

A woman with short blonde hair and glasses, wearing a blue and light blue ISS uniform and black gloves, is smiling while cleaning a white table with a blue cloth. The background is a modern office interior with a geometric wall and a potted plant.

ISS INVESTOR PRESENTATION

H1 2024 Interim Report

13 August 2024



Kasper Fangel
Group CEO

Agenda

- 1 Executive summary
- 2 Strategic and Business update
- 3 Financials
- 4 Outlook
- 5 Q&A

Executive summary

- Robust financial development and share buyback increased by DKK 250m



Financials

Financial performance in line with expectations

-

Operating margin improvements due operational efficiencies

-

Organic growth outlook narrowed at the high end of the range



Commercial

ISS awarded a 7-year contract with the DWP in the UK

-

Extension of Barclays and several significant key accounts

-

Successful mobilisation of large new contracts



Capital allocation

Upgraded credit rating from S&P Global

-

Second tranche of share buyback increased taking the total value of the programme to DKK 1.25 billion.

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Key contract developments

- Awarded DWP¹ contract in the UK and global contract with Barclays extended



New win: DWP¹ (c. DKK 1.2 bn)

- 7-year IFS contract with an option to extend for further 3 years
- Servicing +800 sites across the UK
- Mobilisation will commence in October 2024 with expected contract startup in October 2025
- The award is subject to final signature, which is expected end of August 2024



Extension: Barclays (above DKK 2 bn)

- Global IFS contract extended for 5-years until end of 2029 (unchanged scope)
- Consistently strong service delivery and workplace experience led solutions
- Global reach and market leading data transparency supported by advanced technology solutions
- Active engagement in social sustainability including securing training, education and job opportunities

1) Department of Work and Pensions

Successful mobilisation of DEFRA¹ and Bygningstilsynet²

- financial performance in line with plan

DEFRA¹ in the UK (c. DKK 500m)

- Gradual contract startup; fully operational in Q2
- Successful mobilisation supported by incurred transition costs
- Margin development as initially expected
- Strong pipeline of projects and above-base work

Bygningstilsynet² in Denmark (c. DKK 250m)

- Startup and fully operational since 1 May 2024
- Margin development as expected
- Successful deployment of tech solutions

Contracts subject to bid-to-operation process



Enhanced and formalised bid/no bid decision-making process



One standard across the business with consistent templates and terminology. Operations and Finance members of bid team



Post go-live performance review against anticipated performance and document learnings



Formalised hand-over process from bid-team to transition and operations with strong tracking

Commercial development

- pipeline driven by local and regional deals

New wins¹

- Department of Work and Pensions³, UK (c. 1.5% of revenue)
- North London Mental Health Partnership, UK (c. 0.2% of revenue)
- Healthcare customer, UK (c. 0.1% of revenue)
- Aviation customer, Finland (c. 0.1% of revenue)

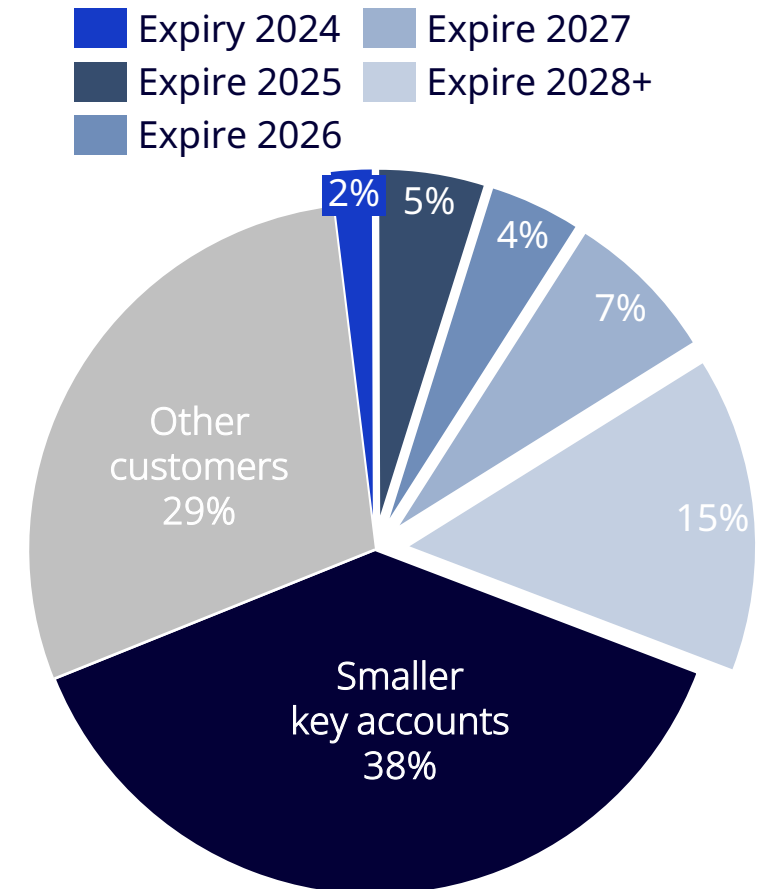
Extensions and expansions¹

- Barclays, Global (c. 2.5% of revenue)
- Swisscom, Switzerland
- Nestle, Australia (increased c. 0.1% of revenue)
- Energy & Resources customer, Australia
- Tan Tock Seng Hospital, Singapore

Losses and exits¹

- Industry & Manufacturing customer, US & Canada (c. 0.8% of revenue)
- Banking customer, Mexico (c. 0.2% of revenue)

Large key accounts² contract maturity profile



1) Since Q1 2024 results on 2 May 2024. Includes contracts above DKK 100 million annually

2) Chart is based on all global key accounts and key accounts generating revenue above DKK 200 million annually

3) Awarded pending signing later in August 2024



Mads Holm
Group CFO

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Continued robust financial development

