



# FY 2019 Results Investor Presentation

26 February 2020

# Forward-looking statements

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## Summary

# Summary

	2019 actual	2019 revised outlook <i>(as of 6. November 2019)</i>	2019 original outlook
Organic growth	7.1%	6.5% - 7.5%	5.0% - 7.0%
Operating margin <sup>1</sup>	4.2%	Above 4.2%	5.0% - 5.2%
Free Cash Flow <sup>2</sup>	Excl. factoring: DKK 1.6 bn <i>Reported: DKK 0.4 bn</i>	Excl. factoring: DKK 1.6-2.0 bn <i>Reported: DKK 0.6-1.0 bn</i>	Excl. factoring: DKK 2.0-2.4 bn <i>Reported: DKK 1.8-2.2 bn</i>

(1) 'Operating margin before other income and expenses' (but including e.g. restructuring and onerous contract provisions)

(2) Definition: Cash flow from operating activities - Acquisition of intangible assets and property, plant and equipment, net - Acquisition of financial asset, net (excl. equity-accounted investees) - Additions/disposals from leased assets



# Summary

## Commercial

- **Key Accounts** (63% of revenue) generated 11.0% organic growth (Q4 2019: 14.3%)
- **Deutsche Telekom** launched 1 July 2019 with H2 2019 margins in-line with expectations. Stabilisation incl. IT progressing as planned.
- **Large key accounts<sup>1</sup>**: Successful extension of 14 out of 15 contracts maturing in 2019 (6% of Group). Only 2% of Group maturing in 2020
- **Novartis**: Service delivery for around DKK 0.5 bn retained. Net revenue loss of around DKK 1.5 bn annually as of 1 January 2020.

## Operations

- **Global Key Accounts**: Solid performance with progress on both top line, bottom line and cash flow
- **Key operational challenges in 2019**: Two large loss-making contracts (Denmark and Hong Kong) and restructuring in the cleaning business unit in France related to the ongoing GREAT reorganisation (as announced in Nov. 2019),
- **Successful ongoing turnaround** in North America and Sweden, partly offset by selective **underperformance in the UK** including a high level of contract wins and extensions and ongoing transformational investments
- **Provisions** taken for DKK 150 million to cover operational risks
- **Efficiency programme** targeting DKK 400m in annual cash savings launched in Nov. 2019. Redundancies carried out in Dec. 2019

## Transformation

- **Strategic divestment programme** progressing with around 40% of assets successfully divested. The expected combined net divestment proceeds remains DKK 2.0-2.5 billion
- **Transformational investment programmes** were successfully launched in Jan. 2019. Combined expected investments of DKK 700-800 million over 2019-2021, fully funded by divestment proceeds

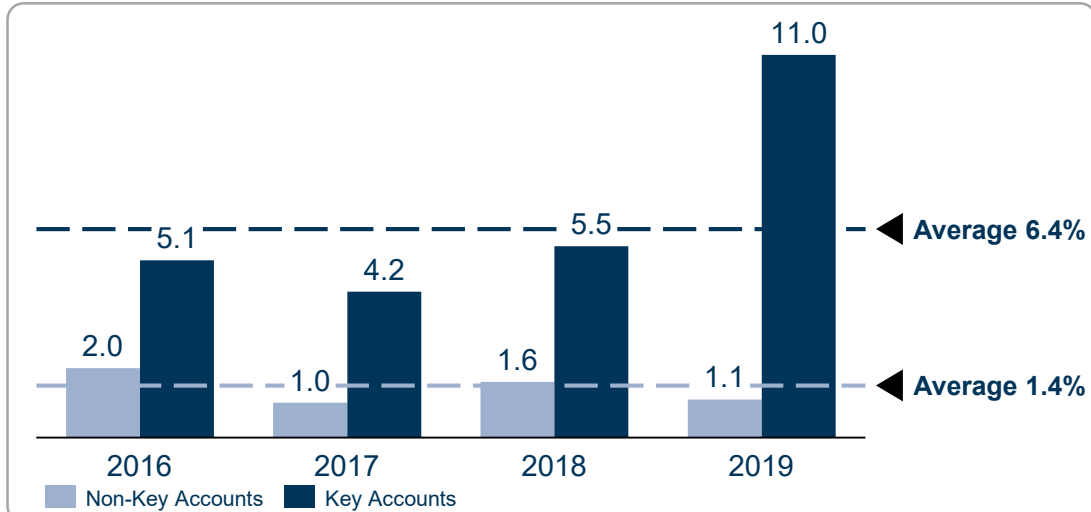
## Shareholder returns

- **Proposed ordinary dividend** of DKK 7.70 per share for 2019 (min. DKK 7.70 per share committed for 2020)

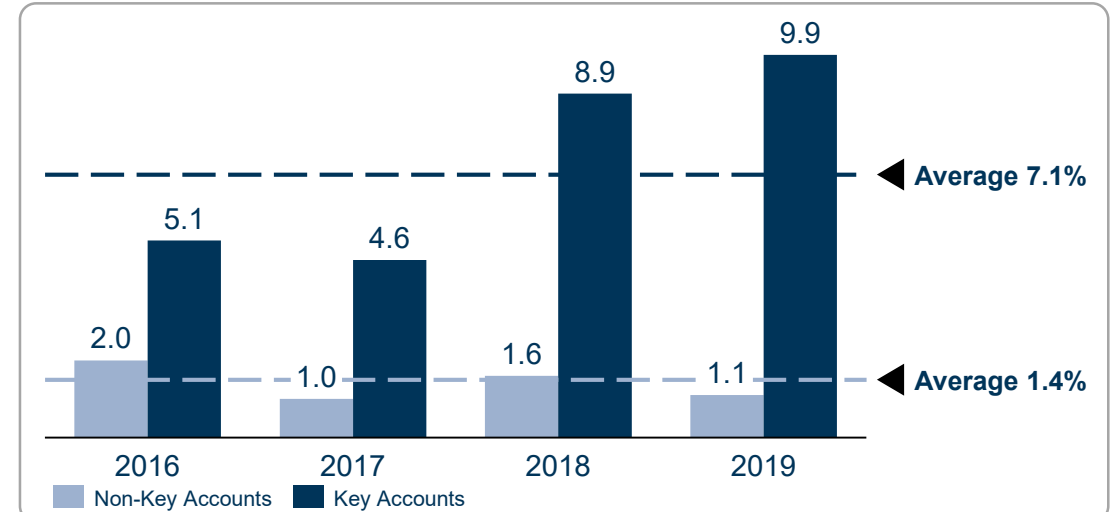
(1) Key Accounts generating revenue above DKK 200m annually

# Key account focus driving structurally higher organic growth

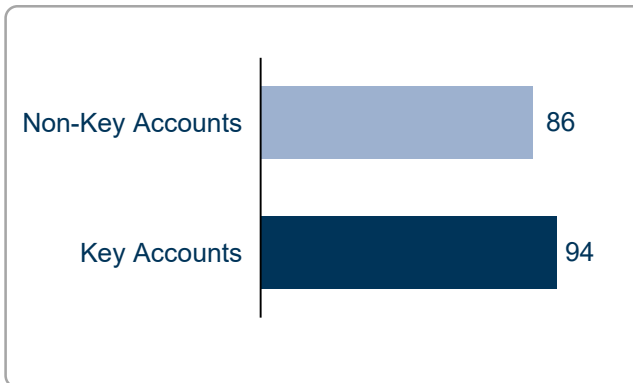
Organic growth (%), reported



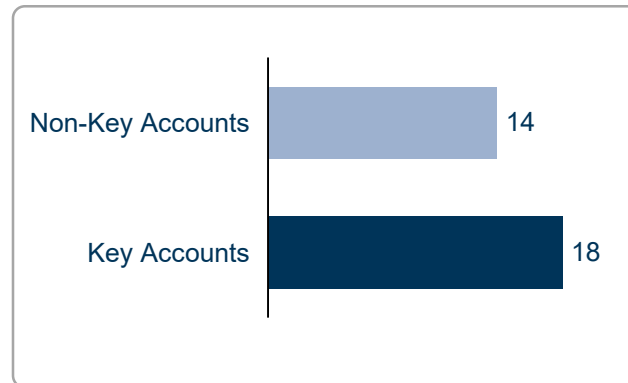
Organic growth (%), excl. major contract developments<sup>2</sup>



