% | >3.0% |
| Australia | 3.0% | >3.0% | 10.5% | >3.0% |
| Denmark | 2.0% | 0.4% | 8.9% | 0.3% |
| Netherlands | 2.0% | 0.4% | 9.2% | 0.3% |
| Belgium | 2.5% | 0.3% | 10.2% | 0.2% |
| Spain | 2.5% | 0.8% | 10.4% | 0.6% |

**NOTE 4.5 Goodwill impairment**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Impairment losses identified in impairment tests | 500 | 200 | 200 |
| Impairment losses derived from divestment of businesses | 485 | 185 | 301 |
| **Goodwill impairment** | **985** | **385** | **501** |

**Impairment losses identified in impairment tests** in 2013 related to France and the Netherlands, as described in note 4.4, Impairment test. In 2012, impairment losses related to France and was mainly attributable to the negative impact from new tax rules imposed in late 2012 with retroactive effect as per 1 January 2012 limiting the deductibility of net interest expenses. In 2011, impairment losses related to Spain and was mainly attributable to the difficult macroeconomic conditions combined with an increase in the discount rate applied following the amendment and extension of the Senior Facilities Agreement.

**Impairment losses derived from divestment of businesses** mainly related to the divestment of the security activities in the Netherlands of DKK 81 million, the industrial cleaning services in Italy of DKK 41 million and certain landscaping activities in the USA of DKK 30 million. Furthermore, remeasurement of businesses classified as held for sale resulted in impairment losses amounting to DKK 283 million stemming from the commercial security activities in Australia and New Zealand, DKK 133 million, the landscaping activities in France, DKK 92 million, and the security activities in Israel, DKK 58 million. In 2012, impairment losses mainly related to the divestment of the office support services in France, resulting in a loss of DKK 172 million. In 2011, impairment losses primarily related to the remeasurement of net assets of the landscaping activities in the Netherlands of DKK 218 million, which were subsequently sold in 2012. The remaining loss related to the divestment of the damage control business, VATRO, in Germany and three divested activities in Norway; Elektro Kristiansand, Elektro Oslo and Ventilasjon.

**Section 5 Capital structure**

In 2013, ISS continued the deleveraging and further simplified the capital structure. The Group divested a number of businesses including the pest control activities and damage control activities as described in section 4. With the proceeds from the divestments ISS partially redeemed the 8.875% Senior Subordinated Notes, thereby addressing 56% of the most expensive part of the debt, leading to a significant reduction in net debt and interest cost savings going forward.

The deleveraging in recent years has resulted in improved credit ratings of ISS. In February 2014, following the announcement of the intended IPO S&P assigned a long-term credit rating of ISS A/S and its wholly-owned subsidiaries ISS World Services A/S and ISS Global A/S (ISS Global) of BB with a Positive Watch and Moody's assigned ISS a long-term credit rating of Ba3 Positive Review.

In this section, the following notes are presented:

**5.1 Share capital**
**5.2 Loans and borrowings**
**5.3 Liquidity risk**
**5.4 Currency risk**

**5.5 Interest rate risk**
**5.6 Derivatives**
**5.7 Financial income and financial expenses**

| | |
|---|---|
| **Corporate Credit ratings** | |
| Standard & Poor's | BB Positive Watch |
| Moody's | Ba3 Positive Review |
| **ISS A/S 8.875% Senior Subordinated Notes 2016** | |
| Issuer | ISS A/S |
| Standard & Poor's | B+ |
| Moody's | B2 Positive Review |
| **ISS Global A/S 4.5% Medium Term Notes 2014** | |
| Issuer | ISS Global A/S |
| Standard & Poor's | B+ |
| **Senior Facilities Agreement** | |
| Borrower | ISS A/S and its subsidiaries |
| Standard & Poor's | BB |
| Moody's | Ba2 Positive Review |

**Note 5.1 Share capital**

ISS A/S's share capital is indirectly owned by funds advised by EQT Partners (EQT), funds advised by affiliates of The Goldman Sachs Group Inc. (GSCP), as well as Ontario Teachers' Pension Plan Board through 2337323 Ontario Limited (OTPP) and KIRKBI Invest A/S (KIRKBI). EQT and GSCP indirectly hold approximately 40% and 33% of the share capital, respectively. OTPP and KIRKBI indirectly hold approximately 18% and 8% of the share capital, respectively. The remaining approximately 1% is indirectly held by certain current and former members of the Board of Directors, current and former members of the Executive Group Management Board as well as current and former senior officers of the Group through Directors' and Management Participation Programmes. At 31 December 2013, the carrying amount of Shareholders' equity (including non-controlling interests) was DKK 4,246 million (2012/2011: DKK 5,107 million/ DKK 2,139 million).

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| | Nominal value (DKK million) | Number of shares (in thousands) | Nominal value (DKK million) | Number of shares (in thousands) | Nominal value (DKK million) | Number of shares (in thousands) |
| Share capital at 1 January | 135 | 135,443 | 100 | 100,000 | 100 | 100,000 |
| Issued for cash | — | — | 35 | 35,443 | — | — |
| **Share capital at 31 December—fully paid** | **135** | **135,443** | **135** | **135,443** | **100** | **100,000** |

At 31 December 2013, a total of 135,443,319 shares with a nominal value of DKK 1 per share were issued and fully paid (2012/2011: 135,443,319 shares/100,000,001 shares). No shares carry special rights. At 31 December 2013, shares were not freely transferable as any transfer required the consent of the Board of Directors. Effective 1 March 2014, the Articles of Association have been changed resulting in the shares being freely transferable.

*Capital management*

The Group monitors the capital structure and evaluates the need for adjustments on an ongoing basis. The Group's objectives for managing capital and what is managed as capital are described in note 5.3, Liquidity risk. The dividend policy and payment of dividends is made subject to the necessary consolidation of equity and the Group's continuing expansion. The Group seeks to reduce the financial leverage on a multiple basis in terms of net debt to pro forma adjusted EBITDA.

ISS A/S (the Group's parent) is a holding company, and its primary assets are shares in ISS World Services A/S. ISS A/S has no revenue generating operations of its own, and therefore ISS A/S's cash flow and ability to service its indebtedness, will primarily depend on the operating performance and financial condition of ISS World Services A/S and its operating subsidiaries, and the receipt by ISS A/S of funds from ISS World Services A/S and its subsidiaries.

## NOTE 5.2 Loans and borrowings

*Accounting policy*

Financial liabilities are recognised at the date of borrowing at fair value less related transaction costs paid. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Any difference between the proceeds initially received and the nominal value is recognised in the income statement under Financial expenses over the term of the loan. Financial liabilities also include the capitalised residual obligation on finance leases, which are measured at amortised cost.

*Terms and maturity of the Group's interest-bearing loans and borrowings and net debt*

| (DKK million) | Nominal interest rate | Average effective interest rate | Currency | Year of maturity | Face value | Amount hedged | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Carrying amount | | |
| **Issued bonds (fixed interest rate):** | | | | | | | | | |
| Subordinated Notes | 8.875% | 8.96% | EUR | 2016 | 1,912 | — | 1,898 | 4,291 | 4,262 |
| EMTNs | 4.50% | 4.67% | EUR | 2014 | 824 | — | 805 | 784 | 760 |
| Senior Notes | 11.00% | — | EUR | 2014 | — | — | — | — | 3,797 |
| **Total issued bonds** | | | | | **2,736** | **—** | **2,703** | **5,075** | **8,819** |
| **Bank loans (floating interest rate):** | | | | | | | | | |
| Senior Facilities: | | | | | | | | | |
| Term Facility A | Libor + 2.00% | — | SEK, NOK, CHF | 2012 | — | — | — | — | 318 |
| Term Facility A | Euribor + 3.50% | 3.72% | EUR | 2018 | 2,448 | 2,239 | 2,435 | — | — |
| Term Facility B | Libor + 2.00% | 2.27% | EUR, GBP | 2013 | — | — | — | 467 | 481 |
| Term Facility B | Libor + 3.50% | 3.74% | EUR, GBP | 2015 | 1,040 | — | 1,035 | 12,110 | 12,445 |
| Term Facility B | Libor + 4.00% | 4.33% | EUR, GBP | 2018 | 11,032 | 9,325 | 10,918 | — | — |
| Term Facility B | Libor + 2.75%[1] | 3.81% | USD | 2018 | 1,885 | — | 1,866 | — | — |
| Acquisition Facility A | Euribor + 2.25% | — | EUR | 2012 | — | — | — | — | 174 |
| Acquisition Facility B | Euribor + 2.25% | 2.38% | EUR | 2013 | — | — | — | 56 | 62 |
| Acquisition Facility B | Euribor + 3.75% | 3.93% | EUR | 2015 | — | — | — | 1,839 | 2,032 |
| Acquisition Facility B | Euribor + 4.00% | 4.17% | EUR | 2018 | 1,839 | 1,492 | 1,830 | — | — |
| Revolving Credit Facility | Libor + 3.75% | — | Multi currency | 2014 | 243 | — | 243 | 1,815 | 1,760 |
| Revolving Credit Facility | Libor + 4.00% | — | Multi currency | 2017 | 1,257 | — | 1,257 | — | — |
| Letter of Credit Facility | Libor + 3.75% | — | Multi currency | 2014/17 | 74 | — | 74 | 161 | 208 |
| Second Lien Facility | Euribor + 3.75% | 3.91% | EUR | 2015 | — | — | — | 599 | 597 |
| Second Lien Facility | Euribor + 4.25% | 4.42% | EUR | 2015 | — | — | — | 3,867 | 3,849 |
| Bank loans and overdrafts | — | — | Multi currency | — | 728 | — | 728 | 754 | 385 |
| **Total bank loans** | | | | | **20,546** | **13,056** | **20,386** | **21,668** | **22,311** |
| **Securitisation** | Libor + 2.50% | 2.77% | Multi currency | 2015 | **2,773** | **—** | **2,760** | **2,617** | **2,604** |
| **Derivatives:** | | | | | | | | | |
| Interest rate swaps | — | — | — | — | — | — | 52 | 112 | 43 |
| Currency swaps | — | — | — | — | — | — | 13 | — | 36 |
| **Total derivatives** | | | | | | | **65** | **112** | **79** |
| **Finance lease liabilities** | — | — | — | — | **150** | **—** | **150** | **146** | **146** |
| **Loans and borrowings** | — | 4.39% | — | — | **26,205** | **13,056** | **26,064** | **29,618** | **33,959** |
| Non-current liabilities | | | | | | | 20,416 | 24,011 | 28,181 |
| Current liabilities | | | | | | | 5,648 | 5,607 | 5,778 |
| **Loans and borrowings** | | | | | | | **26,064** | **29,618** | **33,959** |
| Cash and cash equivalents and other financial items[2] | | | | | | | (3,413) | (3,663) | (4,054) |
| **Net debt** | | | | | | | **22,651** | **25,955** | **29,905** |

The fair value of loans and borrowings is disclosed in note 8.7, Financial assets and liabilities.

1) For the Term Facility B USD facility maturing in 2018, Libor has a floor of 1%, i.e. the base rate is the higher of Libor or 1%.
2) Includes the positive fair value of currency swaps of DKK 21 million (2012/2011: DKK 48 million/DKK 0 million), the loan to FS Invest S.à r.l of DKK 98 million (2012/2011: DKK 71 million/DKK 0 million) and securities of DKK 17 million (2012/2011: DKK 16 million/DKK 17 million).

In 2013, financing fees amounting to DKK 193 million (2012/2011: DKK 10 million/DKK 174 million) have been recognised in loans and borrowings while accumulated financing fees recognised in loans and borrowings on 31 December 2013 amounted to DKK 188 million (2012/2011: DKK 170 million/ DKK 347 million).

*Refinancing 2013*

In April 2013, ISS refinanced its EUR 600 million Second Lien Facility and received support from lenders consenting to a three-year extension of the predominant part of the Senior Credit Facilities to either December 2017 or April 2018. The new tranches refinancing the EUR 600 million Second Lien Facility were split between two tranches of EUR 330 million and USD 350 million, respectively, which resulted in a new consortium of lenders consisting of both existing and new lenders.

The refinancing resulted in a margin increase of 50 bps on Term Facility B and 25 bps on the Revolving Credit Facility, the Letter of Credit Facility as well as the Acquisition Facility B leaving all extended tranches at an initial margin of 400 bps, but with step-downs applying following a leverage ratchet. On the new term facilities refinancing the Second Lien Facility margins applying to the EUR and USD tranches are initially 350 bps and 275 bps, respectively.

Additionally, ISS completed two excess proceeds offers and conditional partial redemptions of the EUR 581.5 million 8.875% Senior Subordinated Notes due 2016 in an aggregate amount of EUR 325.2 million.

The impact on the income statement of the refinancing and the redemption of bonds is shown in note 5.7, Financial income and financial expenses.

Furthermore, in August 2013, the securitisation programme was extended with one year to September 2015. The size of the credit facility was kept unchanged at DKK 3.0 billion (EUR 400 million) and the pricing of the programme was reduced by 25 bps on the interest margin.

*Refinancing 2012*

In August 2012, the maturity of the Group's securitisation programme was extended with one year from September 2013 to September 2014. The principal value of the facility of DKK 3.0 billion (EUR 400 million) was unchanged.

In December 2012, the 11% Senior Notes due 2014 of DKK 3,917 million (EUR 525 million) were fully redeemed via proceeds from the capital increase in ISS A/S following the investment by OTPP and KIRKBI.

*Refinancing 2011*

Effective 24 June 2011, ISS extended certain tranches under its Senior Facilities Agreement and implemented other amendments intended to increase the operational flexibility and among other things approved the capacity to increase its Revolving Credit Facility by an additional DKK 1.5 billion. Consequently, 96% of the Term Facility B and Acquisition Facility B was extended from December 2013 to April 2015, and 98% of the Revolving Credit Facility and Letter of Credit Facility was extended from June 2012 to December 2014. An interest margin increase of 150 bps was applied across the extended tranches, and an interest margin increase of 50 bps was applied for the lenders in the Second Lien Facility that consented to the amendments. The refinancing was executed as a non-cash transaction.

Furthermore, effective 1 July 2011 the maturity of the Group's securitisation programme was extended with one year from September 2012 to September 2013, the principal value of the facility was reduced from DKK 3.7 billion (EUR 500 million) to DKK 3.0 billion (EUR 400 million), and the margin was reduced by 25 bps.

*Bonds*

**Subordinated Notes** ISS A/S has outstanding EUR 256.3 million 8.875% Subordinated Notes maturing on 15 May 2016. Notes of EUR 454 million were originally issued in May 2006, and in March 2010, an additional EUR 127.5 million was issued under the same indenture. In July and December 2013, a total of EUR 325.2 million were redeemed as explained above under Refinancing 2013. The notes are listed and traded on the Euro MTF market of the Luxembourg Stock Exchange.

**EMTNs** ISS Global has issued EUR 110.4 million of 4.50% senior unsecured Medium Term Notes maturing on 8 December 2014. The notes are listed on the Luxembourg Stock Exchange and traded on the regulated market of the Luxembourg Stock Exchange.

*Bank loans*

Senior Facilities

ISS A/S and its subsidiaries are borrowers under the Senior Facility consisting of Term Loans, Acquisition Facilities, a Revolving Credit Facility and a Letter of Credit Facility. The Senior Facilities mature between 2013 and 2018 and include customary loan covenant clauses. The senior lenders comprise a syndicate of international banks and institutional investors. At 31 December 2013, ISS had Senior Facilities of DKK 23.0 billion under which DKK 19.8 billion was drawn and DKK 0.7 billion was allocated to support performance bonds issued by operating subsidiaries.

Borrowings under the Revolving Credit Facility are primarily provided by local lenders to certain subsidiaries.

The letter of Credit Facility is used for issuing letters of credit primarily in support of borrowings, other than borrowings under the Revolving Credit Facility or the Secured Local Facilities.

Other credit facilities

ISS had DKK 1.0 billion of other credit facilities as of 31 December 2013. Such facilities comprise mainly other local credit facilities and finance leases, which are not part of the Senior Facilities.

*Securitisation*

ISS has established a securitisation programme with a credit facility of DKK 3.0 billion of which DKK 2.8 billion had been utilised at 31 December 2013. The programme includes Austria, Belgium, Denmark, France, Germany, the Netherlands, Norway, Spain, Sweden and the United Kingdom.

In August 2013, the maturity of the securitisation programme was extended for the third time by one year from September 2014 to September 2015. The securitisation programme can be extended for an additional year at a time, and since it is structured according to S&P's methodology this can be done either with the existing banks (HSBC and Nordea) or a third party, should this become relevant.

**NOTE 5.3 Liquidity risk**

Liquidity risk results from the Group's potential inability or difficulty in meeting the contractual obligations associated with its financial liabilities due to insufficient liquidity. Raising capital is managed centrally in Group Treasury. The purpose is to ensure efficient liquidity management, which mainly comprise ensuring that adequate liquidity is available to the Group. Group Treasury mitigates liquidity risk by obtaining borrowing facilities with highly rated financial institutions, via issued bonds, bank loans and securitisation and via effective working capital management.

For day-to-day liquidity management cash pools have been established in several local entities. As a result excess liquidity is transferred to and from ISS Global A/S, which operates as the internal bank of the Group.

The Group's liquid reserves mainly consist of liquid funds (cash and cash equivalents less not readily available or restricted cash) and unused credit facilities. As at 31 December 2013, the Group's liquid reserves consisted of readily available liquid funds of DKK 3,113 million (2012/2011: DKK 3,353 million/ DKK 3,613 million) and unused revolving credit facilities of DKK 2,970 million (2012/2011: DKK 2,140 million/DKK 957 million) where the majority is available for drawing until 31 December 2017. It is the Group's policy to maintain an appropriate level of liquid reserves. Cash in the Group's consolidated SPEs under the securitisation programme amounts to DKK 1,532 million (2012/2011: DKK 1,311 million/ DKK 1,313 million), of which DKK 133 million (2012/2011: DKK 110 million/DKK 392 million) are excluded from the liquid reserves as they are not considered readily available for general use by the parent company or other subsidiaries at 31 December 2013. In addition DKK 31 million (2012/2011: DKK 65 million/ DKK 32 million) of the total cash position at 31 December 2013 was placed on blocked or restricted bank accounts due to legal circumstances.