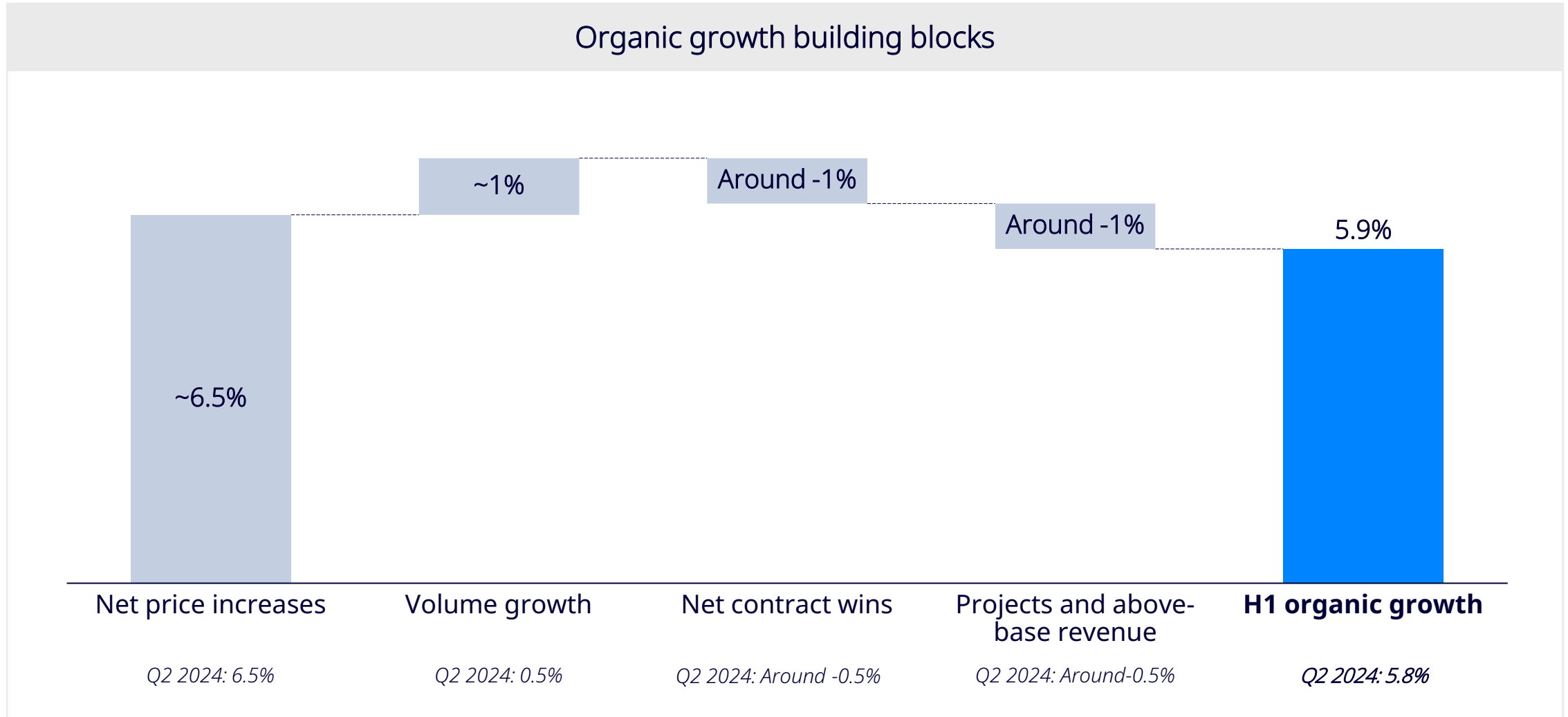
First half of 2024 at a glance

	H1 2024	H1 2023
Organic growth	5.9%	11.4%
Operating margin¹	4.0%	3.6%
Free cash flow	DKK -1.1 billion	DKK -1.1 billion

1) Excl. hyperinflation (IAS 29)

Organic growth of 5.9% in H1 2024

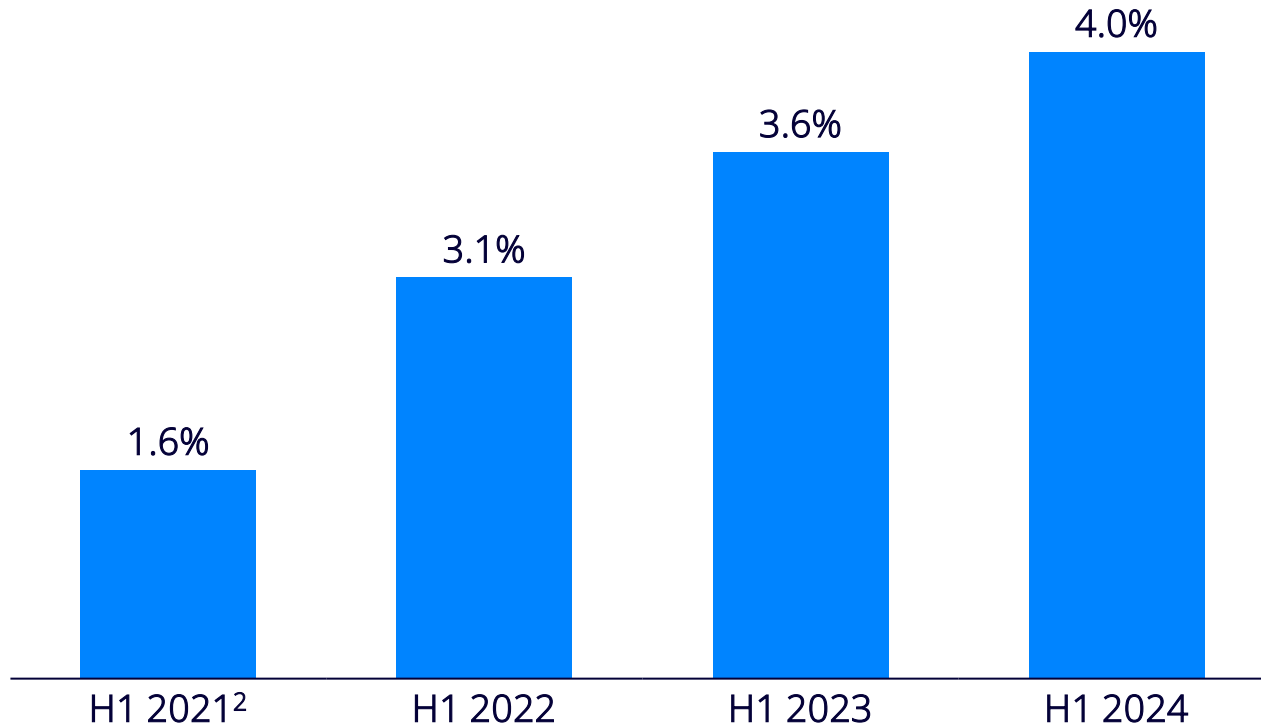
- driven by price increases and volume growth



Operating margin development

- improvement driven by operational efficiencies and cost savings

Operating margin before other items¹



1) Excl. hyperinflation (IAS 29)

2) Incl. France

Key comments

- The margin increased due to operational improvements and efficiencies realised across the Group as well as cost savings from last year's review of the OneISS initiatives
- The positive effects were partly offset by mobilisation costs related to start-up of new contracts
- Price increases kept the margin generally unaffected from cost inflation