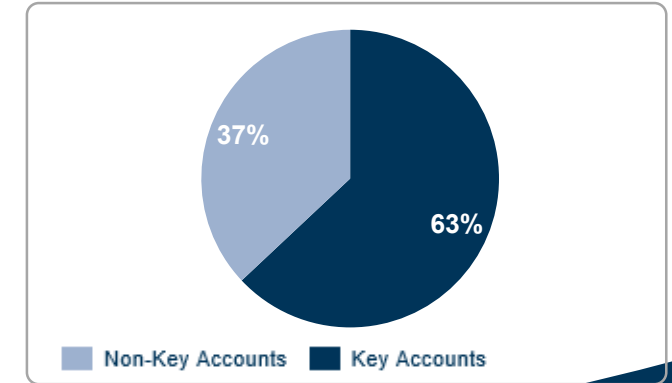
Retention Rates<sup>1</sup> (%)



Projects and above base revenue<sup>1</sup> (%)



Key Account Revenue 2019 (%)

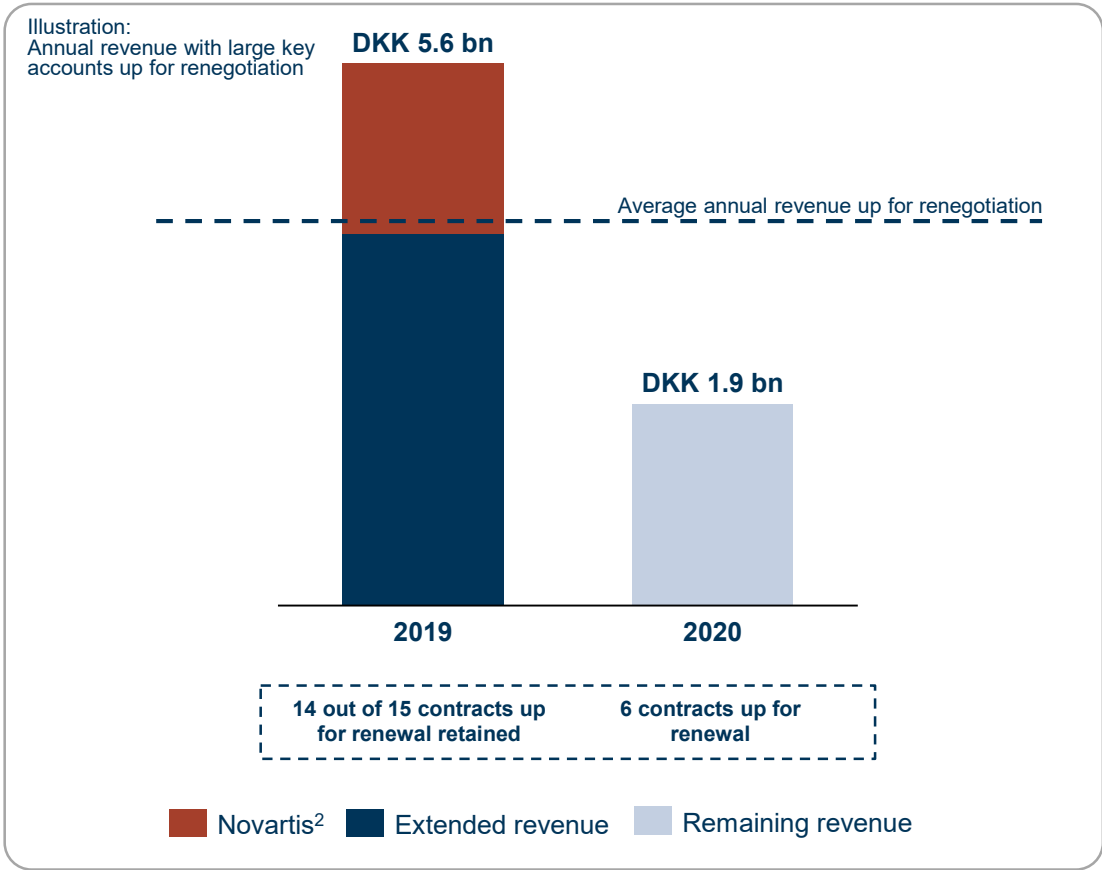


(1) 4-year average (FY2016-2019)

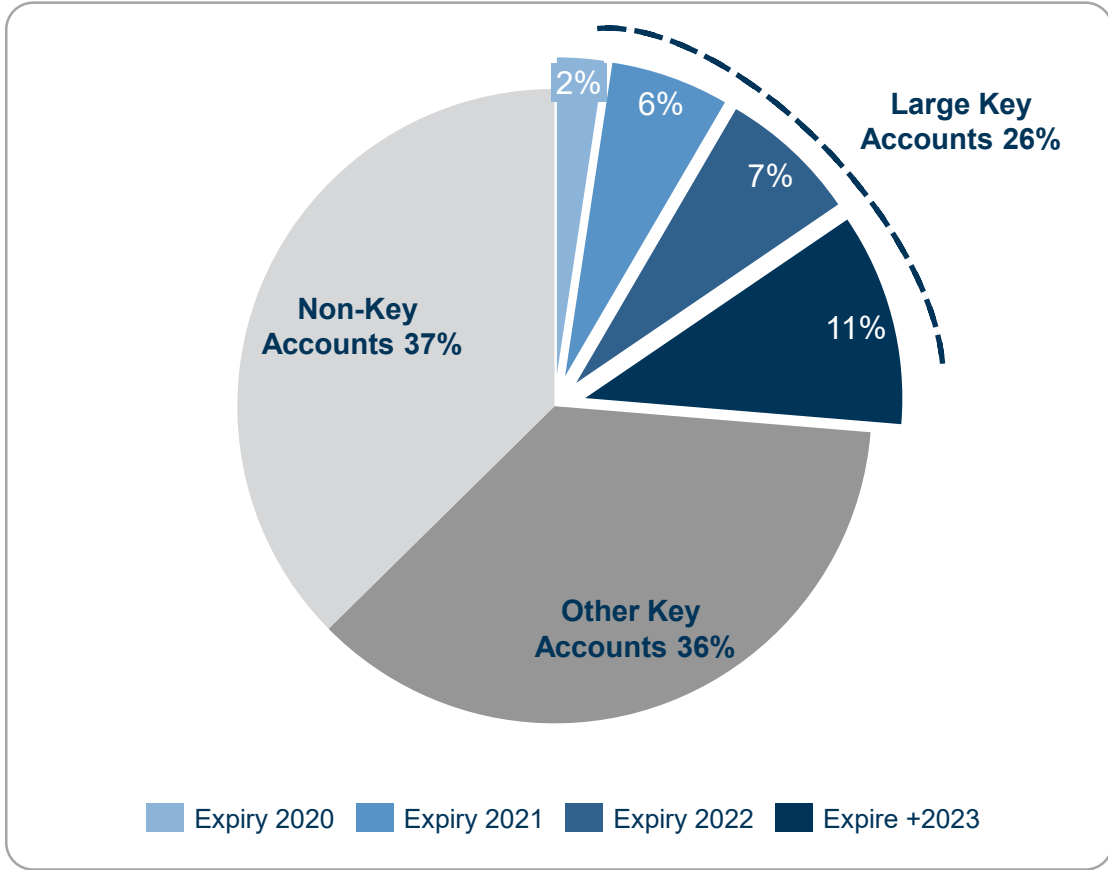
(2) Major contract developments includes the loss of DXC Technology (Oct. 2017), HP Inc. (Feb. 2018) and the EMEA region of an International Bank (Jan. 2018) as well as the launch of Deutsche Telekom (Jul. 2019)

# Most large key accounts extended in 2019 – limited maturities in 2020

Extension of most large key accounts maturing in 2019<sup>1</sup>



Large key account<sup>1</sup> contract maturity profile



(1) Key Accounts generating revenue above DKK 200m annually  
(2) International contract with Novartis lost as of 31 December 2019. Service delivery for around DKK 500 million retained. Net loss of revenue of around DKK 1.5 billion.



