

A WORLD OF SERVICE

Investor Presentation H1 2012 Results

22 August 2012



Forward-looking statements

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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 2011 of ISS A/S and other information made available by ISS.

As a result, you should not rely on these forward-looking statements. ISS undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

The Annual Report 2011 of ISS A/S is available at the Group’s website, www.issworld.com.

Agenda

- Business update and key events
- Strategy update
- Financials
- Capital structure
- Outlook
- Q&A



Business update and key events

Key Events

New Investors in ISS

- On 16 August 2012, ISS announced that Global Long Term Investors Ontario Teachers' Pension Plan (Teachers') and KIRKBI Invest A/S had agreed to invest EUR 500m (approximately DKK 3,721m) in ISS
- The New Investors will own approximately 26% of the ultimate holding company of ISS
- The current owners, funds advised by EQT Partners (EQT) and GS Capital Partners (GSCP) are not selling any shares as part of the transaction and will remain majority owners of ISS
- The proceeds from the investment are expected to be used to significantly deleverage the company by repaying the 11% Senior Notes due 2014 after the December 2012 call date
- Following the announcement of the investment, Moody's have upgraded the corporate rating of ISS to B1 from B2 with a stable outlook, and S&P have revised their outlook to Positive while maintaining the BB- long term corporate credit rating

Key Events

"ISS continued to deliver a sound performance in challenging macroeconomic conditions by demonstrating healthy organic growth, operating profit in line with last year and strong cash conversion"

Two new historically large multinational IFS contracts

...represent a significant milestone for ISS in pursuing its vision of being the leading global facility services provider

Launch and operation of other large IFS contracts

...are progressing well and operating margins and debtor days are improving gradually towards the anticipated run rate levels

Operating performance

...was sound in spite of challenging macroeconomic conditions. Very strong cash conversion reflects an increased focus on customer payments and exiting customer contracts with unsatisfactory payment conditions

Emerging Markets¹⁾

...continue to be a strong driver behind organic growth and operating margin

Ongoing strategic review of business units

...led to divestments in Norway and Finland in H1 2012. Additional sales processes have been initiated and further divestments are to be expected

ISS Way strategy

...drives alignment and optimisation creating *One Brand, One Company and One Culture*. A key target is less leverage and lower net debt

¹⁾ Emerging markets comprise Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey

Two new large multinational IFS contracts



- Global facility management partnership with Barclays, a major global financial services provider
- Five year contract covering more than 5,000 sites
- Fully integrated facility service solution including catering, property, cleaning, support, and in some regions, security services
- To be rolled out at Barclays operations in the United Kingdom, Europe, the Americas, Asia Pacific and the Middle East

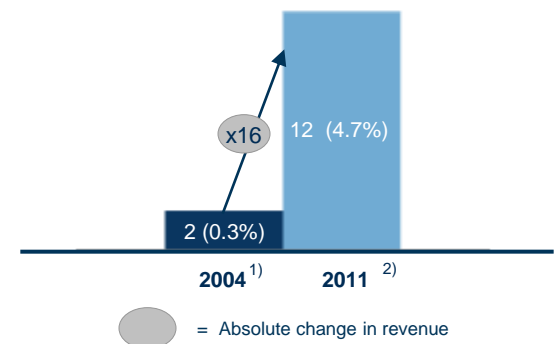


- IFS contract with Novartis, a large pharmaceutical company
- Contract covers 22 sites in Switzerland, Germany, Austria and Slovenia

These contract wins are some of the largest in the history of ISS

The contracts add to the already growing portfolio of large international contracts and represent a significant milestone for ISS in pursuing its vision of being the leading global facility services provider

of international contracts (% of rev.)



1) 2004 revenue represents the last annual revenue prior to ISS being taken private
2) Please note that these numbers do not include Barclays nor Novartis

Launch and operation of other large IFS contracts

Launch and operation of earlier contract wins during H1 2012:

- ISS has in the first six months of 2012 focused on the operation of several large Integrated Facility Services (IFS) contracts started up in 2011
- Start-up of the IFS contract with Deutsche Bank covering Italy and Iberia
- These efforts are in aggregate progressing well and operating margins and debtor days are improving gradually towards the anticipated run rate levels

Upcoming launch of recent contract wins:

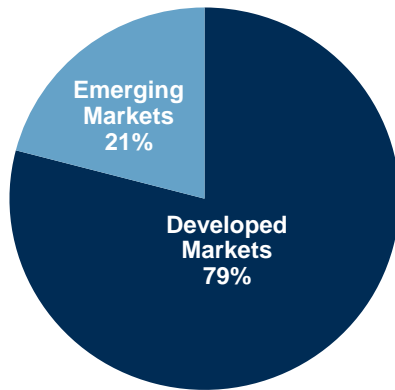
- In addition to winning the contracts with Barclays and Novartis, there have been several other important contract wins in 2012 where we have won new or expanded the scope of existing contracts within our chosen customer segments – among others within:
 - Business Services & IT segment
 - Healthcare segment

Sound operating performance

- All regions except the North America and Pacific regions delivered a positive organic growth rate including Asia with a double-digit organic growth rate
- An overall healthy organic growth was influenced negatively by the challenging macro-economic conditions, particularly in some Mediterranean countries where the main focus is to ensure a customer contract base with satisfactory payment and profitability conditions. This has led to the identification of contracts which have been exited in 2012
- The operating margin was in line with expectations in spite of the challenging macro-economic conditions, positively impacted by margin increases especially in the Nordics and certain Western European countries
- Several regions beginning to harvest on commercial strategies and on implementing customer segmented sales strategies targeting customer segments where ISS offer value added service concepts and solutions

