



**FS Funding  
Investor Presentation  
Interim Report January – June 2007**

# Forward-looking Statements

## Forward-looking statements

This presentation may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words “may”, “will”, “should”, “expect”, “anticipate”, “believe”, “estimate”, “plan”, “predict”, “intend” or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. FS Funding has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of FS Funding. Although FS Funding believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ as a result of uncertainties relating to the following matters, among others:

- the demand for the services offered by FS Funding, which is primarily dependent upon outsourcing trends and macroeconomic conditions, including economic growth, inflation or deflation;
- risks related to FS Funding’s growth strategy, including potential contingent liabilities of acquired businesses and failure to manage growth and integrate acquired businesses successfully;
- risks related to the substantial indebtedness including fluctuations in interest rates and limitations on additional debt to finance FS Funding’s acquisition strategy and access to capital to finance its operations;
- FS Funding’s ability to operate profitably, in particular under fixed-price or long-term contracts;
- FS Funding’s exposure to currency-related risks, particularly the value of the Danish Kroner against other currencies;
- complexities related to compliance with regulatory requirements of many jurisdictions as a result of FS Funding’s international operations and decentralized organizational structure;
- FS Funding’s dependence on its management team and qualified personnel;
- FS Funding’s potential liability for acts of its employees, including negligence, injuries, omissions and wilful misconduct;
- the threat, institution or adverse determination of claims against FS Funding;
- potential environmental liabilities; and
- any adverse effect on FS Funding’s operating results and cash flows from the impact of changes to laws and regulations, including health and safety and environmental laws and regulations.

As a result, you should not rely on these forward-looking statements.

FS Funding undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

Reference is also made to the description of risk factors in FS Funding A/S’s Annual Report 2006, which is available from the Group’s website, [www.issworld.com](http://www.issworld.com).

# Agenda

- Key Events
  - Strategic update
  - Interim Report
  - Acquisitions
  - Other Financial Measures
  - Refinancing
- Appendix



## Key Events

# Key Events YTD

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- Operational performance still strong
  - Organic growth at 6%
  - Margin increase of 0.2 pp
- Entry into the US
- Partial refinancing completed successfully
- 51 acquisitions
- IPO review initiated



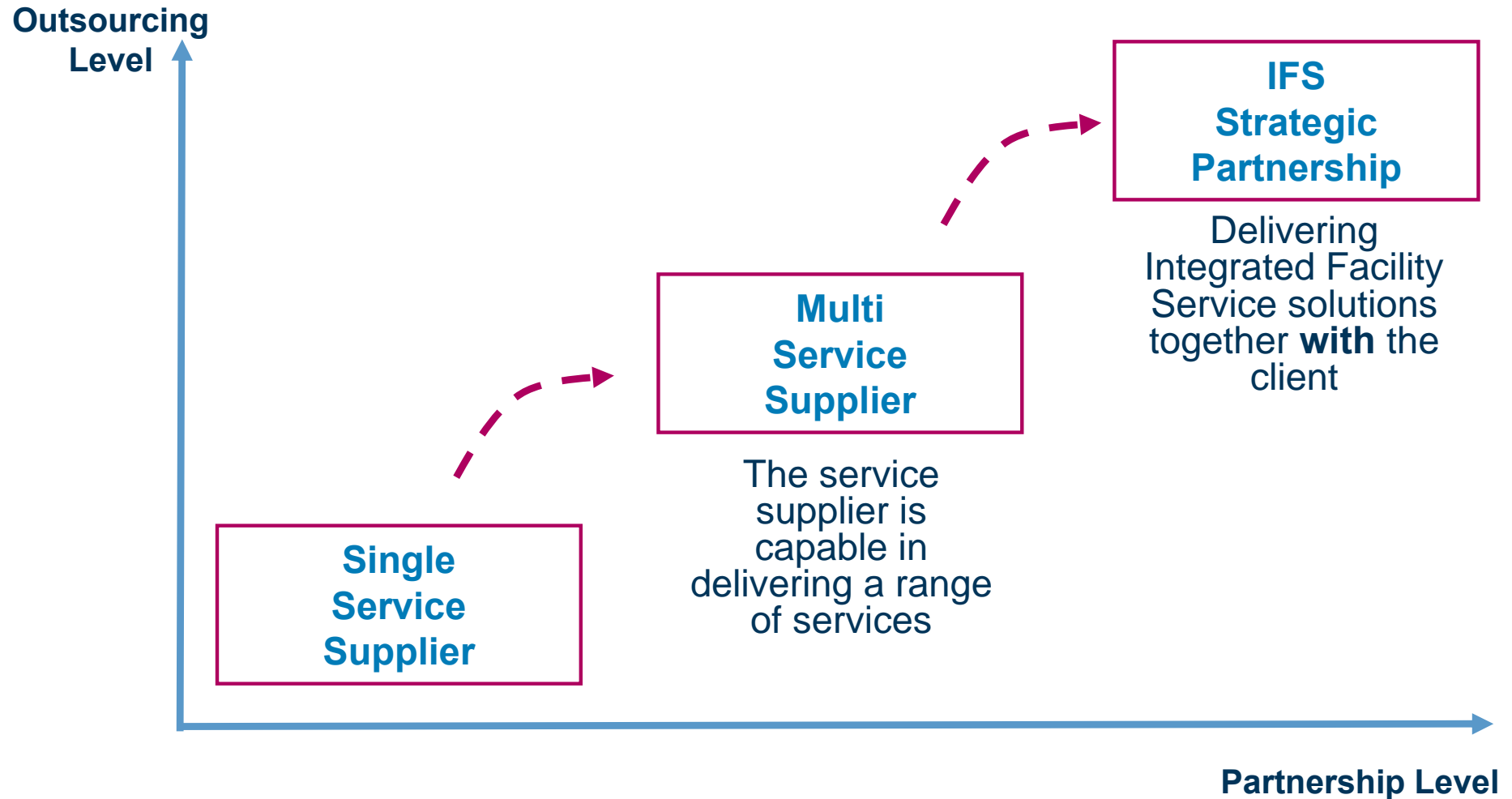
## **Strategic Update**

**“Lead Facility Services Globally”**

***... by leading Facility Services locally***

# What is IFS? – A Partnership Based Approach

Escalate contract levels Management to Management (Client and ISS)





# ISS is Uniquely Positioned for IFS

- One of the few companies providing integrated services on a self-delivery basis
- Enables us to leverage single service excellence
- Track-record
- Critical mass across multiple services
- Longer contracts builds stronger client relationship

**Climbing up the value chain to deliver sustainable growth**

# Clear Strategy for Growth

## Pioneer the Development of IFS

- Build on single service excellence platforms
- Establish critical mass and local density
- Transform customer relationships into strategic partnerships

Through

## A Organic Growth

- Improve customer retention through segmentation and monitoring
- Drive cross-selling and integrated solutions

## B Operational Excellence

- On-site synergies to improve production cost efficiency
- Use ISS's best-in-class self delivery as a key competitive advantage

## C Acquisitions

- Increase operational scope and service density
- Strengthen local identification, execution and ownership