# Further strengthening of contract bidding and governance processes

## Tiered implementation of multiple standards and tools...

### Contract governance historically

- Multiple commercial guidelines, tools, systems and processes developed and implemented across the organisation
- Examples which *are* already globally applicable:
  - Commercial review and sign-off escalated to Regional Management, Executive Management or Board depending on size and complexity
  - Education and certification of Key Account Managers
  - Balanced incentives including both organic growth, operating margins and FCF

## ... to rebalanced commercial approach and full standardisation with both wider and deeper implementation in *all* countries

### Commercial rebalancing

- **Rebalancing of risk appetite** on customer segments, services and locations
- **Rebalancing of commercial resources** (retaining and growing existing clients vs. new sales)
- **Strict matching of contract models** against operational risk

### Implementation of end-to-end Group commercial risk assessment and bidding framework

#### Upgrading of standardised commercial bid process will:

- Further standardise and consolidate existing tools
- Cover a wider part of the commercial process (from bid/no bid to post implementation review)
- Apply deeper (all countries and with a lower contract threshold)

#### Upgraded contract risk assessment system in order to:

- Share knowledge and increase awareness of potential risks
- Ensure a structured approach to identifying, measuring, mitigating and pricing risks
- Log auditable documentation of process and decisions



# Regional performance FY 2019

## Continental Europe 39% of Group



### 12%

**organic growth**

Q3 2019: 16%

Q4 2019: 15%

### 5.0%

**operating margin<sup>1</sup>**

(FY 2018: 6.2%)

- Strongest growth on record, driven by several countries in the region...
- ... particularly Germany on the back of the launch of Deutsche Telekom on 1 July 2019...
- ... Turkey on the back of launches/expansions in the healthcare segment and price increases...
- .. as well as Iberia and Netherland, among others, on the back of contract launches/expansions
- Continued growth in projects and above base work in FY2019, albeit with a slow-down in Q4

- Underperformance due to the reorganisation in France. The margin in France (5% of Group revenue) was -4% in 2019 compared to the long term historical average of +4%<sup>2</sup>.
- Short-term negative impact from the high level of contract launches and expansions
- Operating margins on Deutsche Telekom were in line with expectations
- H2 2019: 5.4% (H2 2018: 8.3%)

## Northern Europe 32% of Group



### 4%

**organic growth**

Q3 2019: 3%

Q4 2019: 3%

### 4.5%

**operating margin<sup>1</sup>**

(FY 2018: 6.3%)

- Strongest growth in many years...
- ... driven by Key Account contract launches and expansions
- Continued growth in projects and above base work for FY2019, albeit with a slow-down in Q4

- Significant short-term negative impact from a loss-making contract in Denmark
- Selective underperformance in the UK including a high level of contract wins and extensions and ongoing transformational investments
- Headwinds were partly offset by the ongoing turnaround in Sweden (4% of Group revenue). The margin remained low at +4% in 2019 compared to the long term historical average of +7%.
- H2 2019: 5.0% (H2 2018: 7.4%)

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

(2) Continuing operations (excl. Hygiene and Prevention divested in December 2019)

# Regional performance FY 2019

## Asia Pacific 17% of Group



**5%**

**organic growth**

Q3 2019: 5%

Q4 2019: 5%

- Generally solid growth across most countries in the region - specially in Australia, Singapore, Indonesia and India
- Growth was partly offset by slow-down in Hong Kong
- Solid growth in the demand for projects and above base work

**5.5%**

**operating margin<sup>1</sup>**

(FY 2018: 6.7%)

- Significant negative impact from an onerous contract in Hong Kong. Situation worsened by political unrest. Provision booked for expected future losses.
- Normalisation of margin in Singapore, as expected
- H2 2019: 5.8% (H2 2018: 6.8%)

## Americas 11% of Group



**2%**

**organic growth**

Q3 2019: 1%

Q4 2019: 4%

- Positive growth despite the exit of underperforming small legacy contracts in North America. Excluding these exits, the Americas delivered 6% organic growth, driven by:
  - New sales and upselling on the back of strengthening capabilities within Food Services and Workplace Management & Design
  - Sharpening Key Account focus paying off. Solid performance especially within aviation

**5.3%**

**operating margin<sup>1</sup>**

(FY 2018: 2.9%)

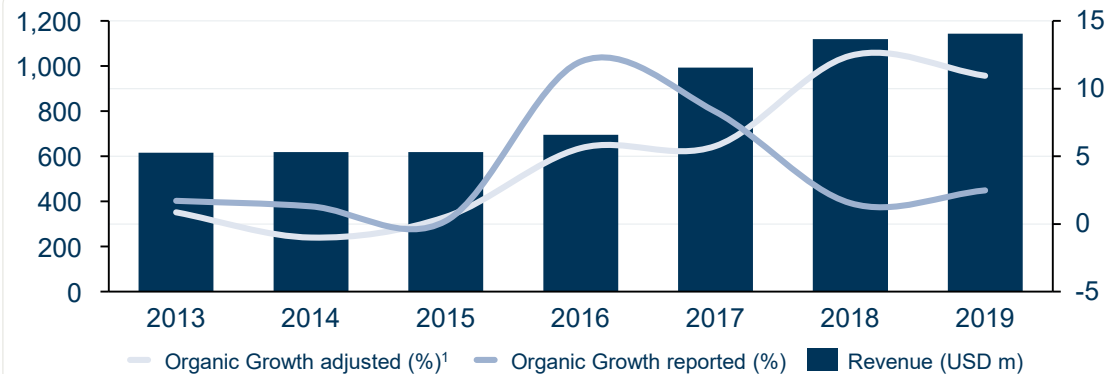
- Margin recovery on the back of successful turnaround initiatives and efficiency plans in North America
- Further synergies and scale advantages coming through within catering (Guckenheimer)
- H2 2019: 6.6% (H2 2018: 3.1%)

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

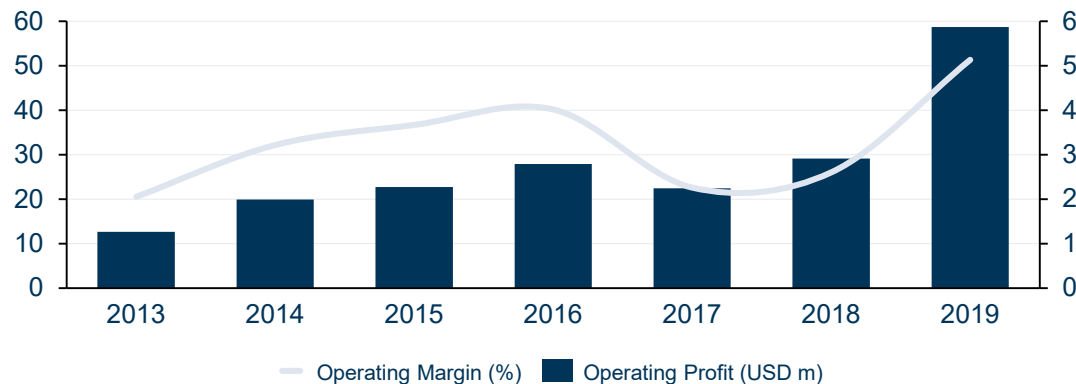
# Strengthening platform in North America



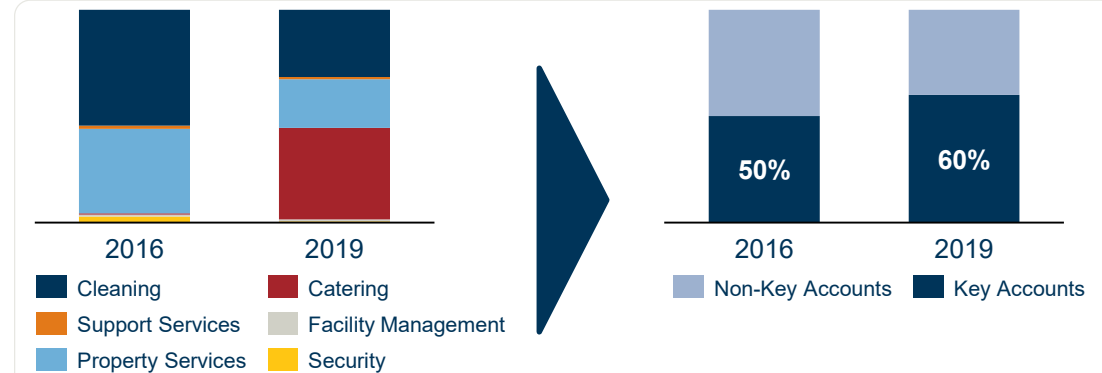
## Revenue and organic growth



## Operating profit and margin



## Improving business mix



## Successful allocation of capital: Guckenheimer case

- **Background:** Guckenheimer (food services) acquired in May 2017
- **Organic revenue growth<sup>2</sup>:** +40% since acquisition (ISS is now North America's 10<sup>th</sup> largest contract caterer)
- **EBITA margin:** FY2019 at above 6% (at acquisition around 4%)
- **EBITA growth:** More than +100% since acquisition
- **EBITA multiple<sup>3</sup>:** 2019 EBITA 7x (at acquisition EBITA 16x)
- **FCF-yield:** 15%

