ISS INVESTOR PRESENTATION

Full Year 2022 results

23 February 2023

Jacob Aarup-Andersen
Group CEO

Agenda

1. **Executive summary**
2. Strategic update
3. Market and Business
4. Financials
5. Outlook
6. Q&A

Executive summary
- Successful execution of the OneISS strategy in 2022

OneISS

ISS enters the next phase of the OneISS strategy

-

Improved commercial processes are showing results

Financials

Strong business momentum continued

-

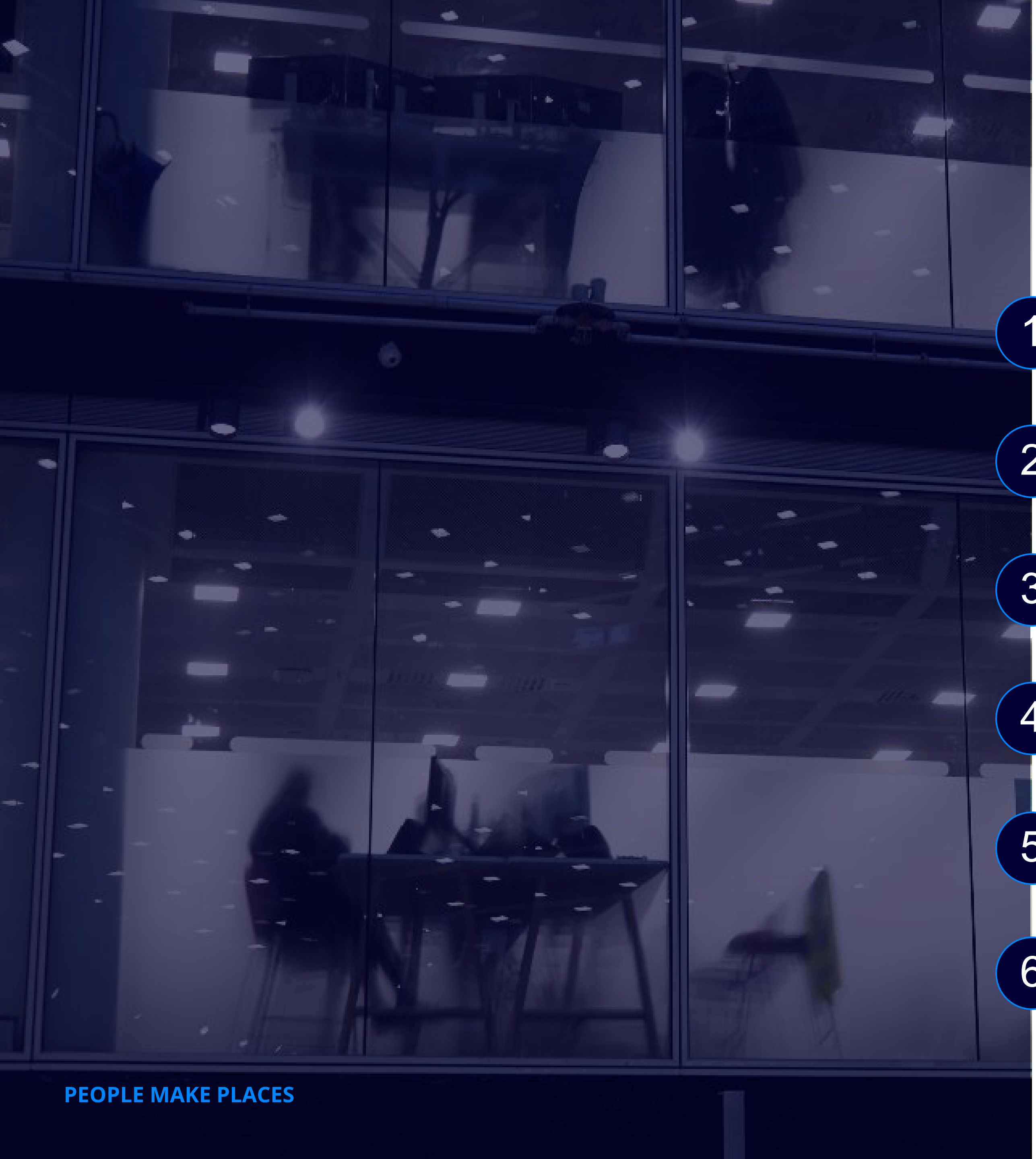
Accelerated organic growth and strong free cash flow generation

Capital allocation

Financial leverage target achieved

-

Dividend payments will be resumed



With the enhanced operating model, ISS target to deliver strong growth at sustainable and attractive margins

