

Investor Presentation

H1 Interim Results

21 August 2013



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 2012 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 2012 of ISS A/S is available at the Group’s website, www.issworld.com.

Agenda

- **Key events**
- **Strategy update**
- **Financial results**
- **Capital structure**
- **Outlook**
- **Q&A**
- **Appendix**

Key events



Key events H1

New chairman of the Board

Ole Andersen, chairman of the Board of Directors of ISS A/S and ISS World Services A/S, has decided to step down as Chairman and leave the Board of Directors after more than 8 years as a member of the Board. Current Board member Sir Charles Allen has been elected new Chairman of the Board of Directors

Operational performance

ISS continues the focus on generating profitable organic growth with satisfactory payment conditions. Furthermore ISS won significant new IFS contracts and was ranked the world's leading outsourcing provider by IAOP

Divestment of non-core activities

The on-going strategic review led to divestment of non-core pest control and Nordic damage control activities - significant divestments which are reflections of increased strategic focus resulting in an even more focused business

Financing

ISS addressed upcoming maturities by amending and extending its Senior Facilities, refinancing the Second Lien Facility, extending the securitisation programme as well as completing an excess proceeds offer and partial redemption of 8.875% Senior Subordinated Notes due 2016

Management changes

Recent Group CFO and Group COO appointments expand and further strengthen the Executive Group Management Board allowing ISS to align the organisation and focus deeper in the markets where ISS operates

New chairman of the Board

- Sir Charles Allen, the new Chairman of ISS is also the Chairman of Global Radio Group, the largest commercial radio group in Britain and Chairman of 2 Sisters Food Group. He was recently elected Chairman of British Red Cross
- Mr Allen has been Chief Executive of Granada Group and Executive Chairman of Granada Media Plc. He has also been chairman of EMI Music and CEO of Compass Group
- In 2002 Mr Allen successfully chaired the Commonwealth Games, and he was the vice chair of the London 2012 Olympic Committee



Operational performance

- ISS continued to focus on generating profitable organic growth:
 - ✓ Improved organic growth
 - ✓ Flat operating margin
 - ✓ Turn to positive net profit
 - ✓ Continued strong cash conversion
 - ✓ IFS contracts won with H.J. Heinz in Europe and Nordea Bank in the Nordic region
- In May, the International Association of Outsourcing Professionals ranked ISS as the world's leading outsourcing provider, underlining that ISS is considered a global, professional and reliable outsourcing partner - an important milestone in our vision of becoming the world's greatest service organisation



Divestment of non-core activities

- ISS continuously reviews the strategic rationale and fit of business units in light of the ISS Way Strategy, leading to the identification and evaluation of non-core activities
- The significant divestments of pest control activities across 12 developed markets as well as Nordic damage control activities were completed in May and August respectively
- At 30 June 2013, six business units (net assets DKK 0.7 billion) are classified as held for sale, including the above mentioned damage control activities



Financing

Refinancing

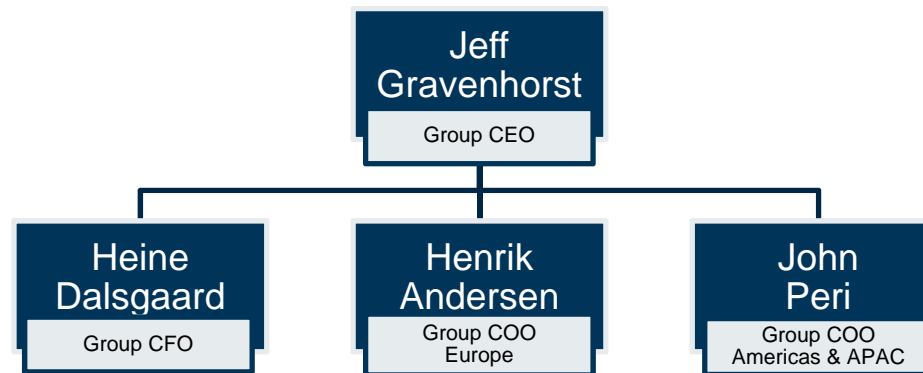
- ✓ Second Lien Facility refinanced
- ✓ Strong support from lenders consenting to a three year extension of the predominant part of senior debt
- ✓ Consent for implementation of amendments increasing both operational and refinancing flexibility
- ✓ In August the securitisation programme was extended to September 2015 and the interest margin reduced with 25 bps

Excess proceeds offer and partial redemption

- ✓ With proceeds from the divestment of pest control activities ISS in July completed an excess proceeds offer and a partial redemption of an aggregate EUR 232 million of 8.875% Senior Subordinated Notes due 2016 leaving EUR 349.5 million outstanding

Management changes

- In April Henrik Andersen was appointed to the new position of Group COO Europe
- In August Heine Dalsgaard joined ISS as Group CFO replacing Henrik Andersen
- Furthermore, in August John Peri joined ISS as Group COO Americas & Asia Pacific
- With these appointments ISS is further strengthening and expanding the Executive Group Management Board allowing ISS to further align the organisation and focus deeper in the markets where ISS operates