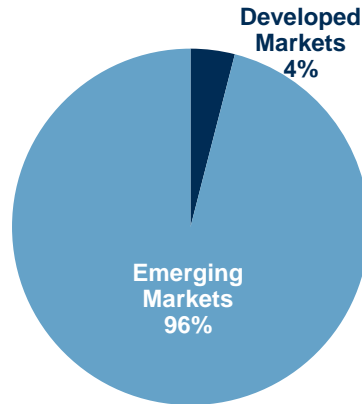
Continued strong development in Emerging Markets

Revenue



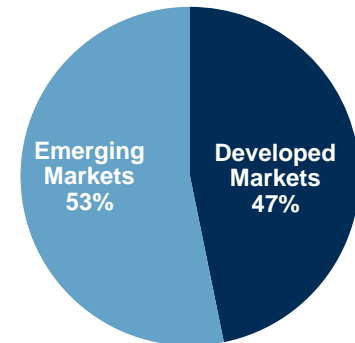
EM: DKK 8.2bn

Organic Growth



EM: DKK 0.8bn

Employees



EM: ~286,000

Key Developments

- Continued strong development in Emerging Markets, delivering above group average operational performance with respect to both organic growth (11%) and operating margin before other items (6.2%)
- Double digit organic growth rate in Asia. China largest contributor with organic growth rate of 37% in H1 2012, while India (+28%) was once again the largest contributor in nominal terms
- In H1 2012 Emerging Markets made up 21% of revenues and 53% of total employees
- Overall, Emerging Markets continue to be a strong driver behind organic growth and operating margin



Strategy & update

Key company features driving our success

Global leader with unique service offering

Positioned to capture high growth opportunities

Margin upside through operational efficiencies, business mix and recovery

Resilient business model

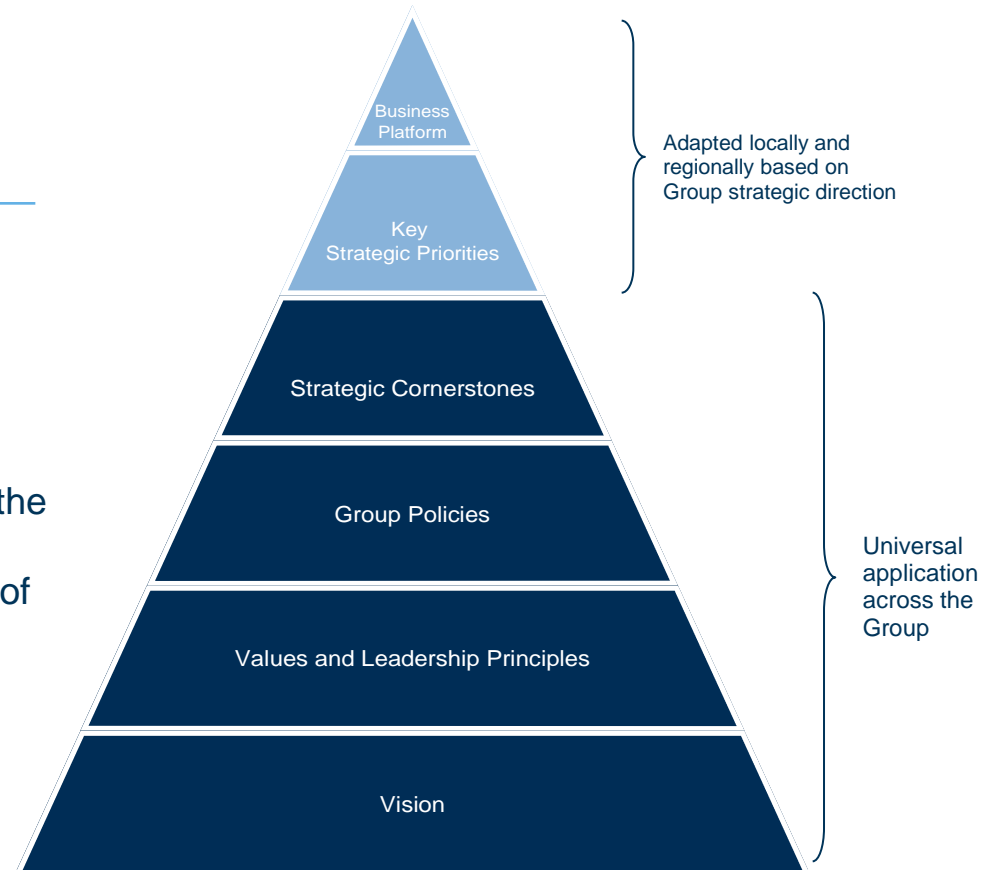
Strong cash flows

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

The ISS Way strategy – an alignment process



- Framework for aligning and optimising our business
- The foundation is common for all our operations – defines how the business is run
- Each region has certain freedom to execute the strategy tailored to its market, through leveraging the know-how and best practices of the Group



We are creating *One Brand, One Company and One Culture* by applying The ISS Way strategy

Alignment through non-core business divestments

- In line with The ISS Way strategy and the focus on alignment and optimisation, the strategic rationale and fit of business units continue to be reviewed on an ongoing basis
- This process will continue to lead to the identification and evaluation of certain activities that are either non-core to The ISS Way strategy or lack critical mass
- Divestments in the first six months of 2012 include the non-core specialised consulting business in Finland and the governmental outplacing services in Norway
- Sales processes have been initiated for 6 non-core businesses in Europe, which have been classified as held for sale
- We expect to continue evaluating our activities in the light of the plan to accelerate The ISS Way strategy focusing on our core businesses and to deleverage debt

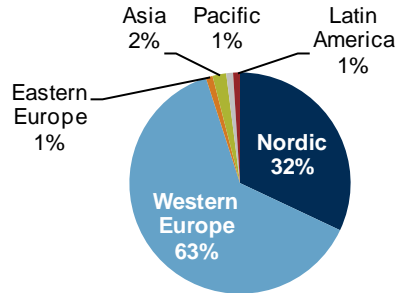
Undergoing a market leading transformation



ISS has created an extensive global footprint...