The bank loans and Subordinated Notes are subject to customary undertakings, covenants (including financial covenants) and other restrictions. Financial covenants comprise: i) Debt cover ii) Senior debt cover, iii) Cash flow cover, iv) Interest cover and v) Limitation on Capex spending. The financial covenants are calculated on a last-twelve-months basis and reported quarterly, except for ii) and v), which are only reported at year-end. In the event of a default under those agreements, the debt incurred including accrued interest could be declared immediately due and payable. In 2013, 2012 and 2011, all covenants have been complied with.

*Contractual maturities of financial liabilities*

The contractual maturities of financial liabilities, based on undiscounted contractual cash flows, are shown below. The undiscounted contractual cash flows include expected interest payments, estimated based on market expectations at the reporting date.

The risk implied from the values in the maturity table below reflects the one-sided scenario of cash outflows only. Finance lease liabilities, trade payables, contingent considerations and deferred payments mainly originate from the financing of assets such as property, plant and equipment and investments in working capital, e.g. trade and other receivables.

**2013**

| | Carrying amount | Contractual cash flows | < 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years |
|---|---|---|---|---|---|---|---|---|
| | | | | (DKK million) | | | | |
| Issued bonds | 2,703 | 3,173 | 1,028 | 170 | 1,975 | — | — | — |
| Bank loans | 20,386 | 24,313 | 2,883 | 2,389 | 1,363 | 1,452 | 16,226 | 0 |
| Securitisation | 2,760 | 2,773 | 2,773 | — | — | — | — | — |
| Finance lease liability | 150 | 166 | 56 | 45 | 35 | 21 | 6 | 3 |
| Trade payables | 3,436 | 3,436 | 3,436 | — | — | — | — | — |
| Contingent considerations and deferred payments | 108 | 131 | 17 | 24 | 87 | 3 | — | — |
| Liabilities classified as held for sale | 247 | 247 | 247 | — | — | — | — | — |
| **Total non-derivative financial liabilities** | **29,790** | **34,239** | **10,440** | **2,628** | **3,460** | **1,476** | **16,232** | **3** |
| **Hereof estimated interest payments** | **—** | **4,241** | **1,085** | **968** | **923** | **943** | **322** | **0** |
| Interest rate swaps | 52 | 52 | 44 | 8 | — | — | — | — |
| Currency swaps | 13 | 13 | 13 | — | — | — | — | — |
| **Total derivative financial liabilities** | **65** | **65** | **57** | **8** | **—** | **—** | **—** | **—** |

**2012**

| | Carrying amount | Contractual cash flows | < 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years |
|---|---|---|---|---|---|---|---|---|
| | | | | (DKK million) | | | | |
| Issued bonds | 5,075 | 6,532 | 422 | 1,243 | 385 | 4,482 | — | — |
| Bank loans | 21,668 | 23,669 | 3,784 | 759 | 19,117 | 1 | 1 | 7 |
| Securitisation | 2,617 | 2,637 | 2,637 | — | — | — | — | — |
| Finance lease liability | 146 | 165 | 55 | 40 | 28 | 22 | 20 | 0 |
| Trade payables | 3,669 | 3,669 | 3,669 | — | — | — | — | — |
| Contingent considerations and deferred payments | 128 | 178 | 23 | 28 | 2 | 125 | — | — |
| Liabilities classified as held for sale | 126 | 126 | 126 | — | — | — | — | — |
| **Total non-derivative financial liabilities** | **33,429** | **36,976** | **10,716** | **2,070** | **19,532** | **4,630** | **21** | **7** |
| **Hereof estimated interest payments** | **—** | **3,288** | **1,273** | **1,181** | **688** | **145** | **1** | **—** |
| Interest rate swaps | 112 | 113 | 61 | 47 | 5 | — | — | — |
| **Total derivative financial liabilities** | **112** | **113** | **61** | **47** | **5** | **—** | **—** | **—** |

**2011**

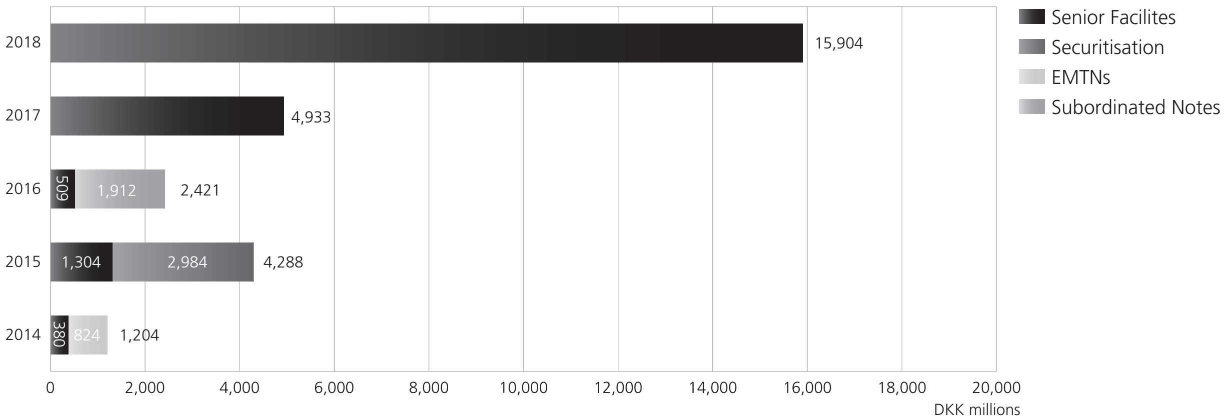
| | Carrying amount | Contractual cash flows | < 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years |
|---|---|---|---|---|---|---|---|---|
| | | | | (DKK million) | | | | |
| Issued bonds | 8,819 | 11,887 | 850 | 850 | 5,337 | 384 | 4,466 | — |
| Bank loans | 22,311 | 25,780 | 4,113 | 1,451 | 1,031 | 19,185 | — | — |
| Securitisation | 2,604 | 2,639 | 2,639 | — | — | — | — | — |
| Finance lease liability | 146 | 159 | 65 | 44 | 33 | 11 | 5 | 1 |
| Trade payables | 3,466 | 3,466 | 3,466 | — | — | — | — | — |
| Contingent considerations and deferred payments | 162 | 214 | 53 | 12 | 23 | 1 | 125 | — |
| Liabilities classified as held for sale | 32 | 32 | 32 | — | — | — | — | — |
| **Total non-derivative financial liabilities** | **37,540** | **44,177** | **11,218** | **2,357** | **6,424** | **19,581** | **4,596** | **1** |
| **Hereof estimated interest payments** | **—** | **6,178** | **1,910** | **1,761** | **1,587** | **780** | **140** | **—** |
| Interest rate swaps | 43 | 43 | 30 | 13 | — | — | — | — |
| Currency swaps | 36 | 36 | 36 | — | — | — | — | — |
| **Total derivative financial liabilities** | **79** | **79** | **66** | **13** | **—** | **—** | **—** | **—** |

The maturity profile of credit facilities, i.e. issued bonds, bank loans and securitisation, is illustrated below. Compared to the specification of contractual maturities of financial liabilities in the table on page F-47, the basis of the presentation in the chart below is different in three ways:

1) expected interest payments are not included;
2) the amounts shown are principal values including any undrawn amounts; and
3) securitisation debt is presented with maturity in September 2015 as the facility is committed until then. This is contrary to the recognition in the statement of financial position, where securitisation debt is classified as current due to the terms of the agreement.

The presentation of the contractual maturity of credit facilities above is based on the assumption that the amount of trade receivables entered into the securitisation programme continue to be at the same level as at 31 December 2013.

*Maturity of the credit facilities*




## NOTE 5.4 Currency risk

Currency risk is the risk that arises from changes in exchange rates and affects the Group's result or value of financial instruments.

To a limited extent the Group is exposed to currency risk on loans and borrowings (external) that are denominated in currencies other than the functional currency of the reporting entities as well as intercompany loans from the parent company to foreign subsidiaries as these are typically denominated in the functional currency of the subsidiary.

The Group's overall policy is to fully hedge any foreign exchange exposure towards DKK or towards EUR to the extent that the net exposure exceeds DKK 5 million. Correlation between certain currencies, e.g. USD and Asian or Latin American currencies, are taken into account. However, some currencies cannot be hedged within a reasonable price range, e.g. IDR and ISK, and are therefore not hedged. Based on a risk assessment Group Treasury may choose not to hedge the risk exposure towards EUR. It has been the Group's policy not to hedge intercompany royalties until they become a monetary receivable.

The Group holds a number of investments in foreign subsidiaries where the translation of net assets to DKK is exposed to currency risk. It is not Group policy to hedge the currency exposure on foreign investments. Consequently, no hedging transactions of net investments in foreign subsidiaries were entered into in 2013, 2012 and 2011. However, the Group may choose to hedge the currency exposure on foreign investments by funding such investments in local currencies.

The Group uses currency swaps to hedge the currency risk related to loans and borrowings as well as intercompany loans from the parent company to foreign subsidiaries. All hedging is conducted at Group level. Group Treasury measures the Group's total currency exposure of all loans and borrowings, intercompany balances and cash and cash equivalents in different currencies on a weekly basis in order to evaluate the need for hedging currency positions. As fair value adjustments of both the hedged item and the derivative financial instrument are recognised in the income statement, hedge accounting in accordance with IAS 39 is not applied.

The Group's loans and borrowings (external) are denominated in the following currencies (excluding impact from currency swaps). As illustrated the Group is exposed primarily to EUR, secondly to USD and GBP.

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| EUR | 78.2% | 84.6% | 85.8% |
| USD | 7.2% | 0.0% | 0.0% |
| GBP | 6.2% | 5.2% | 5.0% |
| DKK | 3.7% | 6.0% | 4.4% |
| NOK | 2.3% | 2.0% | 2.3% |
| SEK | 1.6% | 1.3% | 1.5% |
| Others | 0.8% | 0.9% | 1.0% |
| **Total** | **100.0%** | **100.0%** | **100.0%** |

**Impact on the consolidated financial statements** Fluctuations in foreign exchange rates will affect the value of loans and borrowings (external) as well as the income statement as funding is obtained in various currencies. In 2013, changes in foreign exchange rates related to loans and borrowings resulted in a gain of DKK 134 million (2012/2011: loss of DKK 149 million/gain of DKK 28 million). The primary impact is derived from loans and borrowings in GBP and USD which depreciated through 2013.

**Sensitivity analysis** Based on the Group's internal monitoring processes, it is estimated that a change in relevant foreign exchange rates would have increased/(decreased) profit for the year and other comprehensive income by the amounts shown below. The analysis is based on foreign exchange rate variances that the Group considered to be reasonably possible at the reporting date and that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

**2013**

| | Face value | Carrying amount | Contractual value | Sensitivity | | | |
|---|---|---|---|---|---|---|---|
| | Net debt exposure | Derivative financial instruments (cash flow hedges) | Derivative financial instruments (currency swaps) | Total exposure | Increase in foreign exchange rates | Profit for the year | Other comprehensive income |
| | | | | (DKK million) | | | |
| EUR/DKK | (13,042) | (52) | 1,459 | (11,635) | 1% | (116) | (116) |
| GBP/DKK | (2,079) | — | 2,069 | (10) | 10% | (1) | (1) |
| NOK/DKK | (113) | — | 131 | 18 | 5% | 1 | 1 |
| SEK/DKK | 112 | — | (109) | 3 | 5% | 0 | 0 |
| CHF/DKK | (254) | — | 259 | 5 | 5% | 0 | 0 |
| USD/DKK | (1,504) | — | 583 | (921) | 10% | (92) | (92) |
| AUD/DKK | 392 | — | (384) | 8 | 10% | 1 | 1 |
| EUR/TRY | (334) | — | — | (334) | 10% | (33) | (33) |
| Other/DKK | 1,612 | — | (850) | 762 | 10% | 76 | 76 |
| **Total** | **(15,210)** | **(52)** | **3,158** | **(12,104)** | | | |

**2012**

| | Face value | Carrying amount | Contractual value | Sensitivity | | | |
|---|---|---|---|---|---|---|---|
| | Net debt exposure | Derivative financial instruments (cash flow hedges) | Derivative financial instruments (currency swaps) | Total exposure | Increase in foreign exchange rates | Profit for the year | Other comprehensive income |
| | | | | (DKK million) | | | |
| EUR/DKK | (16,805) | (112) | 4,122 | (12,795) | 1% | (127) | (128) |
| GBP/DKK | (1,720) | — | 1,709 | (11) | 10% | (1) | (1) |
| NOK/DKK | 457 | — | (455) | 2 | 5% | 0 | 0 |
| SEK/DKK | 179 | — | (175) | 4 | 5% | 0 | 0 |
| CHF/DKK | (338) | — | 341 | 3 | 10% | 0 | 0 |
| AUD/DKK | 1,543 | — | (1,534) | 9 | 10% | 1 | 1 |
| EUR/TRY | (344) | — | — | (344) | 10% | (34) | (34) |
| Other/DKK | 2,339 | — | (2,185) | 154 | 10% | 15 | 15 |
| **Total** | **(14,689)** | **(112)** | **1,823** | **(12,978)** | | | |

**2011**

| | Face value | Carrying amount | Contractual value | Sensitivity | | | |
|---|---|---|---|---|---|---|---|
| | Net debt exposure | Derivative financial instruments (cash flow hedges) | Derivative financial instruments (currency swaps) | Total exposure | Increase in foreign exchange rates | Profit for the year | Other comprehensive income |
| | | | | (DKK million) | | | |
| EUR/DKK | (20,377) | (37) | 5,121 | (15,293) | 1% | (153) | (153) |
| GBP/DKK | (1,313) | (6) | 1,315 | (4) | 10% | 0 | (0) |
| NOK/DKK | 583 | (0) | (581) | 2 | 5% | 0 | 0 |
| SEK/DKK | 112 | 0 | (110) | 2 | 5% | 0 | 0 |
| CHF/DKK | (330) | (0) | 327 | (3) | 10% | (0) | (0) |
| AUD/DKK | 1,383 | — | (1,377) | 6 | 10% | 1 | 1 |
| EUR/TRY | (381) | — | — | (381) | 10% | (38) | (38) |
| Other/DKK | 2,807 | — | (2,287) | 520 | 10% | 52 | 52 |
| **Total** | **(17,516)** | **(43)** | **2,408** | **(15,151)** | | | |

## NOTE 5.5 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments, primarily bank loans and issued bonds. The Group's exposure towards interest rates is illustrated in note 5.2, Loans and borrowings, where a breakdown of the Group's loans and borrowings in floating and fixed rates is provided. The interest rate exposure to floating interest rates is primarily in EUR.

It is Group policy to hedge the risk related to changes in interest rates to limit the negative economic effect of changes in interest rates by converting variable interest rates to fixed interest rates. The Group will mitigate the net interest rate risk via interest rate swaps. Additionally, it is the Group's policy to ensure a predefined amount of debt to fixed interest rates to avoid adverse movements in floating rates and interest expenses.

According to the Group's treasury policy between 50% and 75% of the Group's total non-current bank loans and issued bonds must carry fixed interest rates. At least on a monthly basis Group Treasury measures the balance between fixed and variable interest rates to ensure compliance with the policy.

The Group uses cash flow hedge accounting in respect of interest rate derivatives. The interest rate contracts classified as hedge transactions including the effect on other comprehensive income are disclosed in note 5.6, Derivatives.

**Sensitivity analysis** The interest rate risk is measured by the duration of the net debt (fixed-rate period). As at 31 December 2013, the duration of net debt was approximately 0.9 years (2012/2011: 1.7 years/1.5 years). A decrease in interest rates will increase the fair value of the loans and borrowings with a fixed interest rate, but only part of this increase will be reflected in the income statement and other comprehensive income as loans and borrowings are measured at amortised cost and therefore not adjusted to fair value.

It is estimated that a general increase in relevant interest rates of 1%-point would have increased/(decreased) profit for the year and other comprehensive income by the amounts shown below. The estimate is based on net debt adjusted for the effect of hedging instruments as at 31 December 2013. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012 and 2011.

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| | Profit for the year | Other comprehensive income | Profit for the year | Other comprehensive income | Profit for the year | Other comprehensive income |
| | | | (DKK million) | | | |
| Loans and borrowings | (71) | (71) | (80) | (80) | (65) | (65) |
| Derivatives, interest rate swaps | — | 117 | — | 245 | — | 128 |

## NOTE 5.6 Derivatives

The Group uses derivative financial instruments (interest rate swaps and currency swaps) for managing interest and currency risks arising from the Group's operating and financing activities.

The Group uses interest rate swaps to hedge the exposure to variability in future cash flows due to changes in interest rates on the Group's bank loans with a variable interest rate. The swaps convert a major part of the floating rates within the bank loans to fixed interest rates.

The Group uses currency swaps to hedge the exposure to currency risk on the intercompany loans/receivables to/from foreign subsidiaries as well as the currency risk on external borrowings denominated in a currency other than Danish Kroner. As fair value adjustments of both the hedged item and the derivative financial instrument are recognised in the income statement, hedge accounting in accordance with IAS 39 is not applied. Consequently, currency swaps are not presented in this or other notes to the consolidated financial statements.

*Accounting policy*

Derivative financial instruments are recognised in the statement of financial position on the transaction date and measured at fair value. Positive and negative fair values of derivative financial instruments are included in Other receivables or Loans and borrowings, respectively. Positive and negative values are only offset when the Group has the legal right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are calculated on the basis of current market data and according to generally accepted valuation methods.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying for recognition as a cash flow hedge, and which effectively hedges changes in the value of the hedged item, are recognised in other comprehensive income and presented in a separate hedging reserve in equity until the hedged transaction is realised. At this time, gains or losses concerning such hedging transactions are transferred from other comprehensive income to the income statement and recognised under the same line item as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The accumulated change in fair value recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement. If the forecasted transaction is no longer expected to occur, then the accumulated change in fair value is transferred to the income statement.