PEOPLE MAKE PLACES

Strategic update
- ISS enters the next phase of the OneISS strategy

Update on strategic priorities

- ISS improved financial performance and reached the financial turnaround targets despite a challenging macroeconomic environment
- The strategic priorities are unchanged and focus remains on growth, brilliant operating basics, technology, planet and people
- Inflation was managed tightly through price increases and efficiencies

Commercial momentum

- The improved commercial organisation and processes are showing results
- A new contract was signed with a regional bank in Australia and a healthcare company was expanded to a Global Key Account contract
- ISS has successfully extended several key account contracts including a major technology customer in the US

M&A

- The integration of Livit FM in Switzerland is progressing well
- Financial synergies have been realised and the business is margin accretive to both Switzerland and the Group as a whole

Customer for life
- Launch of structured strategy to drive retention

The creation, for our chosen and prioritised Key Account customers, of a structured enterprise-wide mindset and plan to actively keep our customers forever

One certified enterprise-wide solution

A clear process to gather knowledge and create action plans

Ownership of the outcome with clear task ownership between operations and functions

Key comments

- ISS has become more structured and intentional around retention the last two years
- A dedicated and systematic strategy is needed to uplift retention further and achieve mid-term target of 95%
- The strategy starts with right customers, right terms and right behaviours
- A mindset change as we engage with the customer over the entire contract period with the objective of being together forever
- In 2023, the programme will be launched in five selected countries and all Global Key Accounts

Acquisition of Livit FM in Switzerland
- Integration and financial synergies ahead of plan

Strategic rationale

- **Carve-out** from Swiss Life, whom is now a **valued local key account customer**
- **Adding scale** (cleaning and technical services) through multi-service contracts
- **Strong Swiss management team** with a successful track record of similar carve-out transactions
- Become a **market leader** in the locally prioritized Swiss real-estate asset management segment

Integration status

- **Swift IT integration** and data migration completed
- **Merged Livit operations** into our existing local Swiss operational organisation
- **Successful cultural onboarding** and training of the new Livit colleagues
- **Overhead costs reduced** from new organisational setup

Impact

- **Synergy targets have been upgraded** (value and timing), due to faster than anticipated integration
- The deal is already **margin accretive**, both at Country and Group level
- ROIC is expected to **exceed 10%** and be above ISS WACC
- Opportunity to **utilise our market leader position**, in fragmented segment, towards other large asset managers

Capital allocation
- Potential acquisitions will be conducted with rigorous discipline