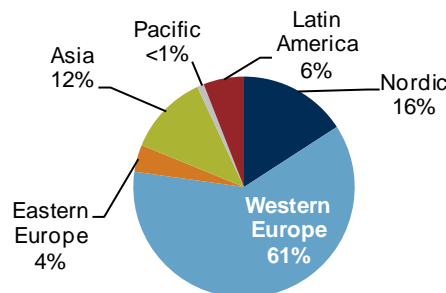
Revenue by region

2004A – DKK 40.4 Bln



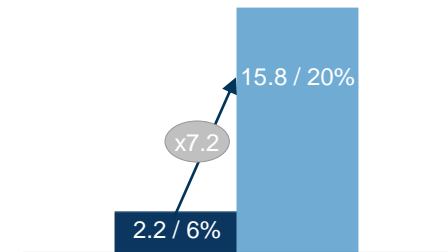
Employees by region

2004A – 274,000



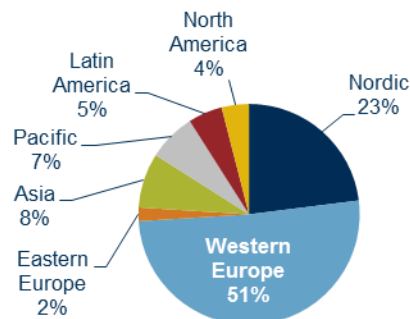
Emerging market exposure¹⁾

Revenue

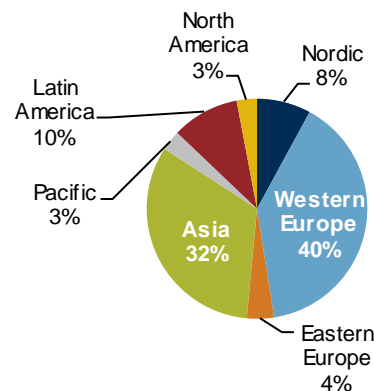


EM Revenue (DKK Bln)

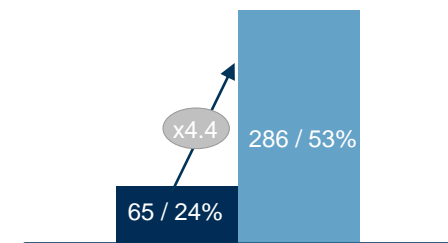
2011A – DKK 77.6 Bln



2011A – 535,000



of employees



EM # Employees ('000)

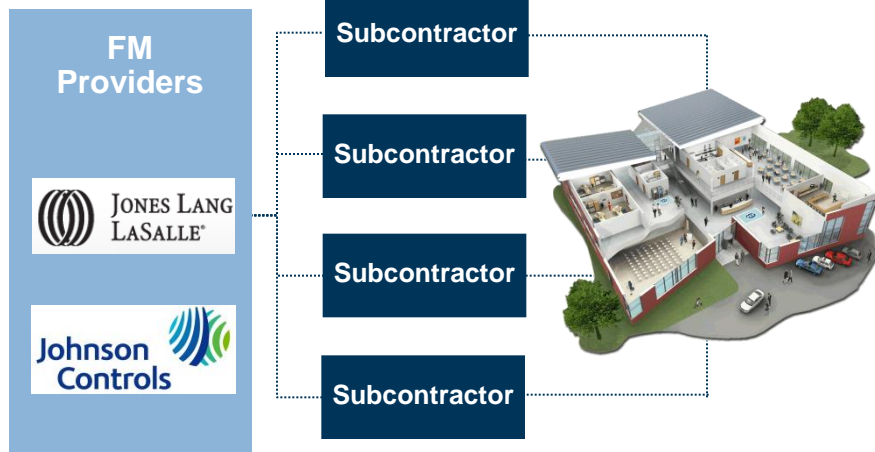
2004A 2012H1

1) Emerging market includes: countries in Asia, Eastern Europe and Latin America as well as Turkey, Israel and South Africa

...with a truly differentiated offering ...

VS.








Facility Management



Integrated Facility Services



...which is unique in the global market place...