For other derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement under Financial income or Financial expenses.

*Hedging of forecasted transactions (cash flow hedges)*

Total cash flow hedges at the reporting date are presented below:

| | Contractual value | Positive fair value at 31 December | Negative fair value at 31 December | Fair value, net, at 31 December | Recognised in other comprehensive income for the year | Expected recognition in the income statement |
|---|---|---|---|---|---|---|
| | | | (DKK million) | | | |
| 31 December 2013 ....... | 13,056 | — | (52) | (52) | 84 | 2014-2015 |
| 31 December 2012 ....... | 13,056 | — | (112) | (112) | (62) | 2014-2015 |
| 31 December 2011 ....... | 14,306 | 0 | (43) | (43) | 92 | 2012-2013 |

The fair value of cash flow hedges, net, recognised in other comprehensive income for the year, amounted to DKK 84 million (2012/2011: DKK (62) million/DKK 92 million) and included DKK 24 million (2012/2011: DKK 7 million/DKK 0 million) related to interest rate adjustments following settlement of interest rate swaps.

In 2013, 2012 and 2011, no ineffectiveness was recognised in the income statement.

## NOTE 5.7 Financial income and financial expenses

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Interest income on financial assets measured at amortised cost | 134 | 149 | 125 |
| Foreign exchange gains | 36 | 68 | 72 |
| **Financial income** | **170** | **217** | **197** |
| Interest expenses on financial liabilities measured at amortised cost | (1,894) | (2,441) | (2,556) |
| Foreign exchange losses | (298) | (255) | (196) |
| Amendment and extension of the Senior Facilities Agreement | (89) | — | (117) |
| Net change in fair value of cash flow hedges | (80) | (52) | (106) |
| Redemption of issued bonds | (52) | (174) | — |
| Net interest on defined benefit obligations | (33) | (21) | (24) |
| **Financial expenses** | **(2,446)** | **(2,943)** | **(2,999)** |

**Amendment and extension of the Senior Facilities Agreement** in 2013 related to the amendment and extension of the Senior Facilities Agreement and the refinancing of the Second Lien Facility which resulted in unamortised financing fees of DKK 89 million being expensed. In 2011, certain tranches of the Senior Facilities Agreement was amended and extended leading to DKK 117 million of unamortised financing fees being expensed.

**Redemption of issued bonds** related to the 8.875% Senior Subordinated Notes due 2016, which were partially redeemed following excess proceeds offers in June and December 2013. This resulted in an expense of DKK 52 million being recognised in the income statement of which DKK 30 million related to call premiums and DKK 22 million related to unamortised financing fees. In 2012, the redemption of the 11% Senior Notes due 2014 were redeemed via proceeds from the capital increase in ISS A/S following the investment by OTPP and KIRKBI resulting in an expense of DKK 174 million being recognised due to a call premium of DKK 108 million and unamortised financing fees of DKK 66 million.

## Section 6 Governance

In this section the Group's key management personnel is defined and remuneration to this group of employees is described in detail. Furthermore, transactions with related parties are disclosed, comprising transactions with parent and ultimate controlling party, transactions with the Group's key management personnel as well as other related party transactions.

In this section, the following notes are presented:

**6.1 Remuneration to the Board of Directors and the Group Management Board**
**6.2 Related parties**
**6.3 Fees to auditors elected at the Annual General Meeting**

## NOTE 6.1 Remuneration to the Board of Directors and the Group Management Board

The Group Management Board (the GMB) comprise the Executive Group Management Board (the EGM) and Corporate Senior Officers of the Group. Members of the GMB have authority and responsibility for planning, implementing and controlling the Group's activities and are together with the Board of Directors (the Board) considered as the Group's key management personnel.

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | | Group Management Board | | | Group Management Board | |
| | Board of Directors | Executive Group Management Board | Corporate Senior Officers | Board of Directors | Executive Group Management Board | Corporate Senior Officers |
| | DKK thousand | | | | | |
| Salaries and other remuneration | 2,930 | 19,678 | 35,898 | 3,197 | 14,329 | 43,912 |
| Bonus | — | 12,091 | 18,054 | — | 3,560 | 14,120 |
| Severance payments[1)] | — | — | — | — | — | 10,719 |
| Share-based payments[2)] | — | — | — | — | 563 | 837 |
| **Total remuneration** | **2,930** | **31,769** | **53,952** | **3,197** | **18,452** | **69,588** |

| | 2011 | | |
|---|---|---|---|
| | | Group Management Board | |
| | Board of Directors | Executive Group Management Board | Corporate Senior Officers |
| | | DKK thousand | |
| Salaries and other remuneration | 3,999 | 13,893 | 48,723 |
| Bonus | — | 2,850 | 17,086 |
| Severance payments[1)] | — | 15,607 | 7,476 |
| Share-based payments[2)] | — | 233 | 618 |
| **Total remuneration** | **3,999** | **32,583** | **73,903** |

1) Severance payments related to senior management changes at Corporate level and were included in Other income and expenses, net.
2) Included in Other income and expenses, net.

*Remuneration to the Board*

Members of the Board, except representatives of funds advised by EQT Partners (EQT), funds advised by affiliates of The Goldman Sachs Group Inc. (GSCP) and Ontario Teachers' Pension Plan Board through 2337323 Ontario Limited (OTPP), received remuneration for duties performed in ISS A/S and other companies within the ISS Group. The remuneration is a fixed annual fee and members of the Board Committees received an additional fixed fee. Certain members of the Board have invested indirectly in shares of FS Invest as part of the Directors' Participation Programme as described below.

*Remuneration to the EGM and the GMB*

The members of the EGM and the GMB received remuneration for duties performed in ISS A/S and other companies within the ISS Group. The remuneration consists of a combination of fixed salary, customary benefits in accordance with market standards and, for most members, a performance-based annual bonus of up to 60% of their annual base salary, which in the event of extraordinary performance (significantly above budget) can be up to 90% of the annual base salary. The bonus is subject to achieving performance targets for the Group's key financial KPIs; organic growth, operating margin and cash conversion. Certain members of the EGM and the GMB are also subject to a cash bonus scheme totaling DKK 13 million triggered by the completion of an Initial Public Offering (IPO) or a sale of the company.

The EGM and the GMB participate in a Long-Term Incentive Programme (LTIP). The LTIP is cash-based and the annual grant has a value of up to 15% of the annual base salary. Subject to achieving performance targets for operating profit and net debt and the occurrence of a vesting event (e.g. an IPO or a sale of the majority of shares of ISS to a third party), the LTIP will pay out in the range of 20% to 150% of the grant value. The maximum pay-out in such event is 22.5% of the annual base salary.

All employment contracts of the EGM and the GMB members may be terminated at 12-24 months' notice except for one contract where termination is subject to Portugese law. Each of the EGM and GMB members may terminate their positions with 6 months' notice. One employment contract includes a severance payment of approximately two years' salary in the event of termination by ISS. No other members of the EGM or the GMB are entitled to severance payments. Members of the EGM and the GMB are subject to non-competition clauses. Members of the GMB (other than members of EGM) are subject to non-solicitation of customers clauses for a period of 12 months from the expiry of their notice periods, except for two members who are only subject to non-competition clauses, and one member who is only subject to a non-solicitation clause regarding customers and certain employees. The employment contracts contain no other special termination rights and no change of control clauses.

Directorships in companies within the ISS Group held by members of the EGM or the GMB are not remunerated separately.

The members of the EGM and certain senior officers[1)] participate in the Management Participation Programme as described below.

Remuneration to the Board, the EGM and the GMB is paid by ISS World Services A/S.

1) Senior officers of the Group comprises Corporate Senior Officers (members of the GMB other than members of the EGM) and other corporate officers of the Group as well as certain members of Country Management of certain countries.

*Management Participation Programme*

In 2006, EQT and GSCP established a Management Participation Programme (MPP) through which the EGM and a number of senior officers[1)] of the Group have invested. In March 2012, the programme was re-designed to introduce two investment profiles. The EGM and certain senior officers of the Group remained indirect investors in a mix of shares and warrants of FS Invest, whereas the remaining senior officers of the Group—having had the opportunity to settle part of their investment in cash—invested directly or indirectly in shares or loan notes of FS Invest. During 2013, the new members of the EGM and a number of senior officers entered the MPP by investing indirectly in a mix of shares and warrants in FS Invest and certain senior officers of the Group entered the MPP by investing indirectly in shares in FS Invest. As of 31 December 2013, the investments amounted to DKK 171 million in total for 110 executives and officers[2)].

The investments in FS Invest were made on market terms and hence are not share-based payments within the scope of IFRS 2 Share-based Payment.

*Warrants granted as part of the original MPP*

In addition to the investments—as part of the initial MPP—the EGM and a number of Corporate Officers[3)] were granted warrants in FS Invest with a vesting schedule based on value of shares and time. These warrants were granted in July 2006 as a one-time grant. The fair value of the warrants was estimated to DKK 25 million at the time of grant measured using the Black-Scholes option pricing model based on the assumptions at the time of grant and exercise restrictions. The warrants were accounted for within the scope of IFRS 2 as equity-settled transactions whereby the fair value at grant date is expensed in the income statement over the vesting period. At 1 January 2012, 277,632 warrants were outstanding. As part of the redesign of the MPP in March 2012 these warrants were all settled and consequently, the remaining fair value in respect of the granted warrants of DKK 3 million (2011: DKK 1 million) was recognised in the income statement under Other income and expenses, net.

*Directors' Participation Programme*

Certain members of the Board participate in a Directors' Participation Programme, under which they have invested indirectly in shares in FS Invest. At 31 December 2013, the investments amounted to a total of approximately DKK 15 million covering four members of the Board[2)].

**NOTE 6.2 Related parties**

*Parent and ultimate controlling party*

The sole shareholder of ISS A/S, FS Invest II S.à r.l (FS Invest II) has controlling influence in the Group. The ultimate controlling company of the Group is FS Invest S.à r.l (FS Invest), which is owned by EQT (40%), GSCP (33%), OTPP (18%) and KIRKBI (8%). The latter two joined as shareholders in August 2012, when they invested DKK 3,721 million (EUR 500 million) in new shares in FS Invest. The proceeds from the investment was subsequently used to increase the share capital of ISS A/S and repay the 11% Senior Notes due 2014. Apart from this transaction, there were no significant transactions with the parent in 2013, 2012 and 2011.

The Group has issued a loan to FS Invest with a principal amount of DKK 86 million of which DKK 20 million was issued during 2013 and DKK 66 million was issued in 2012. In 2013, the Group accrued interest of DKK 7 million (2012: DKK 5 million) related to the loan, and at 31 December 2013, the outstanding balance was DKK 98 million (31 December 2012: DKK 71 million). Apart from these transactions, there were no significant transactions with the ultimate parent during 2013, 2012 and 2011.

*Key management personnel*

Apart from remuneration and co-investment programmes there were no significant transactions during 2013, 2012 and 2011 with the Group's key management personnel. Note 6.1, Remuneration to the Board of Directors and the Group Management Board, contains a description of the co-investment programmes as well as the definition of key management personnel.

1) Senior officers of the Group comprises Corporate Senior Officers (members of the GMB other than members of the EGM) and other corporate officers of the Group as well as certain members of Country Management of certain countries.
2) Former executives and officers are not included.
3) Corporate officers of the Group comprises Corporate Senior Officers (members of the GMB other than members of the EGM) and other corporate officers

*Other related party transactions*

In 2013, 2012 and 2011, the Group had the following transactions with other related parties, which were all made on market terms:

- The Group and Goldman Sachs International, an affiliate of The Goldman Sachs Group Inc., have agreed general terms and conditions for the supply of facility services to be applied by local ISS operations and local Goldman Sachs affiliates when contracting with each other. ISS in Switzerland, Russia and the United Kingdom have entered into facility services agreements with local Goldman Sachs affiliates. In 2013, the annual revenue from these agreements is estimated to DKK 102 million (2012/2011: DKK 118 million/DKK 101 million). Furthermore, the Group has local agreement terms with affiliates of Goldman Sachs in France, Singapore, Brazil and China. Finally, ISS in Spain and Italy are subcontractors to local Goldman Sachs suppliers. In 2013, the annual revenue from the local and subcontractor agreements is estimated to DKK 7 million (2012/2011: DKK 8 million/DKK 9 million).
- The Group and Goldman Sachs International have entered into various agreements on provision of funding and banking related services as well as interest rate swaps. In 2013, fees paid under these agreements amounted to approximately DKK 28 million (2012/2011: DKK 0 million/DKK 16 million) and net interest paid relating to interest rate swaps in 2013 amounted to DKK 5 million (2012/2011: DKK 6 million/DKK 13 million).
- Affiliates of GSCP are holders of 2014 EMTNs.
- Affiliates of GSCP are lenders under the Senior Facilities. At 31 December 2013, the outstanding balance was DKK 1,343 million (31 December 2012/31 December 2011: DKK 1,581 million/ DKK 1,739 million) and in 2013, interest expenses amounted to DKK 56 million (2012/2011: DKK 67 million/DKK 68 million).
- Goldman Sachs International is acting as Joint Global Coordinator and Joint Bookrunner of the initiated Initial Public Offering (IPO).
- In May 2013, Anticimex, an affiliate of EQT, acquired the pest control activities in 12 countries as mentioned in note 4.1, Acquisition and divestment of businesses, for a total enterprise value of approximately DKK 2 billion.
- The Group has entered into various agreements regarding delivery of facility services to companies owned by funds managed by EQT. In 2013, the annual revenue from these local and subcontractor agreements is estimated to DKK 3 million (2012/2011: DKK 27 million/DKK 90 million).
- In the solvent liquidation of MPP Invest 3A A/S, MPP Invest 3B A/S and MPP Invest 3C A/S, which were originally incorporated for the purpose of serving as joint holding companies for participants in the MPP (the former MPP companies), we have undertaken to indemnify the external legal counsel acting as liquidator from any liability (including any tax liability) arising from the engagement as liquidator. As a result of our group relation with the former MPP companies, we have agreed with FS Invest, on arguably arm’s length terms, that we will be liable vis-à-vis the Danish tax authorities for taxes for which the former MPP companies were liable, if any. The former MPP companies were liquidated in December 2013 and at the time of liquidation they were wholly owned by FS Invest. We have estimated the maximum exposure related to any tax risk to approximately DKK 20 million. Based upon advice from our external tax advisers, we believe that the tax risk is remote.

*Other*

In addition to the above and except for intra-group transactions, which have been eliminated in the consolidated financial statements, there were no material transactions with other related parties and shareholders in 2013, 2012 and 2011.

**NOTE 6.3 Fee to auditors elected at the Annual General Meeting**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| **KPMG** | | | |
| Audit fees | 35 | 38 | 40 |
| Other assurance services | 6 | 5 | 29 |
| Tax and VAT advisory services | 11 | 11 | 10 |
| Other services | 16 | 15 | 3 |
| **Total KPMG** | **68** | **69** | **82** |

**Audit fees** comprised audit of the consolidated and local financial statements.

**Other assurance services** in 2013 and 2012 comprised mainly work related to the interim financial statements. In 2011, other assurance services further related to the exit processes. The costs related to the exit processes were included in Other income and expenses, net.

**Tax and VAT advisory services** comprised general tax and VAT consultancy and assistance.

**Other services** comprised among other things work related to acquisitions and divestments such as financial and tax due diligence. Furthermore in 2012 work related to the share issue following the investment by OTPP and KIRKBI was included. The costs related to the share issue amounted to DKK 2 million and were recognised in Equity.

## Section 7 Tax

This section comprises all relevant disclosures and specifications regarding tax recognised in the consolidated financial statements.

The Group's effective tax rate for the years presented in the notes is generally negatively impacted by the Group's capital structure with a relatively high share of debt. As a consequence, the Group is affected by the rules concerning limitation on the deductibility of financial expenses in Denmark, France and Brazil. Following the redemption in December 2012 of the 11% Senior Notes due 2014 and the EUR 232 million partial redemption in July 2013 of 8.875% Senior Subordinated Notes due 2016 as well as in general a lower average net debt, financial expenses has been reduced significantly. Consequently, limitation on the deductibility of financial expenses is reduced leading to a drop in the effective tax rate in 2013.

In this section, the following notes are presented:

**7.1 Income taxes**
**7.2 Deferred tax**

### NOTE 7.1 Income taxes

*Accounting policy*

**Income tax** for the year consists of current tax and changes in deferred tax and is recognised in profit for the year, other comprehensive income or equity.

**Income tax effect** of Goodwill impairment and Amortisation and impairment of brands and customer contracts is presented in a separate line in connection with these two items.

**Current tax receivable and payable** is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income for previous years and for tax paid on account.

**Deferred tax** is measured in accordance with the liability method and comprises all temporary differences between accounting and tax values of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from in business combinations, arose at the time of acquisition without affecting either profit/loss for the year or taxable income. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses carried forward, are recognised under non-current assets at the expected value of their utilisation: either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised.

Deferred tax assets and liabilities are offset if the Group has a legal right to offset current tax assets and tax liabilities or intends to settle current tax assets and tax liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax is adjusted for elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the taxation rules and tax rates in the respective countries applicable at the reporting date when the deferred tax is expected to be realised as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

*Critical accounting estimates and judgements*

The recognition of deferred tax assets relating to tax losses carried forward is based on management's assessment of expected future profitability including the impact from interest limitation in the foreseeable future. The evaluation is made based on relevant information available at the reporting date, including internal budgets and estimates, taking into account any restrictions in utilisation in the local tax legislation.