Strategy update

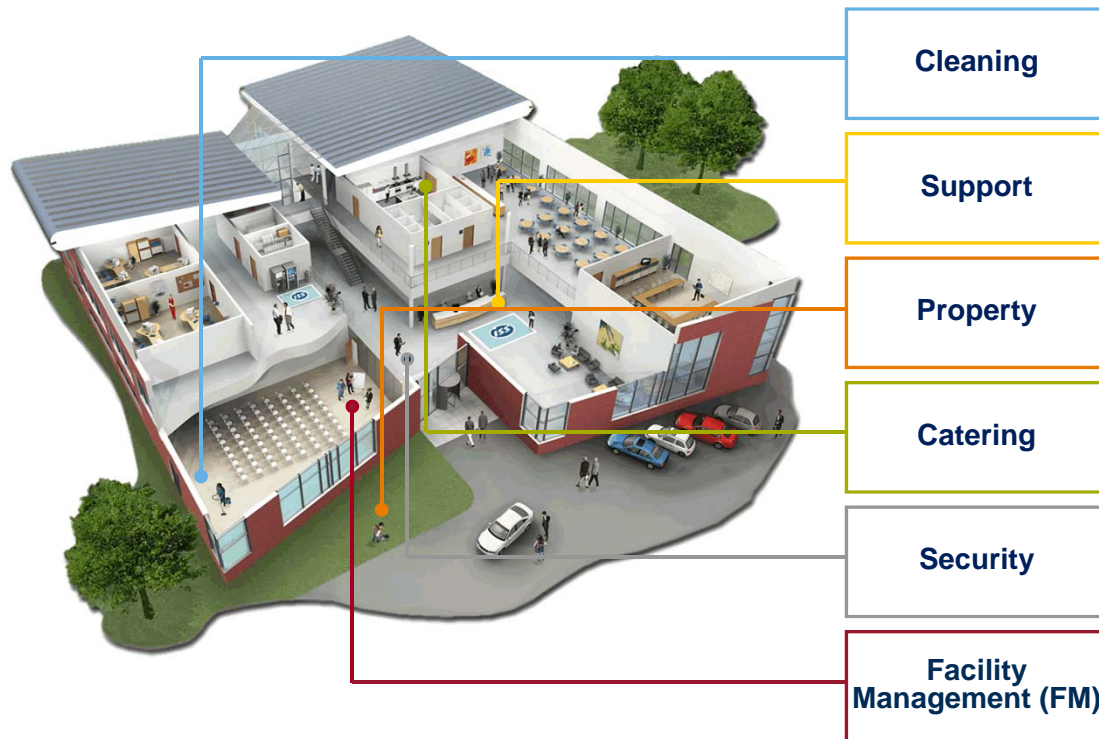


Vision

“We are going to be the world’s greatest service organisation”



ISS is a leading global provider of facility services



- Global leader in facility services offering single, multi and integrated services
- Operates in the USD 1 trillion global facilities services market
- Presence in 50+ countries
- Self delivery capabilities with more than 530,000 employees globally
- Site based business constitutes approximately 80% of revenues
- Recurring 75-80% portfolio based revenues offering strong revenue visibility
- Tailwinds from growth in
 1. Emerging markets
 2. Integrated facility services (IFS)
 3. Global/regional contracts

ISS value proposition & competencies

Value-Based Pricing

Value added offering

- Credible and effective risk management, including HSE and local labour law management
- Brand protection

Delivery capabilities

- Single Service Excellence
- Consistent delivery globally
- Flexible delivery model

Integration of services

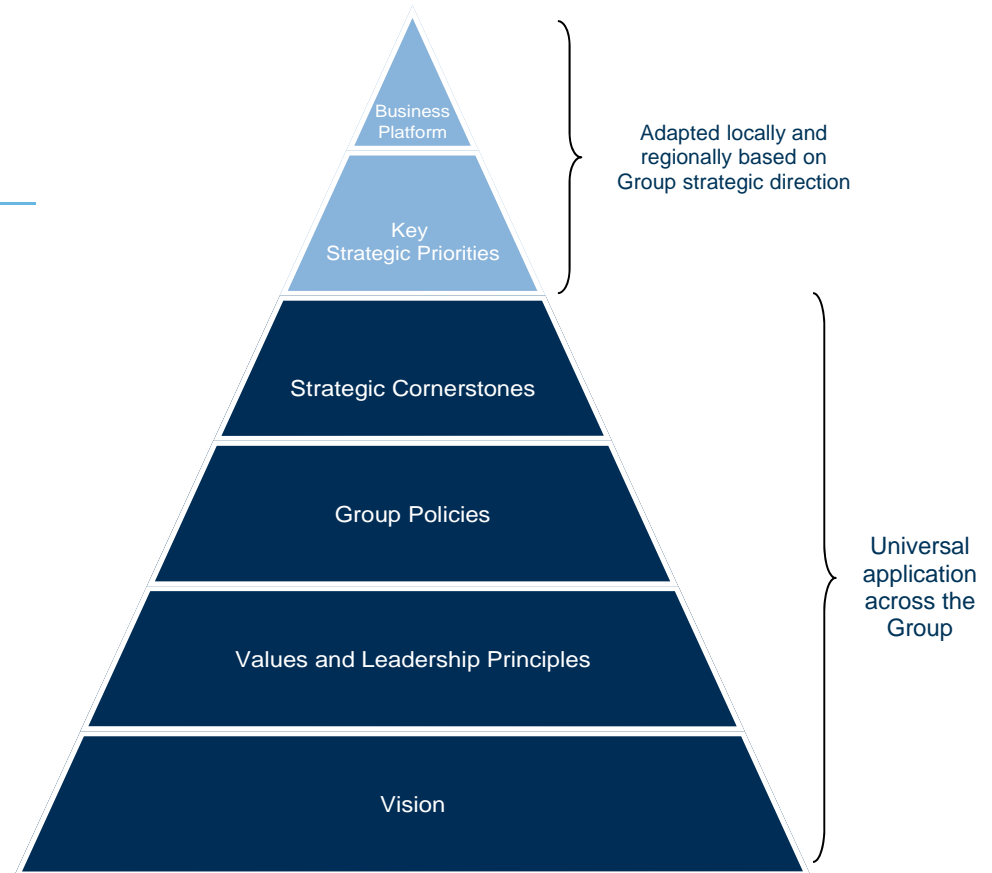
- One point of contact - convenience
- Efficiencies and financial certainty