	Self-delivery model					Sub-contracting model	
							
Cleaning Services	✓ ✓ ✓	✓ ✓	✓ ✓	✗	✗	✗	✗
Support Services	✓ ✓ ✓	✓ ✓	✓ ✓	✗	✓ ✓	(✓)	✗
Property Services	✓ ✓ (✓)	✗	✗	✗	✗	✓ ✓ ✓	✗
Catering Services	✓ ✓	✓ ✓ ✓	✓ ✓ ✓	✗	✗	✗	✗
Security Services	✓ ✓	✓ ✓	✗	✓ ✓ ✓	✓ ✓ ✓	✗	✗
FM	✓ ✓ (✓)	✓	✓ ✓	✗	✗	✓ ✓	✓ ✓ ✓
# of Countries ¹⁾	50 ²⁾	50	80	125	50	150 ³⁾	n/a
# of Employees ¹⁾ ('000)	535	471	391	625	300	162	46

By revenues

- ✓ ✓ ✓ Top 3 globally
- ✓ ✓ ✓ Top 4 - 6 globally
- ✓ Top 7- 10 globally
- ✗ Not in top 10 globally

Source: Publicly available data

1. As per latest reported annual numbers

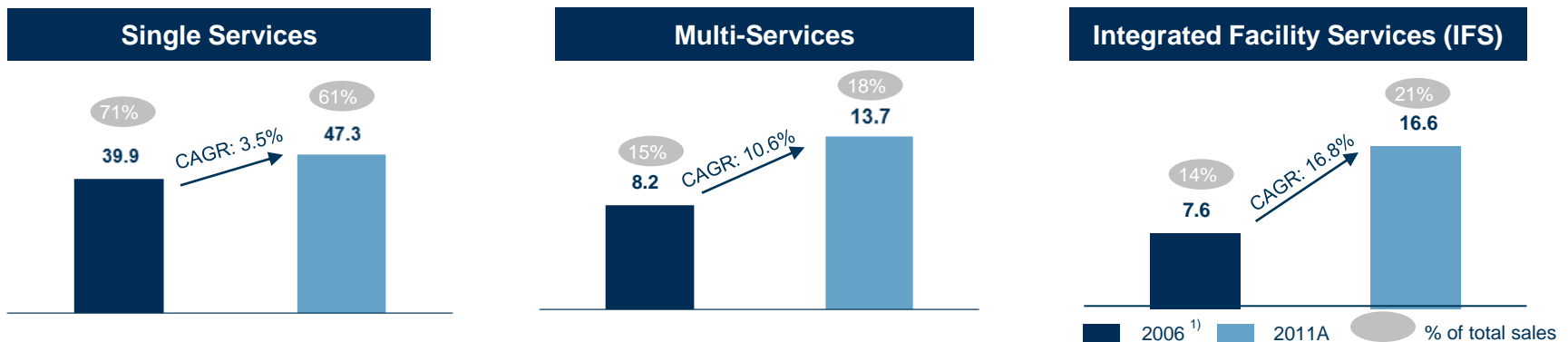
2. Excludes 13 countries in which ISS currently provide services without any local management presence or registered office

3. Includes countries in which Johnson Controls provides services without local management presence or registered office

...and allows ISS to capture the market trend

- Recent contract wins with Barclays and Novartis are clear examples of the market moving from Single Service over Multi-Service towards Integrated Facility Services (IFS)
- When deciding on an IFS solution customers value among others:
 1. **Value added offering:** Credible and effective risk management and brand protection
 2. **Delivery capabilities:** Single Service Excellence, consistent delivery globally and a flexible delivery model
 3. **Integration of services:** One point of contact as well as efficiencies and financial certainty
- With its global footprint and differentiated offering ISS is well positioned to continue to capture the market trend towards IFS

Revenue per delivery type (DKK Bln)



1) First year with full breakdown of revenues by delivery type



Financials

January – June 2012

Summary of Financials H1 2012

- Revenue from continuing business grew by 3%, while total revenue increased by 1%
- Operating margin before other items was 4.9% - in line with expectations
- Strong cash flow performance with LTM cash conversion as of June at 99%

Organic Growth

- Organic growth at 2.2% in H1 2012, down from 6% in H1 2011
- Organic growth was influenced by challenging macro-economic conditions, particularly in some Mediterranean countries where the main focus is to ensure a customer contract base with satisfactory payment and profitability conditions
- All regions except the North America and Pacific regions delivered a positive organic growth rate including Asia with a double-digit organic growth rate
- Emerging markets, covering 21% of total revenue, delivered organic growth of 11%

Operating Margin

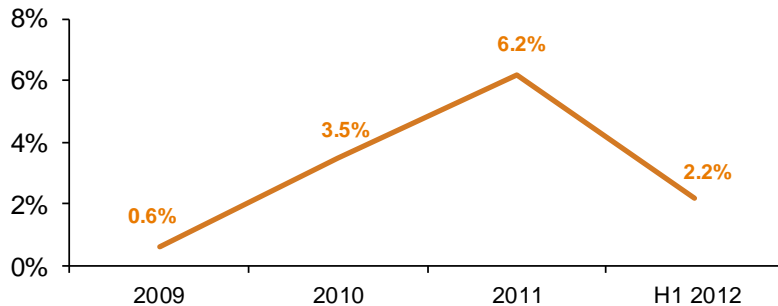
- Operating margin of 4.9% compared with 5.1% in H1 2011
- The operating margin, which is in line with expectations, was positively impacted by margin increases especially in the Nordics and certain Western European countries
- However, this was offset by the negative impact resulting from operational challenges in the Netherlands and France, change in the business mix in Brazil, as well as the impact from certain divestments in 2011
- Emerging markets delivered operating margin of 6.2% - well above most mature markets

Cash Flow

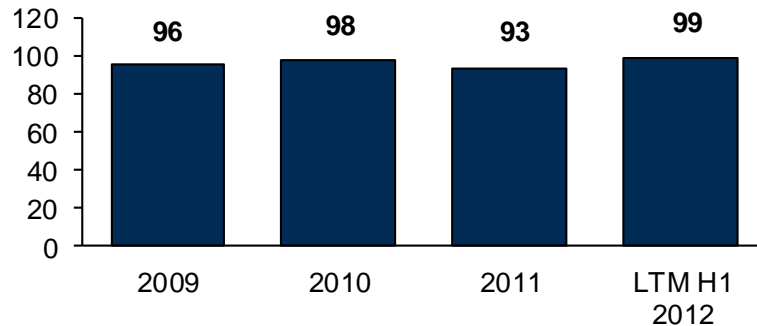
- The LTM cash conversion as of June 2012 was 99%
- Strong cash flow performance in all regions was helped along by increased focus on securing payments for work performed
- At the same time decision was taken to exit certain customer contracts with unsatisfactory payment conditions
- Debtor days reduced by 0.9 day compared to 30 June 2011