**Sustainable platform for delivery**

# A Multiple and Visible Drivers for Organic Growth



# Operational Excellence a Key Focus

## Managing Growth

### Market Focused Management

### Best Practice Transfer

### Training and Company Culture

### Incentivised Management

## ... By Focusing on Excellence

- Sales and working capital driven
- Enhance flexibility
- Promote entrepreneurship
- Knowledge forums
- Regional Excellence Centres
- ICE programme
- The ISS Way
- ISS University
- IFS Academy
- Rewards based on cash, margin, organic growth and acquisitions
- Country benchmarking
- Country CEO and CFO targets are aligned

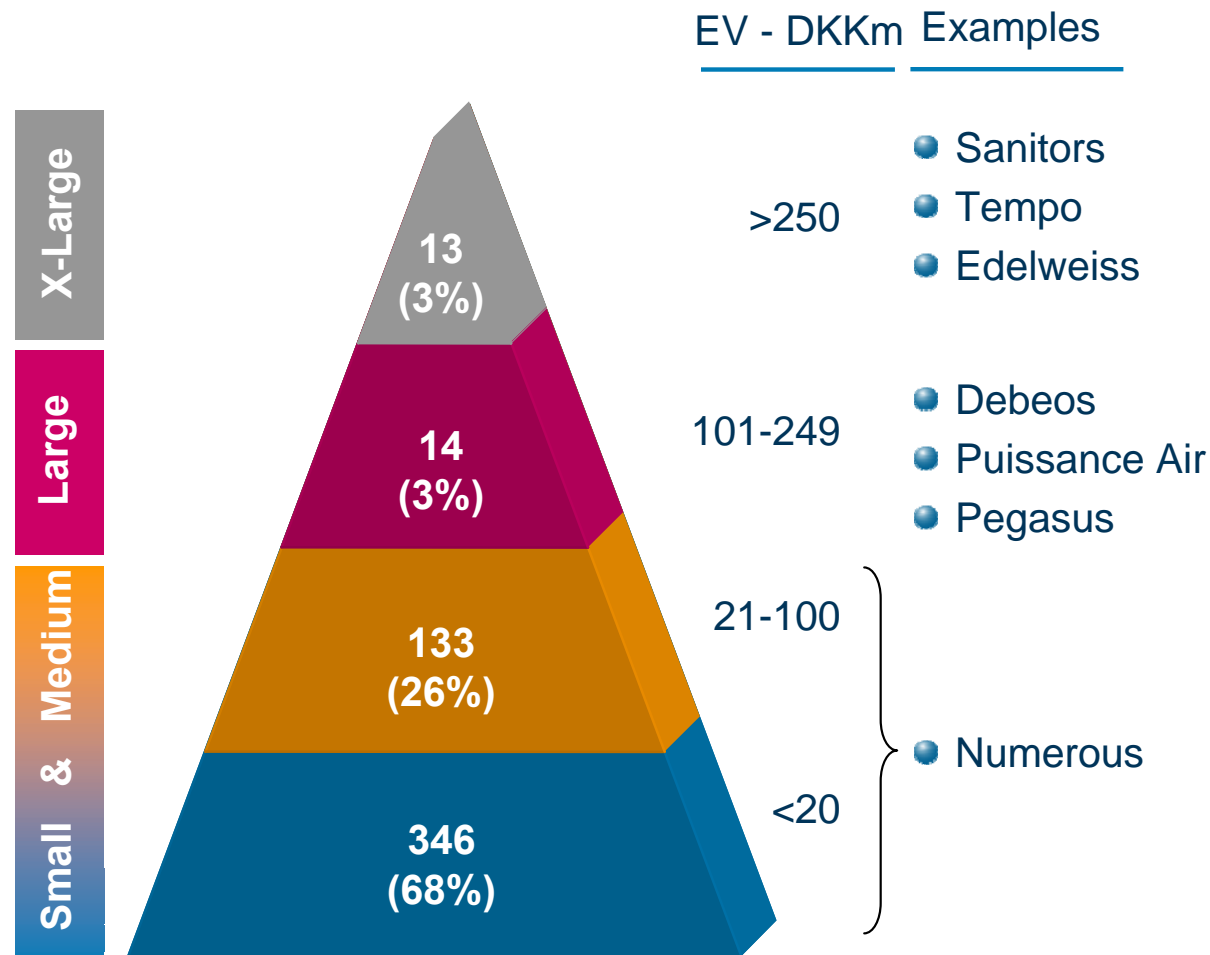
**Operational excellence and consistency ensure controlled growth**

# c Acquisitions: Key to Building Scale & Skill

## Consistent Rationale and Criteria

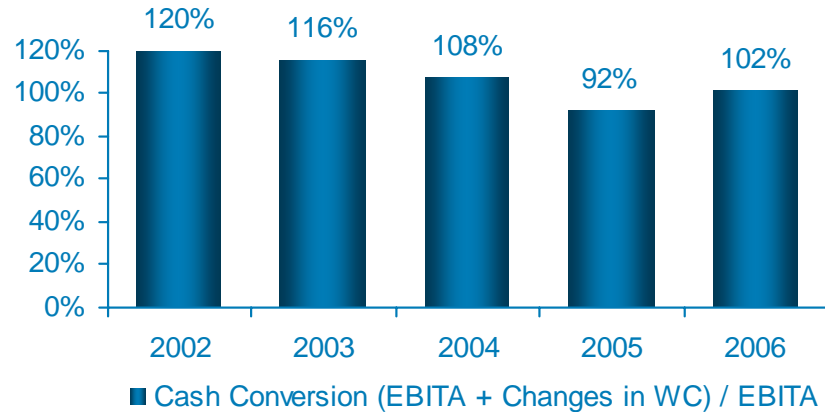
- Consolidate leading position or establish platform in new markets
- Accelerate transformation to IFS
- Aligned with individual countries' priorities, as well as management capacity
- Systematic and rigorous acquisition process endorses strategic fit and value creation
- A key part of ISS's Capex and R&D strategy