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



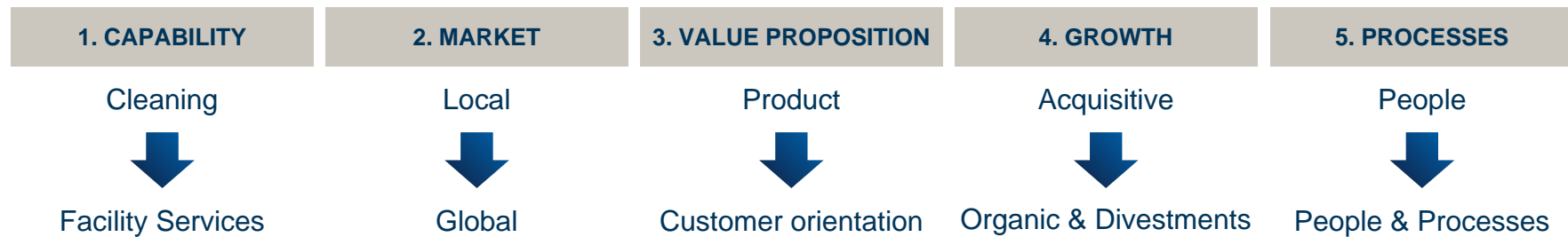
We are creating *One Brand, One Company and One Culture* by applying The ISS Way strategy

Strategy execution continues to drive divestments

- In line with The ISS Way strategy and the focus on alignment and optimisation, the strategic rationale and fit of business units are being reviewed on an ongoing basis
- This process leads to the identification and evaluation of certain activities that are either non-core to The ISS Way strategy or lack critical mass
- These activities will be divested either as straight divestment (e.g. Nordic Damage Control) or through divestments with partnerships (e.g. Pest control)
- We expect to continue evaluating our activities in the light of the plan to accelerate The ISS Way strategy focusing management's attention to our operational excellence in the recurring core activities as well as accelerating our deleveraging towards a potential IPO

ISS continues the transformation

THE ISS WAY



Financial results



Summary of key objectives

Organic Growth 3.5%

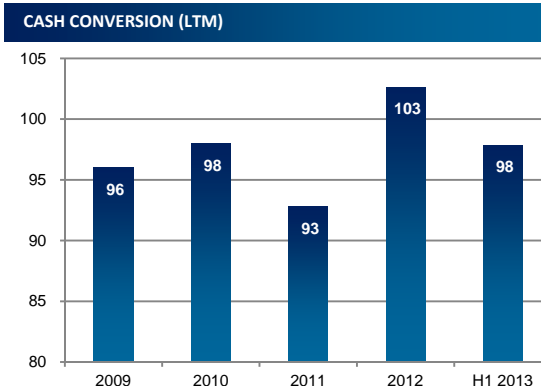
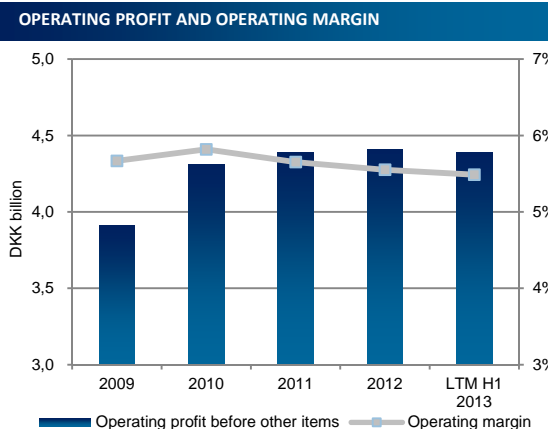
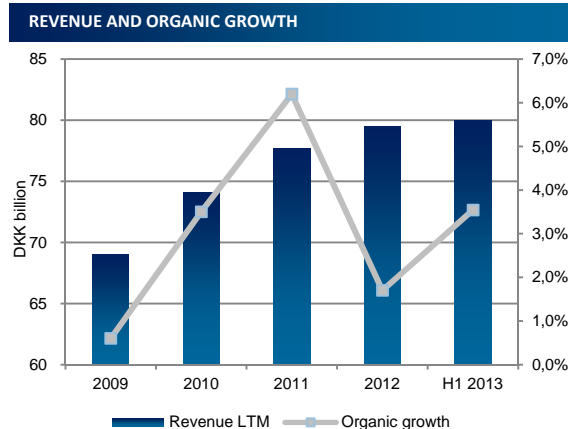
- Organic growth reached 3.5% in H1 2013 (4.3% in Q2) increasing from 1.7% in FY 2012 and 2.7% in Q1 2013
- Both developed and emerging markets delivered positive organic growth with Asia once again reporting double-digit organic growth
- Drivers were mainly the start-ups of the Barclays and Novartis contracts as well as a continued strong growth in the emerging markets, partly offset by a continued low level of non-portfolio services and challenging macro-economic conditions, particularly in some European countries