Key operational objectives

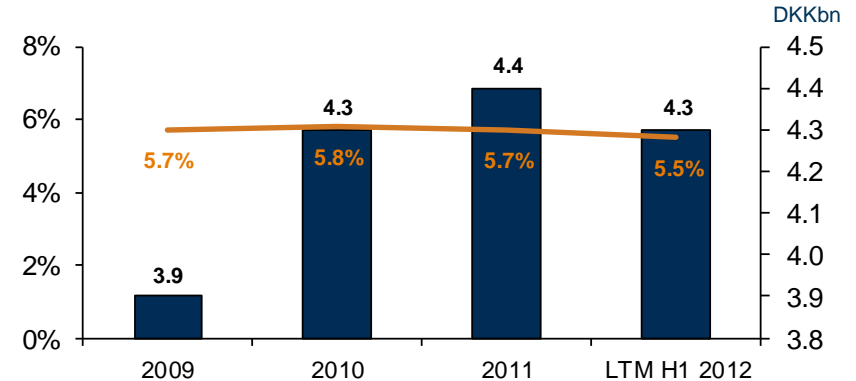
Organic Growth (%)



LTM Cash Conversion (%) ²⁾



Operating Margin (%) and Operating profit before other items¹⁾



● Operational Performance for H1 2012:

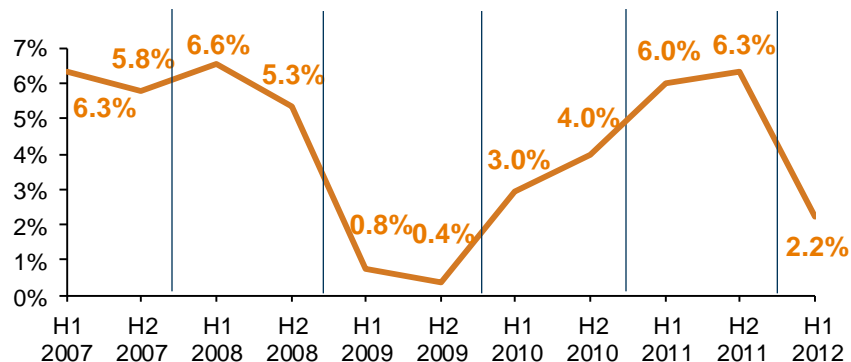
- 1% top line growth
- Organic growth of 2.2%
- Operating margin of 4.9% (H1 2011 = 5.1%)
- Very strong LTM cash conversion of 99%

¹⁾ Includes reclassification 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. Comparative figures have been reclassified for consistency

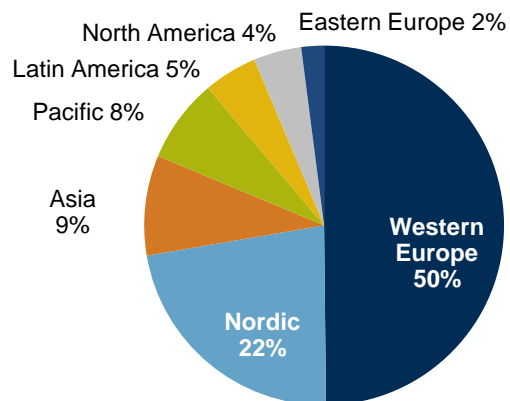
²⁾ Cash conversion is defined as operating profit before other items plus Changes in working capital as a percentage of operating profit before other items

Revenue development in H1

Organic Growth (%)