(1) Organic growth adjusted removes impact from: HP loss (2011-2019) and legacy business contract exits (2019)  
 (2) Accumulated organic growth since acquisition (May 2017 – Dec 2019)



# Strategic divestment programme progressing

## Divestment program coming to an end

### A decade of divestments coming to an end:

- Accumulated annual revenue divested from 2009-2019 amounts to DKK 20 bn (around 30% of Group revenues in 2008).
- Broadly neutral impact on Group margins from divestments impacting financial performance since IPO (March 2014)

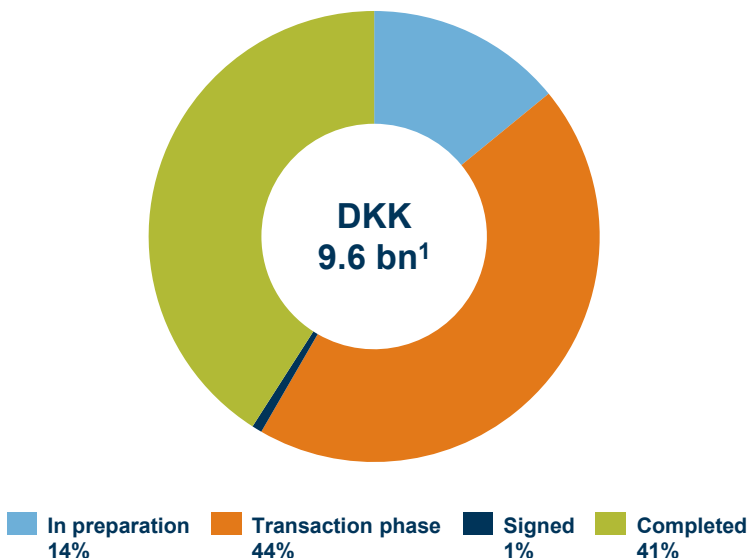
### Final large scale divestment programme (2019-2020) was announced in December 2018 with a view to:

- Simplify and de-risk the business
- Concentrate efforts and reallocate capital to core operations
- Increase quality of the customer base

## Latest status (revenue to be divested)

### Revenue to be divested (DKK 9.6 bn<sup>1</sup>):

- 13 countries<sup>2</sup> (DKK 6.3bn) in Discontinued Operations
- Multiple business units<sup>3</sup> (DKK 3.3bn) in Continuing Operations



## Latest status (proceeds)

### Expected net divestment proceeds of DKK 2.0-2.5bn DKK by FY2020

Proceeds in FY2019	C. 40% complete
Net cash proceeds	DKK 691m
Financial debt divested	DKK 227m
<b>Net consideration</b>	<b>DKK 918m</b>

### Use of expected proceeds (DKK 2.0-2.5 bn):

- Share buy-back: Min. 25% of proceeds
- Transformational investment program (2019-2021): DKK 700-800m
- Remaining: Unallocated

(1) Based on 2017 revenue

(2) Countries have been classified as held for sale and have been discontinued. As such, the final divestment will not further impact reported revenue and operating profit

(3) Business units will gradually be classified as held for sale but will remain part of reported numbers until divested. As such, the business units will impact revenue and operating profit upon divestment.

(4) Divestment proceeds net of divestment costs and restructuring

# Simplification of the business - with stronger focus on Key Accounts

		2014	2019 <sup>1</sup> pro forma	Change
Customers	Total customers	c. 200,000	c. 63,000	c.+225% <i>Revenue per customer</i> ✓
	Key Accounts	N/A	c. 1,000	
	Retention	90 %	92 %	+2 pp. ✓
Employees	Total employees	c. 510,968	c. 390,000	c.+30% <i>Revenue per employee</i> ✓
	Employee turnover	44%	32%	-11 pp. ✓
Countries	Number of countries	48	31	c. +60% <i>Revenue per country</i> ✓
Revenue base	Key Account share	N/A	63%	N/A ✓
	IFS share	31%	43%	+12 pp. ✓

(1) All numbers for 2019 have been pro-forma adjusted for the divestments program to be completed during 2020

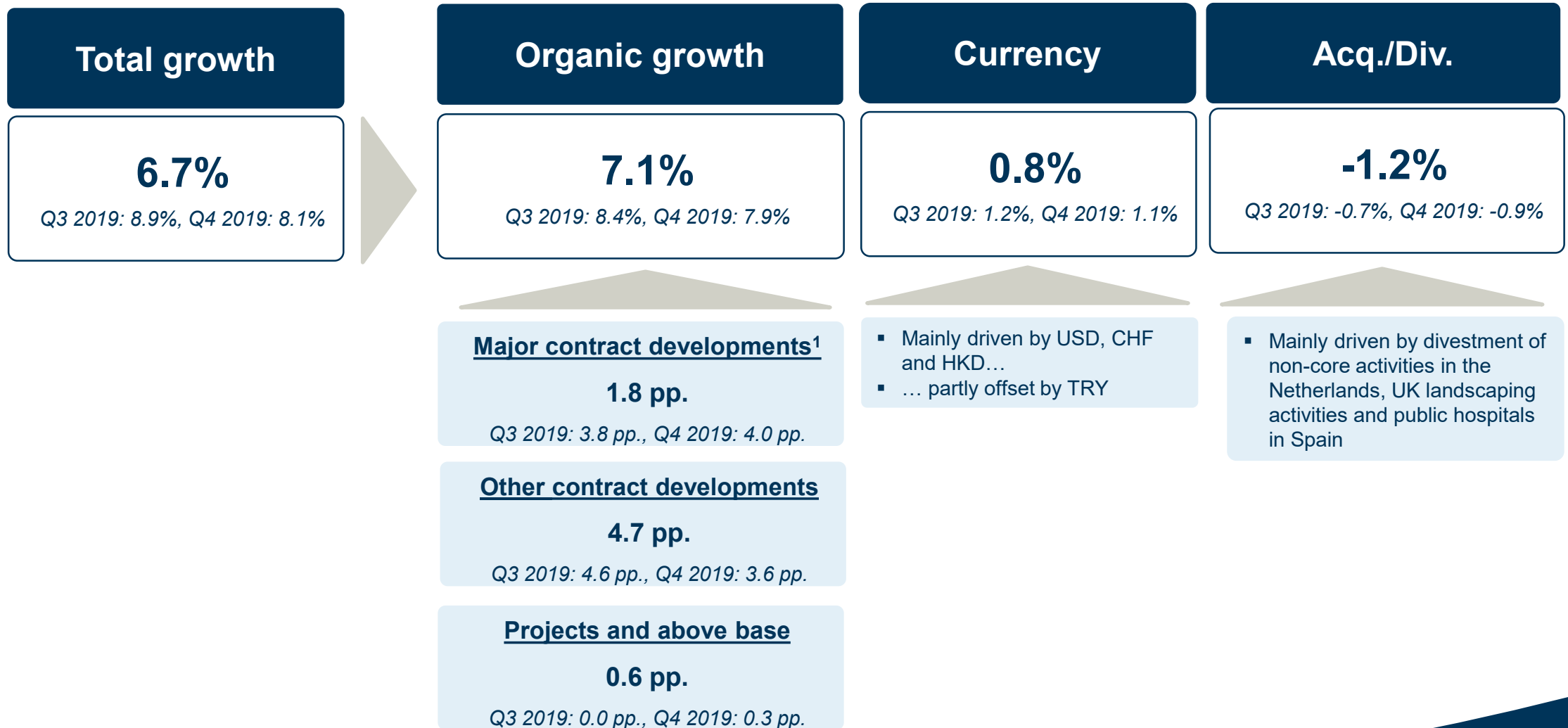


A photograph of three ISS employees walking through a large warehouse aisle. The employees, two men and one woman, are dressed in blue and light blue uniforms. The woman on the left wears a hijab. The man in the center is gesturing with his right hand while speaking. The man on the right is looking towards him. They are walking on a polished floor between tall metal shelving units filled with cardboard boxes. A price tag hanging from a shelf in the background displays 'Rp2.995.000'.