Operating Margin¹⁾ 4.8%

- Operating margin was stable at 4.8% in H1 2013 (4.9% in H1 2012)
- The operating margin was in line with expectations and was affected positively by margin increases especially in the Nordic region and certain countries in Asia
- This was offset by the strategic divestments of non-core activities including the divested washroom and pest control activities as well as the start-up of multinational IFS contracts and the negative impact from operational challenges in certain countries in Europe and the Americas.

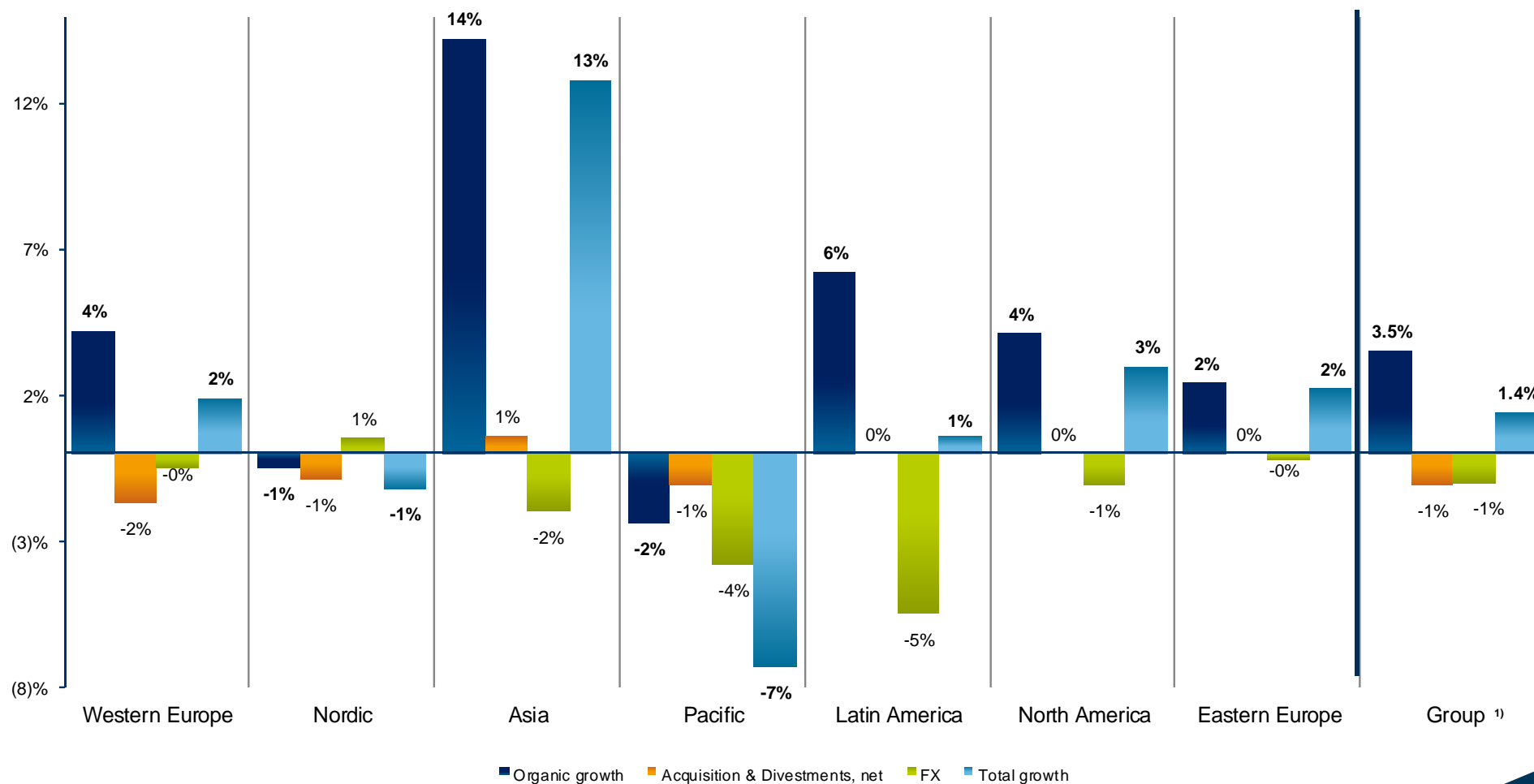
Cash Conversion²⁾ 98%

- LTM cash conversion was 98% in H1 2013 compared with 99% for H1 2012
- The development was due to strong cash flow performance in all regions
- Ensuring a strong cash performance continues to be a key priority, and the result reflects the efforts regarding securing payments for work performed and exiting customer contracts with unsatisfactory payment conditions
- This led to a decrease in debtor days of 0.5 day compared with 30 June 2012