H1 2012 Revenue by ISS Region



H1 2012 Revenue growth

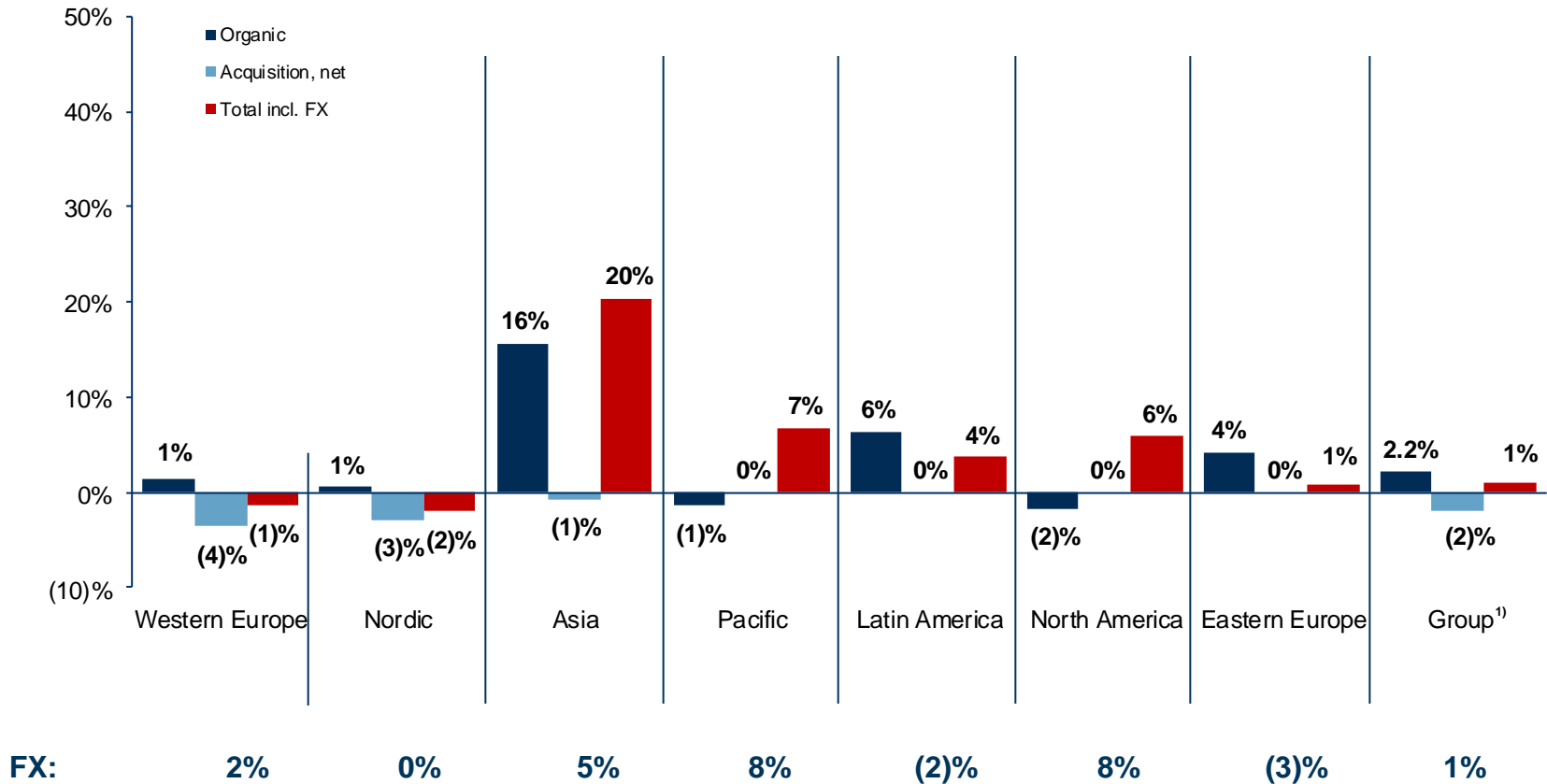
	H1 2012	H1 2011
Organic growth	2.2%	6.0%
FX	1%	2%
Acquisitions	-	0%
Growth from continuing business	3%	8%
Divestments	(2)%	(1)%
Revenue growth	1%	7%

Q2 2012 Revenue growth

	Q2 2012	Q2 2011
Organic growth	1.4%	6.2%
FX	2%	(0)%
Acquisitions	-	0%
Growth from continuing business	3%	6%
Divestments	(2)%	(1)%
Revenue growth	1%	5%

H1 revenue growth by ISS region

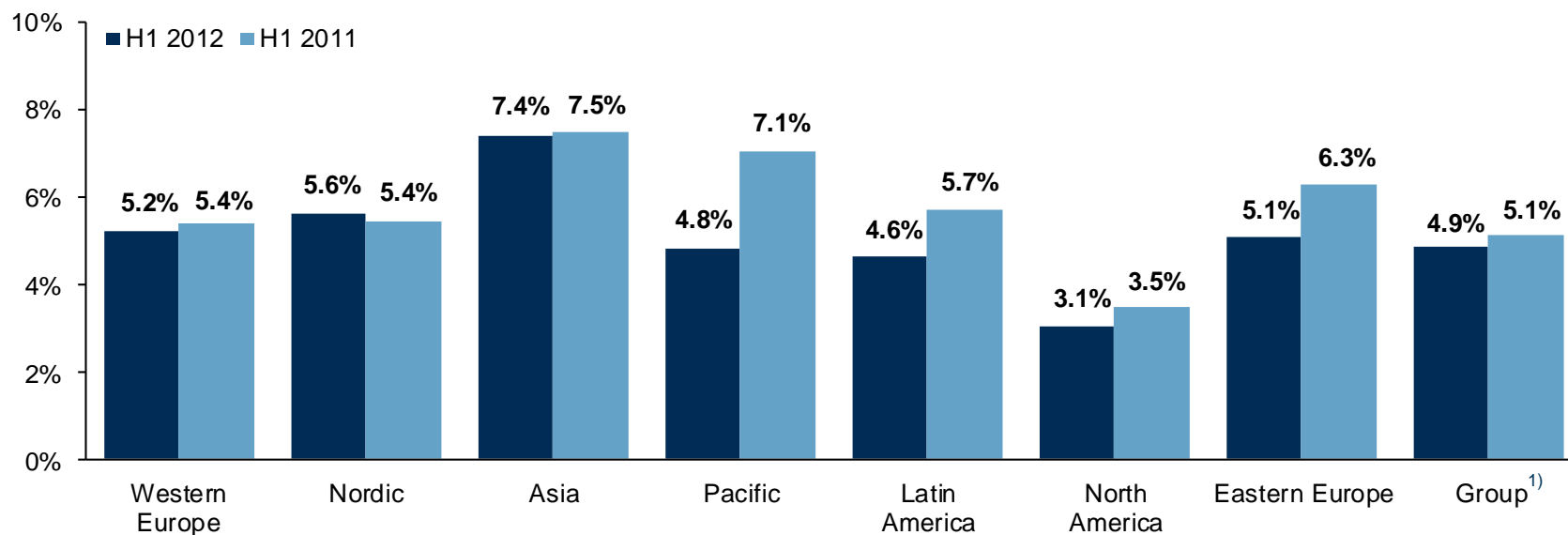
Revenue growth by component



1) Other Countries, which include Bahrain, Egypt, Nigeria, Pakistan, South Africa, Ukraine and United Arab Emirates, are not shown as a separate region but included in Group figures