# Financials



# Revenue growth FY 2019



(1) Includes the loss of DXC Technology (Oct 2017), HP Inc. (Feb 2018), as well as the launch of Deutsche Telekom (Jul 2019)

# Operating profit<sup>1</sup> FY2019

FY2018	Key drivers during 2019	FY2019	Key drivers during 2020	FY2020
<p><b>DKK 3.7 bn</b> <b>5.0%</b></p>	<p><b>Operating profit supported by...</b></p> <ul style="list-style-type: none"> <li>➤ Strong revenue growth</li> <li>➤ Ongoing turnaround in North America and Sweden</li> </ul> <p><b>... more than offset by:</b></p> <ul style="list-style-type: none"> <li>➤ Launch of the announced transformational investment programme (2019-2021)</li> <li>➤ Restructuring in the cleaning business unit in France related to a reorganisation</li> <li>➤ Two large loss making contracts (Denmark and Hong Kong)...</li> <li>➤ Selective underperformance in the UK including a high level of contract wins and extensions</li> <li>➤ Provision (DKK 150m) for onerous contract (Hong Kong) and other identified risks (UK)</li> </ul>	<p><b>DKK 3.3 bn</b> <b>4.2%</b></p>	<p><b>Operating profit among others supported by:</b></p> <ul style="list-style-type: none"> <li>➤ Solid revenue growth</li> <li>➤ Improvements on two large loss-making contracts (Denmark and Hong Kong)...</li> <li>➤ ... as well as the annualisation of the 2019 provision (DKK 150m)</li> <li>➤ Efficiency plan targeting around DKK 200m in-year 2020</li> <li>➤ Normalisation of restructuring</li> </ul> <p><b>Partly offset by...</b></p> <ul style="list-style-type: none"> <li>➤ ... the loss of Novartis (0.1-0.2% impact)</li> </ul> <p><b>The outlook for 2020 excludes the potential impact from the malware attack (17 Feb. 2020) and the Coronavirus</b></p>	<p><b>Outlook:</b> <b>Above</b> <b>4.5%</b></p>

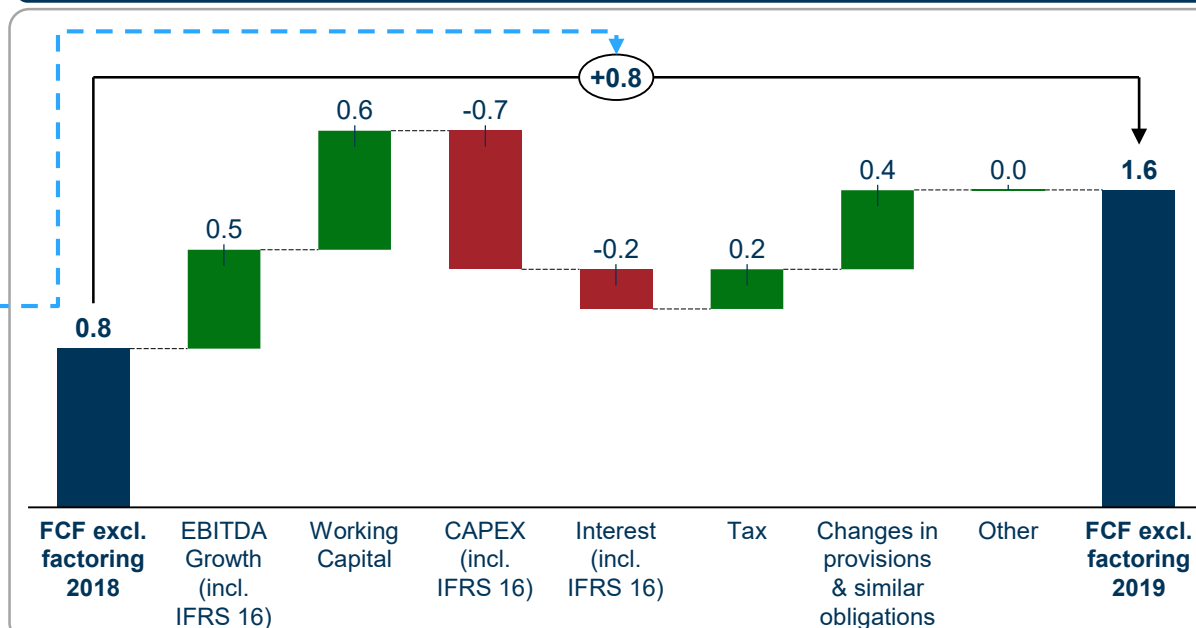
(1) Operating profit before 'other income and expenses' (but including restructuring)

# Free Cash Flow variation from FY2018 to FY2019

## Free Cash Flow (excl. factoring) variation (DKK bn)

DKK bn	FY 2018	FY 2019	Δ
<b>EBITDA incl. IFRS 16</b>	<b>4.5</b>	<b>5.0</b>	<b>0.5</b>
Changes in working capital excl. factoring	(1.4)	(0.8)	0.6
CAPEX incl. IFRS 16	(1.0)	(1.7)	(0.7)
Net interest paid/received incl. IFRS 16	(0.4)	(0.6)	(0.2)
Income taxes paid	(0.7)	(0.5)	0.2
Changes in provisions, pensions & similar obligations	(0.2)	0.2	0.4
Other	(0.0)	(0.0)	0.0
<b>Free Cash Flow excl. factoring</b>	<b>0.8</b>	<b>1.6</b>	<b>0.8</b>

## Improving underlying FCF (DKK bn)



- FCF (excl. factoring) improved by DKK 0.8 bn in 2019, ending at DKK 1.6 bn...
- ... supported especially by the annualisation of weak working capital drivers from 2018
- Despite these improvements, FCF in 2019 remains impacted by net negative one-offs of around DKK -300 million (slide 18)



# Free Cash Flow variation from FY2019 to FY2020

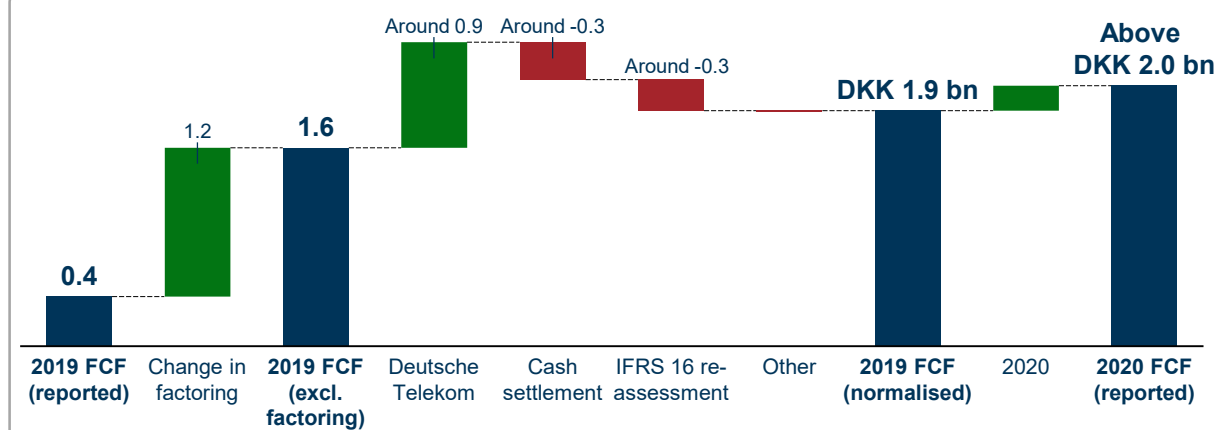
## Free Cash Flow (excl. factoring)

DKK bn	FY 2018	FY 2019	Δ
EBITDA incl. IFRS 16	4.5	5.0	0.5
Changes in working capital excl. factoring	(1.4)	(0.8)	0.6
CAPEX incl. IFRS 16	(1.0)	(1.7)	(0.7)
Net interest paid/received incl. IFRS 16	(0.4)	(0.6)	(0.2)
Income taxes paid	(0.7)	(0.5)	0.2
Changes in provisions, pensions & similar obligations	(0.2)	0.2	0.4
Other	(0.0)	(0.0)	0.0
<b>Free Cash Flow excl. factoring</b>	<b>0.8</b>	<b>1.6</b>	<b>0.8</b>