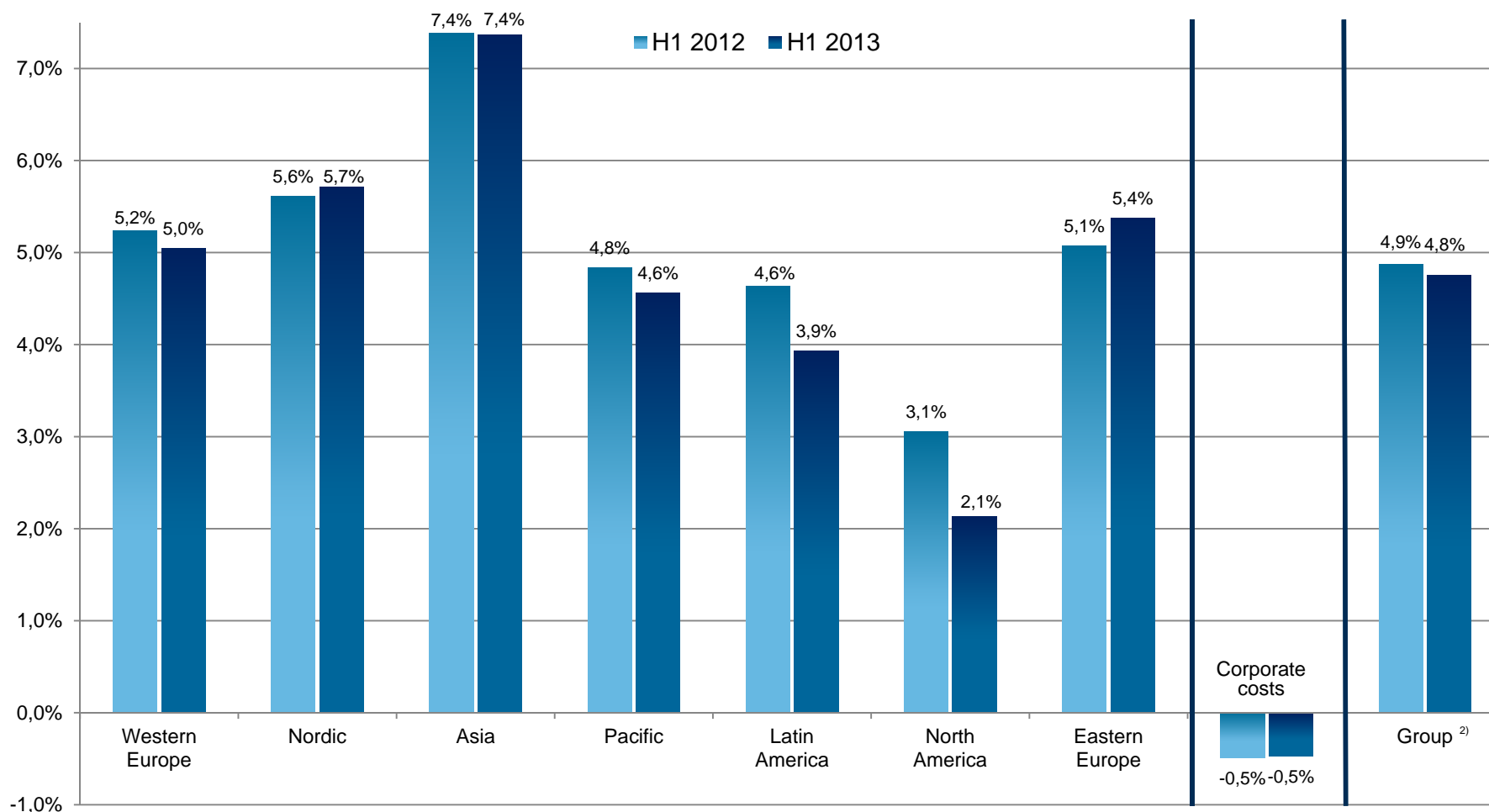
- 1) The Group uses Operating profit before other items for the calculations instead of Operating profit. Consequently, the Group excludes from the calculations those items recorded under Other income and expenses, net, in which the Group includes income and expenses that it believes do not form part of the Group's normal ordinary operations, such as gains and losses arising from divestments, the winding up of operations, acquisition and integration costs, disposals of property and restructurings.
- 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 growth by region