*Income tax recognised in the income statement*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | | (DKK million) | |
| Current tax regarding Profit before impairment/amortisation of intangibles[1] | 969 | 869 | 765 |
| Deferred tax regarding Profit before impairment/amortisation of intangibles[1] | (75) | 68 | 118 |
| **Tax on Profit before impairment/amortisation of intangibles[1]** | **894** | **937** | **883** |
| Adjustments relating to prior years, net | 25 | 23 | 5 |
| **Income taxes** | **919** | **960** | **888** |
| **Tax effect of impairment/amortisation of intangibles[1]** | **(229)** | **(193)** | **(231)** |
| **Total tax recognised in the income statement** | **690** | **767** | **657** |

*Computation of effective tax rate*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Statutory income tax rate in Denmark | 25.0% | 25.0% | 25.0% |
| Foreign tax rate differential, net | (2.7)% | (2.3)% | (2.4)% |
| **Total** | **22.3%** | **22.7%** | **22.6%** |
| Non-tax deductible expenses less non-taxable income | (1.0)% | 3.6% | 3.5% |
| Adjustments relating to prior years, net | 1.3% | 1.7% | 0.4% |
| Change in valuation of net tax assets | 2.5% | (0.5)% | 0.9% |
| Valuation allowance of tax assets | 8.7% | 12.9% | 7.4% |
| Effect of changes in tax rates | (0.8)% | (1.2)% | (0.4)% |
| Other taxes[2] | 5.9% | 8.6% | 9.5% |
| Limitation to interest deduction[3] | 8.4% | 21.7% | 21.3% |
| **Effective tax rate (excluding effect from impairment/ amortisation of intangibles)[1]** | **47.3%** | **69.5%** | **65.2%** |

1) Intangibles comprise the value of goodwill, brands and customer contracts.

2) Other taxes mainly comprise withholding tax and the French Cortisation sur La Valeur Ajoutee des Entreprises (CVAE).

3) In 2013, the level was positively impacted by lower financial expenses as mentioned in the introduction to Section 7. In 2012, the level was impacted by costs relating to the redemption of the Senior Notes, and in 2011 the level was impacted by refinancing costs related to the amendment and extension of the Senior Facilities Agreement.

*Income tax recognised in Other comprehensive income*

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax | Net of tax | Before tax | Tax | Net of tax |
| | (DKK million) | | | | | |
| Foreign exchange adjustment of subsidiaries and non-controlling interests | (796) | — | (796) | 184 | — | 184 |
| Fair value adjustment of hedges, net | 4 | (1) | 3 | (114) | 29 | (85) |
| Fair value adjustment of hedges, net, transferred to Financial expenses | 80 | (20) | 60 | 52 | (13) | 39 |
| Actuarial gains/(losses) | 410 | (76) | 334 | (516) | 120 | (396) |
| Impact from asset ceiling regarding pensions | (63) | — | (63) | 1 | — | 1 |
| Limitation to interest deduction | — | — | — | — | (16) | (16) |
| **Total recognised in other comprehensive income** | **(365)** | **(97)** | **(462)** | **(393)** | **120** | **(273)** |

| | 2011 | | |
|---|---|---|---|
| | Before tax | Tax | Net of tax |
| | (DKK million) | | |
| Foreign exchange adjustment of subsidiaries and non-controlling interests | (46) | — | (46) |
| Fair value adjustment of hedges, net | (14) | 4 | (10) |
| Fair value adjustment of hedges, net, transferred to Financial expenses | 106 | (27) | 79 |
| Actuarial gains/(losses) | (133) | 29 | (104) |
| Impact from asset ceiling regarding pensions | 8 | — | 8 |
| **Total recognised in other comprehensive income** | **(79)** | **6** | **(73)** |

**NOTE 7.2 Deferred tax**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Deferred tax liabilities/(assets), net at 1 January | 1,205 | 1,516 | 1,650 |
| Adjustment to deferred tax liabilities/(assets), net at 1 January | — | — | 24 |
| Foreign exchange adjustments | (30) | (2) | (17) |
| Disposals through divestment of business | (10) | (5) | — |
| Tax on other comprehensive income | 76 | (120) | (29) |
| Reclassification to Assets/(Liabilities) classified as held for sale | 26 | (59) | 1 |
| Tax on Profit before impairment/amortisation of intangibles[1)] | (75) | 68 | 118 |
| Tax effect of impairment/amortisation of intangibles[1)] | (229) | (193) | (231) |
| **Deferred tax liabilities/(assets), net at 31 December** | **963** | **1,205** | **1,516** |
| **Recognised in the statement of financial position as follows:** | | | |
| Deferred tax liabilities | 1,590 | 1,755 | 2,051 |
| Deferred tax assets | (627) | (550) | (535) |
| **Deferred tax liabilities/(assets), net** | **963** | **1,205** | **1,516** |

1) Intangibles comprise the value of goodwill, brands and customer contracts.

*Deferred tax specification*

| | Deferred tax asset | | | Deferred tax liability | | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| | (DKK million) | | | | | |
| Tax losses carried forward | 357 | 440 | 484 | — | — | — |
| Goodwill | 5 | 8 | 22 | 401 | 448 | 441 |
| Brands | — | — | — | 419 | 443 | 446 |
| Customer contracts | — | — | — | 674 | 1,031 | 1,248 |
| Property, plant and equipment | 98 | 147 | 155 | 166 | 192 | 197 |
| Provisions | 247 | 256 | 180 | — | — | — |
| Other liabilities, including pensions | 13 | 83 | 3 | — | — | — |
| Issued bonds | — | — | — | 0 | 2 | 5 |
| Tax losses in foreign subsidiaries under Danish joint taxation | — | — | — | 23 | 23 | 23 |
| Set-off within legal tax units and jurisdictions | (93) | (384) | (309) | (93) | (384) | (309) |
| **Deferred tax** | **627** | **550** | **535** | **1,590** | **1,755** | **2,051** |

*Deferred tax liabilities not recognised in the statement of financial position*

In 2013, there were no (2012/2011: none/none) unrecognised deferred tax liabilities related to investments in associates, subsidiaries or joint ventures.

*Deferred tax assets not recognised in the statement of financial position*

The Group had significant unrecognised deferred tax assets regarding tax losses carried forward in the following countries:

| | 2013 | | | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Recognised | Unrecognised | Total | Recognised | Unrecognised | Total | Recognised | Unrecognised |
| | (DKK million) | | | | | | | | |
| Germany | 373 | 71 | 302 | 370 | 68 | 302 | 363 | — | 363 |
| France | 417 | 53 | 364 | 348 | 99 | 249 | 258 | 127 | 131 |
| USA | 81 | 14 | 67 | 80 | 74 | 6 | 57 | 53 | 4 |
| Brazil | 65 | 10 | 55 | 79 | 12 | 67 | 51 | 19 | 32 |
| Mexico | 21 | 8 | 13 | 15 | 15 | — | 7 | 7 | — |
| Israel | 63 | 8 | 55 | 65 | 16 | 49 | 16 | 2 | 14 |
| Other countries | 59 | 21 | 38 | 59 | 25 | 34 | 38 | 15 | 23 |
| **Total** | | | **894** | | | **707** | | | **567** |

The unrecognised tax losses can be carried forward indefinitely in the individual countries except for the USA (20 years). Deferred tax assets have not been recognised in respect of the above tax losses because it is not probable that future taxable profit will be available against which the Group can utilise these benefits. The increase in 2013 in unrecognised deferred tax assets mainly related to a valuation allowance of tax assets in France of DKK 115 million and the USA of DKK 56 million. In 2012, the increase in unrecognised deferred tax assets mainly related to valuation allowances of tax assets in France of DKK 118 million. In 2011, unrecognised deferred tax assets also increased, mainly due to a valuation allowance of tax assets in France of DKK 100 million as a result of new tax legislation.

**Section 8 Other required disclosures**

The notes to the consolidated financial statements are grouped into sections according to themes. In this section we present other required disclosures relevant for the understanding of the Group's consolidated financial statements, but which are not relevant for the understanding of the individual themes in the previous sections.

**8.1 Earnings per share**
**8.2 Property, plant and equipment**
**8.3 Other financial assets**
**8.4 Pensions and similar obligations**
**8.5 Provisions**
**8.6 Contingent liabilities**

**8.7 Financial assets and liabilities**
**8.8 Reconciliation of segment information**
**8.9 Subsequent events**
**8.10 New standards and interpretations not yet implemented**
**8.11 Subsidiaries, associates, joint ventures and SPEs**

## NOTE 8.1 Earnings per share

*Profit attributable to ordinary shareholders*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | | (DKK million) | |
| **Profit before goodwill impairment/amortisation and impairment of brands and customer contracts** | **1,026** | **421** | **475** |
| Goodwill impairment | (985) | (385) | (501) |
| Amortisation and impairment of brands and customer contracts | (667) | (679) | (708) |
| Income tax effect | 229 | 193 | 231 |
| **Net profit/(loss) for the year** | **(397)** | **(450)** | **(503)** |
| Non-controlling interests | (2) | (3) | (7) |
| **Net profit/(loss) for the year attributable to owners of ISS A/S** | **(399)** | **(453)** | **(510)** |
| **Average number of shares (in thousands)** | | | |
| **Average number of shares (basic)** | **135,443** | **112,008** | **100,000** |
| **Average numbers of shares (diluted)** | **135,443** | **112,008** | **100,000** |
| **Earnings per share** | | | |
| Basic earnings per share (EPS), DKK | (2.9) | (4.0) | (5.1) |
| Diluted earnings per share, DKK | (2.9) | (4.0) | (5.1) |
| Adjusted earnings per share, DKK | 7.6 | 3.8 | 4.7 |

There were no changes in the number of shares during 2013.

ISS A/S holds no treasury shares and there are currently no outstanding share options or warrants with dilutive effect. Consequently, average number of shares and diluted average number of shares is identical.

Adjusted earnings per share is calculated on the basis of Profit before goodwill impairment/amortisation and impairment of brands and customer contracts.

## NOTE 8.2 Property, plant and equipment

*Accounting policy*

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Cost of assets comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use. The net present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset is located is added to the cost.

The cost of assets held under finance leases is stated at the lower of fair value of the asset and the net present value of future minimum lease payments. When calculating the net present value, the interest rate implicit in the lease or an approximated rate is applied as the discount rate.

A finance lease is a lease that transfers substantially all risks and rewards incident to ownership to the lessee. Other leases are classified as operating leases.

Subsequent costs, e.g. for replacing part of an item, are recognised in the carrying amount of the asset if it is probable that the future economic benefits embodied by the item will flow to the Group. The replaced item is derecognised in the statement of financial position and transferred to the income statement. All other costs for common repairs and maintenance are recognised in the income statement when incurred.

Depreciation is based on the cost of an asset less its residual value. When parts of an item of property, plant and equipment have different use-ful lives, they are accounted for as separate items of property, plant and equipment. The estimated useful life and residual value is determined at the acquisition date. If the residual value exceeds the carrying amount depreciation is discontinued.

Depreciation of property, plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives of the assets. Assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives for current and comparative years are as follows:

| | Estimated useful life |
|---|---|
| Buildings | 20-40 years |
| Leasehold improvements | (the lease term) 5-12 years |
| Plant and equipment | 3-10 years |

Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Gains and losses arising on the disposal or retirement of property, plant and equipment are measured as the difference between the selling price less direct sales costs and the carrying amount, and are recognised in the income statement under Other operating expenses in the year of sale, except gains and losses arising on disposals of property, which are recognised under Other income and expenses, net.

Assets held under operating leases are not recognised in the statement of financial position. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Land and buildings | Plant and equipment | Total | Land and buildings | Plant and equipment | Total |
| | (DKK million) | | | | | |
| Cost at 1 January | 134 | 6,428 | 6,562 | 152 | 6,229 | 6,381 |
| Foreign exchange adjustments | (3) | (310) | (313) | 5 | 66 | 71 |
| Additions | 0 | 772 | 772 | 4 | 785 | 789 |
| Disposals through divestment of businesses | — | (21) | (21) | — | (33) | (33) |
| Disposals | (10) | (625) | (635) | (17) | (177) | (194) |
| Reclassification from/(to) Intangible assets | — | 4 | 4 | — | (35) | (35) |
| Reclassification to Assets classified as held for sale | (20) | (552) | (572) | (10) | (407) | (417) |
| **Cost at 31 December** | **101** | **5,696** | **5,797** | **134** | **6,428** | **6,562** |
| Depreciation and impairment losses at 1 January | (49) | (4,626) | (4,675) | (52) | (4,252) | (4,304) |
| Foreign exchange adjustments | 2 | 227 | 229 | (3) | (42) | (45) |
| Depreciation[1)] | (3) | (643) | (646) | (3) | (703) | (706) |
| Disposals through divestment of businesses | — | (3) | (3) | — | 26 | 26 |
| Disposals | 5 | 565 | 570 | 9 | 84 | 93 |
| Reclassification (from)/to Intangible assets | — | (2) | (2) | — | — | — |
| Reclassification to Assets classified as held for sale | 9 | 436 | 445 | 0 | 261 | 261 |
| **Depreciation and impairment at 31 December** | **(36)** | **(4,046)** | **(4,082)** | **(49)** | **(4,626)** | **(4,675)** |
| **Carrying amount at 31 December** | **65** | **1,650** | **1,715** | **85** | **1,802** | **1,887** |
| **Hereof carrying amount at 31 December of assets held under finance leases** | **—** | **163** | **163** | **—** | **165** | **165** |

| | 2011 | | |
|---|---|---|---|
| | Land and buildings | Plant and equipment | Total |
| | (DKK million) | | |
| Cost at 1 January | 181 | 5,774 | 5,955 |
| Foreign exchange adjustments | (6) | (22) | (28) |
| Additions | 5 | 933 | 938 |
| Disposals through divestment of businesses | — | (96) | (96) |
| Disposals | (16) | (235) | (251) |
| Reclassification from/(to) Intangible assets | — | (22) | (22) |
| Reclassification to Assets classified as held for sale | (12) | (103) | (115) |
| **Cost at 31 December** | **152** | **6,229** | **6,381** |
| Depreciation and impairment losses at 1 January | (60) | (3,840) | (3,900) |
| Foreign exchange adjustments | 1 | 4 | 5 |
| Depreciation | (4) | (711) | (715) |
| Disposals through divestment of businesses | — | 72 | 72 |
| Disposals | 7 | 142 | 149 |
| Reclassification (from)/to Intangible assets | — | 4 | 4 |
| Reclassification to Assets classified as held for sale | 4 | 77 | 81 |
| **Depreciation and impairment at 31 December** | **(52)** | **(4,252)** | **(4,304)** |
| **Carrying amount at 31 December** | **100** | **1,977** | **2,077** |
| **Hereof carrying amount at 31 December of assets held under finance leases** | **—** | **157** | **157** |

1) Including impairment losses of DKK 9 million recognised in Other income and expenses, net in connection with revaluation of the security activities in Israel being classified as held for sale at 31 December 2013.

*Plant and equipment under finance leases*

The Group leases cleaning and office equipment under a number of finance lease agreements. Some leases provide the Group with the option to purchase the equipment at a beneficial price at the end of the lease term. The leased equipment secures lease obligations.

In 2013, additions included assets held under finance leases of DKK 88 million (2012/2011: DKK 110 million/DKK 97 million).

*Property and equipment under operating leases*

The Group leases a number of properties, vehicles (primarily cars) and other equipment under operating leases. The leases typically run for a period of 2-5 years, with an option to renew the lease after that date.

The disclosed non-cancellable operating lease rentals below assume no early termination of any agreement:

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | After 5 years | Total lease payments |
|---|---|---|---|---|---|---|---|
| | | | | (DKK million) | | | |
| At 31 December 2013 | 1,341 | 884 | 610 | 344 | 216 | 346 | 3,741 |
| At 31 December 2012 | 1,444 | 950 | 655 | 413 | 229 | 388 | 4,079 |
| At 31 December 2011 | 1,450 | 941 | 631 | 398 | 256 | 341 | 4,017 |

During 2013, DKK 1,964 million (2012/2011: DKK 2,116 million/DKK 2,105 million) was recognised as an expense in the income statement in respect of operating leases.

Leasing of cars is primarily entered under an international car fleet lease framework agreement which is valid until end 2018. The majority of the underlying agreements have a lifetime duration of 3-5 years.

## NOTE 8.3 Other financial assets

*Accounting policies*

Other financial assets are initially measured at cost and subsequently measured at amortised cost with any resulting adjustment being recognised in the income statement.

*Specification of other financial assets*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Deposits | 150 | 153 | 143 |
| Regulatory long-term loans | 98 | 100 | 72 |
| Other | 54 | 174 | 85 |
| **Other financial assets** | **302** | **427** | **300** |

**Deposits** comprise deposits related to rent, security and juridical deposits mainly relating to legal and tax cases.

## NOTE 8.4 Pensions and similar obligations

The Group has entered into retirement benefit schemes and similar arrangements with the majority of the Group's employees. The majority of the Group's pension costs relate to defined contribution plans funded through payments of annual premiums to independent insurance companies responsible for the pension obligation towards the employees. Further, the Group has a number of defined benefit plans where the responsibility for the pension obligation towards the employees rests with the Group. Individual defined benefit plans are managed by legally autonomous institutions and the governing bodies of these institutions have an obligation to act in the interests of the plan participants. In the case of funded plans, they are also responsible for the investment strategy.

*Accounting policy*

**Defined contribution plans** Contributions to these plans are recognised in the income statement under Staff costs as the related service is provided. Any contributions outstanding are recognised in the statement of financial position as Other liabilities.

**Defined benefit plans** The Group's net obligation is calculated annually by a qualified actuary using the projected unit credit method. This calculation is done separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The present value less the fair value of any plan assets is recognised in the statement of financial position under Pensions and similar obligations.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Pension costs for the year are recognised in the income statement on the basis of actuarial estimates and financial expectations at the beginning of the year. Service costs are recognised under Staff costs and net interest is recognised under Financial expenses. Differences between the expected development in pension assets and liabilities and the realised amounts at the end of the year are designated actuarial gains or losses and are recognised in other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement under Staff costs. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**Other long-term employee benefits** are recognised based on an actuarial calculation. Actuarial gains and losses are recognised in the income statement under Staff costs. Interest on long-term employee benefits are recognised under Financial expenses. Other long-term employee benefits comprise jubilee benefits, long-service or sabbatical leave etc.