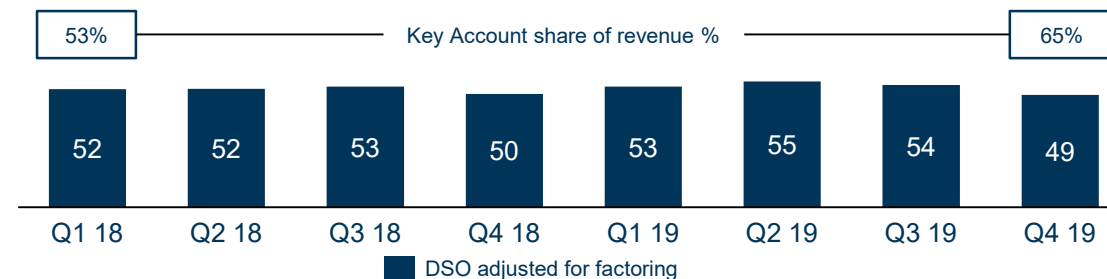
### FCF (excl. factoring) in 2019 remains impacted by net negative one-offs:

- FCF (excl. factoring) improved by DKK 0.8 bn in 2019, ending at DKK 1.6 bn...
- ... yet still included net negative one-offs which will normalise over 2020 and into the medium term.
- Net negative one-offs of around DKK -300 million in 2019 include:
  - Deutsche Telekom transition, mobilisation and launch (around DKK -900m)
  - Cash settlement received (around DKK +300m)
  - IFRS 16 reassessment<sup>1</sup> in H2 2019 (around DKK +300m)
  - Other smaller items, net. (broadly neutral)

## Free Cash Flow 2019 to 2020 (DKKbn)



## Stable DSO<sup>2</sup> despite strong revenue growth

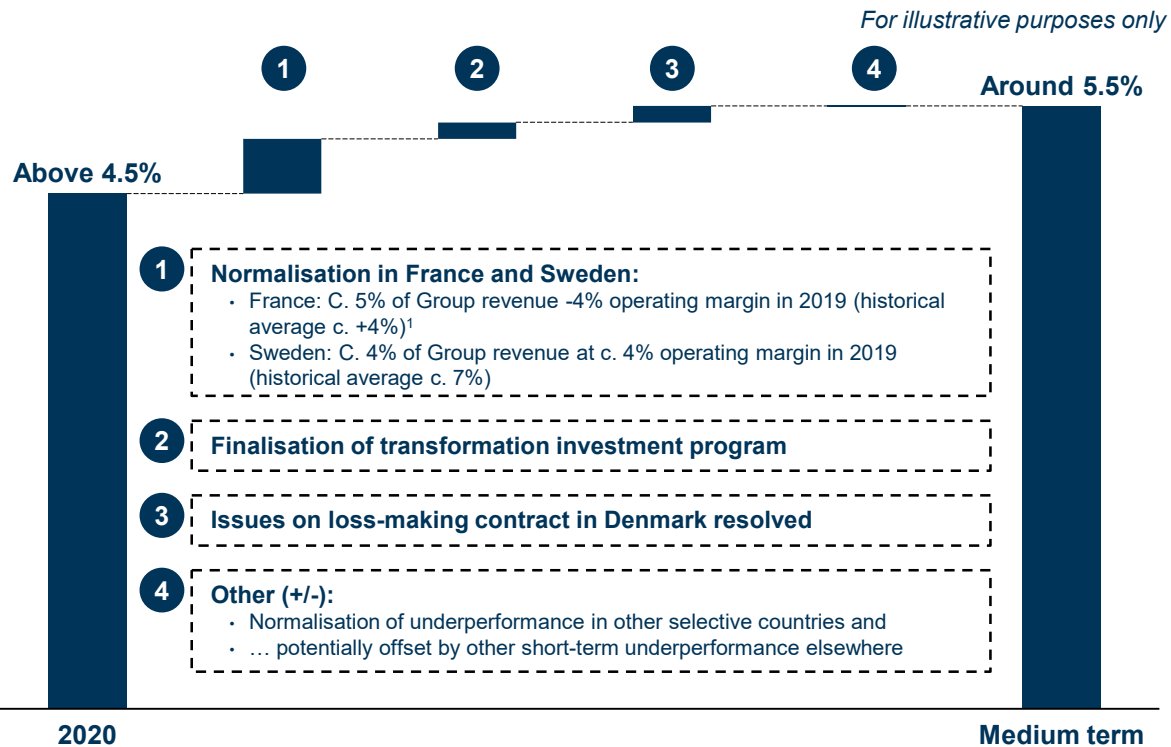


(1) IFRS16 additions/disposals from leased assets, net, was in 2019 impacted by a reassessment of extension options of certain properties as a result of major contract developments in the year (including a major contract loss) as well as the Group's efficiency programme launched in November 2019.

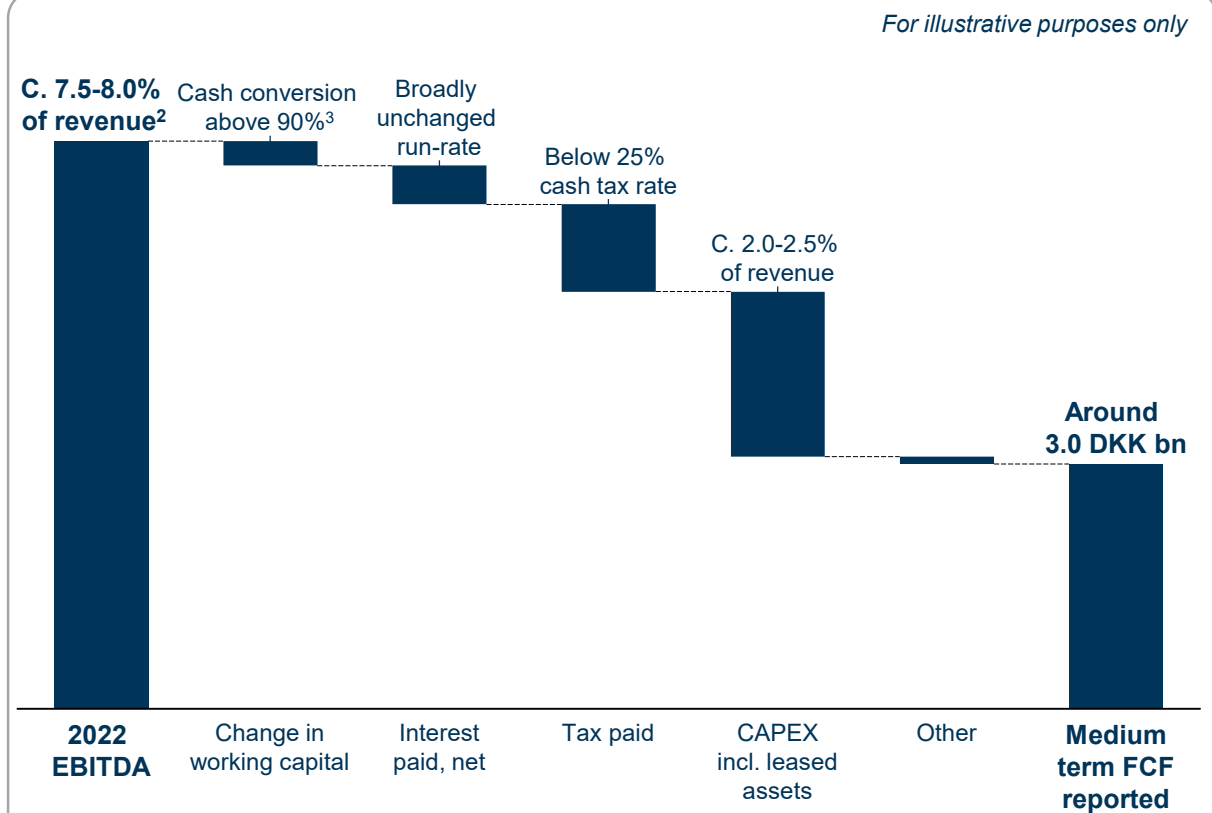
(2) DSO calculated as: Trade receivable / (current month revenue incl. VAT / 30). Total receivables and current month revenue are adjusted for discontinued operations

# Medium term drivers

## Operating Margin



## Free Cash Flow



(1) Continuing operations (excl. Hygiene and Prevention divested in December 2019)

(2) Medium term operating margin of around 5.5% plus depreciation at 2.0-2.5% of Group revenue.