Regional performance H1 2024

- All regions delivered underlying margin improvements

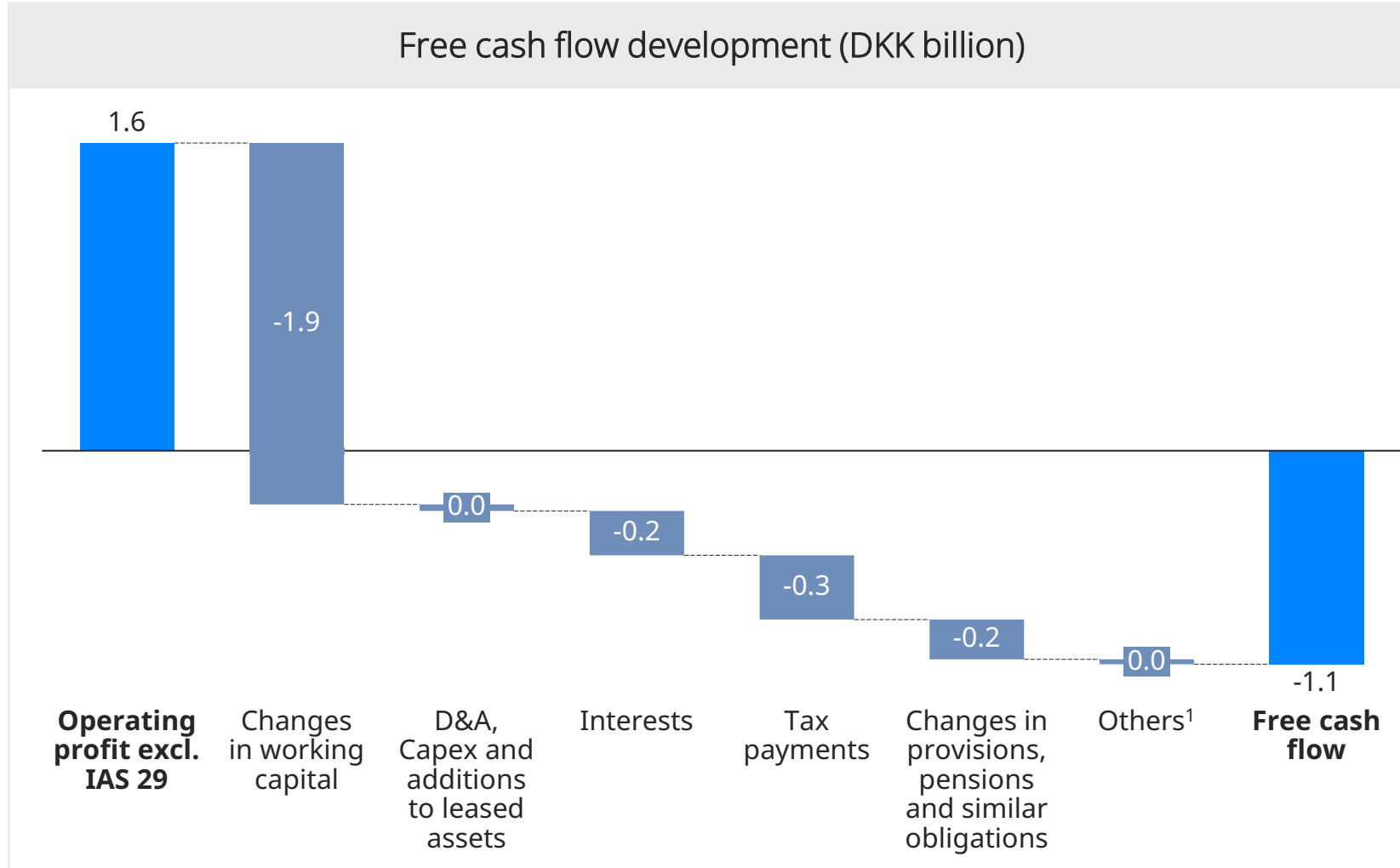
	Northern Europe (38% of Group)	Central & Southern Europe (33% of Group)	Asia & Pacific (17% of Group)	Americas (11% of Group)
Organic Growth	6% (Q1 2024: 5%, Q2 2024: 7%)	12% (Q1 2024: 12%, Q2 2024: 12%)	3% (Q1 2024: 5%, Q2 2024: 1%)	-3% (Q1 2024: -2%, Q2 2024: -5%)
Margin ¹	4.4% (H1 2023: 4.3%)	5.3% (H1 2023: 5.1%)	6.8% (H1 2023: 5.9%)	4.6% (H1 2023: 4.0%)
	<ul style="list-style-type: none"> Organic growth was mainly driven by volume growth and price increases supported by strong demand for projects and above-base services The margin developed positively driven by operational efficiencies across the region and the UK developed in line with plan This was partly offset by mobilisation costs related to startup of larger contracts 	<ul style="list-style-type: none"> High organic growth predominately driven by price increases in Türkiye The margin development was primarily driven by continued operational improvement and efficiencies on the Deutsche Telekom contract Across the region, the strong operational performance was maintained supporting the margin development 	<ul style="list-style-type: none"> The organic growth was driven by price increases and volume growth This was partly offset by lower demand for deep cleaning and disinfection services and contract exits The margin improvement was driven by strong operational performance with efficiencies being executed across the region supported by non-recurring benefits 	<ul style="list-style-type: none"> The negative organic growth was primarily driven by contracts exits and losses from 2023, including deliberate exists This was only partly offset by price increases implemented across the region Operating margin improved as a result of operational improvements and efficiencies supported by contract exits

1) Excl. hyperinflation (IAS 29)

Note: Other countries represent 1% of Group revenue

Free cash flow H1 2024

- as expected negatively impacted by changes in working capital



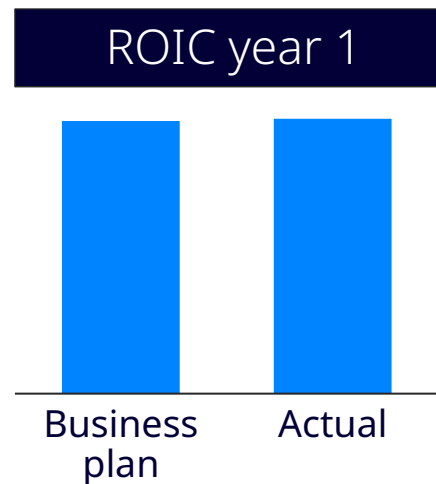
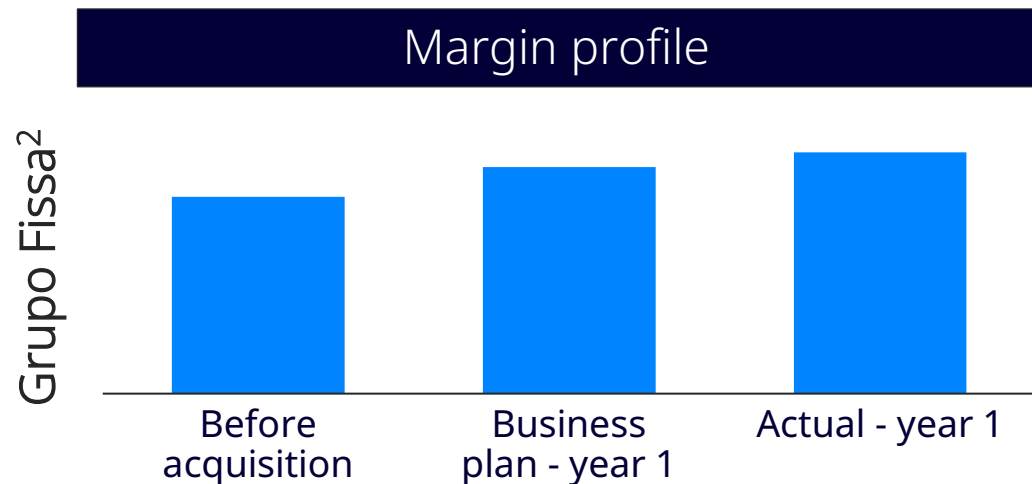
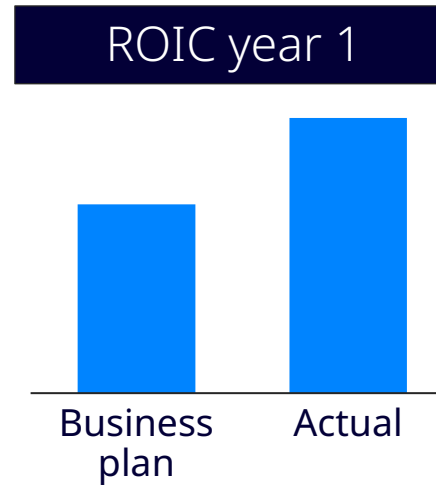
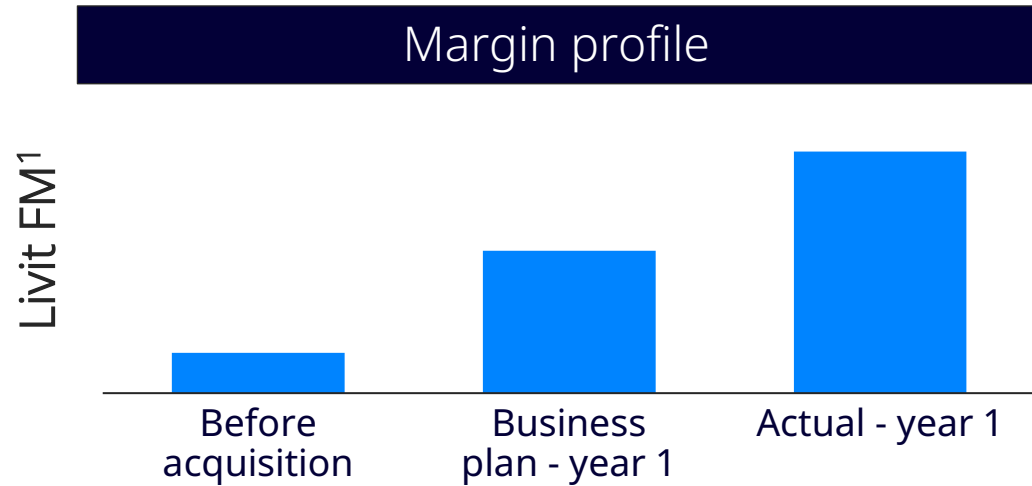
Working capital development