*Critical accounting estimates and judgement*

The present value of defined benefit obligations is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. All assumptions are assessed at the reporting date. Changes in these assumptions may significantly affect the liabilities and pension costs under defined benefit plans. The range and weighted average of these assumptions as well as sensitivities on key assumptions are disclosed in this note.

The discount rates used for calculating the present value of expected future cash flows are based on the market yield of high quality corporate bonds or government bonds with a maturity approximating to the terms of the defined benefit obligations.

ISS participates in multi-employer pension schemes that by nature are defined benefit plans. Some funds are however not able to provide the necessary information in order for the Group to account for the schemes as defined benefit plans and the schemes are therefore accounted for as defined contribution plans. There is a risk that the plans are not sufficiently funded. However, information on surplus or deficit in the schemes is not available.

*Defined contribution plans*

The majority of the Group's pension schemes are defined contribution plans. In these plans, contributions are paid to publicly or privately administered pension plans on a statutory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. In 2013, contributions to defined contribution plans amounted to DKK 1,830 million (2012/2011: DKK 1,868 million/DKK 1,839 million).

*Defined benefit plans*

The Group has a number of defined benefit plans. The largest plans are in Switzerland and the United Kingdom. Together, they account for 81% (2012/2011: 71%/68%) of the Group's total defined benefit obligation (gross) and 95% (2012/2011: 80%/77%) of its plan assets. In addition to these, the plan in the Netherlands accounted for 13% of the gross obligation in 2012. During 2013, the plan was settled and transferred to a fully insured multi-employer pension fund. The settlement resulted in a gain of DKK 64 million, which was recognised in the income statement.

The defined benefit plans are primarily based on years of service, and benefits are generally determined on the basis of salary and rank. For defined benefit plans the Group assumes the risk associated with future developments in salary, interest rates, inflation, mortality and disability etc. The majority of the obligations are funded, but in some countries, mainly Sweden and France, the obligation is unfunded.

**Pension plans in Switzerland** Pension plans are governed by the Swiss Federal Law on Occupational retirement, Survivors' and Disability Pension Plans (LPP/BVG), which stipulates that pension plans must be managed by independent, legally autonomous units.

Plan participants are insured against the financial consequences of retirement, disability and death.

The pension plans are contribution-based plans guaranteeing a minimum interest credit and fixed conversion rates at retirement. Contributions are paid by both the employee and the employer. The plans must be fully funded under the LPP/BVG law on a static basis at all times. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, reduction of benefits or a combination of both.

The main pension plan has the legal structure of a foundation responsible for the governance of the plan and for the investment of the assets.

The foundation defines the investment strategy and has set up guidelines on allocation between assets.

The pension plans include a risk-sharing element between ISS and the plan participants. The risk-sharing element is recognised in the pension obligation at the reporting date.

**Pension plans in the United Kingdom** Plan participants are insured against the financial consequences of retirement. The schemes does not provide any insured disability benefits.

The pension plans are contribution-based plans guaranteeing defined benefit pension at retirement on a final salary basis. Contributions are paid by both the employee and the employer.

The schemes are legally structured as trust-based statutory sectionalised pension schemes. ISS has no control over the operation of the plans or their investments. An independent trustee or external administrator is responsible for the investment of the assets. The trustee or external administrator defines the investment strategy and have set up guidelines on asset allocation.

The majority of the pension plans does not include a risk-sharing element between ISS and the plan participants.

*Recognised in the statement of financial position*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | | (DKK million) | |
| Present value of funded obligations | 4,370 | 5,233 | 4,045 |
| Fair value of plan assets | (4,310) | (4,648) | (3,724) |
| **Funded obligations, net** | **60** | **585** | **321** |
| Present value of unfunded obligations | 603 | 640 | 572 |
| Accumulated impact from asset ceiling | 75 | 12 | 13 |
| Reclassification to Liabilities classified as held for sale | (38) | (17) | — |
| **Recognised in the statement of financial position for defined benefit obligations** | **700** | **1,220** | **906** |
| Other long-term employee benefits | 154 | 219 | 193 |
| Reclassification to Liabilities classified as held for sale | (16) | (6) | — |
| **Pensions and similar obligations at 31 December** | **838** | **1,433** | **1,099** |
| **Specification of defined benefit obligations:** | | | |
| Present value of funded obligations | 4,370 | 5,233 | 4,045 |
| Present value of unfunded obligations | 603 | 640 | 572 |
| **Defined benefit obligations at 31 December** | **4,973** | **5,873** | **4,617** |
| **Movement in defined benefit obligations (funded and unfunded):** | | | |
| Present value of obligations at 1 January | 5,873 | 4,617 | 4,283 |
| Foreign exchange adjustments | (104) | 54 | 65 |
| Reclassifications from/(to) Other long-term employee benefits | 39 | (3) | 47 |
| Additions from new contracts | 2 | 433 | — |
| Disposals through divestment of businesses | (65) | (1) | — |
| Interest on obligation | 158 | 168 | 162 |
| Current service costs | 205 | 154 | 155 |
| Benefits paid | (181) | (198) | (224) |
| Employee contributions | 121 | 120 | 110 |
| Actuarial (gains)/losses from demographic assumptions | (217) | 68 | 15 |
| Actuarial (gains)/losses from financial assumptions | 13 | 622 | (36) |
| Actuarial (gains)/losses due to experience adjustments | (6) | (71) | 36 |
| Recognised past service costs | 4 | (81) | 5 |
| Liabilities extinguished on settlements and curtailments | (869) | (9) | (1) |
| **Present value of obligations at 31 December** | **4,973** | **5,873** | **4,617** |

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| **Movement in fair value of plan assets:** | | | |
| Fair value of plan assets at 1 January | 4,648 | 3,724 | 3,435 |
| Foreign exchange adjustments | (73) | 39 | 62 |
| Reclassifications | 9 | — | 45 |
| Disposals through divestment of businesses | (37) | — | — |
| Additions from new contracts | 3 | 433 | — |
| Interest income on plan assets | 125 | 147 | 138 |
| Return on plan assets excluding interest income | 200 | 103 | (118) |
| Assets distributed on settlements | (799) | (1) | — |
| Employee contributions | 121 | 120 | 110 |
| Employer contributions | 201 | 183 | 178 |
| Benefits paid | (88) | (100) | (126) |
| **Fair value of plan assets at 31 December** | **4,310** | **4,648** | **3,724** |
| **Major categories of plan assets (% of total plan assets):** | | | |
| Corporate bonds | 47% | 39% | 43% |
| Listed shares | 25% | 18% | 23% |
| Property | 7% | 7% | 4% |
| Government bonds | 6% | 11% | 18% |
| Cash and cash equivalents | 6% | 14% | 3% |
| Unlisted shares | 0% | 6% | 5% |
| Other | 9% | 5% | 4% |
| **Total** | **100%** | **100%** | **100%** |

The Group expects to contribute DKK 169 million to its funded defined benefit plans in 2014.

*Recognised in the income statement*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Current service costs | 205 | 154 | 155 |
| Past service costs, net | 4 | (81) | 5 |
| Gains on curtailments and settlements, net | (70) | (9) | (1) |
| **Recognised as Staff costs** | **139** | **64** | **159** |
| Net interest | 33 | 21 | 24 |
| **Recognised as Financial expenses** | **33** | **21** | **24** |

*Recognised in the statement of comprehensive income*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| Actuarial (gains)/losses from demographic assumptions | (217) | 68 | 15 |
| Actuarial (gains)/losses from financial assumptions | 13 | 622 | (36) |
| Actuarial (gains)/losses due to experience adjustments | (6) | (71) | 36 |
| Return on plan assets excluding interest income | (200) | (103) | 118 |
| Impact from asset ceiling | 63 | (1) | (8) |
| **Recognised in the statement of comprehensive income** | **(347)** | **515** | **125** |

*Actuarial assumptions*

Actuarial calculations and valuations are performed annually for all major defined benefit plans. The actuarial assumptions vary from country to country due to local conditions. The range of actuarial assumptions used is as follows:

| | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | CHF | GBP | EUR | Other currencies | CHF | GBP | EUR | Other currencies |
| Discount rates at 31 December | 2.2% | 4.4% | 2.7-3.5% | 1.3-9.5% | 2.0% | 4.4% | 2.8-3.6% | 1.0-9.0% |
| Expected return on plan assets at 31 December | — | — | — | — | 2.9% | 6.3% | 2.8-4.4% | 1.3-8.5% |
| Future salary increases | 1.0% | 1.5% | 0.0-2.5% | 0.0-10.0% | 1.0% | 3.0% | 2.0-3.0% | 0.0-10.0% |
| Future pension increases | 0.0% | 3.3% | 0.0-2.0% | 0.0-2.0% | 0.0% | 2.8% | 1.8-2.1% | 0.0-2.8% |

| | 2011 | | | |
|---|---|---|---|---|
| | CHF | GBP | EUR | Other currencies |
| Discount rates at 31 December | 2.9% | 4.8% | 4.5-4.8% | 1.5-10.0% |
| Expected return on plan assets at 31 December | 3.3% | 6.3% | 2.8-4.7% | 2.3-8.5% |
| Future salary increases | 2.0% | 3.0% | 2.0-3.0% | 0.0-10.0% |
| Future pension increases | 0.0% | 2.9% | 1.8-2.1% | 0.0-1.6% |

Discount rates are based on the market yield of high quality corporate bonds or government bond with a maturity approximating to the terms of the defined benefit obligations. Switzerland represents 67% of the gross obligation (2012/2011: 59%/55%) and the United Kingdom represents 14% of the gross obligation (2012/2011: 12%/13%).

Expected return on plan assets is based on the plan asset portfolio and general expectations to the economic development.

**Sensitivity analysis** The table below illustrates the sensitivity related to significant actuarial assumptions used in the calculation of the defined benefit obligation recognised at the reporting date. The analysis is based on changes in assumptions that the Group considered to be reasonably possible at the reporting date. It is estimated that the relevant changes in assumptions would have increased/(decreased) the defined benefit obligation by the amounts shown below:

| | 2013 | |
|---|---|---|
| | +0.5% | -0.5% |
| | (DKK million) | |
| Discount rate | (284) | 320 |
| Future price inflation | 97 | (92) |
| Future salary increases | 40 | (50) |
| Future pension increases | 205 | (61) |
| | **+1 year** | **-1 year** |
| Mortality expectancy | **84** | **(90)** |

The estimated weighted average duration of the defined benefit obligation was 14 years and is split into:

| **Years** | **2013** | **2012** | **2011** |
|---|---|---|---|
| Active employees | 13 | 17 | 16 |
| Retired employees | 13 | 13 | 12 |
| Deferred vested | 22 | 21 | 20 |
| Total employees | 14 | 16 | 16 |

## NOTE 8.5 Provisions

*Accounting policy*

Provisions are recognised if the Group, as a result of a past event has a present legal or constructive obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. The costs required to settle the obligation are discounted if this significantly impacts the measurement of the liability. The entity's average borrowing rate is used as discount rate.

Restructuring costs are recognised under Provisions when a detailed, formal restructuring plan is announced to the affected parties on or before the reporting date. On acquisition of businesses, restructuring provisions in the acquiree are only included in goodwill when the acquiree has a restructuring liability at the acquisition date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the obligations under the contract.

When the Group has a legal obligation to dismantle or remove an asset or restore a site or rented facilities when vacated, a provision is recognised corresponding to the present value of expected future costs. The present value of the obligation is included in the cost of the relevant tangible asset and depreciated accordingly.

*Critical accounting estimates and judgement*

The amount recognised as a provision is management's best estimate of the amount required to settle the obligation. The outcome depends on future events that are uncertain by nature. In assessing the likely outcome of lawsuits and tax disputes etc., management bases its assessment on external legal assistance and established precedents.

*Specification of provisions*

**2013**

| | Legal cases | Self-insurance | Contingent liabilities in acquisitions | Other | Total |
|---|---|---|---|---|---|
| | | | (DKK million) | | |
| Provisions at 1 January | 152 | 256 | 48 | 121 | 577 |
| Foreign exchange adjustments | (10) | (21) | (0) | (8) | (39) |
| Provisions made during the year | 125 | 144 | — | 339 | 608 |
| Provisions used during the year | (50) | (167) | (9) | (94) | (320) |
| Provisions reversed during the year | (31) | (2) | (1) | (18) | (52) |
| Unwind of discount | 3 | 5 | — | 9 | 17 |
| Reclassification to Liabilities classified as held for sale | (8) | — | — | (9) | (17) |
| Reclassification between categories and (to)/ from Other liabilities | 5 | 4 | (1) | 5 | 13 |
| **Provisions at 31 December** | **186** | **219** | **37** | **345** | **787** |
| Current | 97 | 60 | — | 160 | 317 |
| Non-current | 89 | 159 | 37 | 185 | 470 |

**Legal cases** The provision comprises obligations in relation to a number of legal and labour-related cases in certain countries.

**Self-insurance** In Australia, Hong Kong, Ireland, the USA and the United Kingdom, the Group carries insurance provisions on employers' liability and/or workers compensation. Ireland and the United Kingdom are self-insured up to a yearly limit of DKK 25 million (2012/2011: DKK 21 million/DKK 21 million). The USA is self-insured up to a limit of DKK 2.7 million per claim (2012/2011: DKK 2.8 million/DKK 1.4 million). Australia is self-insured up to a limit of DKK 2.4 million per claim (2012/2011: DKK 2.9 million/DKK 2.9 million). Hong Kong is self-insured up to a yearly limit of DKK 14 million (2012/2011: DKK 15 million/no self-insurance). Generally, the provisions for self-insurance are based on valuations from external actuaries.

Furthermore, the provision includes liability not insured under the global general liability insurance with a self-insured level of DKK 0.2 million per claim and DKK 0.1 million per claim in the USA and obligations and legal costs in relation to various insurance cases if not covered by the insurance.

**Contingent liabilities in acquisitions** comprises contingent liabilities assumed in acquisitions and relates mainly to legal cases.

**Other** comprises various other obligations incurred, e.g. restructuring costs, guarantee reserves, dismantling costs, operational issues, closure of contracts, costs of meeting obligations under onerous contracts as well as acquisition and integration costs mainly related to transaction costs, redundancy payments and termination of rental of properties. At 31 December 2013, provisions for onerous contracts were included with DKK 168 million (2012/2011: DKK 9 million/DKK 9 million) and provisions for acquisition and integration costs were included with DKK 3 million (2012/2011: DKK 4 million/DKK 12 million).

**2012**

| | Legal cases | Self-insurance | Contingent liabilities in acquisitions | Other | Total |
|---|---|---|---|---|---|
| | | | (DKK million) | | |
| Provisions at 1 January | 175 | 230 | 73 | 115 | 593 |
| Foreign exchange adjustments | (1) | (0) | 0 | (0) | (1) |
| Disposals through divestment of businesses | (1) | — | — | (1) | (2) |
| Provisions made during the year | 83 | 162 | — | 28 | 273 |
| Provisions used during the year | (42) | (156) | (7) | (36) | (241) |
| Provisions reversed during the year | (45) | (1) | — | (24) | (70) |
| Unwind of discount | 3 | 8 | — | 1 | 12 |
| Reclassification to Liabilities classified as held for sale | (3) | (0) | (19) | (1) | (23) |
| Reclassification between categories and (to)/ from Other liabilities | (17) | 13 | 1 | 39 | 36 |
| **Provisions at 31 December** | **152** | **256** | **48** | **121** | **577** |
| Current | 81 | 94 | — | 50 | 225 |
| Non-current | 71 | 162 | 48 | 71 | 352 |

**2011**

| | Legal cases | Self-insurance | Contingent liabilities in acquisitions | Other | Total |
|---|---|---|---|---|---|
| | | | (DKK million) | | |
| Provisions at 1 January | 202 | 191 | 91 | 256 | 740 |
| Foreign exchange adjustments | (4) | 4 | (1) | 0 | (1) |
| Provisions made during the year | 69 | 164 | — | 45 | 278 |
| Provisions used during the year | (48) | (126) | (3) | (62) | (239) |
| Provisions reversed during the year | (75) | (10) | (10) | (56) | (151) |
| Unwind of discount | 2 | 7 | — | 1 | 10 |
| Reclassification to Liabilities classified as held for sale | (0) | — | — | (3) | (3) |
| Reclassification between categories and (to)/ from Other liabilities | 29 | — | (4) | (66) | (41) |
| **Provisions at 31 December** | **175** | **230** | **73** | **115** | **593** |
| Current | 98 | 78 | — | 79 | 255 |
| Non-current | 77 | 152 | 73 | 36 | 338 |

## NOTE 8.6 Contingent liabilities

*Senior Facility Agreement*

ISS A/S has executed pledge agreements over (i) its shares in ISS World Services A/S, (ii) its bank accounts and (iii) certain intra-group receivables as security for the Group's senior facilities and on a secondary basis as security for the Subordinated Notes issued by ISS A/S.

ISS A/S, ISS World Services A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the USA have provided guarantees for ISS Global A/S's borrowings under the senior facilities. The guarantees have been backed up by security over bank accounts, trade receivables, intra-group receivables, other receivables, properties, production equipment and intellectual property rights of ISS World Services A/S and these subsidiaries. At 31 December, the aggregate values of assets provided as security for the borrowings under the senior facilities were:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | DKK billion | | |
| Goodwill | 3.5 | 4.2 | 4.1 |
| Customer contracts | 0.6 | 0.7 | 0.8 |
| Intellectual property rights | 1.6 | 1.6 | 1.6 |
| Other intangible and tangible assets | 0.5 | 0.5 | 0.4 |
| Trade receivables | 1.9 | 2.1 | 2.1 |
| Other receivables | 0.2 | 0.2 | 0.2 |
| Bank accounts | 0.3 | 0.7 | 1.4 |
| **Total** | **8.6** | **10.0** | **10.6** |

In addition, the shares in ISS Global A/S's material subsidiaries and shares in certain of their subsidiaries as well as shares in certain subsidiaries in Austria, Brazil, the Czech Republic, Hong Kong, Ireland, Israel, Portugal, New Zealand, Singapore and Switzerland have been pledged.