## Acquisitions by Size 2000-2006

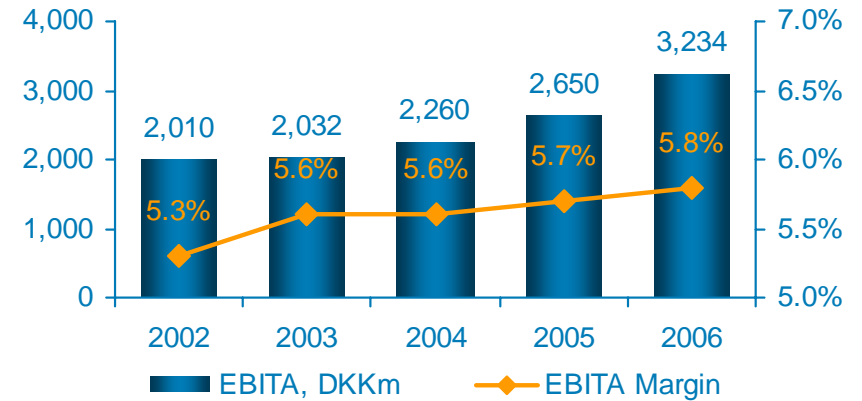


# Four Key Priorities

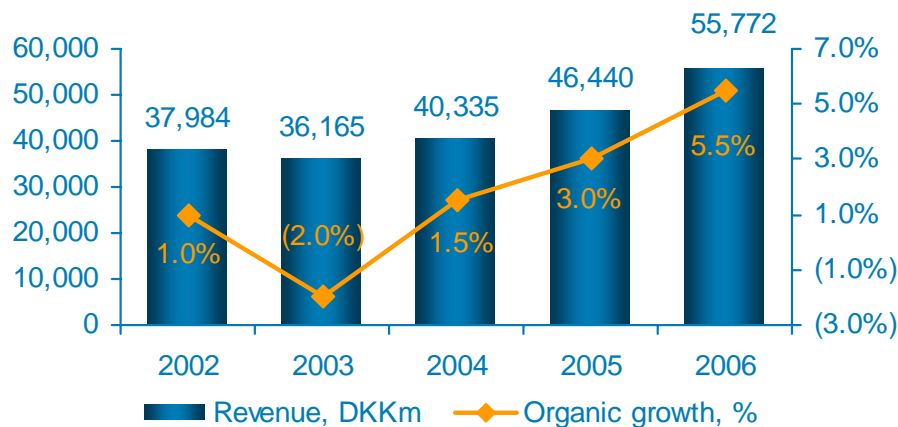
## Priority 1: Cash Conversion



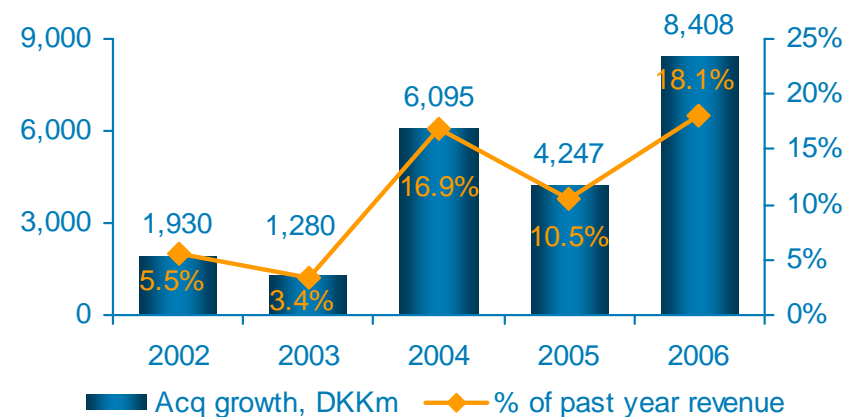
## Priority 2: EBITA Margin



## Priority 3: Organic Growth



## Priority 4: Acquisitive Growth



# Our Platform is Delivering

## Higher Organic Growth

- Integrate service offerings to drive longer and more complex contracts
- Cross-sell services to single service clients
- Leverage presence in new, high-growth markets

## Higher Operating Margin

- Improve efficiency of single services through economies of scale and best practice
- Harvest synergies from service integration
- Foster the “ISS Way”, based on delivering the services as opposed to sub-contracting

## Higher Return on Capital

- Optimise working capital
- Control fixed asset investment and utilisation
- Control acquisition process to ensure value creation

**Sustainable, long-term shareholder value creation**

# Being Global: Accelerating the Opportunity

## Drive Organic Growth

- Leverage brand protection and global footprint to enhance credibility
- Ability to access large labour pool
- Build a balanced portfolio across established and growth markets

## Enhance Operational Excellence

- Harvest economies of scale
- Leverage client trust and credibility in new markets
- Promote global excellence centres for local service teams
- Cross-fertilise best practices across regions

## Continue Acquisitions

- Ability to consolidate local markets from multiple platforms
- Benefit from local market knowledge within a global centric framework