- Changes in working capital, as expected and driven by normal seasonality
- Outflow related to receivables (DKK 1.4bn) due to growth, prepayments and DTAG continuing withholding certain payments
- Outflow from payables (DKK 0.4bn) related to a higher level of self-delivery in the first half

1) Others include: 'Share-based payments', 'Other expenses paid', 'Non-cash items related to Hyperinflation', 'Operating profit before other items from discontinued operations' and 'Acquisition of financial assets excl. investments in equity accounted investees'

Value creation through bolt-on M&A

- Livit FM acquisition well above expectations

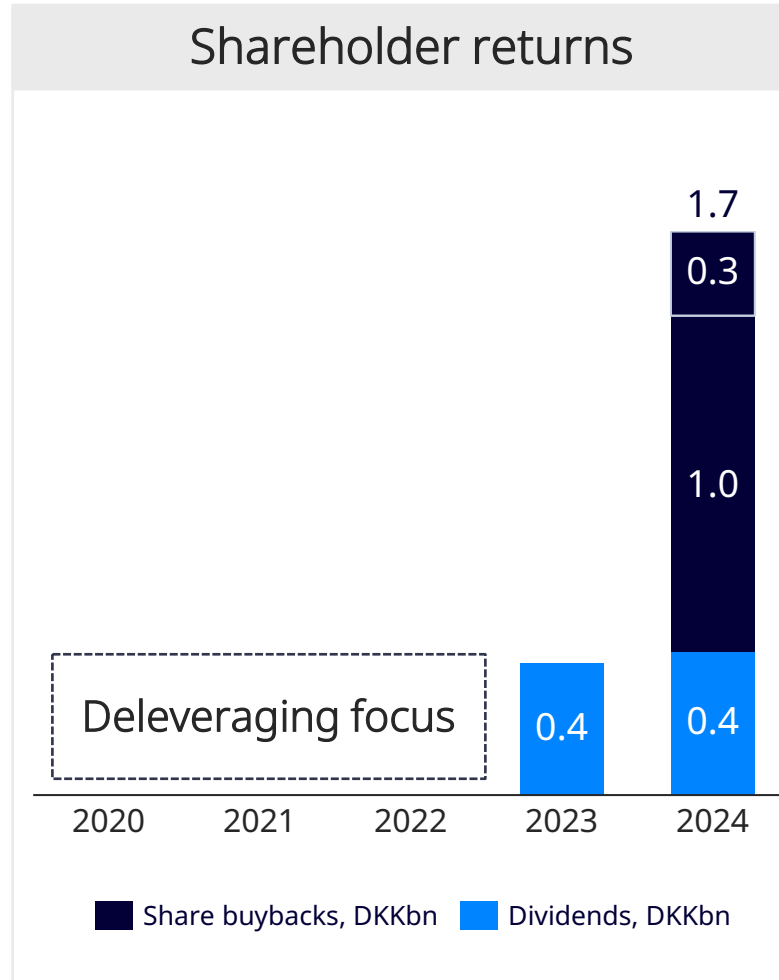
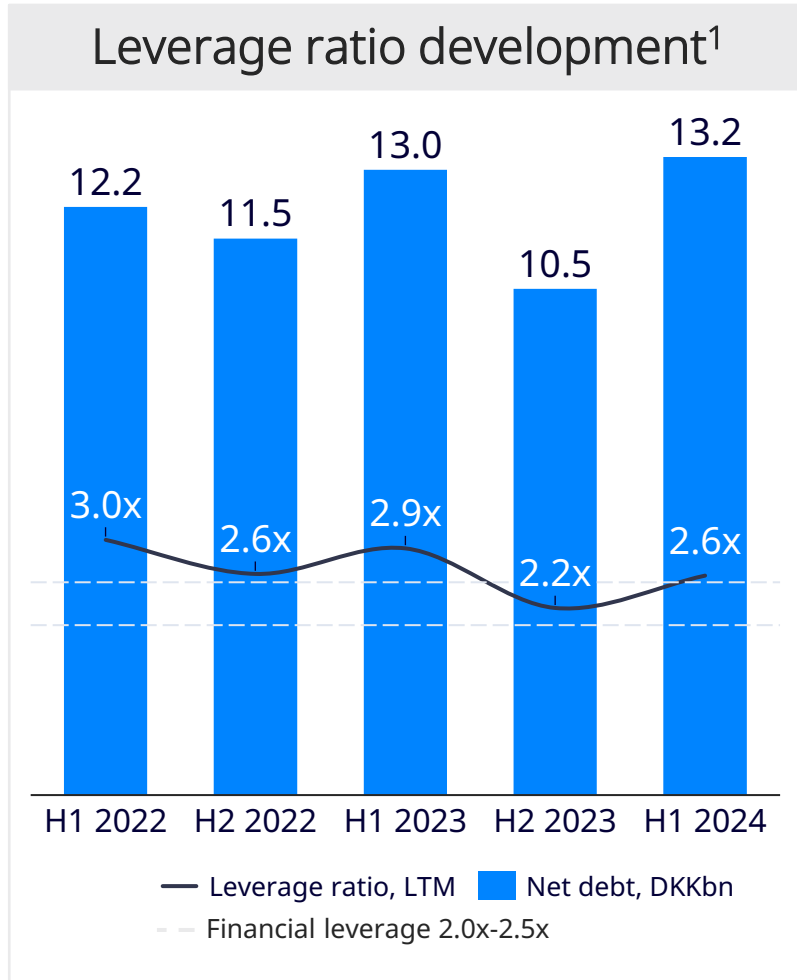


Key comments

- Successful and swift integration into local platforms
- Operating margin exceeds business plans due to swift integration and operational cost synergy capture
- Both acquisitions deliver a ROIC higher than business plan, and well above ISS WACC in year 1

Capital structure

- Share buyback programme increased by DKK 250 million



- ### Key comments
- The robust capital structure was recognised by S&P Global resulting in an upgraded credit rating of ISS to BBB from BBB-
 - Reduction in leverage expected for the full year due to increased financial performance (higher EBITDA) and lower net debt (free cash flow generation)
 - The second tranche of the share buyback programme has been increased by DKK 250 million taking the total value of the programme to DKK 1.25 billion.