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

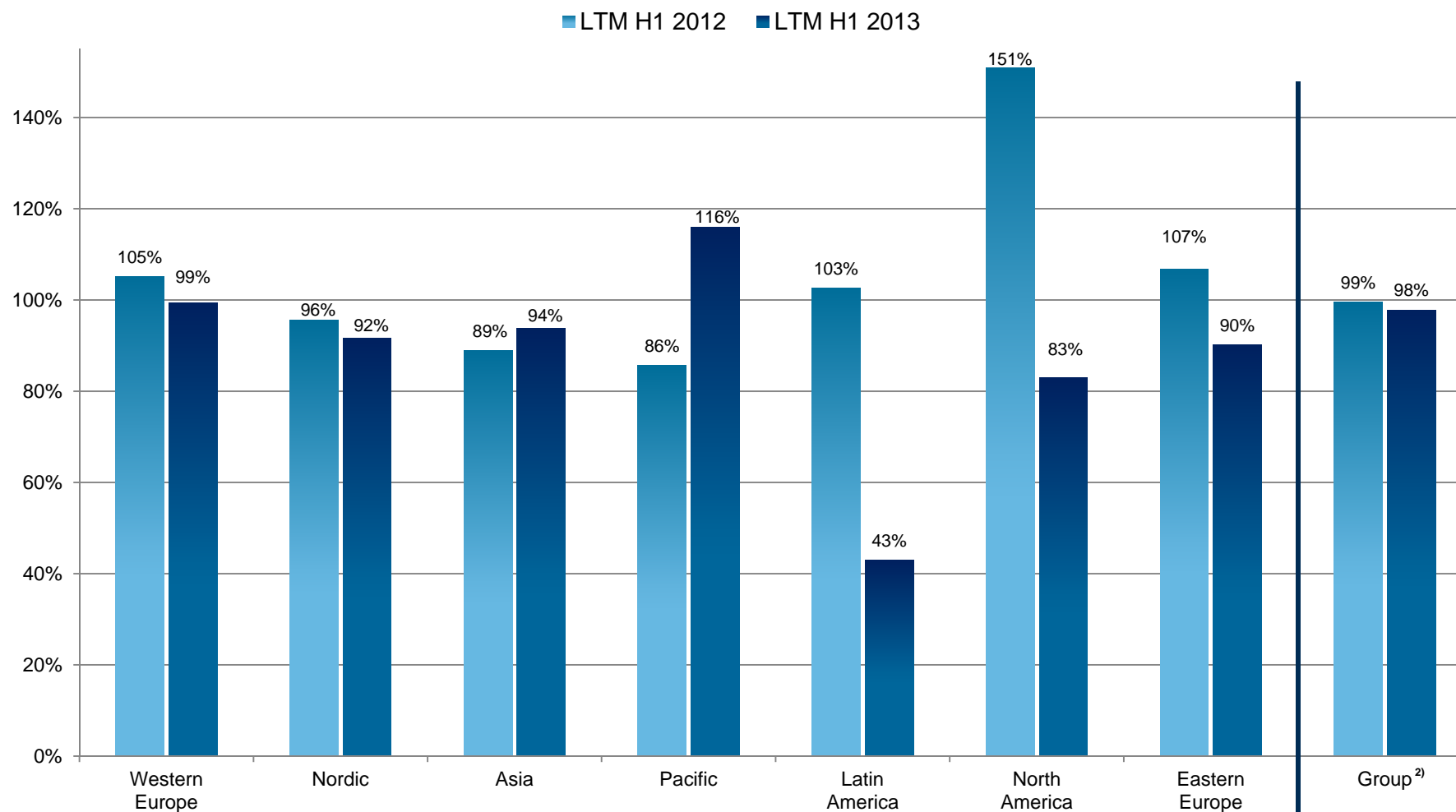
Operating margin¹⁾



¹⁾ The Group uses Operating profit before other items for the calculations instead of Operating profit. Consequently, the Group excludes from the calculations those items recorded under Other income and expenses, net, in which the Group includes income and expenses that it believes do not form part of the Group's normal ordinary operations

²⁾ Other Countries, which include Bahrain, Cayman Islands, Cyprus, Egypt, Nigeria, Pakistan, South Africa, South Korea, Ukraine and United Arab Emirates, are not shown as a separate region but included in Group figures