*Securitisation*

Certain countries participate in the Group's securitisation programme where securitised trade receivables are provided as security for the securitisation debt. As at 31 December 2013, trade receivables of DKK 4,535 million (2012/2011: DKK 4,818/DKK 4,961 million) had been placed as security for securitisation debt with a face value of DKK 2,773 million (2012/2011: DKK 2,635 million/DKK 2,638 million). In addition hereto DKK 1,532 million (2012/2011: DKK 1,311 million/DKK 1,313 million) cash held by the Group's consolidated SPEs handling the Group's securitisation programme was pledged as security for securitisation debt. Of the total amount of cash held by the Group's SPEs DKK 133 million (2012/2011: DKK 110 million/DKK 392 million) was not considered readily available for general use by the parent company or other subsidiaries.

*Guarantee commitments*

Indemnity and guarantee commitments at 31 December 2013 amounted to DKK 425 million (2012/2011: DKK 461 million/DKK 465 million).

*Performance guarantee*

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,864 million (2012/2011: DKK 1,784 million/DKK 1,705 million) of which DKK 1,236 million (2012/2011: DKK 1,251 million/DKK 1,277 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

*Divestments*

The Group makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 31 December 2013 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestment of companies will not adversely affect the Group's activities, results of operations and financial position.

*Legal proceedings*

The Group is party to certain legal proceedings. Management believes that these proceedings (many of which are labour-related cases incidental to the business) will not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 December 2013.

*Restructuring projects*

Restructuring projects aiming at adjusting capacity to lower activity have been undertaken across different geographies and service areas. Labour laws especially in Europe include restrictions on dismissals and procedural rules to be followed. The procedures applied by ISS could be challenged in certain jurisdictions resulting in liabilities. Management believes that this would not have a material impact on the Group's financial position beyond the assets and liabilities already recognised in the statement of financial position at 31 December 2013.

**NOTE 8.7 Financial assets and liabilities**

*Carrying amount of financial assets and liabilities compared to fair values*

The carrying amount of financial assets and liabilities by classification are presented below:

| | Note | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | | (DKK million) | | |
| **Financial assets designated as fair value through profit or loss** | | 38 | 91 | 20 |
| **Loans and receivables** | | 13,662 | 14,829 | 15,359 |
| **Financial liabilities designated as fair value through profit or loss** | | 13 | 27 | 39 |
| **Financial liabilities used for hedging** | 5.6 | 52 | 112 | 43 |
| **Financial liabilities measured at amortised cost** | | 29,790 | 33,429 | 37,540 |

The fair values of financial assets and liabilities approximates the carrying amounts except for Financial liabilities measured at amortised cost where the fair value amounts to DKK 30,059 million (2012/2011: DKK 33,851 million/DKK 37,985) compared to the carrying amount in the table above.

*Methods, assumptions and techniques used to determine fair value*

The methods, assumptions and techniques used in determining the fair values of each category of financial assets and financial liabilities are described below. The methods are unchanged compared with 2012 and 2011.

**Derivative financial instruments** comprise currency swaps and interest rate swaps and are included in the categories above under Financial assets designated as fair value through profit or loss, Financial liabilities designated as fair value through profit or loss or Financial liabilities used for hedging. The fair value of derivative financial instruments is determined on the basis of observable market data using generally accepted methods taking into account both ISS's and the counterparties' credit risk. The fair value of interest rate swaps is based on market rates for yield curves. The fair value of currency swaps is based on the difference between the purchase price and the price at the reporting date. The fair value of derivative financial instruments has been categorised as Level 2 in the Fair value hierarchy based on the inputs to the valuation method used.

**Other financial liabilities** including issued bonds, bank loans, finance lease liabilities, trade payables and other liabilities are measured at amortised cost in the statement of financial position. The note disclosure of the fair value is for the issued bonds (EMTNs, Subordinated Notes and Senior Notes) based on the quoted market price on the Luxembourg Stock Exchange. For the remaining part of loans and borrowings fair value is equal to the nominal value.

## NOTE 8.8 Reconciliation of segment information

*Reconciliations to the income statement*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| **Revenue** | | | |
| Revenue for reportable segments | 78,543 | 79,524 | 77,709 |
| Elimination of internal revenue | (84) | (70) | (65) |
| **Revenue according to the income statement** | **78,459** | **79,454** | **77,644** |
| **Operating profit** | | | |
| Operating profit for reportable segments | 4,813 | 4,555 | 4,726 |
| Unallocated corporate costs | (534) | (404) | (429) |
| Unallocated other income and expenses, net | (64) | (48) | (132) |
| **Operating profit according to the income statement** | **4,215** | **4,103** | **4,165** |
| Unallocated: | | | |
| Share of result from equity-accounted investees | 6 | 4 | 0 |
| Financial income | 170 | 217 | 197 |
| Financial expenses | (2,446) | (2,943) | (2,999) |
| **Profit before tax and goodwill impairment/amortisation and impairment of brands and customer contracts according to the income statement** | **1,945** | **1,381** | **1,363** |

*Reconciliations to statement of financial position*

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | (DKK million) | | |
| **Total assets** | | | |
| Total assets for reportable segments | 54,528 | 58,717 | 58,430 |
| Elimination of internal assets[1] | (38,770) | (38,769) | (38,524) |
| Unallocated assets[2] | 32,818 | 33,940 | 35,074 |
| **Total assets according to the statement of financial position** | **48,576** | **53,888** | **54,980** |
| **Additions to non-current assets[3]** | | | |
| Additions to non-current assets for reportable segments | 897 | 982 | 1,062 |
| Unallocated additions to non-current assets | 50 | 33 | 70 |
| **Total additions to non-current assets according to the statement of financial position** | **947** | **1,015** | **1,132** |
| **Total liabilities** | | | |
| Total liabilities for reportable segments | 34,505 | 38,619 | 38,601 |
| Elimination of internal liabilities[1] | (38,260) | (38,238) | (38,013) |
| Unallocated liabilities[2] | 48,085 | 48,400 | 52,253 |
| **Total liabilities according to the statement of financial position** | **44,330** | **48,781** | **52,841** |

1) Eliminations mainly relate to intra-group balances.
2) Unallocated assets and liabilities mainly relate to the Group's holding companies as they are not included in the reportable segments. The assets and liabilities comprise internal and external loans and borrowings, cash and cash equivalents and intra-group balances.
3) Additions to non-current assets comprise additions to Intangible assets and Property, plant and equipment including acquisitions through business combinations.

**NOTE 8.9 Subsequent events**

*2013*

ISS intends to launch an IPO

ISS has on 18 February 2014 announced its intention to launch an Initial Public Offering (IPO) of its shares and to list on NASDAQ OMX Copenhagen. The intended IPO is expected to consist primarily of an issue of new shares to raise proceeds of approximately DKK 8 billion. Proceeds from the IPO are proposed, together with amounts drawn under a new banking facilities agreement subject to the IPO, to repay existing credit facilities during the course of 2014.

Drawings can be made under the new facilities agreement, which was put in place on 18 February 2014, subject to satisfaction of certain conditions precedent, including that the offering of shares contemplated by way of the IPO has occurred or will occur concurrently with the first drawing under the new facilities. The new facility, with investment grade like terms, is in place with a smaller number of relationship banks and includes a more attractive and flexible interest margin depending on our leverage.

In preparation for the IPO, in January 2014 the Board of Directors (Board) approved the implementation of selected incentive schemes to apply for the EGM, the GMB and certain other employees subject to the completion of the IPO.

Other

Acquisitions and divestments completed subsequent to 31 December 2013 are listed in note 4.1, Acquisition and divestment of businesses.

On 8 January 2014, we announced the sale of our commercial security business in Australia and New Zealand. The transaction is subject to the satisfaction of certain customary conditions and we expect the sale to be completed in the first quarter of 2014.

On 3 February 2014, we announced the extension of the global IFS contract with HP until the end of 2018.

On 18 February 2014, ISS announced that the Board had elected board member Thomas Berglund as Deputy Chairman of the Board.

Apart from the above and the events described elsewhere in the consolidated financial statements, the Group is not aware of events subsequent to 31 December 2013, which are expected to have a material impact on the Group's financial position.

*2012*

On 4 March 2013, ISS announced that it is seeking consent of its lenders under the Senior Facilities Agreement to amend and extend its debt maturities with additional three years, including a refinancing of the Second Lien Facility.

In addition, in March 2013 ISS was further upgraded by Moody's from B1 Stable Outlook to B1 Positive Outlook, and the Senior Credit Facilities were assigned a BB- rating from S&P and a Ba3 rating from Moody's.

Apart from the above and the events described in the consolidated financial statements for 2012, the Group was not aware of events subsequent to 31 December 2012, which were expected to have a material impact on the Group's financial position.

*2011*

Divestments made by the Group in the period from 1 January to 29 February 2012 are listed below. No acquisitions were completed in the period.

| Company/activity | Country | Service type | Excluded from the income statement | Percentage interest | Annual revenue[1] (DKK million) | Number of employees[1] |
|---|---|---|---|---|---|---|
| ISS Proko Infra Oy | Finland | Facility management | March | 64% | 9 | 14 |
| **Total** | | | | | **9** | **14** |

1) Approximate figures based on information available at the time of divestment extracted from unaudited financial information.

Apart from the above and the events described in the consolidated financial statements for 2011, the Group was not aware of events subsequent to 31 December 2011, which were expected to have a material impact on the Group's financial position.

### NOTE 8.10 New standards and interpretations not yet implemented

IASB has published the following new standards, amendments to existing standards and interpretations that are not yet mandatory for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2013:

- Amendments to IAS 32; and
- Amendments to IAS 39.

In addition IASB has published the following new standards, amendments to existing standards and interpretations, which are not yet adopted by the EU at 31 December 2013:

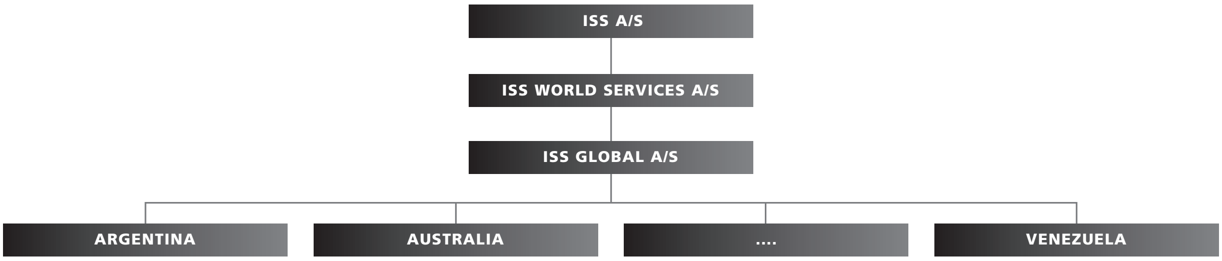
- IFRS 9;
- Amendments to IFRS 9;
- Amendments to IFRS 7;
- Amendments to IAS 19;
- Amendments to IAS 39;
- Annual improvements to IFRSs 2010-2012 cycle;
- Annual improvements to IFRSs 2011-2013 cycle; and
- IFRIC 21.

Except for the early adoption of Amendments to IAS 36 the Group expects to adopt the new standards and interpretations when they become mandatory. The standards and interpretations that are approved with different effective dates in the EU than the corresponding effective dates under IASB will be early adopted so that the implementation follows the effective dates under IASB.

Based on the current business setup and level of activities none of the standards and interpretations are expected to have a material impact on the recognition and measurement in the consolidated financial statements of the Group.

**NOTE 8.11 Subsidiaries, associates, joint ventures and SPEs**

Below the significant subsidiaries, associates, joint ventures and SPEs of the Group are presented together with a Group chart showing the ownership structure from ISS A/S and down. Together these are referred to as "Companies within the ISS Group". Undertakings of immaterial interest are left out.




**Argentina**

| | |
|---|---|
| ISS Argentina S.A. | 100% |
| ISS Facility Services S.R.L. | 100% |
| ISS Food S.A. | 100% |
| ISS Litorial S.A. | 100% |
| ISS Office Services S.A. | 100% |
| ISS Personal Temporario S.R.L. | 100% |
| ISS Retail S.A. | 100% |

**Australia**

| | |
|---|---|
| Blurlato Pty Ltd. | 100% |
| Fondi Investments Ltd. | 100% |
| ISS Catering Services Pty Ltd. | 100% |
| ISS Facility Services Australia Ltd. | 100% |
| ISS Franchise Services Pty Ltd. | 100% |
| ISS Health Services Pty Ltd. | 100% |
| ISS Holdings Pty Ltd. | 100% |
| ISS Integrated Services Pty Ltd. | 100% |
| ISS Property Services Pty Ltd. | 100% |
| ISS Security Pty Ltd. | 100% |
| Pacific Invest December 2004 Pty Ltd. | 100% |
| Pacific Service Solutions Pty Ltd. | 100% |
| Prestige Protection Services Pty Ltd. | 100% |

**Austria**

| | |
|---|---|
| ISS Austria Holding GmbH | 100% |
| ISS Facility Services GmbH | 100% |
| ISS Ground Services GmbH | 51% |
| ISS Hotel, SPA & Gastro Services GmbH | 100% |

**Belgium**

| | |
|---|---|
| BD Food Invest S.A. | 100% |
| ISS Catering N.V. | 100% |
| ISS Integrated Facility Services N.V. | 100% |
| ISS Industrial Cleaning N.V. | 100% |
| ISS Landscaping N.V. | 100% |
| ISS N.V. | 100% |
| ISS Office Support Services N.V. | 100% |
| ISS Reception & Support Services N.V. | 100% |

**Bosnia and Herzegovina**

| | |
|---|---|
| ISS Facility Services d.o.o. Sarajevo | 100% |

**Brazil**

| | |
|---|---|
| ISS Biosystem Saneamento Ambiental Ltda. | 100% |
| ISS Catering Sistemas de Alimentação Ltda. | 100% |
| ISS Manutenção e Operação de Utilidades Ltda. | 100% |
| ISS Manutenção e Serviços Integrados Ltda. | 100% |

| | |
|---|---|
| ISS Serviços de Logistica Integrada Ltda. | 100% |
| ISS Servisystem do Brasil Ltda. | 100% |
| ISS Sulamericana Brasil Ltda. | 100% |

**Brunei**

| | |
|---|---|
| ISS Facility Services Sdn. Bhd. | 100% |

**Bulgaria**

| | |
|---|---|
| ISS Facility Services EOOD | 100% |

**Canada**

| | |
|---|---|
| ISS Facility Services Inc. | 100% |

**Chile**

| | |
|---|---|
| ISS Chile S.A. | 100% |
| ISS Facility Services S.A. | 100% |
| ISS Instituto de Formacion Ltda. | 100% |
| ISS Servicios de Limpieza Industrial Ltda. | 100% |
| ISS Servicios de Limpieza Mecanizada S.A. | 100% |
| ISS Servicios de Soporte Est Ltda. | 100% |
| ISS Servicios Generales Ltda. | 100% |
| ISS Servicios Integrales Ltda. | 100% |

**China and Hong Kong**

| | |
|---|---|
| Cornerstone Associates Ltd. | 100% |
| Hung Fat Cleaning Transportation Co., Ltd. | 100% |
| ISS Adams Secuforce Ltd. | 100% |
| ISS Allsecure Ltd. | 100% |
| ISS Building Consultancy Ltd. | 100% |
| ISS Business Solutions Ltd. | 100% |
| ISS China Holdings I Ltd. | 100% |
| ISS China Holdings Ltd. | 100% |
| ISS EastPoint Properties Ltd. | 100% |
| ISS EastPoint Property Consultants Ltd. | 100% |
| ISS EastPoint Property Management Ltd. | 100% |
| ISS Environmental Services (HK) Ltd. | 100% |
| ISS Facility Services (Beijing) Ltd. | 100% |
| ISS Facility Services (Shanghai) Ltd. | 100% |
| ISS Facility Services (Tianjin) Ltd. | 100% |
| ISS Facility Services China Ltd. | 100% |
| ISS Facility Services Ltd. | 100% |
| ISS Facility Services (Shenzhen) Ltd. | 100% |
| ISS Greater China Ltd. | 100% |
| ISS Hangyang (Beijing) Cleaning Services Co., Ltd. | 100% |
| ISS Hong Kong Services Ltd. | 100% |
| ISS Hongrun (Shanghai) Cleaning Services Ltd. | 100% |
| ISS Hygiene Services (HK) Ltd. | 100% |
| ISS Mediclean (HK) Ltd. | 100% |
| ISS Pan Asia Security Services Ltd. | 100% |
| ISS Roboclean (HK) Co., Ltd. | 100% |
| ISS Servisystem (China) Ltd. | 100% |
| ISS Thomas Cowan Co., Ltd. | 100% |
| JSL Ltd. | 100% |
| LAWN Environmental Protection Ltd. | 100% |
| Shanghai B&A Property Management Co., Ltd. | 100% |
| Shanghai B&A Security Service Co., Ltd. | 100% |
| Shanghai ISS Catering Management Co., Ltd. | 100% |
| Silvertech E&M Engineering Co., Ltd. | 100% |

**Colombia**

| | |
|---|---|
| ISS Facility Services SA S | 100% |

**Costa Rica**

| | |
|---|---|
| ISS Facility Services Costa Rica Limitada | 100% |

**Croatia**

| | |
|---|---|
| ISS Usluzne djelatnosti d.o.o. | 100% |

**Czech Republic**

| | |
|---|---|
| ISS Facility Services s.r.o | 100% |
| ISS Optimal s.r.o. | 100% |
| ISS Správa Budov s.r.o. | 100% |

**Denmark**

| | |
|---|---|
| ISS Capital A/S | 100% |
| ISS Facility Services A/S | 100% |
| ISS Finans A/S | 100% |
| ISS Global Management A/S | 100% |
| ISS Holding France A/S | 100% |
| ISS Kloak- & Industriservice A/S | 100% |
| ISS Lending A/S | 100% |
| ISS Venture A/S | 100% |
| ISS Hotel & Event Services A/S | 100% |

**Ecuador**

| | |
|---|---|
| EISSEcuador S.A | 100% |
| ISS Facility Servicios Ecuador S.A | 100% |