1) Net debt / Pro forma adjusted EBITDA (LTM)

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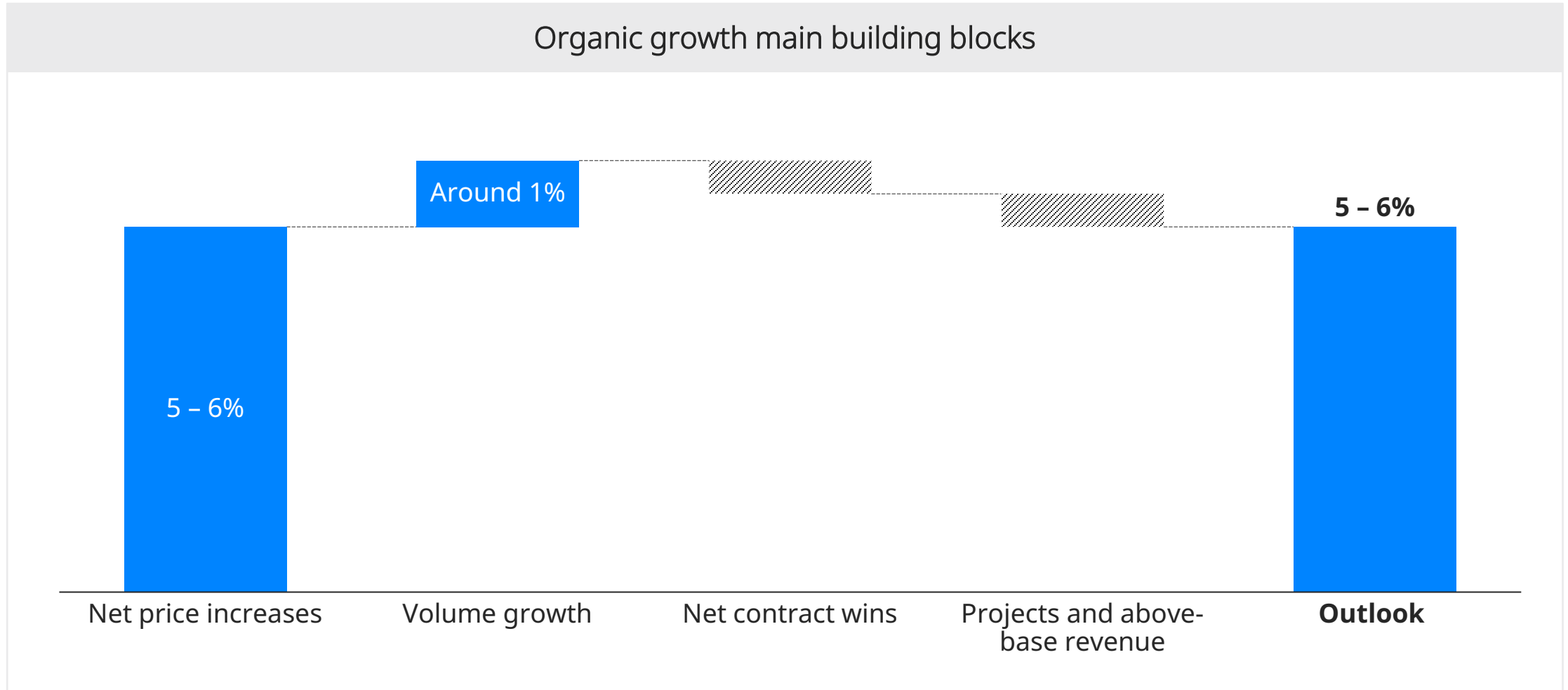
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2024 outlook¹ is narrowed for organic growth

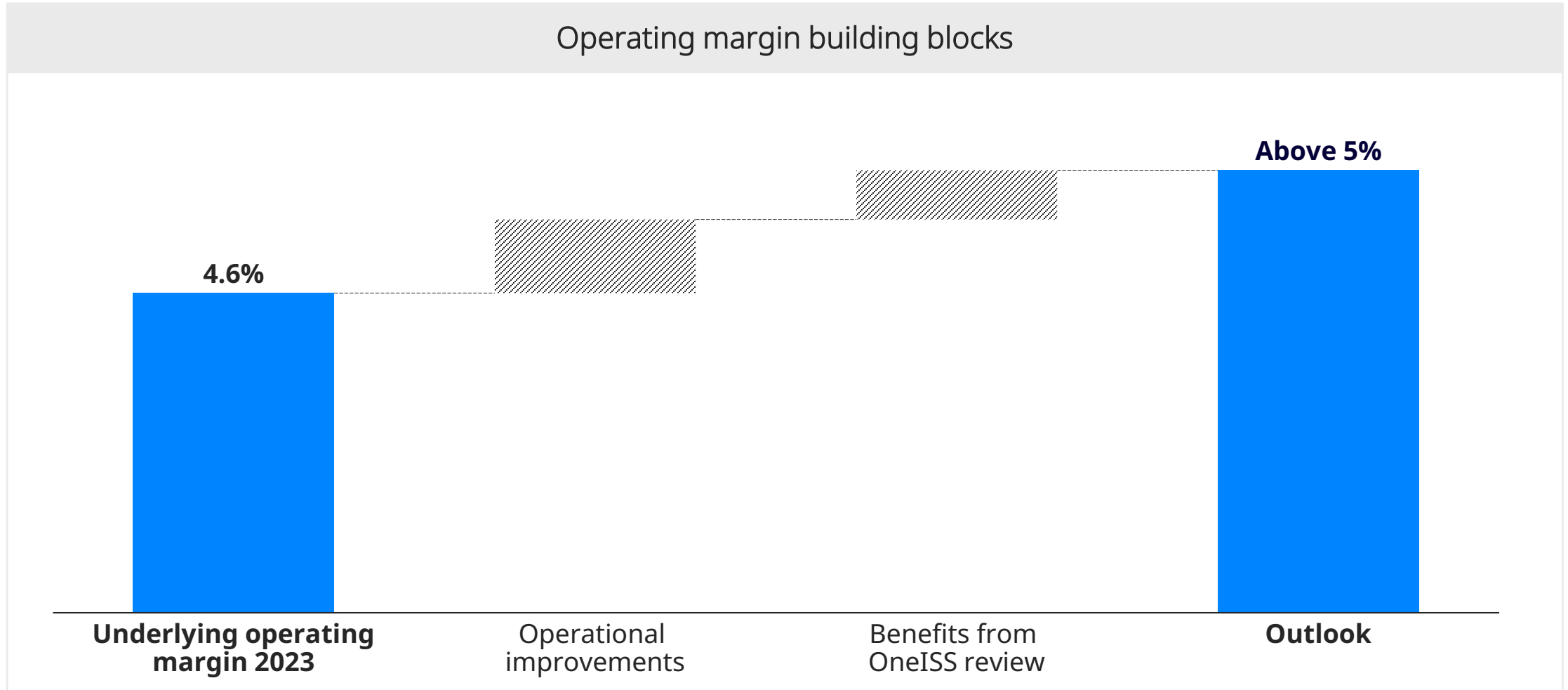
Narrowed	Confirmed	
Organic growth	Operating margin ²	Free cash flow
<p>5 - 6% (Before: 4 - 6%)</p> <ul style="list-style-type: none"> • Driven by successful implementation of price increases across the Group • Volume growth due to increasing activity levels and contract expansions • Impact from net contract wins and projects and above-base is expected to be slightly negative 	<p>Above 5% (Unchanged)</p> <ul style="list-style-type: none"> • Continuing improvements and efficiencies across the Group • Operational benefits and savings generated from the OneISS review 	<p>Underlying above DKK 2.4 bn and reported above DKK 1.8bn (Unchanged)</p> <ul style="list-style-type: none"> • Underlying free cash flow equaling a cash conversion of above 60% • The reported free cash flow is adversely impacted by timing effects including certain payments being withheld by Deutsche Telekom.