**Unique global footprint from which to consolidate industry leadership**





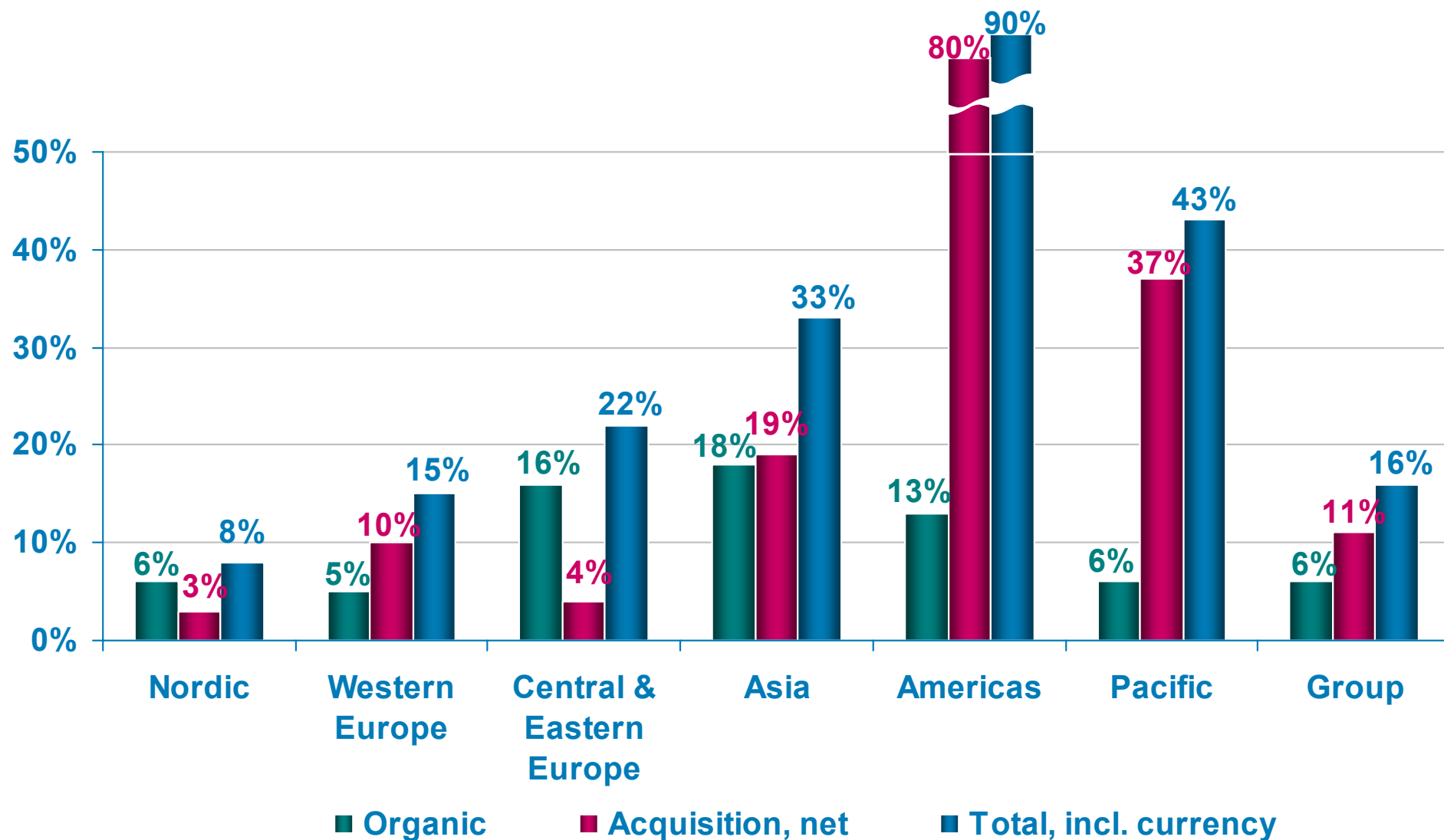
# **Interim Report**

January – June 2007

# Key Figures

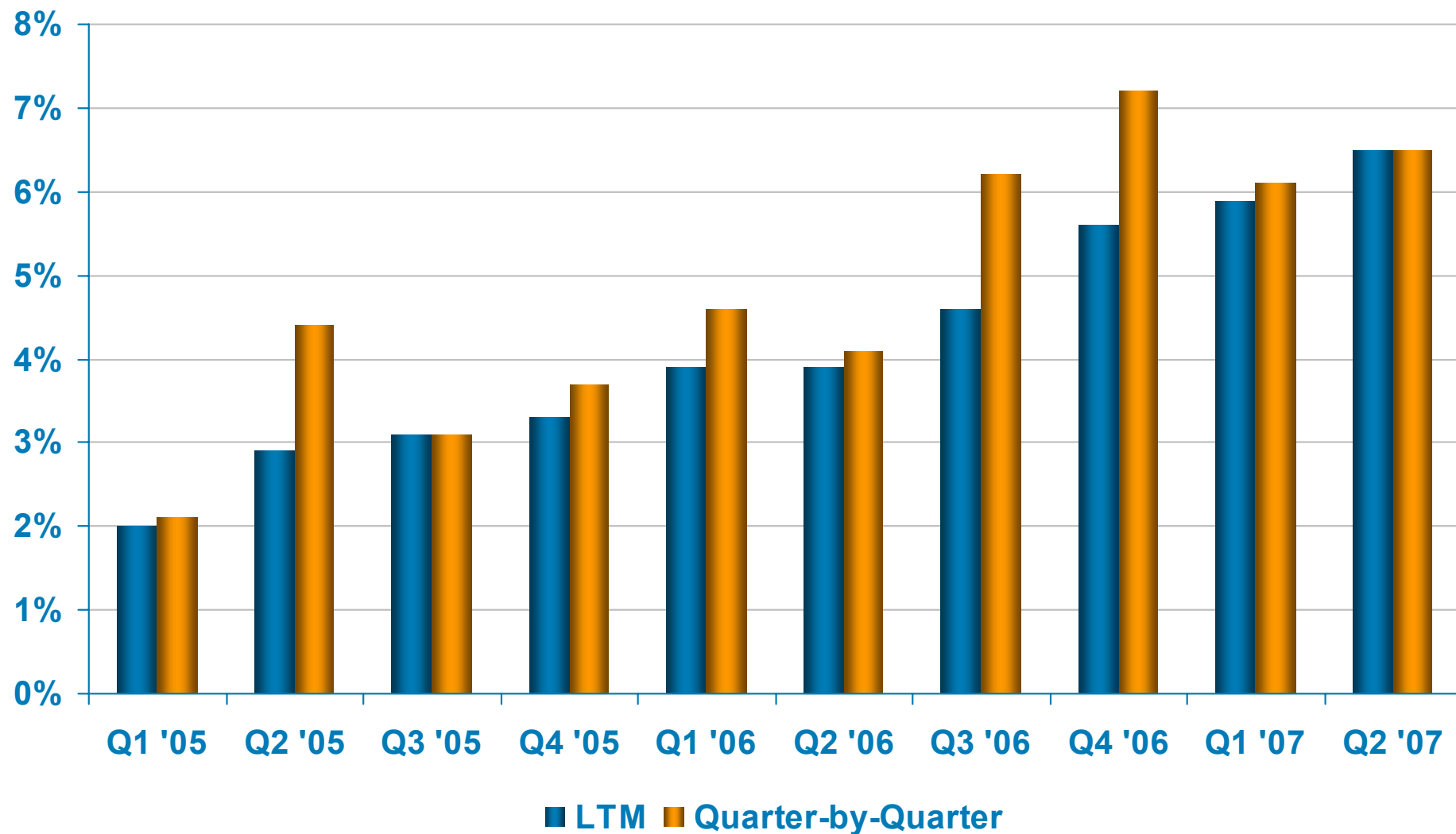
DKKm	H1 2006	H1 2007	Δ
Revenue	26,443	30,755	+16%
Operating profit before other items	1,396	1,692	+21%
Operating margin before other items	5.3%	5.5%	
Operating profit	1,323	1,608	+22%
Organic growth	4.3%	6.3%	
Acquisition growth, net	12%	11%	
Carrying amount of net debt	26,048	29,294	

# H1 2007 Revenue Growth - by Geography



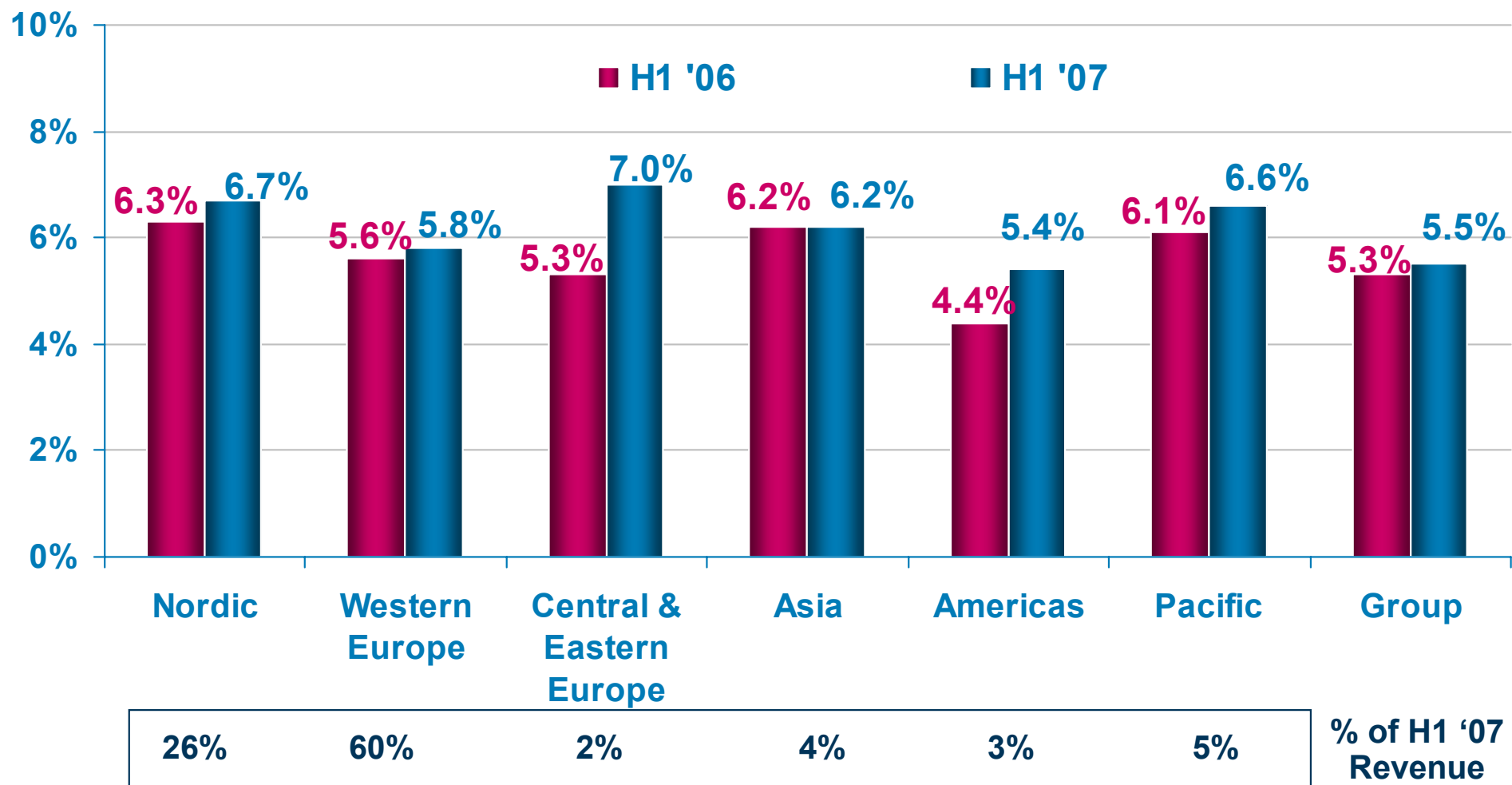
Effect of currency adjustments is not shown separately, but included in Total