H1 Operating Margin by ISS region

Operating Profit before Other Items (%)



1) Other Countries, which include Bahrain, Egypt, Nigeria, Pakistan, South Africa, Ukraine and United Arab Emirates, are not shown as a separate region but included in Group figures

H1 2012 summary overview - key figures

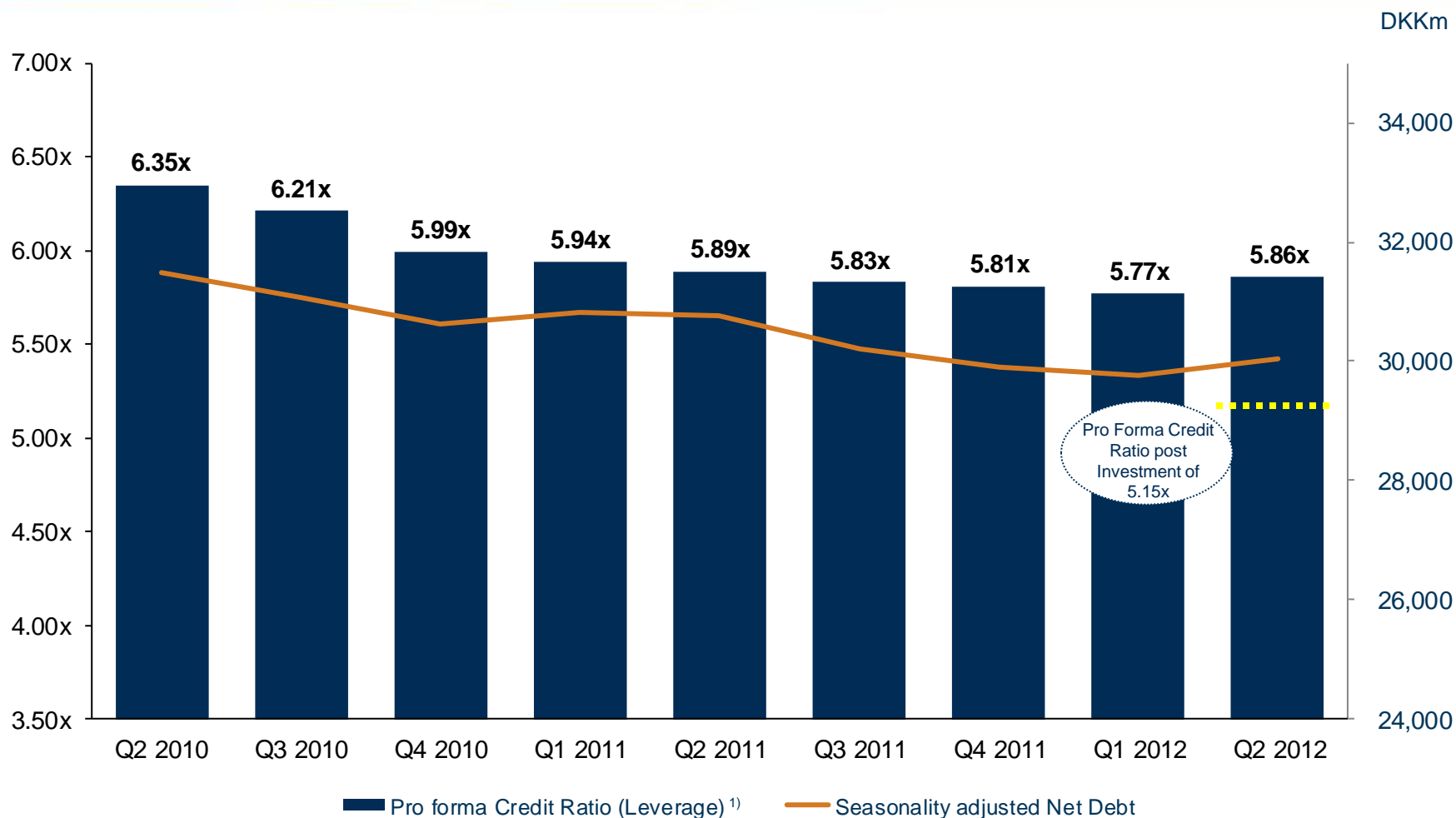
DKKm	2012	2011	Δ	FX	C ¹⁾
Revenue	39,080	38,559	+1%	+1%	(0)%
Operating profit before other items	1,904	1,974	(4)%	+2%	(6)%
Operating margin before other items	4.9%	5.1%			
Operating profit	1,793	1,845	(3)%	+3%	(6)%
Organic growth	2.2%	6.0%			

1) C: Growth at constant exchange rates



Capital structure

Continued focus on deleveraging going forward



1) Seasonality adjusted carrying amount of net debt measured to Pro forma adjusted EBITDA