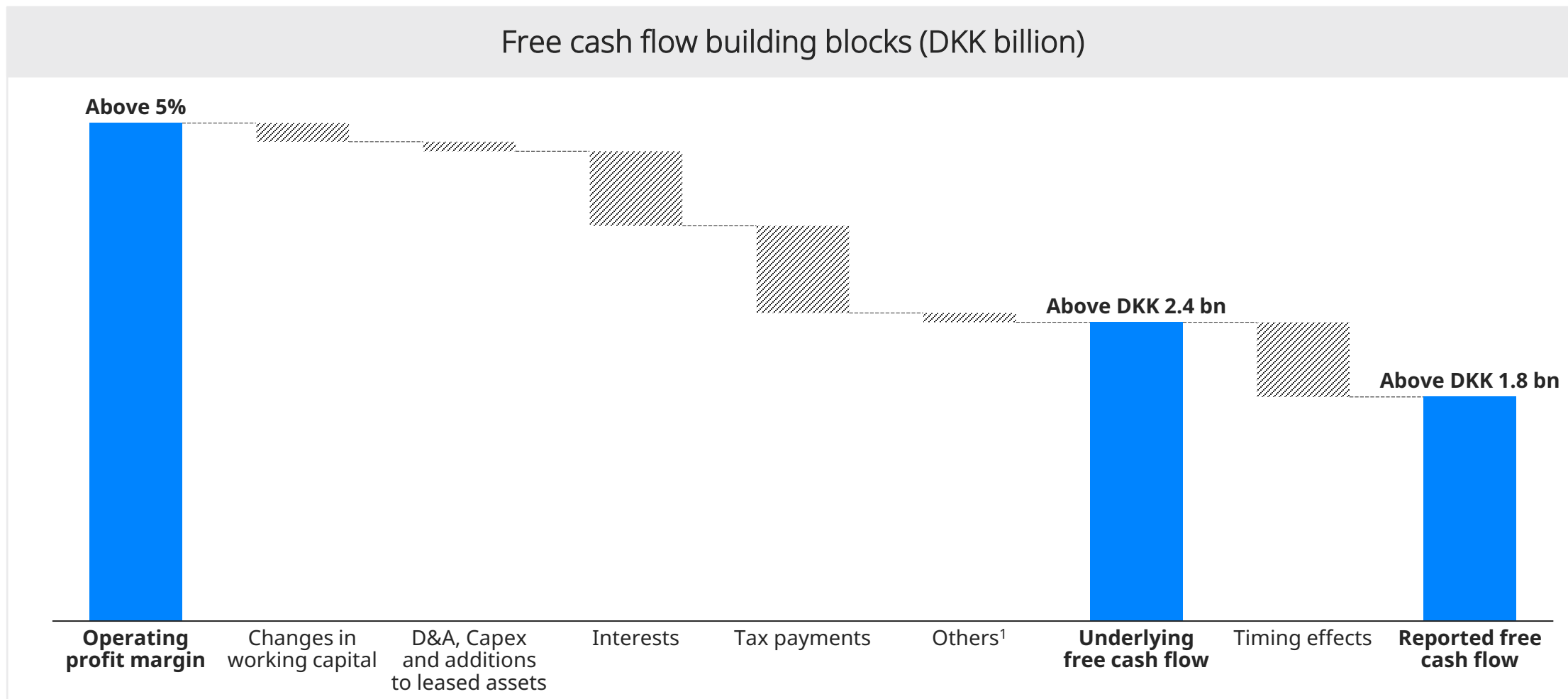
Organic growth outlook for 2024



Operating margin outlook for 2024



Free cash flow outlook for 2024



1) Others include: 'Changes in provisions, pensions and similar obligations', 'Share-based payments', 'Other expenses paid', 'Non-cash items related to Hyperinflation', 'Operating profit before other items from discontinued operations' and 'Acquisition of financial assets excl. investments in equity accounted investees'