# Organic Growth Q1 2005 – Q2 2007



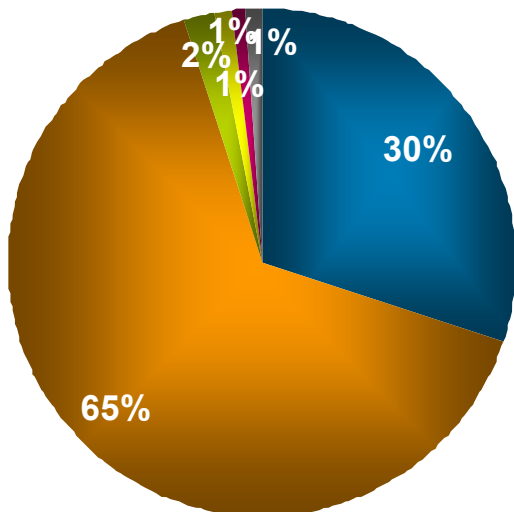
# H1 2007 Operating Margin - by Geography

Operating Profit before Other Items



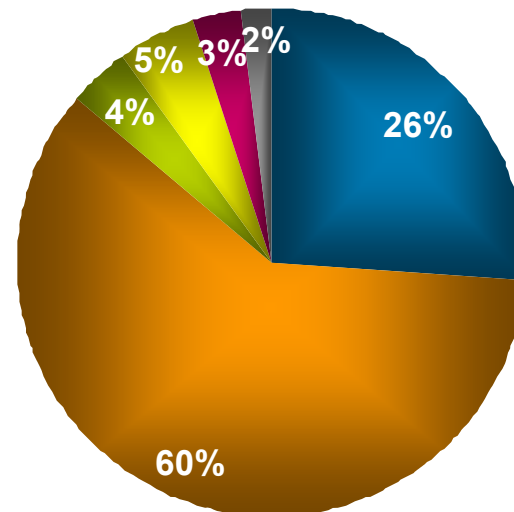
# H1 2007 Revenue & Employees - by Geography

2005 H1 – DKK 22.5bn

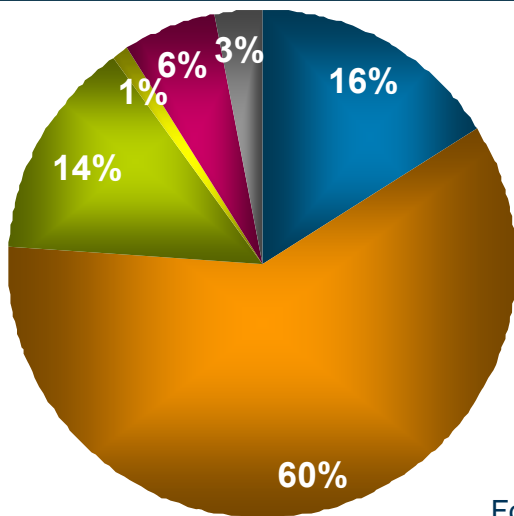


+37%

2007 H1 – DKK 30.8bn

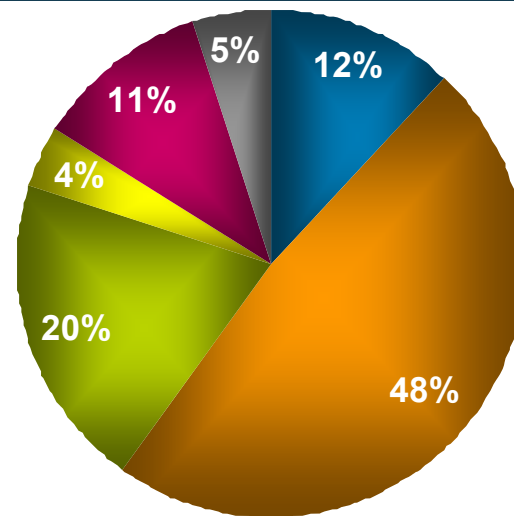


2005 H1 – 295,000



+39%

2007 H1 – 410,000



For comparison reasons, figures for ISS A/S are used



## **Acquisitions**

# Acquisitions 1 January to 31 July 2007

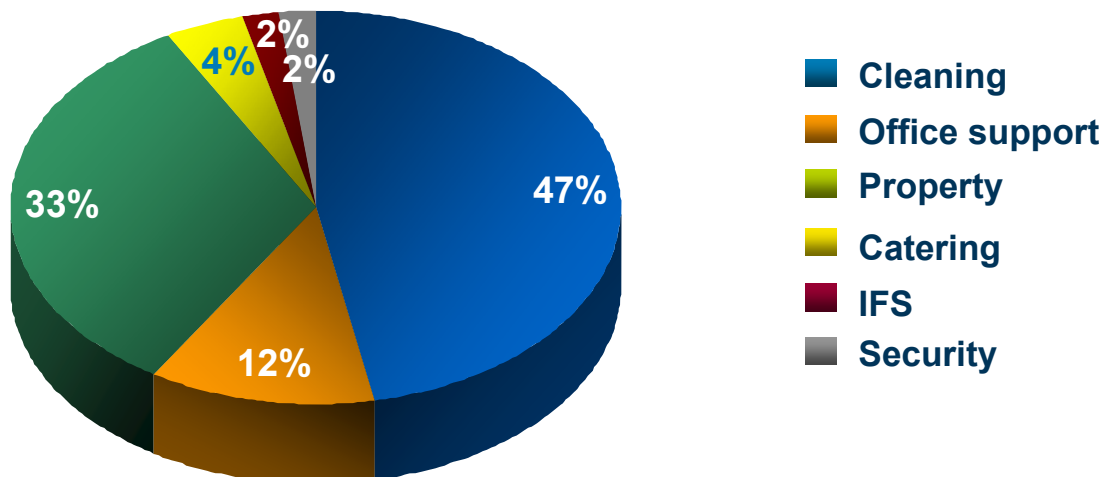
	Services	Revenue, DKKm <sup>(1)</sup>
Topman, Taiwan	Facility Services	147
Aircon, Norway	Cleaning	107
Caterhouse, UK	Catering	102
Adviance, UK	Property Services	207
Sanitors, US	Facility Services	1,822
Subtotal		2,385
46 Acquisitions with less than DKK 100 million in revenue		1,130
<b>Total</b>		<b>3,515</b>

Note: (1) Unaudited approximate figures based on information available at the time of acquisition.