(3) Cash conversion calculated as: Changes in working capital plus operating profit before other items / operating profit before other items

# Income Statement

DKK million	FY 2019	FY 2018	Δ
Revenue	78,555	73,592	4,963
Operating expenses	75,265	69,894	5,371
<b>Operating profit before other items</b>	<b>3,290</b>	<b>3,698</b>	<b>(408)</b>
Other income and expenses, net	(93)	(125)	32
<b>Operating profit</b>	<b>3,197</b>	<b>3,573</b>	<b>(376)</b>
Financial income and expenses, net	(704)	(590)	(114)
<b>Profit before tax</b>	<b>2,493</b>	<b>2,983</b>	<b>(490)</b>
Income taxes	(743)	(702)	(41)
<b>Net profit (adjusted) from continuing operations</b>	<b>1,750</b>	<b>2,281</b>	<b>(531)</b>
Goodwill impairment	(304)	(724)	420
Amortisation and impairment of brands and customer contracts	(335)	(463)	128
Income tax effect	67	129	(62)
<b>Net profit from continuing operations</b>	<b>1,178</b>	<b>1,223</b>	<b>(45)</b>
Net profit from discontinued operations	193	(932)	1,125
<b>Net profit (reported)</b>	<b>1,371</b>	<b>291</b>	<b>1,080</b>
<b>Net profit (adjusted)</b>	<b>2,100</b>	<b>2,084</b>	<b>16</b>
Adjusted EPS, DKK <sup>1</sup>	11.2	11.2	0.0
<b>Net profit (adjusted) from continuing operations</b>	<b>1,750</b>	<b>2,281</b>	<b>(531)</b>
Adjusted EPS from continuing operations, DKK <sup>2</sup>	9.3	12.3	(3.0)

• Divestment and acquisition related costs

• Increases of DKK 114 million mainly driven by the implementation of IFRS 16 (DKK 81 million) and refinancing for around DKK 20 million)

• Effective tax rate of 30% impacted by write-down of tax assets in France. Underlying effective tax rate remains c. 25%

• Goodwill impairment is mainly related to the divestment of the Hygiene & Prevention business in France

(1) Calculated as Net profit (adjusted) divided by the average number of shares (diluted)

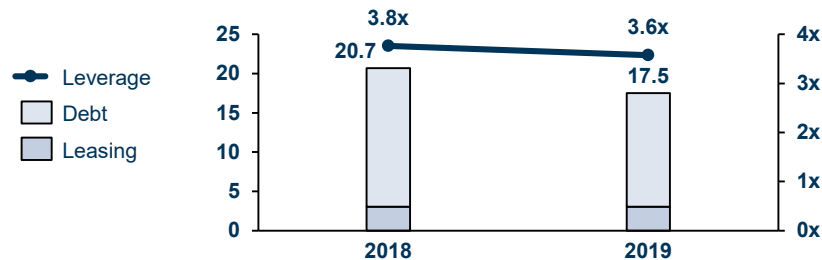
(2) Calculated as Net profit from continuing operations (adjusted) divided by the average number of shares (diluted)



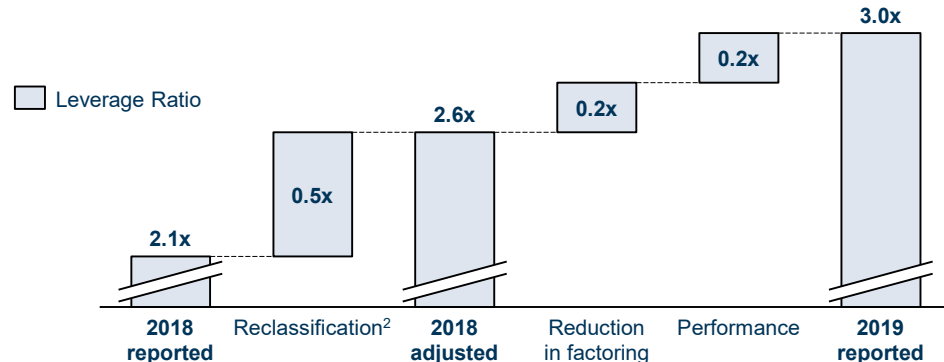
# Balanced capital allocation

## Capital structure

- **Gross debt** reduction of around DKK 3 billion in 2019 as a result of net repayment of DKK 3 billion corporate bond debt in H2 2019 (gross debt leverage reduced from 3.8x in 2018 to 3.6x in 2019)<sup>1</sup>



- **Net debt** leverage increased from 2.6x<sup>2</sup> in 2018 to 3.0x in 2019. We expect to be within the 2.8x leverage target by 31. Dec. 2020



## Returns to shareholders

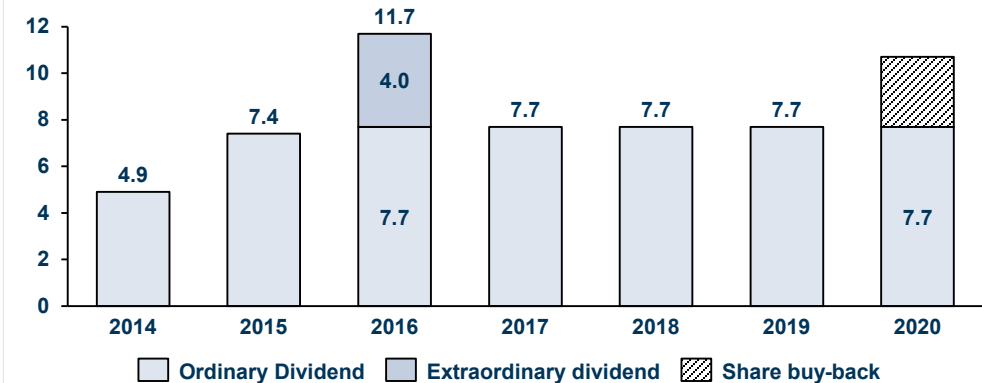
### Dividend

- Ordinary **dividend for 2019** (paid in April 2020):
  - Proposed at DKK 7.70 per share
- Ordinary **dividend for 2020** (paid in April 2021):
  - Committed at min. DKK 7.70 per share

### Share buy-back

- During 2020 we will launch a share buy-back to return at least 25% of the combined expected divestment proceeds (DKK 2.0-2.5 bn)

### Returns history



(1) IFRS16 implemented from 2019. The 2018 IFRS16 impact is assumed stable compared to 2019

(2) Leverage adjusted for the implementation of IFRS16 and reclassification of restructuring above the line



# Outlook



# Outlook

*The outlook for 2020 excludes the potential impact from the malware attack (17 Feb. 2020) and the Coronavirus*

	2019 actual	2020 Outlook	Medium term
<b>Organic Growth</b>	7.1%	Above 4%	Industry leading organic growth of 4% - 6%
<b>Operating Margin</b>	4.2%	Above 4.5%	Stable operating margins around 5.5%
<b>Free Cash Flow<sup>1</sup> (Reported)</b>	DKK 0.4 bn	Above DKK 2.0 bn	Strong Free Cash Flow around DKK 3.0 bn <sup>2</sup>

**Impact on total revenue from divestments, acquisitions and foreign exchange rates in 2020:**

- We expect the impact on revenue growth from development in foreign exchange rates to be around +1%<sup>(3)</sup>
- We expect the net impact on revenue growth from divestments and acquisitions closed so far to be -1% to -2%<sup>(4)</sup>

(1) Definition: Cash flow from operating activities - Acquisition of intangible assets and property, plant and equipment, net - Acquisition of financial asset, net (excl. equity-accounted investees) - Additions/disposals from leased assets

(2) In constant currency relative to 10 December 2018 when the medium-term target was originally set.