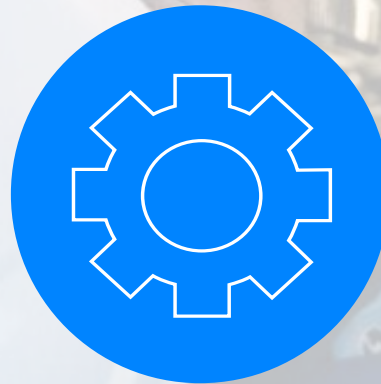
Financial targets from 2024 and beyond

- all targets reiterated



Organic growth

4 - 6%



Operating margin

> 5%



Cash conversion¹⁾

> 60%

1) Cash conversion, % = Free cash flow/Operating profit before other items

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H1 2024 INTERIM REPORT

Q&A



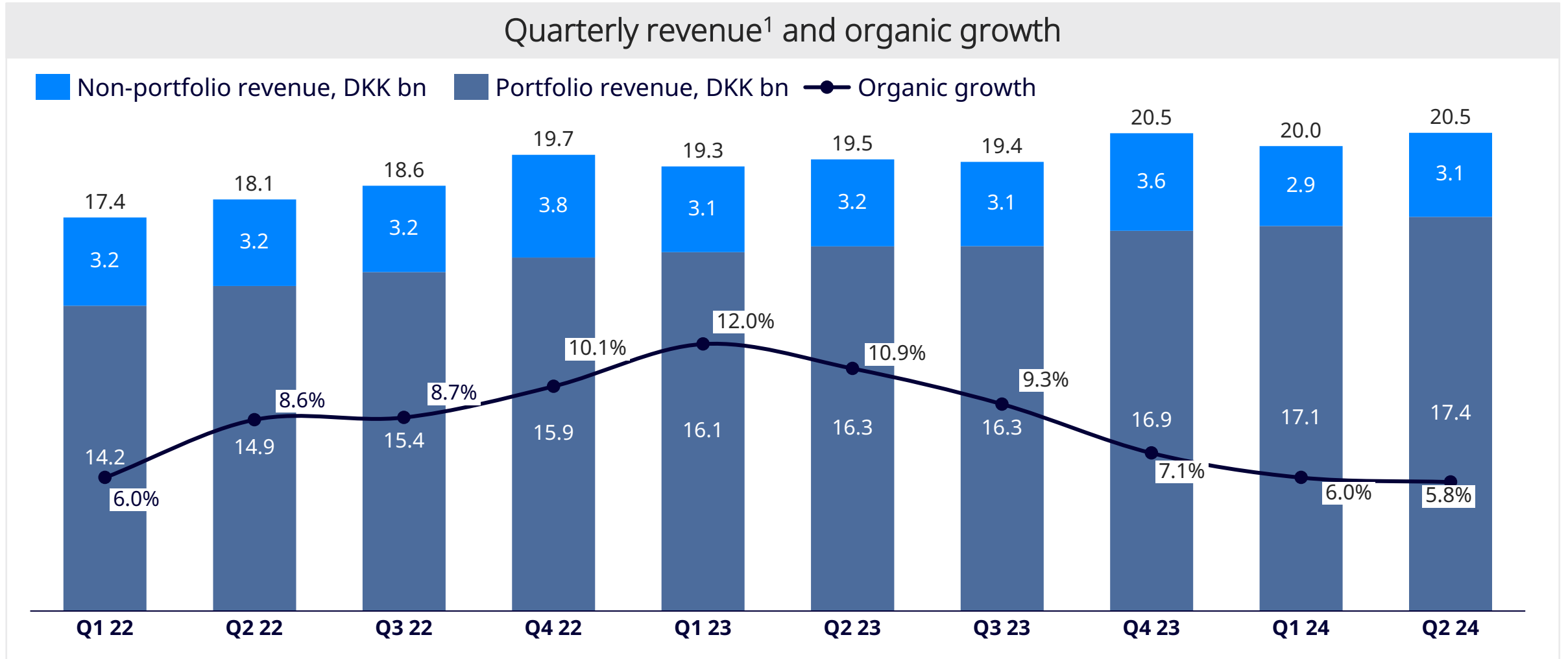
INVESTOR PRESENTATION

Appendix



Quarterly organic growth

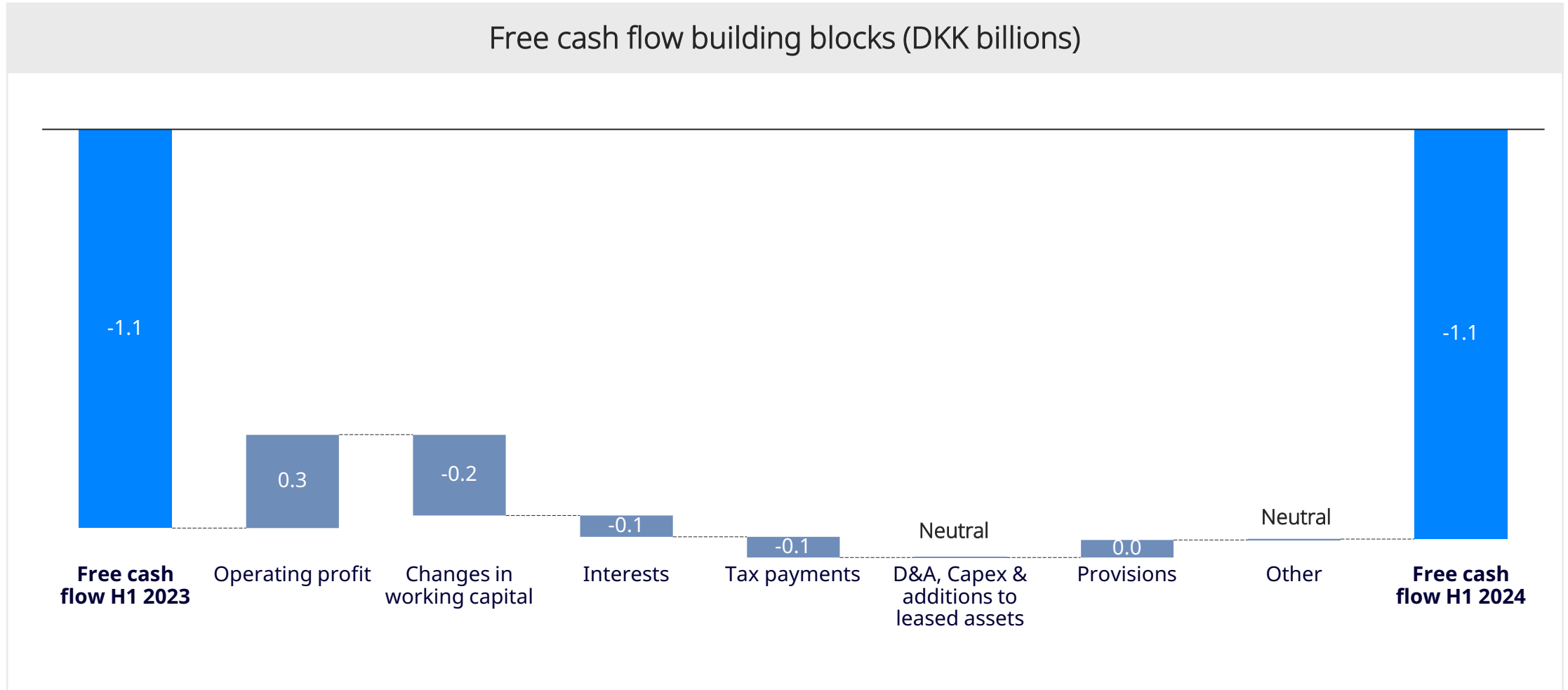
- continued robust portfolio growth



1) Excl. hyperinflation (IAS 29)

Free cash flow H1 2024 compared to H1 2023

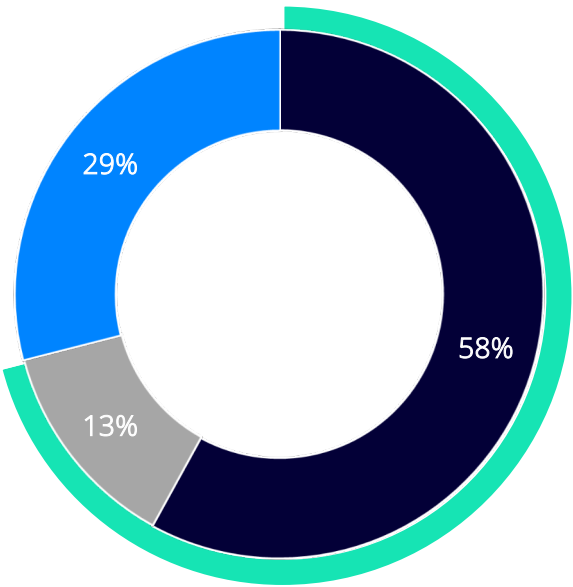
- Improvement in operating profit offset by changes in working capital, interests and tax



Revenue split based on FY2023 (1/2)

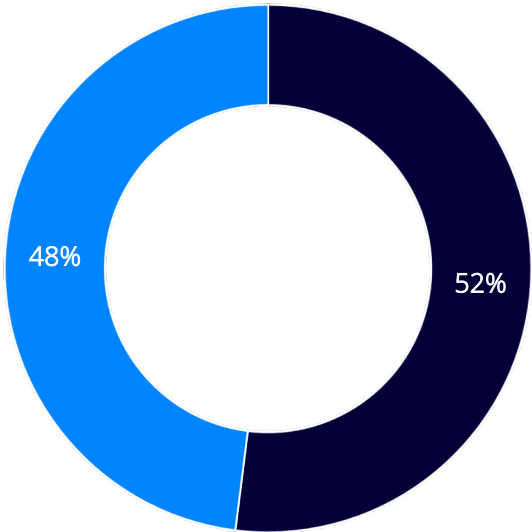
Customer type

- Key accounts
- Key accounts (regional and local)
- Global key accounts
- Other customers