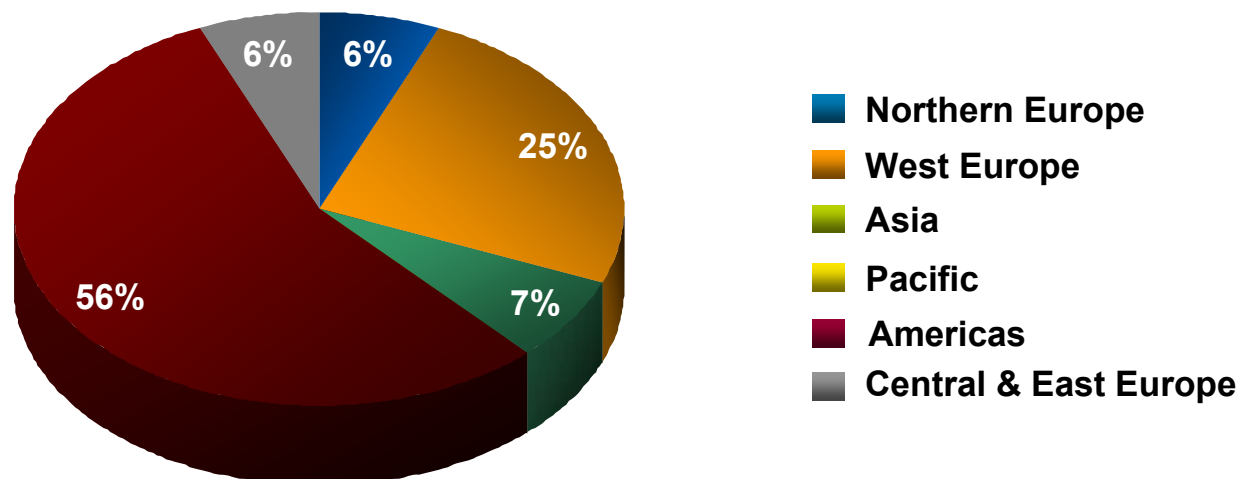


# Acquisitions 1 January to 31 July 2007

Acquired Revenue By Service <sup>(1)</sup>

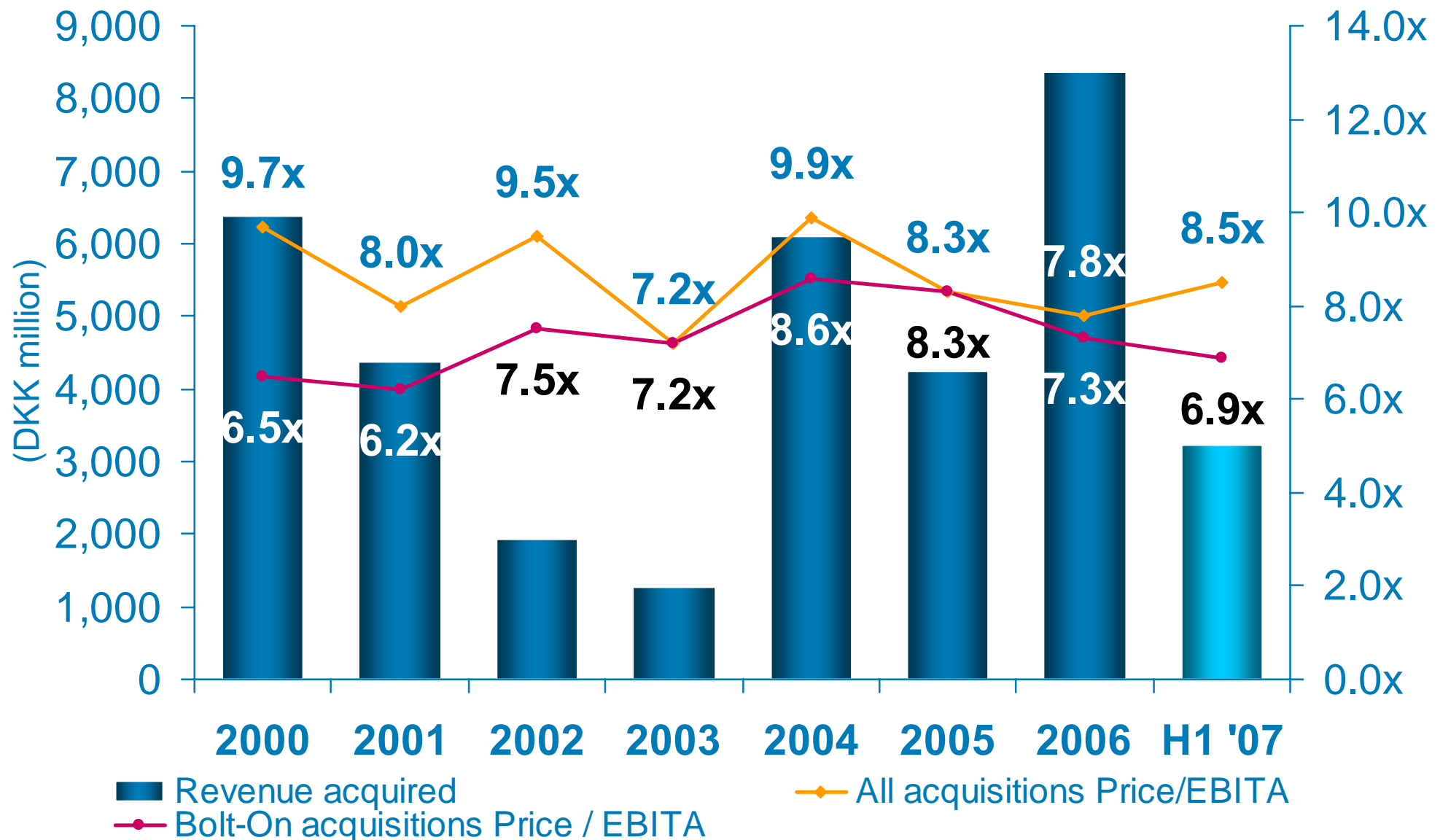


Acquired Revenue By Geography <sup>(1)</sup>



Note: (1) Unaudited approximate figures based on information available at the time of acquisition.