**Estonia**

| | |
|---|---|
| ISS Eesti AS | 100% |
| ISS Haldus OÜ | 100% |

**Finland**

| | |
|---|---|
| ISS Aviation Oy | 100% |
| ISS Henkilöstöpalvelut Oy | 100% |
| ISS Palvelut Holding Oy | 100% |
| ISS Palvelut Oy | 100% |
| ISS Proko Oy | 100% |
| Suomen Laatutakuu Palvelut Oy | 100% |

**France**

| | |
|---|---|
| Channel Passenger Services SAS | 100% |
| Extincteurs Haas SAS | 100% |
| GIE ISS Services | 100% |
| ISS Espaces Verts SAS | 100% |
| ISS Facility Management SAS | 100% |
| ISS Holding Paris SAS | 100% |
| ISS Hygiene & Prevention SAS | 100% |
| ISS Hygiene SAS | 100% |
| ISS Logistique et Production SAS | 100% |
| ISS Proprete SAS | 100% |
| Stop Flam SAS | 100% |

**Germany**

| | |
|---|---|
| ISS Facility Services GmbH | 100% |
| ISS HWS GmbH & Co. KG | 100% |
| ISS Personalservice GmbH | 100% |
| Klaus Harren GmbH | 100% |

**Greece**

| | |
|---|---|
| ISS Facility Services S.A. | 100% |
| ISS Human Resources S.A. | 100% |
| ISS Security S.A. | 100% |

**Greenland**

| | |
|---|---|
| ISS Grønland A/S | 100% |

| | |
|---|---|
| **Hungary** | |
| ISS Facility Services Kft. | 100% |
| Profi-Komfort Kft. | 100% |
| **Iceland** | |
| ISS Ísland ehf. | 100% |
| **India** | |
| ISS Catering Services (South) Pvt. Ltd. | 100% |
| ISS Catering Services (West) Pvt. Ltd. | 100% |
| ISS Facility Services (India) Pvt. Ltd. | 100% |
| ISS HiCare Pvt. Ltd. | 100% |
| ISS Integrated Facility Services Pvt. Ltd. | 100% |
| ISS Management Services Pvt. Ltd. | 100% |
| ISS Pest Control Services Pvt. Ltd. | 100% |
| ISS SDB Security Services Pvt. Ltd. | 49%[4)] |
| ISS Support Services Pvt. Ltd. | 100% |
| Modern Protection & Investigations Ltd. | 49%[4)] |
| **Indonesia** | |
| PT ISS Catering Services | 0%[4)] |
| PT ISS Facility Services | 100% |
| PT ISS Indonesia | 0%[4)] |
| PT ISS Parking Management | 0%[4)] |
| **Ireland** | |
| ISS Ireland Holding Ltd. | 100% |
| ISS Ireland Ltd. | 100% |
| **Israel** | |
| A. Kfir Holding Ltd. | 100% |
| Catering Ltd. | 100% |
| Catering Tefen (1991) Ltd. | 100% |
| Glat Chef Ltd. | 50%[1)] |
| I.S.S Outsourcing Ltd. | 100% |
| ISS Ashmoret Ltd. | 100% |
| ISS Integrated Facility Service Management Ltd. | 100% |
| ISS Israel Manpower Services Ltd. | 100% |
| ISS Israel Comprehensive Business Services Ltd. | 100% |
| ISS Kfir Surveillance and Control Solutions Ltd. | 100% |
| Kfir Surveillance and Electronic Systems Ltd. | 100% |
| M.A.S h Machatz Agencies (1997) Ltd. | 100% |
| Norcat Ltd. | 100% |
| Norfolk Enterprise Ltd. | 100% |
| Norfolk International Ltd. | 100% |
| **Italy** | |
| ISS Facility Services S.r.l. | 100% |
| **Japan** | |
| Nihon ISS KK | 100% |
| **Latvia** | |
| ISS Namu Serviss SIA | 100% |
| **Lithuania** | |
| ISS Pastatu Valda UAB | 100% |
| **Luxembourg** | |
| ISS Facility Services S.A. | 100% |
| ISS Luxintérim S.à r.l. | 100% |
| **Malaysia** | |
| ISS Facility Services Sdn. Bhd. | 30%[4)] |
| ISS Hygiene Services Sdn. Bhd. | 100% |

| | |
|---|---|
| Kontrekleen Sdn. Bhd. | 30%[4)] |
| Reliance Suci Environmental Sdn. Bhd. | 30%[4)] |
| **Mexico** | |
| ISS Catering, SA de CV | 100% |
| ISS Centro América, S de RL de CV | 100% |
| ISS Facility Services, SA de CV | 100% |
| ISS Servicios Adm., SA de CV Sociedad Fin. de Obj. | 100% |
| ISS Servicios Gerenciales, S de RL de CV | 100% |
| ISS Servicios Integrales, S de RL de CV | 100% |
| Mantenimiento Ténico Tapnew, SA de CV | 100% |
| Martex, SA de CV | 100% |
| **Netherlands** | |
| ISS Building Maintenance Services B.V. | 100% |
| ISS Catering Services B.V. | 100% |
| ISS Cure & Care B.V. | 100% |
| ISS Holding Nederland B.V. | 100% |
| ISS Integrated Facility Services B.V. | 100% |
| ISS Nederland B.V. | 100% |
| ISS Reception Services B.V. | 100% |
| TalentGroep Montaigne Facility Management B.V. | 100% |
| **New Zealand** | |
| First Security Guard Services Ltd. | 100% |
| ISS Facilities Services Ltd. | 100% |
| ISS Holdings NZ Ltd. | 100% |
| **Norway** | |
| ForvaltningsCompagniet AS | 100% |
| Hero Holding AS | 50%[1)] |
| ISS Facility Services AS | 100% |
| ISS Holding AS | 100% |
| ISS Management AS | 100% |
| ISS Serveringspartner AS | 100% |
| ISS Service Management AS | 100% |
| NSB Trafikkservice AS | 45%[2)] |
| Personalhuset Ringnes AS | 50%[1)] |
| Personalhuset Staffing Group AS | 100% |
| Raufoss Beredskap AS | 51% |
| **Panama** | |
| ISS Panama S.A. | 100% |
| **Peru** | |
| ISS Facility Services Peru S.A.C | 100% |
| ISS World Peru S.A.C. | 100% |
| **Philippines** | |
| ISS Facility Services Phils., Inc. | 100% |
| **Poland** | |
| ISS Facility Services Sp. Z.o.o. | 100% |
| ISS IS Sp. Z.o.o. | 100% |
| ISS MS Sp. Z.o.o. | 100% |
| ISS RS Sp. Z.o.o. | 100% |
| **Portugal** | |
| ISS Facility Services, Lda. | 100% |
| ISS FS Açores, Lda. | 100% |
| ISS Human Resources, Lda. | 100% |
| ISS Portugal II, Lda. | 100% |
| **Puerto Rico** | |
| ISS Facility Services Puerto Rico, Inc. | 100% |

**Romania**

| | |
|---|---|
| 3D Romania S.A. | 100% |
| ISS Facility Services S.R.L. | 100% |
| ISS Romania Group S.R.L. | 100% |
| ISS Security Servies S.R.L. | 100% |

**Russia**

| | |
|---|---|
| Facility Services RUS LLC | 100% |

**Singapore**

| | |
|---|---|
| ISS Asia Pacific Pte. Ltd. | 100% |
| ISS Catering Pte. Ltd. | 100% |
| ISS Catering Services Pte. Ltd. | 100% |
| ISS Facility Services Private Limited | 100% |
| ISS Hydroculture Pte. Ltd. | 100% |
| ISS Landscaping Pte. Ltd. | 100% |
| ISS M&E Pte. Ltd. | 100% |
| ISS Pest Management Pte. Ltd. | 100% |
| ISS Sanitation Services Pte Ltd | 100% |
| ISS-CDCS Catering Pte. Ltd. | 100% |
| Serve1st Services Pte Ltd | 100% |

**Slovakia**

| | |
|---|---|
| ISS Facility Services spol s.r.o. | 100% |

**Slovenia**

| | |
|---|---|
| ISS Facility Services d.o.o. | 100% |
| Magnetik d.o.o. | 100% |

**South Africa**

| | |
|---|---|
| ISS Facility Services (Pty) Limited | 100% |

**Spain**

| | |
|---|---|
| Gelim Andalucia S.A. | 100% |
| Gelim Asturias S.A. | 100% |
| Gelim Baleares S.A. | 100% |
| Gelim Canarias S.A. | 100% |
| Gelim Galicia S.A. | 100% |
| Gelim Madrid S.A. | 100% |
| Gelim S.A. | 100% |
| Gelim Valencia S.A. | 100% |
| Integrated Service Solutions S.L. | 100% |
| ISS Activa Educacional S.L. | 100% |
| ISS Facility Services S.A. | 100% |
| ISS Financiera Corporativa S.L. | 0%[3)] |
| ISS Salud y Servicios Sociosanitarios S.A. | 100% |
| ISS Serv. de Información y Control de Accesos, S.L. | 100% |
| ISS Soluciones de Catering S.L. | 100% |
| ISS Soluciones de Seguridad S.L. | 100% |
| Lloyd Outsourcing, S.L. | 100% |
| UTE Ferriss-ISS | 70%[1)] |

**Sri Lanka**

| | |
|---|---|
| ISS Abans Environmental Services (PT) Ltd. | 50%[1)] |

**Sweden**

| | |
|---|---|
| ISS Facility Services AB | 100% |
| ISS Facility Services Holding AB | 100% |
| ISS Palvelut Holding AB | 100% |

**Switzerland**

| | |
|---|---|
| ISS Aviation AG | 100% |
| ISS Bernasconi SA | 100% |
| ISS Facility Services (Liechtenstein) AG | 100% |
| ISS Facility Services AG | 100% |

| | |
|---|---|
| ISS Kanal Services AG | 100% |
| ISS Schweiz AG | 100% |
| ISS Security AG | 100% |
| **Taiwan** | |
| ISS Facility Services Ltd. | 100% |
| ISS Security Ltd. | 100% |
| **Thailand** | |
| ISS Facility Services Co., Ltd. | 100% |
| ISS Security Services Co., Ltd. | 100% |
| ISS Support Services Co., Ltd. | 100% |
| Notre-Bel Co., Ltd. | 100% |
| **Turkey** | |
| CMC Iletişim Bilg Reklam ve D. Hiz. San. Tic. A.Ş. | 90%[5)] |
| ISS Haşere Kontrol Hizmetleri A.Ş. | 90%[5)] |
| ISS Proser Koruma ve Güvenlik Hizmetleri A.Ş. | 90%[5)] |
| ISS Tesis Yönetim Hizmetleri A.Ş. | 90%[5)] |
| ISS Hazir Yemek Üretim ve Hizmet A.Ş. | 90%[5)] |
| **United Kingdom** | |
| ISS Collections Ltd. | 0%[3)] |
| ISS Damage Control Ltd. | 100% |
| ISS Facility Services Ltd. | 100% |
| ISS Financing Plc. | 0%[3)] |
| ISS Mediclean Ltd. | 100% |
| ISS UK Holding Ltd. | 100% |
| ISS UK Ltd. | 100% |
| Spectrum Franchising Ltd. | 100% |
| **Uruguay** | |
| Falcri Ltda. | 100% |
| Habitue S.A. | 100% |
| ISS de Uruguay S.A. | 100% |
| Samilar S.A. | 100% |
| **USA** | |
| ISS C&S Building Maintenance Corporation | 100% |
| ISS Facility Services Holding, Inc. | 100% |
| ISS Facility Services California, Inc. | 100% |
| ISS Facility Services of Texas, L.P. | 100% |
| ISS Facility Services, Inc. | 100% |
| ISS GP, Inc. | 100% |
| ISS Grounds Control of Texas, L.P. | 100% |
| ISS Grounds Control, Inc. | 100% |
| ISS Holding Inc. | 100% |
| ISS Management and Finance Co., Inc. | 100% |
| ISS Specialty Services, LLC | 100% |
| ISS TMC Services, Inc. | 100% |
| ISS Uniguard Security, Inc. | 100% |
| TMC Ridge, LLC | 100% |
| Tri-Enterprise Construction, LLC | 100% |
| **Venezuela** | |
| ISS Facility Services Venezuela C.A. | 100% |

1) Joint venture
2) Associate
3) Special Purpose Entity (SPE)
4) By virtue of the governance structure, the Group has the power to govern the financial and operating policies of the company. Consequently, the company is consolidated as a subsidiary.
5) The non-controlling shareholder holds a put option which is accounted for as if the put option has already been exercised. Accordingly, the subsidiary is consolidated with no non-controlling interest.

**Annex A—Articles of Association of ISS A/S**

**Articles of Association**
ISS A/S
CVR no. 28 50 47 99

**1. Name, objects and official group language**

1.1. The name of the Company is ISS A/S.

1.2. The object of the Company is, directly or indirectly, to carry on business within the service industry. In addition, the Company may, directly or indirectly, carry on commercial and industrial activities and any other activities related thereto, including holding equity investments in other companies.

1.3. The official group language is English.

**2. Share capital**

2.1. The Company's nominal share capital is DKK 135,443,319, divided into shares of DKK 1 each or multiples thereof.

2.2. The share capital has been fully paid up.

**3. Shares**

3.1. The shares shall be issued in the name of the holder and shall be recorded in the holder's name in the Company's register of shareholders.

3.2. The register of shareholders is kept by Computershare A/S, CVR no. 27 08 88 99.

3.3. The shares are negotiable instruments. No restrictions shall apply to the transferability of the shares.

3.4. No shares shall carry special rights.

3.5. No shareholder shall be under an obligation to have his shares redeemed in whole or in part by the Company or by any third party.

3.6. The shares are issued in dematerialised form through VP SECURITIES A/S, CVR no. 21 59 93 36. Rights concerning the shares shall be notified to VP SECURITIES A/S in accordance with applicable rules.

**4. Increase of share capital**

4.1. In the period until 30 June 2014, the Board of Directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount of DKK 65,000,000 by cash payment. The capital increase shall take place at market price.

4.2. In the period until 1 March 2019, the Board of Directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount of DKK 40,000,000. The capital increase shall take place at market price and may be effected by cash payment or as consideration for an acquisition of a business or parts hereof or other assets.

4.3. In the period until 1 March 2019, the Board of Directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount of DKK 5,000,000 in connection with the issue of new shares for the benefit of the Company's employees and/or employees of its subsidiaries. The new shares shall be issued against cash payment at a subscription price to be determined by the Board of Directors, which may be below the market price.

4.4. New shares issued pursuant to Articles 4.1, 4.2 and 4.3 shall be issued in the name of the holder and shall be recorded in the holder's name in the Company's register of shareholders, shall be negotiable instruments, and shall in every respect carry the same rights as the existing shares. The Board of Directors is authorised to lay down the terms and conditions for capital increases pursuant to the above authorisations and to make any such amendments to the Company's Articles of Association as may be required as a result of the Board of Directors' exercise of the said authorisations.

**5. General meetings**

5.1. The general meetings of the Company shall be held in the Capital Region of Denmark (in Danish: "Region Hovedstaden").

5.2. The annual general meeting of the Company shall be held before the end of April. Not later than eight weeks before the contemplated date of the annual general meeting, the Company shall publish the date of the general meeting and the deadline for submitting requests for specific business to be included in the agenda.

5.3. Extraordinary general meetings shall be held when determined by the Board of Directors or requested by the Company's auditor. Furthermore, the Board of Directors shall convene an extraordinary general meeting within two weeks of receipt of a written request from shareholders representing at least five per cent of the share capital containing specific proposals for the business to be transacted at such extraordinary general meeting.

5.4. General meetings shall be convened by the Board of Directors with at least three weeks' and not more than five weeks' notice by publishing a notice on the Company's website. Furthermore, a notice of the general meeting shall be sent to all shareholders recorded in the Company's register of shareholders who have requested such notice.

5.5. Not later than three weeks before the general meeting, including the date of the general meeting, the Company shall make the following information available on its website:

(a) The notice convening the general meeting

(b) The total number of shares and voting rights at the date of the notice

(c) The documents to be presented at the general meeting

(d) The agenda and the complete proposals and in connection with annual general meetings, the annual report

(e) The forms to be used for voting by proxy or voting by correspondence

5.6. General meetings shall be held in English but the Board of Directors may decide to offer simultaneous interpretation into Danish. Documents prepared in connection with or following a general meeting shall be in English and, if decided by the Board of Directors, in Danish.

5.7. Annual reports shall be prepared in English and, if decided by the Board of Directors, in Danish.

5.8. The general meeting shall be presided over by a chairman of the meeting appointed by the Board of Directors, who shall ensure that the general meeting is conducted in a proper and efficient manner.

**6. Agenda for the annual general meeting**

6.1. The agenda for the annual general meeting shall include the following:

(a) The Board of Directors' report on the Company's activities in the past financial year

(b) Adoption of the annual report

(c) Distribution of profit or covering of loss according to the adopted annual report

(d) Resolution to grant discharge of liability to members of the Board of Directors and the Executive Group Management Board

(e) Authorisation to acquire treasury shares

(f) Approval of the remuneration to the Board of Directors for the current financial year

(g) Election of members to the Board of Directors and alternates, if any

(h) Election of auditor

(i) Proposals from the Board of Directors and shareholders, if any

(j) Any other business

6.2. Every shareholder is entitled to have specific business transacted at the annual general meeting, provided that the shareholder submits a written request to that effect to the Board of Directors not later than six weeks before the date of the annual general meeting.

**7. Shareholders' attendance of the general meeting, proxy and voting right**

7.1. The right of a shareholder to attend a general meeting and to vote is determined relative to the shares held by the shareholder at the registration date. The registration date is one week before the general meeting. The shares held by each shareholder are determined at the registration date based on the number of shares held by that shareholder as registered in the Company's register of shareholders and on any notification of ownership received by the Company at the registration date for the purpose of registration in the Company's register of shareholders, which have not yet been registered.

7.2. Any shareholder who is entitled to attend the general meeting pursuant to Article 7.1 and who wishes to attend the general meeting shall request an admission card not later than three days before the general meeting is held.