Capital structure

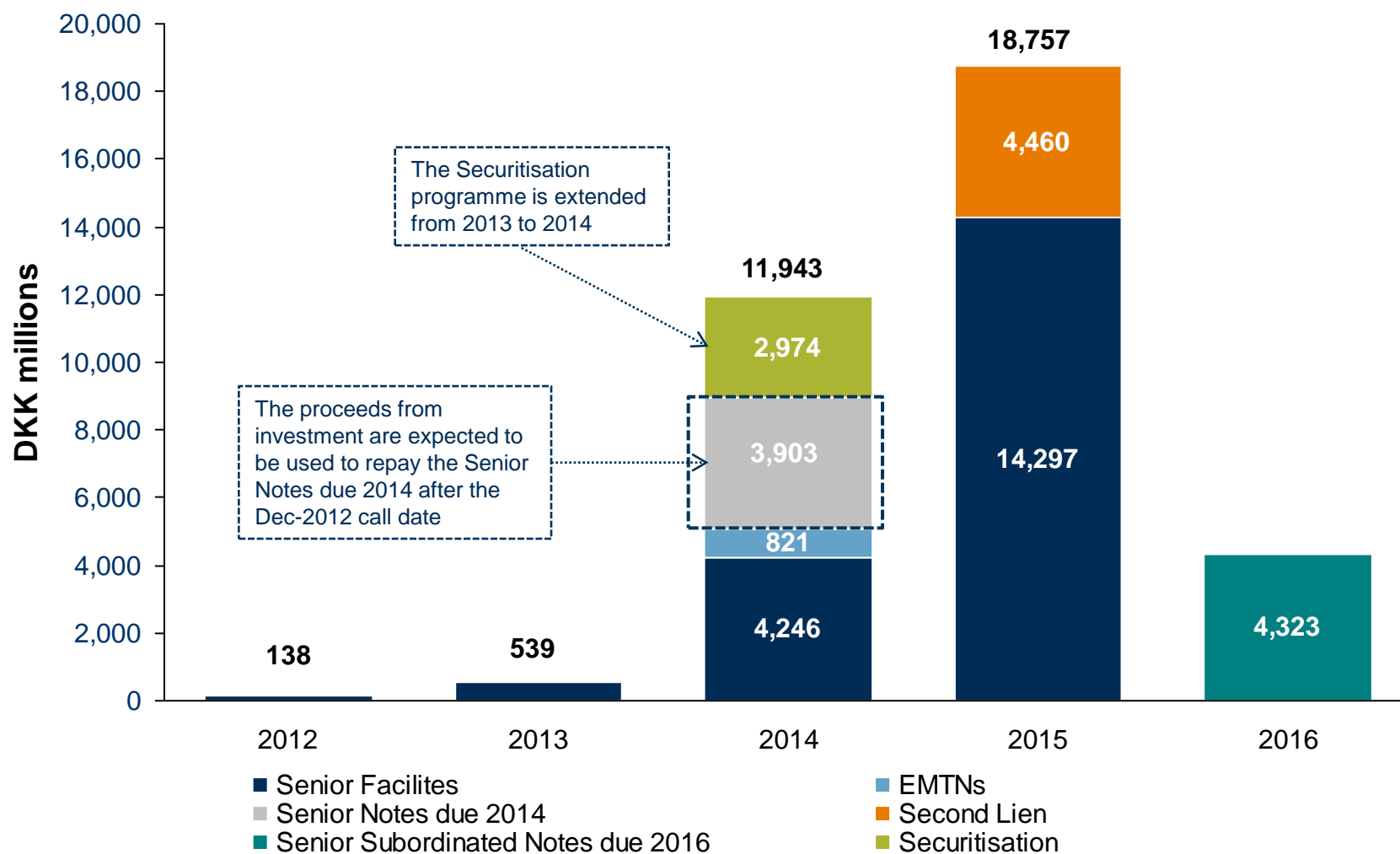
Capital Structure – 30 June, 2012 ¹⁾	DKKm ²⁾	Leverage ³⁾	% of Total
Cash, cash equivalents and securities	(3,379)	(0.66)x	(11%)
Senior Facilities	17,748	3.46x	58%
Securitisation	2,597	0.51x	8%
Derivatives	87	0.02x	0%
Other Indebtedness	693	0.14x	2%
Total Net Senior Debt	17,746	3.47x	57%
Second Lien	4,447	0.87x	15%
Senior Subordinated Notes due 2016	4,268	0.83x	14%
Senior Notes due 2014	3,818	0.74x	12%
Medium Term Notes due 2014	771	0.15x	2%
Total Net Debt	31,050	6,06x	100%
Seasonality changes in working capital	(1,023)		
Seasonality adjusted Net Debt	30,027	5.86x	

1) Measured at carrying amount of net debt.

2) Converted to DKK as per exchange rate of 30 June, 2012.

3) Measured to Pro forma adjusted EBITDA.

Maturity profile as per 30 June 2012¹⁾



¹⁾ The maturity profile above is based on the principal commitment values of the debt and does not reflect the actual drawn amount of debt



Outlook

Outlook for 2012

- The outlook for 2012 is based on a continued challenging macroeconomic outlook and difficult market conditions in Europe – in particular certain Mediterranean countries. We expect a continued strong growth in emerging markets
- ISS experienced a strong positive trend in organic growth in 2011 following the start-up of several large integrated facility services (IFS) contracts leading to organic growth of 6.2% for the Group. The organic growth is negatively impacted by the challenging macroeconomic conditions, however, combined with the start-up of recent multinational IFS contract wins we are aiming at a continuation of the **organic growth** expectation for 2012 in the 3-5% range
- The **operating margin** for 2012 is expected to be around the level realised in 2011
- **Cash conversion** is expected to be around 90%

1) See the Outlook section on page 9 in the interim report

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Q&A

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