# Acquisition Track Record - Pricing Discipline



# Outlook

- *The outlook set out below should be read in conjunction with "Forward-looking statements" on page 2 of this presentation*
- The Group will continue focusing on
  - Broadening facility services and strengthening single service excellence
  - Key operational objectives
    - Cash flow
    - Operating margin
    - Profitable organic growth
    - Deleveraging on a multiple basis
  - Making acquisitions to increase local scale and broadening service competencies
- For 2007 it is expected that<sup>(1)</sup>
  - Revenue will increase by more than 10% compared to 2006
  - Operating margin will be maintained at or slightly above 2006-level
  - Non cash expenses are expected to lead to net accounting losses

(1) At the prevailing currency rates and including acquisitions and divestments up to 31 July 2007



## **Other Financial Measures**

# Other Financial Measures

## Pro Forma Adjusted EBITDA

### Pro Forma calculation<sup>(1)</sup>

DKKm 12 months ended 30 June 2007

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<b>Adjusted EBITDA</b>	<b>4,327</b>
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Estimated PF adjusted EBITDA of acquired and divested businesses	266
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<b>Estimated PF Adjusted EBITDA</b>	<b>4,593</b>
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Note: (1) The calculations of pro forma adjusted EBITDA are based in part on management estimates and the unaudited internal management accounts of the acquired businesses. These numbers have not been, and cannot be, audited. The Pro Forma EBITDA is based on "Last Twelve Months" figures.

# Other Financial Measures (cont.)

## Pro Forma Capital Structure – June 30, 2007 – incl. July refinancing

Capitalization <sup>(1)</sup>	DKKm <sup>(2)</sup>	% of Total
Cash and securities	(1,604)	(4%)
Other Indebtedness	1,139	3%
Senior Facilities	16,135	44%
EMTNs	7,148	20%
<b>Total Net Senior Debt</b>	<b>22,818</b>	<b>63%</b>
Senior Subordinated Notes	3,379	9%
Second Lien	4,465	12%
<b>Total Net Cash Pay Debt</b>	<b>30,662</b>	<b>84%</b>
Shareholders Funding <sup>(3)</sup>	5,776	16%
Minorities	49	0%
<b>Total <sup>(4)</sup></b>	<b>36,487</b>	<b>100%</b>

Notes:

(1) This Capitalization table reflects the Capitalization Table included in FS Funding A/S's Interim Report January – June 2007.

(2) Converted to DKK as per exchange rate of June 30, 2007.

(3) Equity contribution at the date of the take-over amounted to DKK 7,693 millions. Reduction of Shareholders Funding relates to accounting items.

(4) The Total amount in the above table differs from the total capitalization, Consolidated As Adjusted, in FS Funding A/S's Interim Report January – June 2007.

# Other Financial Measures (cont.)

## Seasonality adj. Pro Forma Net Debt – June 30, 2007

<u>Capitalization</u>	<u>DKK m</u>
<b>Total Net Cash Pay Debt</b>	<b>30,662</b>
Changes in Working Capital, January 1 – June 30, 2007	(814)
Changes in Working Capital, July 1, 2006 – June 30, 2007 <sup>1)</sup>	(450)
<b>Seasonality Adjusted PF Net Debt</b>	<b>29,398</b>

<sup>1)</sup> This figure represents a positive inflow of DKK 450m



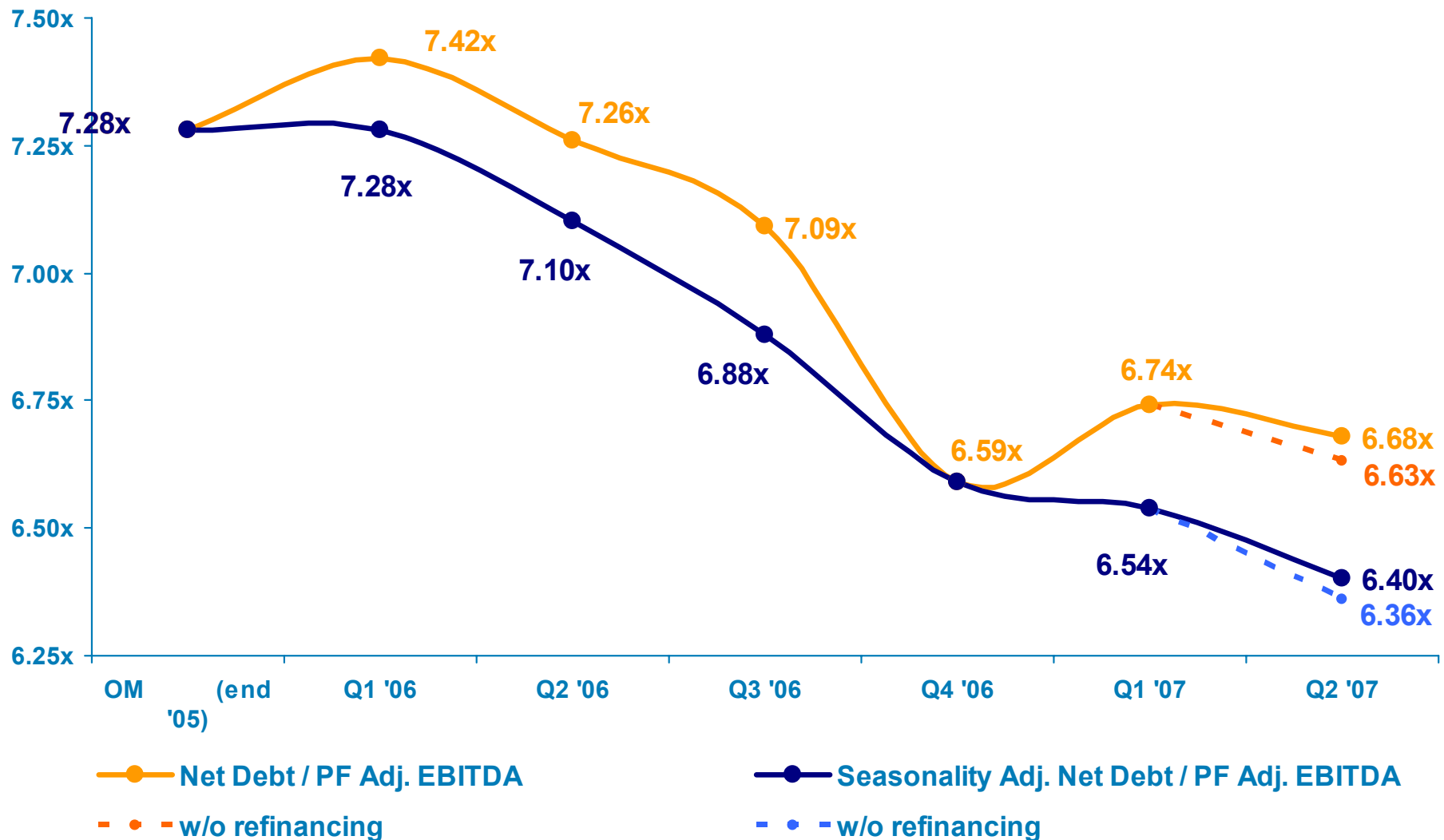
# Pro Forma Credit Ratios

Pro Forma Credit Ratios	Q1 2007	Q2 2007
PF Net Cash Pay Debt / PF EBITDA - without effect of refinancing	6.74x	6.68x 6.63x
Seasonality adj. PF Net Cash Pay Debt/ PF EBITDA - without effect of refinancing	6.54x	6.40x 6.36x
PF Net Senior Debt (incl. EMTNs) / PF EBITDA	4.48x	4.97x
PF Net Senior Debt (excl. EMTNs) / PF EBITDA	2.14x	3.41x