7.3. A shareholder may, subject to having requested an admission card in accordance with Article 7.2, attend in person or by proxy, and the shareholder or the proxy may attend together with an adviser.

7.4. The right to vote may be exercised by a written and dated instrument of proxy in accordance with applicable laws.

7.5. A shareholder who is entitled to participate in the general meeting pursuant to Article 7.1 is further entitled to vote by correspondence in accordance with the Danish Companies Act's provisions thereon. Such votes by correspondence shall be received by the Company the day before the general meeting at the latest. Votes by correspondence cannot be withdrawn.

7.6. Each share of the nominal value of DKK 1 shall carry one vote.

**8. Resolutions at general meetings**

8.1. Resolutions at general meetings shall be passed by a simple majority of votes cast, unless otherwise prescribed by law or by these Articles of Association.

8.2. Adoption of changes to these Articles of Association, dissolution of the Company, merger or demerger requires that the resolution is adopted by at least 2/3 of the votes cast as well as the share capital represented at the general meeting, unless applicable laws prescribe stricter or less strict adoption requirements or applicable laws confer specific authority to the Board of Directors or other bodies.

**9. Electronic communication**

9.1. All communication from the Company to the individual shareholders, including notices convening general meetings, may take place electronically by posting on the Company's website or by email. General notices shall be published on the Company's website and in such other manner as may be prescribed by applicable laws. The Company may at all times choose to send notices, etc., by ordinary post instead.

9.2. Communication from a shareholder to the Company may take place by email or by ordinary post.

9.3. Each shareholder is responsible for ensuring that the Company has the correct email address of the shareholder at all times. The Company is not obliged to verify such contact information or to send notices in any other way.

9.4. The Company's website, www.issworld.com, contains information about system requirements and electronic communication procedures.

**10. Board of Directors**

10.1. The general meeting shall elect not less than four and not more than eight members to the Board of Directors of the Company.

10.2. The Company has established a voluntary arrangement regarding group representation in the Company for employees of ISS World Services A/S, CVR no. 10 16 16 14. If a works council of ISS World Services A/S or the employee elected representatives in the voluntary arrangement and the Company's Board of Directors no longer agree on the voluntary arrangement, or if it is decided in a yes/no vote that employee representatives and any alternates are to be elected, cf. sections 25 and 26 of statutory order no. 344 of 30 March 2012 regarding employee representation in private and public limited companies, the voluntary arrangement regarding group representation shall lapse. The same applies if employee representation on the Company's Board of Directors is established on another legal basis, including by business transfer. This Article 10.2 shall automatically lapse if the voluntary arrangement for group representation lapses.

10.3. The Board of Directors elects a Chairman and a Deputy Chairman among its members. If the Chairman of the Board of Directors resigns during a term of election, the Deputy Chairman of the Board of Directors shall take up the position as Chairman until a new Chairman is elected among the members of the Board of Directors.

10.4. The members of the Board of Directors elected by the general meeting are elected for a term of one year. Re-election of board members may take place. Only persons who are younger than 70 years at the time of election may be elected to the Board of Directors.

10.5. The general meeting may elect personal alternates for one or more members of the Board of Directors elected by the general meeting. Article 10.4 applies equally to alternates.

10.6. The Board of Directors forms a quorum when more than half of its members are represented, including the Chairman or the Deputy Chairman.

10.7. Resolutions of the Board of Directors are passed by simple majority of votes. In the event of equal votes, the Chairman—or in his absence the Deputy Chairman—shall have a casting vote.

10.8. The Board of Directors is authorised to pass one or more resolutions to distribute interim dividends.

**11. Executive Group Management Board**

11.1. The Board of Directors appoints an Executive Group Management Board consisting of two to six members to conduct the day-to-day management of the Company.

**12. Overall guidelines on incentive pay**

12.1. The Company has adopted overall guidelines on incentive pay, cf. section 139 of the Danish Companies Act. The guidelines, which have been adopted by the general meeting, are available on the Company's website, www.issworld.com.

**13. Rules of signature**

13.1. The Company shall be bound by the joint signatures of the Chairman or the Deputy Chairman of the Board of Directors and a member of the Board of Directors, by the joint signatures of a member of the Board of Directors and a member of the Executive Group Management Board, by the joint signatures of two members of the Executive Group Management Board, or by the joint signatures of all members of the Board of Directors.

**14. Audit**

14.1. The Company's annual accounts shall be audited by a state-authorised public accountant elected by the general meeting for a one year term. Re-election may take place.

**15. Financial year**

15.1. The Company's financial year is the calendar year.

As adopted at the Company's extraordinary general meeting held on 1 March 2014.

Chairman of the meeting

Niels Heering

[THIS PAGE INTENTIONALLY LEFT BLANK]

## Annex B—Application Form

| **Application form (Only one form per custody account)** | **Offering of up to 58,399,894 Offer Shares of DKK 1 nominal value each** |
|---|---|

**Application for purchase/subscription of Offer Shares in ISS A/S, CVR-no. 28 50 47 99**

| | | |
|---|---|---|
| Selling agents: | Nordea Bank Danmark A/S (CVR no. 13 52 21 97)<br>Strandgade 3 Postboks 850 DK-0900 Copenhagen C | Danske Bank A/S<br>(CVR no. 61 12 62 28)<br>Corporate Actions<br>Holmens Kanal 2-12<br>DK-1092 Copenhagen K |
| Joint Global Coordinators and Joint Bookrunners: | Goldman Sachs International, Nordea Markets (division of Nordea Bank Danmark A/S), UBS Limited | |
| Joint Bookrunners: | Barclays Bank PLC, Morgan Stanley & Co. International plc | |
| Co-Lead Managers: | Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige, Danske Bank A/S, Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige | |
| Offer Period: | 5 March to 14 March 2014 at 4:00 p.m. (CET) unless the Offering is closed earlier in whole or in part. The Offer Period for order applications up to and including DKK 3 million may be closed before the remainder of the Offering. The Offering will not be closed before 11 March 2014 at 00:01 a.m. (CET). | |
| Offer Price Range: | DKK 140 to DKK 175 per Offer Share | |
| ISIN (settlement): | Temporary ISIN: DK0060542264 | |

The English Language Prospectus dated 3 March 2014 includes inter alia the Articles of Association of ISS A/S, the consolidated financial statements for ISS A/S as at 31 December 2013 with comparative figures as at 31 December 2012 and as at 31 December 2011 and the terms and conditions for the purchase/subscription of Offer Shares.

Both binding order applications and expressions of interest can be submitted with specification of a maximum price. If the Offer Price is determined at a higher level than the stated maximum price no Offer Shares will be allocated to the purchaser.

**For binding orders up to and including DKK 3 million the application form is submitted to the purchaser's own account holding institution duly filled in and signed.**

The application form shall be submitted in due time for the account holding institution to process and forward the application form in order for the application form to reach Nordea Bank Danmark A/S, Corporate Actions no later than 14 March 2014 at 4:00 p.m. CET or such earlier time as the Offering may be closed in whole or in part.

Expressions of interest to purchase Offer Shares for more than DKK 3 million can be submitted to one of the Managers, e.g. by using this application form.

On the terms and conditions stated in the English Language Offering Circular dated 3 March 2014, including in "*Risk Factors*" and "*Selling Restrictions*", I/we hereby submit an order application to purchase/subscription Offer Shares in ISS A/S and simultaneously declare to have received a copy of the English Language Offering Circular and that I/we have solely based my/our investment decision on the contents of the English Language Offering Circular. The Offer Price will be fixed upon closing of the Offering through a bookbuilding process. See the "*The Offering—Offer Price*". Only one application form per custody account with VP SECURITIES A/S (VP) will be accepted.

**Application submitted as a binding application (for orders up to and including DKK 3 million)**

I/we accept that the Managers may demand information about my/our name(s), address(es) and application and are entitled to pass on such information to the Selling Shareholder, ISS A/S and the Managers. I/we undertake to pay the equivalent of the Offer Shares allocated at the offer price fixed.

*Field (1) or (2) should be completed*

| (1) For Danish kroner (DKK): | (2) Number of Offer Shares: | (3) Maximum price per Offer Share if any |
|---|---|---|
| | | |

**Expression of interest submitted pursuant to the book-building process (for orders above DKK 3 million)**

I/we accept that the application form and information about my/our name(s) and address(es) are entitled to be passed on to the Selling Shareholder, ISS A/S and the Managers. I/we accept that I/we during the Offer Period can amend or revoke this expression of interest but that this expression of interest automatically will be converted into a binding purchase order upon expiry of the Offer Period.

*Field (1) or (2) should be completed*

| (1) For Danish kroner (DKK): | (2) Number of Offer Shares: | (3) Maximum price per Offer Share if any |
|---|---|---|
| | | |

If the aggregate applications to purchase and expressions of interest exceeds the total number of Offer Shares a reduction will be completed as further described in the English Language Prospectus see "*Plan of Distribution*". Neither submission of application orders nor submission of expressions of interest entitles to any Offer Shares. Settlement of the Offering will be effected by way of registration of the allocated number of Offer Shares on your custody account with VP Securities A/S (VP) against payment in DKK, which is expected to take place on or before 20 March 2014.

**Information and signature**

| | |
|---|---|
| Name: | VP custody account no.: |
| Address: | Settlement account no.: |
| Postal code and city: | Custodian bank: |
| Tel.: | |
| Date: | *This application form was submitted to (to be completed by account holding institution):*<br>*Reg. No.:* *Participant ID-no. (CD-ident.):*<br>*Date:* *Tel.:* |
| Signature | *Company stamp and signature* |

*Please complete the form overleaf when opening a new VP custody account.*

| **Opening of new VP custody account**<br>**(This box should be filled in when opening a new VP custody account and any related settlement account)** |
|---|
| Civil registration (CPR) no./company registration (CVR) no.: |
| Name: |
| Address: |
| Postal code and city: |
| Tel.: |
| Position: |
| Existing account no. for settlement, if any: |

| Ordreblanket (Kun én blanket pr. depot) | Udbud af op til 58,399,894 Aktier à nom. DKK 1,00 |
|---|---|

**Ordre om køb/tegning af Udbudte Aktier i ISS A/S, CVR-nr. 28 50 47 99**

| | | |
|---|---|---|
| Salgssteder: | Nordea Bank Danmark A/S (CVR-nr. 13 52 21 97)<br>Strandgade 3<br>Postboks 850<br>0900 København C | Danske Bank A/S<br>(CVR-nr. 61 12 62 28)<br>Corporate Actions<br>Holmens Kanal 2-12<br>1092 København K |
| Joint Global Coordinators og Joint Bookrunners | Goldman Sachs International, Nordea Markets (division af Nordea Bank Danmark A/S), UBS Limited | |
| Joint Bookrunners: | Barclays Bank PLC, Morgan Stanley & Co. International plc | |
| Co-Lead Managers: | Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige, Danske Bank A/S, Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige | |
| Udbudsperiode: | 5. marts til 14. marts 2014 kl. 16:00 dansk tid, medmindre Udbuddet helt eller delvist lukkes tidligere. Udbudsperioden for ordre op til og med DKK 3 mio. kan lukkes før resten af Udbuddet. Udbuddet vil tidligst blive lukket 11. marts 2014 kl. 00:01 dansk tid. | |
| Udbudskursinterval: | DKK 140 til DKK 175 pr. Udbudt Aktie | |
| ISIN kode (afvikling): | Midlertidig ISIN kode: DK0060542264 | |

Det Engelsksprogede Prospekt dateret 3. marts 2014 indeholder blandt andet vedtægter for ISS A/S, det konsoliderede årsregnskab for ISS A/S for 31. december 2013 med sammenligningstal for 31. december 2012 og for 31. december 2011 samt vilkårene for køb/tegning af Udbudte Aktier.

Både bindende ordrer og interessetilkendegivelser kan afgives med angivelse af en eventuel maksimumkurs. Fastsættes Udbudskursen højere end den anførte maksimumkurs, vil ordregiver ikke blive tildelt nogen Udbudte Aktier.

**For bindende ordrer til og med DKK 3 mio. indleveres ordreblanketten til ordregivers eget kontoførende institut i udfyldt og underskrevet stand.**

Ordreblanketten skal indleveres i så god tid, at det kontoførende institut har mulighed for at behandle og videresende ordren, således at den er Nordea Bank Danmark A/S, Corporate Actions, i hænde senest den 14. marts 2014 kl. 16:00 dansk tid eller et sådant tidligere tidspunkt, hvor Udbuddet måtte blive lukket helt eller delvist.

Interessetilkendegivelser på mere end DKK 3 mio. skal afgives til en af Emissionsbankerne evt. ved brug af denne ordreblanket.

På vilkår som anført i det Engelsksprogede Prospekt dateret den 3. marts 2014, herunder afsnittene “Risikofaktorer” og “Salgsbegrænsninger”, afgiver jeg/vi hermed tilbud om køb/tegning af Udbudte Aktier i ISS A/S og bekræfter samtidig at have fået udleveret et eksemplar af det Engelsksprogede Prospekt, og at jeg/vi alene har baseret min/vores investeringsbeslutning på indholdet af det Engelsksprogede Prospekt. Udbudskursen fastsættes efter lukning af Udbuddet via bookbuilding-metoden, jf. afsnittet “Udbudsbetingelser”. Der kan kun afgives én ordreblanket pr. depot hos VP SECURITIES A/S (VP).

**Ordre afgivet som bindende ordre (for ordrebeløb til og med DKK 3 mio.)**

Jeg/vi accepterer, at Emissionsbankerne kan kræve oplysninger om mit/vort navn, adresse og ordre, og er berettiget til at videregive denne information til den Sælgende Aktionær, ISS A/S og Emissionsbankerne. Jeg/vi forpligter mig/os hermed til at betale modværdien af tildelte Udbudte Aktier til den fastsatte udbudskurs.

*Felt 1) eller 2) skal udfyldes*

| (1) For kroner (DKK): | (2) Antal Udbudte Aktier (stk.) | (3) Evt. maksimumkurs pr. Udbudt Aktie: |
|---|---|---|
| | | |

**Interessetilkendegivelse afgivet efter bookbuilding-metoden (for ordrebeløb større end DKK 3 mio.)**

Jeg/vi accepterer, at ordreblanketten samt navn og adresse videregives til den Sælgende Aktionær, ISS A/S og Emissionsbankerne. Jeg/vi accepterer, at jeg/vi i Udbudsperioden løbende kan ændre eller tilbagekalde interessetilkendegivelsen, men at denne bliver til en bindende ordre ved lukning af Udbuddet.

*Felt 1) eller 2) skal udfyldes*

| (1) For kroner (DKK): | (2) Antal Udbudte Aktier (stk.) | (3) Evt. maksimumkurs pr. Udbudt Aktie: |
|---|---|---|
| | | |

Overstiger de samlede ordrer og interessetilkendegivelser det samlede antal Udbudte Aktier, vil der ske reduktion som anført i det Engelsksprogede Prospekt, jf. afsnittet “Udbudsbetingelserne—Tildeling og reduktion”. Afgivelse af ordrer eller interessetilkendegivelser medfører ingen sikkerhed for hel eller delvis tildeling af Udbudte Aktier. Afvikling af Udbuddet sker ved registrering af antal tildelte Udbudte Aktier på Deres depot i VP Securities A/S (VP) mod kontant betaling i DKK, hvilket forventes at finde sted senest 20. marts 2014.

**Oplysninger og underskrift**

Navn:
Adresse:
Postnr. og by:
Telefon:

Dato:

VP-depotnr.:
Kontonr. til afregning:
Kontoførende institut:

*Ordren er indleveret hos (udfyldes af kontoførende institut):*

*Reg.nr.:* *CD-ident:*
*Dato:* *Telefon:*

*Underskrift*

*Firmastempel og underskrift*

*Udfyld nedenfor ved oprettelse af et nyt VP-depot.*

| **Oprettelse af nyt VP-depot**<br>**(Denne rubrik udfyldes i forbindelse med oprettelse af nyt VP-depot og evt. tilhørende afregningskonto)** |
|---|
| CPR/CVR-nr.: |
| Navn: |
| Adresse: |
| Postnr. og by: |
| Telefon: |
| Stilling: |
| Evt. eksisterende kontonr. til afregning: |

**THE COMPANY**
**ISS A/S**
Buddingevej 197
DK-2860 Søborg
Denmark

**MANAGERS**

*Joint Global Coordinators and Joint Bookrunners*

**Goldman Sachs International**
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

**Nordea Markets (division of Nordea Bank Danmark A/S)**
Strandgade 3, PO Box 850
DK-0900 Copenhagen C
Denmark

**UBS Limited**
1 Finsbury Avenue
London
EC2M 2PP
United Kingdom

*Joint Bookrunners*

**Barclays Bank PLC**
5 The North Colonnade
London E14 4BB
United Kingdom

**Morgan Stanley & Co. International plc**
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

*Co-Lead Managers*

**Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige**
Overgaden Neden Vandet 9 B
DK-1414 Copenhagen K
Denmark

**Danske Bank A/S**
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

**Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige**
Bernstoffsgade 50
DK-1577 Copenhagen V
Denmark

**LEGAL ADVISERS**
*To the Company:*

*As to United States Law*
**Davis Polk & Wardwell London LLP**
99 Gresham Street
London EC2V 7NG
United Kingdom

*As to Danish Law*
**Gorrissen Federspiel**
H.C. Andersens Boulevard 12
DK-1553 Copenhagen V
Denmark

*To the Managers:*

*As to United States Law*
**Latham & Watkins (London) LLP**
99 Bishopsgate
London EC2M 3XF
United Kingdom

*As to Danish Law*
**Plesner**
Amerika Plads 37
DK-2100 Copenhagen Ø
Denmark

**AUDITORS OF THE COMPANY**
KPMG Statsautoriseret Revisionspartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg
Denmark

**ADVISER TO THE COMPANY AND THE SELLING SHAREHOLDER**
**Lazard**
50 Stratton Street
London W1J 8LL
United Kingdom

Printed by RR Donnelley, 674398