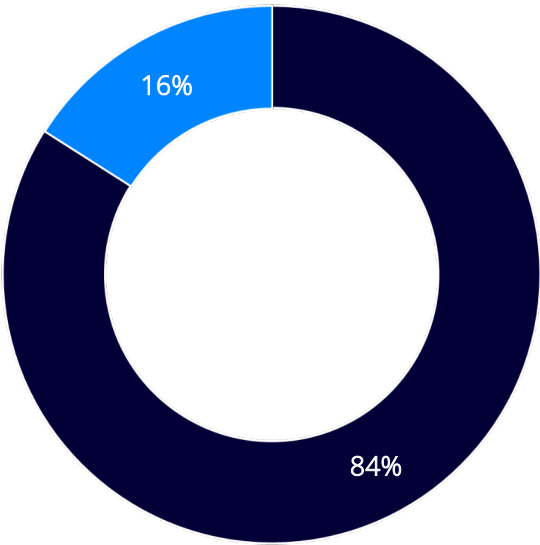
Delivery type

- Integrated facility services (IFS)
- Single services

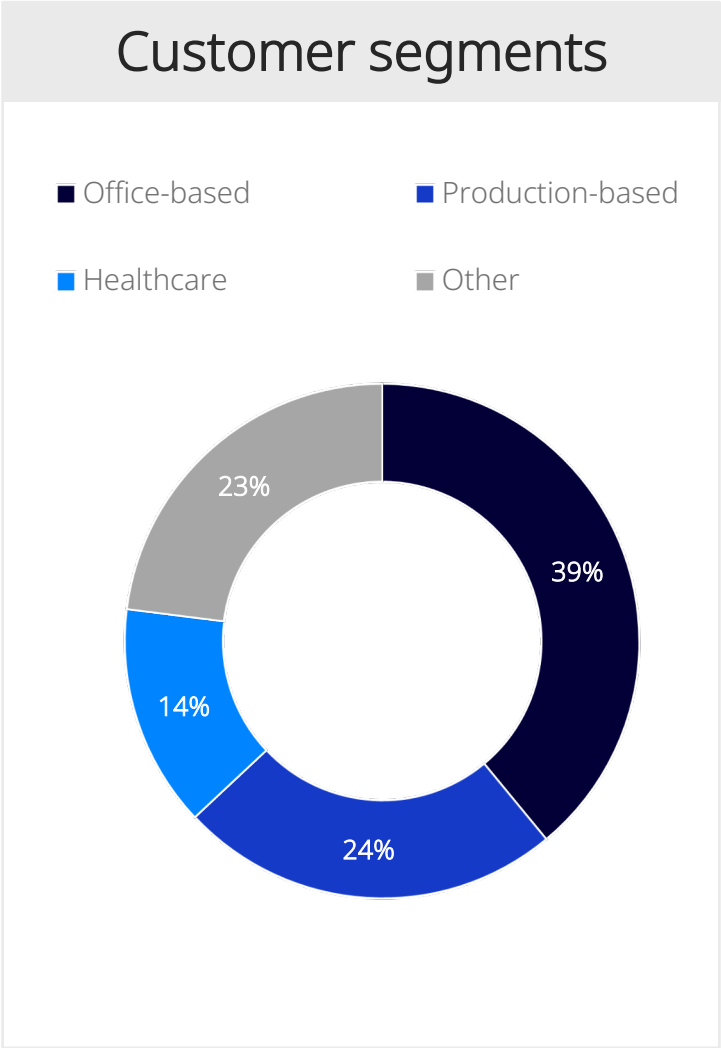
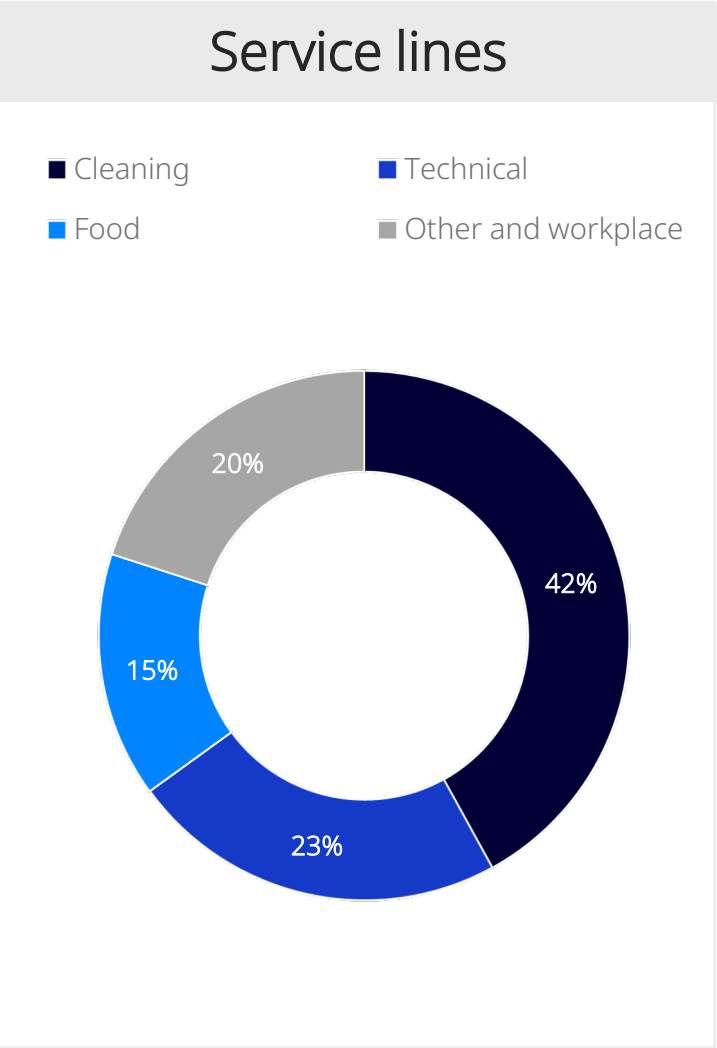
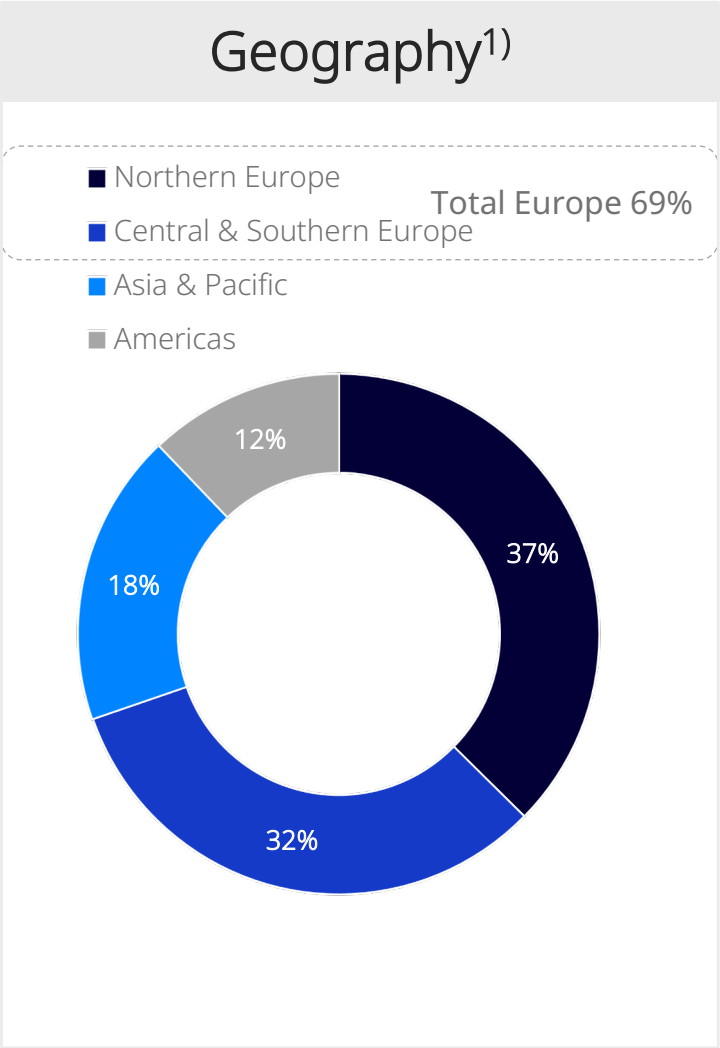


Revenue type

- Portfolio revenue
- Above Base & Projects



Revenue split based on FY2023 (2/2)



1) Revenue related to other countries amounted to 1%



Sustainability ratings

Ratings 2024



Performance

Methodology note, AAA = top score
AA rating – 5 straight years



Methodology note, low risk = good
13 / 100 – low risk



Methodology note, 100 = top score
46 / 100 – above industry average in all disclosure categories



Methodology note, A = top score
C+ – prime status, B highest rating in the industry



Methodology note, A = top score
B- – C average for the industry

Investor Relations

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Financial calendar 2024

Q3 2024 Trading Update

5 November 2024

Share information

Trading symbol	ISS
Identification number / ISIN	DK0060542181
Number of shares	185,668,226
Sector	Business Services
Nominal value, DKK	1
Free float	83%

Forward-looking statements

This presentation contains forward-looking statements, including, but not limited to, the statements and expectations contained in the “Outlook” section of this presentation. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words “may”, “will”, “should”, “expect”, “anticipate”, “believe”, “estimate”, “plan”, “predict,” “intend’ or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. ISS has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of ISS. Although ISS believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the facility service industry in general or ISS in particular including those described in the Annual Report 2023 of ISS A/S and other information made available by ISS.

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