# Deleveraging on a Multiple Basis

## Net Debt / Pro Forma Adj. EBITDA





**Refinancing**

# Refinancing July 2007 - Sources & Uses

SOURCES		EURm	USES		EURm
ISS Global A/S			Repayment of Acq. Facilities		450
- Senior Term Loan – B9		1,000	Repayment of FRNs		850
FS Funding A/S			- acc. Interest and Call Premium		26
- Senior Term Loan – B10		140	Repayment of 2014 EMTNs		362
- Second Lien		600	(77.9% repaid at rate 93)		
			- acc. Interest		11
			Cash on Balance Sheet		16
			Transaction Fees		25
Total Sources		1,740	Total Uses		1,740

# Fixed Charge Cover Ratio

## HY Indenture Definition

### Pro Forma calculation<sup>(1)</sup>

DKKm

12 months ended 30 June 2007

<b>Adjusted EBITDA</b>	<b>4,300</b>
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Estimated PF adjusted EBITDA of acquired and divested businesses	266
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<b>Estimated PF Adjusted EBITDA</b>	<b>4,566</b>
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<b>Estimated PF Interest (full effect of refinancing)</b>	<b>1,986</b>
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<b>Fixed Charge Cover Ratio</b>	<b>2.30x</b>
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Note: (1) The calculations of pro forma adjusted EBITDA are based in part on management estimates and the unaudited internal management accounts of the acquired businesses. These numbers have not been, and cannot be, audited. The Pro Forma EBITDA is based on "Last Twelve Months" figures in accordance with the HY indenture definition.



## Appendix

# ISS Today

- **More than 415,000 employees in 50 countries  
(among Europe's 5 largest private employers)**

- **More than 200,000 customers**

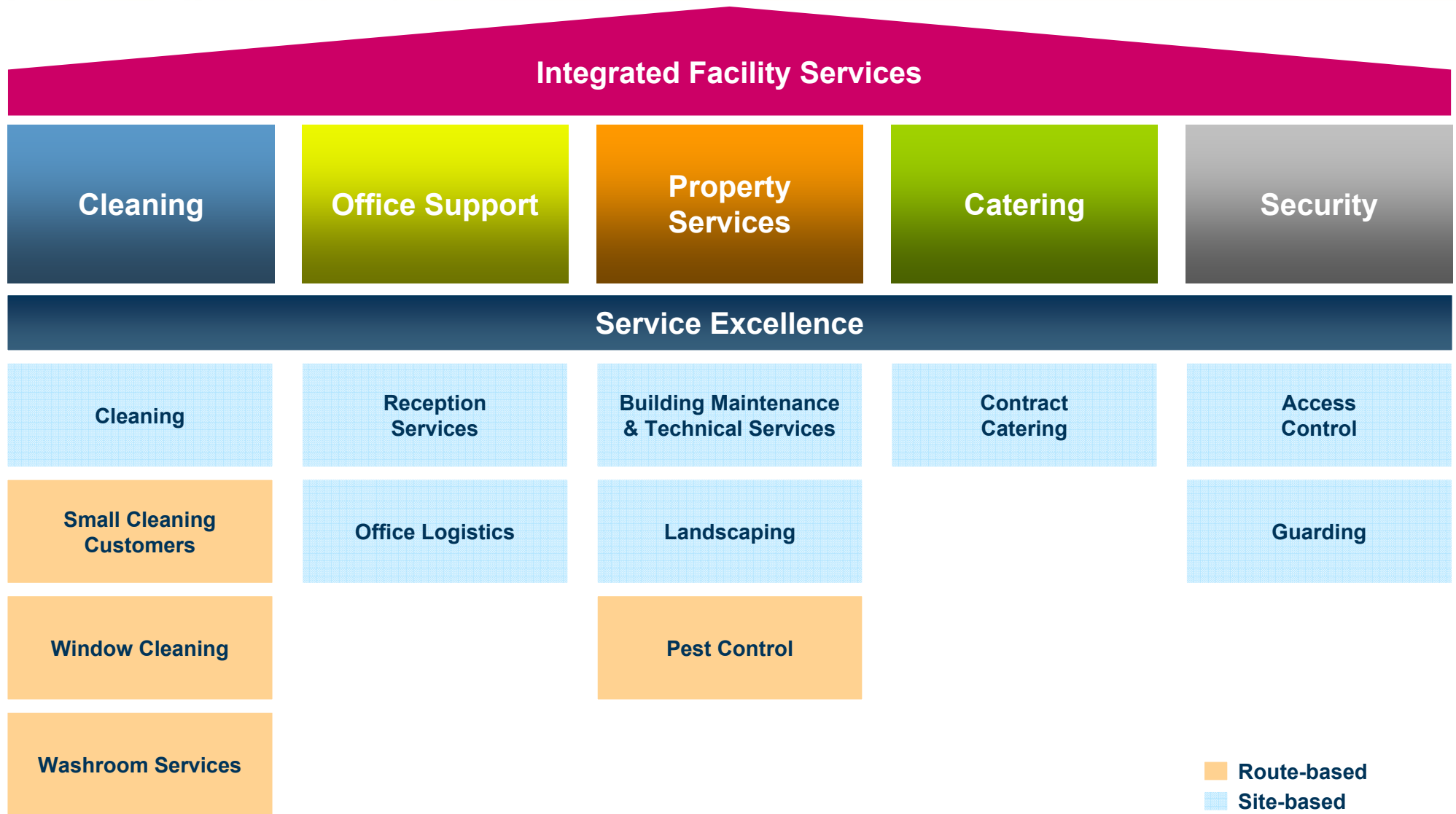
- **Revenue 2006: DKK 55.8 billion**

- **Operating margin 2006: 5.8%**

Argentina  
Australia  
Austria  
Belgium  
Bosnia-Herzegovina  
Brazil  
Brunei  
Chile  
China & Hong Kong  
Croatia  
Czech Republic  
Denmark & Greenland  
Estonia  
Finland  
France  
Germany  
Greece  
Hungary  
Iceland  
India  
Indonesia  
Ireland  
Israel  
Italy

Luxembourg  
Malaysia  
Mexico  
Netherlands  
New Zealand  
Norway  
Philippines  
Poland  
Portugal  
Romania  
Russia  
Singapore  
Slovakia  
Slovenia  
Spain  
Sri Lanka  
Sweden  
Switzerland  
Taiwan  
Thailand  
Turkey  
United Kingdom  
Uruguay  
USA

# The IFS House: The Industry Pioneer



Offering a flexible approach to customer-focused solutions