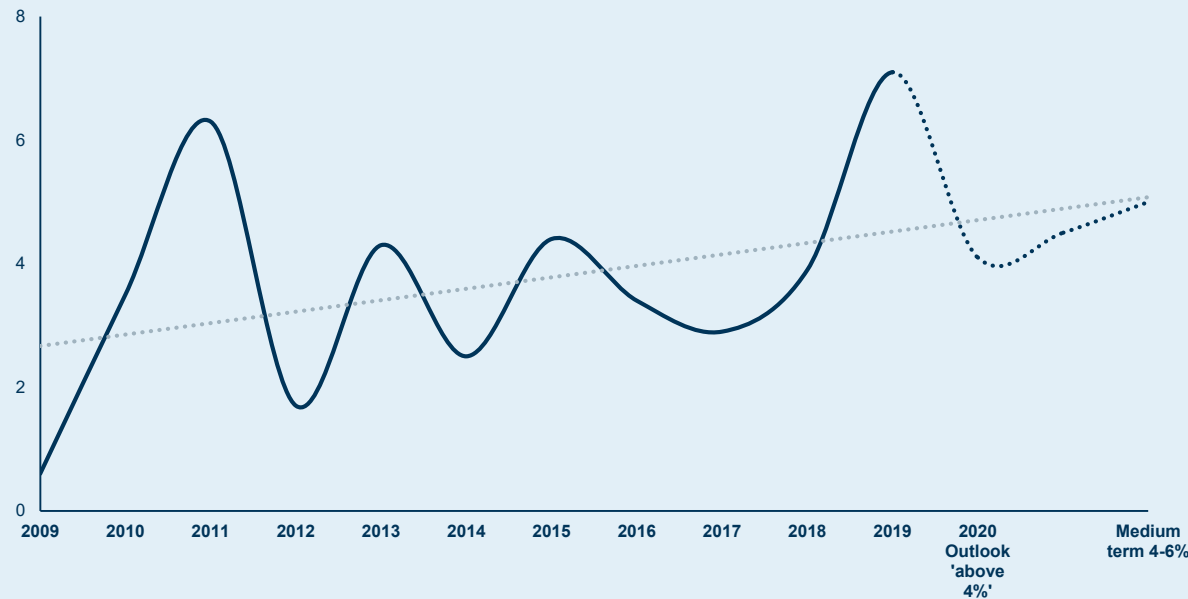
(3) The forecasted average exchange rates for the financial year 2019 are calculated using the realised average exchange rates for the first month of 2020 and the average forward exchange rates for the remaining eleven months of 2020.

(4) Includes divestments and acquisitions completed by 14 February 2020

# Structurally higher growth on a resilient revenue base with stable margins

## Organic growth, %

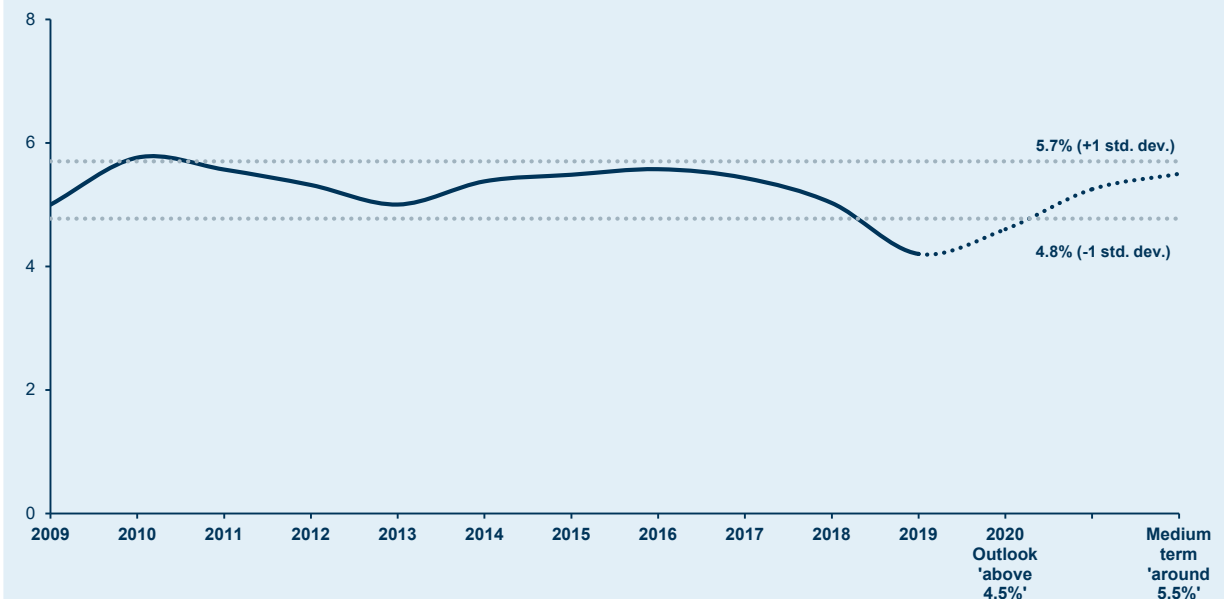
Structurally higher growth...  
... on a resilient revenue base with just one year (2003)  
of negative organic growth in the past 27 years



Medium term guidance: 4-6% (10 years avg.: 4.0%)

## Operating margin (incl. restructuring)<sup>1</sup>, %

Stable margins, usually within a tight 0.9% range  
(+/- 1 std. deviation over 10 years)



Medium term guidance: around 5.5% (10 years avg.: 5.3%)

(1) 2017 and 2018 have been restated for discontinued operations. All years have been restated to include restructuring above the line.

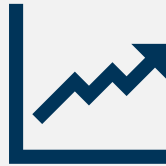
# A leading global provider of facility services

## Industry leadership



**Leading and differentiated  
global facility services  
provider**

## Industry leading growth



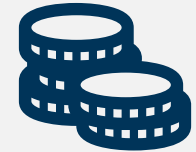
**Industry leading organic  
growth of 4-6%**

## Robust margins



**Robust operating margins  
around 5.5%<sup>1</sup>**

## Strong cash flow



**Strong FCF of  
around DKK 3.0 bn<sup>2</sup>**

<sup>(1)</sup> Operating margin before other items (but incl. restructuring reclassified above the line from 2019)

<sup>(2)</sup> Around DKK 3 billion in constant currency





## Q&A





# Appendix

TELÄN SUURIN SALLITTU  
HÄLKÄISÄ 1700 mm  
MASSA 70000 kg



# Cash Flow

Statement of Cash Flow (DKK m)	FY 2019	FY 2018	Δ
Operating profit before other items	3,290	3,698	(408)
Operating profit from discontinued operations	89	134	(45)
Depreciation and Amortisation	1,617	681	936
Changes in provisions, pensions, and similar obligations	225	(195)	420
<b>Cash flow from Operations</b>	<b>5,221</b>	<b>4,318</b>	<b>903</b>
Share based payments	18	19	(1)
Changes in working capital	(2,019)	144	(2,163)
Other expenses paid	(16)	(17)	1
Net interest paid/received	(627)	(454)	(173)
Income taxes paid	(513)	(663)	150
<b>Cash Flow from operating activities</b>	<b>2,064</b>	<b>3,347</b>	<b>(1,283)</b>
Cash flow from investing activities	(530)	(985)	455
Cash flow from financing activities	(5,871)	(1,723)	(4,148)
<b>Total cash flow</b>	<b>(4,337)</b>	<b>639</b>	<b>(4,976)</b>

• Higher depreciation and amortisation entirely driven by IFRS16

• DKK -2.2 bn. y/y variation in 'Changes in working capital' more than fully driven by a DKK -2.8 bn. variation in cash flows from factoring (2018: +DKK 1.55 bn., 2019: DKK -1.26 bn.)  
• Excluding variations in factoring, FCF improved by DKK 0.8 bn y/y.

• Increase driven mainly by IFRS16 (DKK 81m) and accelerated interest payments in relation to bond-repayments (DKK 60m)

Free Cash Flow (DKK m)	FY 2019	FY 2018	Δ
Cash Flow from operating activities	2,064	3,347	(1,283)
Capital Expenditure, net	(1,095)	(968)	(127)
(Acquisition)/disposal of financial assets <sup>1</sup>	(11)	(20)	9
Additions/disposals from leased assets, net	(592)	0	(592)
<b>Free Cash Flow (DKK m)<sup>2</sup></b>	<b>366</b>	<b>2,359</b>	<b>(1,993)</b>

• CAPEX of DKK 1.1 bn or 1.4% revenue (FY2018: DKK 1.0 bn. 1.3% of revenue)

• IFRS16 additions/disposals from leased assets, net, was in 2019 negatively impacted (positive for FCF) by a reassessment of extension options of certain properties as a result of major contract developments in the year (including a major contract loss) as well as the Group's efficiency programme launched in Nov. 2019.

• Reduction driven a DKK -2.8 bn. variation in cash flows from factoring  
• Excluding variations in factoring, FCF improved by DKK 0.8 bn

(1) Excluding DKK 40 million in equity-accounted investees

(2) Definition: Cash flow from operating activities - Acquisition of intangible assets and property, plant and equipment, net - Acquisition of financial asset, net (excl. equity-accounted investees) - Additions/disposals from leased assets