Cash conversion¹⁾



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

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

Income statement

Improved capital structure starting to flow through to net profit

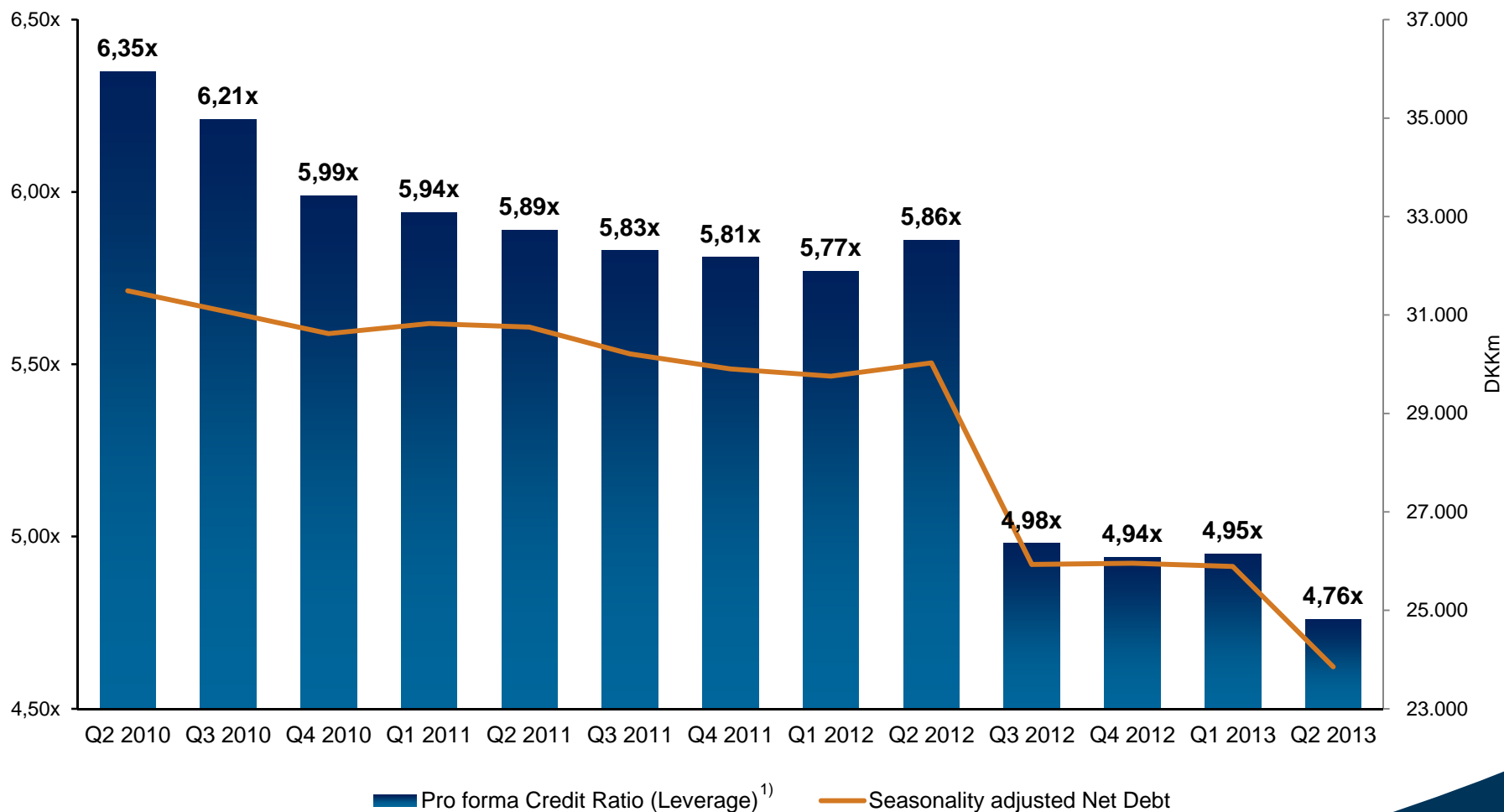
DKK million	H1 2013	H1 2012	Change
Revenue	39,642	39,080	+562
Operating expenses	(37,759)	(37,176)	(583)
Operating profit before other items	1,883	1,904	(21)
Other income and expenses, net	37	(111)	+148
Operating profit	1,920	1,793	+127
Share of result from associates	2	1	+1
Financial income and expenses, net	(1,157)	(1,309)	+152 11.6%
Profit before tax and goodwill impairment/ amortisation and impairment of brands and customer contracts	765	485	+280 +57.7%
Income taxes	(365)	(382)	17
Profit before goodwill impairment/ amortisation and impairment of brands and customer contracts	400	103	+297 +288.3%
Goodwill impairment	(88)	(163)	+75
Amortisation and impairment of brands and customer contracts	(261)	(319)	+58
Income tax effect	80	82	(2)
Net profit/(loss) for the period	131	(297)	+428

Among others improved due to the repayment of 11% Senior Notes due 2014 in December 2012 and the average lower Net Debt of ISS

Capital structure



Continued focus on deleveraging



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

Capital structure

30 June 2013 ¹⁾	DKKm ²⁾	Leverage ³⁾	% of Total
Cash, cash equivalents and securities ⁴⁾	(4,802)	(0.96)x	(19%)
Senior Facilities	20,972	4.18x	84%
Securitisation	2,757	0.55x	11%
Derivatives	83	0.02x	0%
Other Senior Indebtedness	579	0.12x	2%
Total Net Senior Debt	19,589	3.91x	78%
Medium Term Notes due 2014	794	0.16x	3%
Senior Subordinated Notes due 2016	4,334	0.87x	18%
Other indebtedness	298	0.06x	1%
Total Net Debt	25,015	5.00x	100%
Seasonality changes in working capital	(1,161)		
Seasonality adjusted Net Debt	23,854	4.76x	

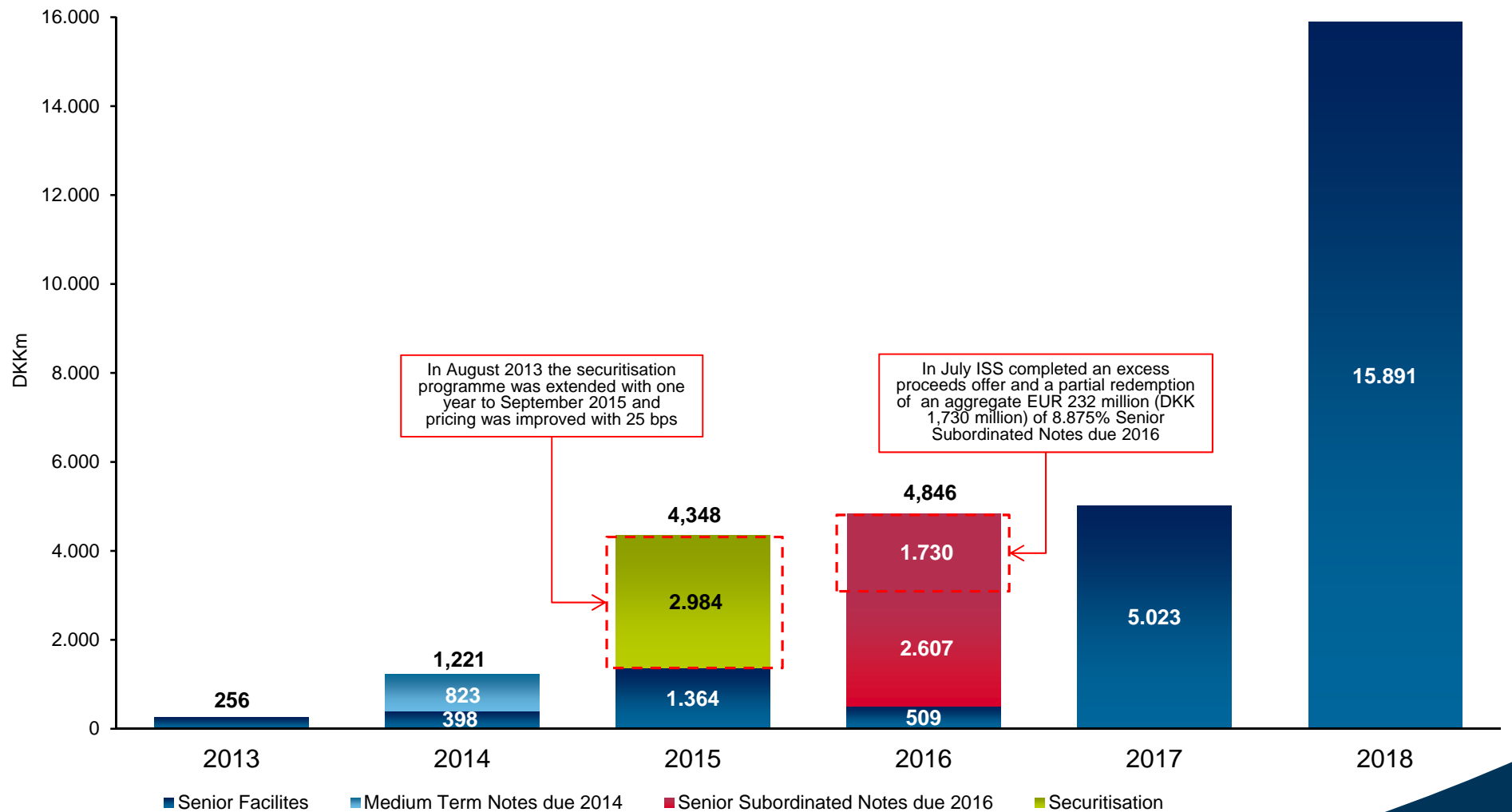
¹⁾ Measured as carrying amount of net debt

²⁾ Converted to DKK as per 30 June 2013

³⁾ Measured to Pro forma adjusted EBITDA

⁴⁾ Includes a receivable from FS Invest of DKK 79m and DKK 6m regarding derivative assets

Maturity profile as per 30 June 2013¹⁾



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 2013

The outlook is based on a mixed global macroeconomic outlook with continued strong growth in emerging markets combined with weak growth and difficult macroeconomic conditions in large parts of Europe, including the uncertainty surrounding current and future austerity measures

Organic growth

Around 3%
(2012: 1.7%)

In 2013, we had a solid start following the wins of several large IFS contract in 2012. Combined with the underlying business development, we expect to realise around 3% organic growth in 2013

Operating margin

Slightly below the level
realised in 2012
(2012: 5.6%)

We expect a negative impact on the operating margin from the divestment of margin accretive pest control activities of around 0.2 percentage point for the Group in 2013. As a result the operating margin for 2013 is expected to be slightly lower than the level realised in 2012

Cash conversion

Above 90%
(2012: 103%)

Continuing the deleveraging of ISS in accordance with The ISS Way strategy, cash flows will remain a priority in 2013, and we expect our cash conversion for 2013 to be above 90%

Q&A

To ask a question please press 01



Appendix



Appendix: Summary of key figures

DKK million	H1 2013	H1 2012	Change	Q2 2013	Q2 2012	Change
Revenue	39,642	39,080	+1.4%	20,097	19,779	+1.6%
Organic growth	3.5%	2.2%	+1.3 pp	4.3%	1.4%	+2.9 pp
Operating profit before other items	1,883	1,904	-1.1%	1,028	1,036	-0.1%
Operating margin before other items	4.8%	4.9%	-0.1 pp	5.1%	5.2%	-0.1 pp
Cash conversion	98%	99%	-1 pp			
Net debt, seasonality adjusted	23,854	30,027	-6,173			
Leverage, seasonality adjusted ¹⁾	4.76	5.86	-1.1x			

¹⁾ Net debt measured to pro forma adjusted EBITDA (pro forma adjusted for acquisitions and divestments)