1. Maintain investment grade rating

2. Dividends

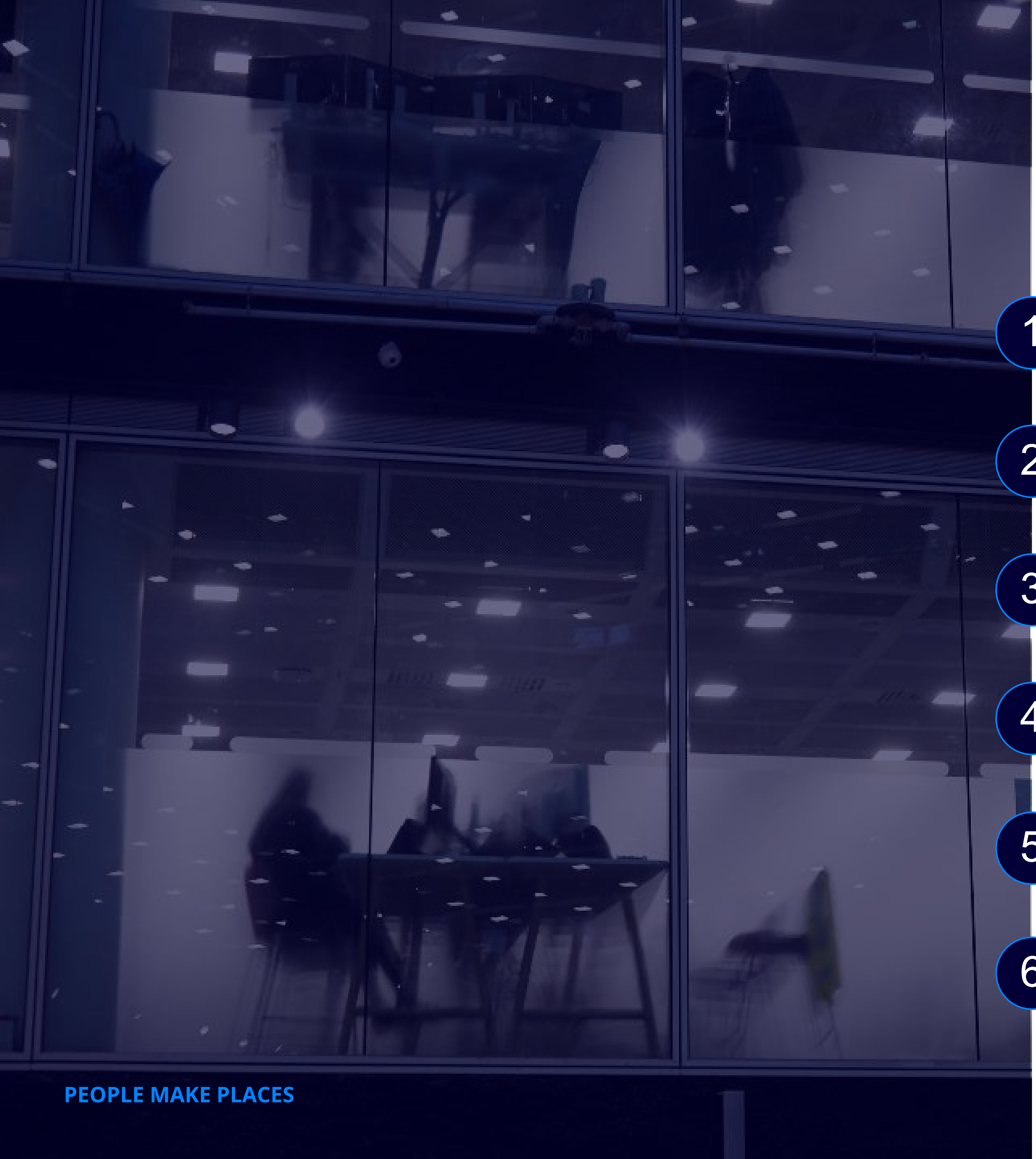
3. Investments

4. Share buyback

Our M&A approach

Strategic fit	Financial accretive	Clear synergy potential and integration

..three archetypes of acquisitions: scale, capabilities and innovation



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Commercial momentum
- Enhanced commercial processes are showing results

New wins[1)]

- Banking Customer, Australia (c. 0.4% of Group revenue)

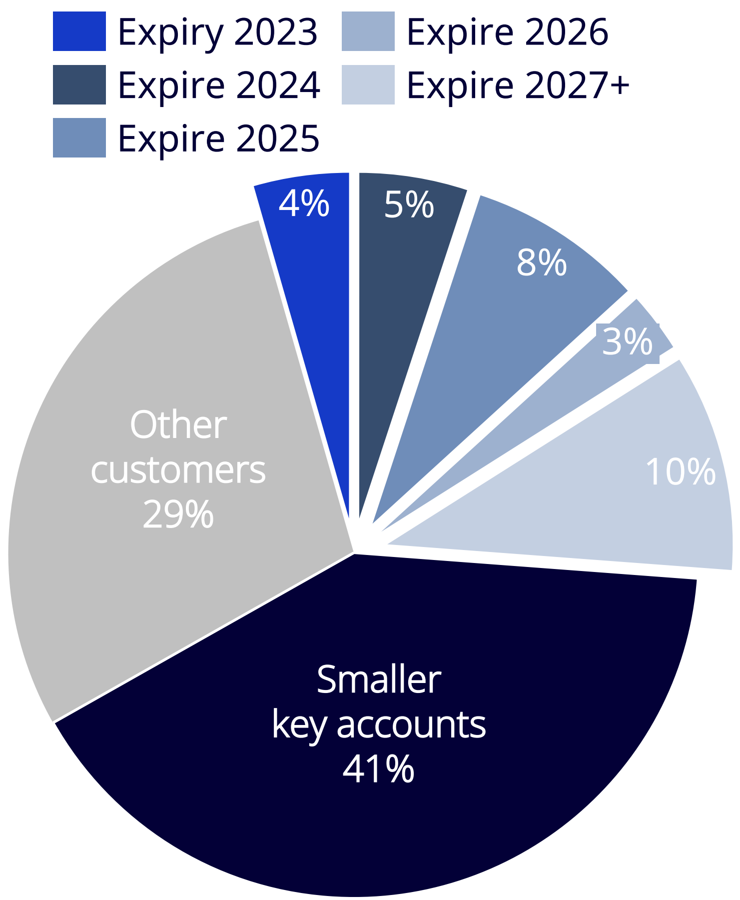
Extensions and expansions[1)]

- Virgin Media O2, United Kingdom
- Technology Customer, United States
- Pharmaceutical Customer, United States
- Industry & Manufacturing Customer, APAC
- Banking Customer, Mexico
- Mining Service Customer, Australia
- Healthcare Customer, United Kingdom
- Healthcare Customer, Global

Losses[1)]

- Healthcare Customer, United Kingdom

Large key accounts[2)] contract maturity profile



1) Since Q3 results on 2 November 2022. 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

Managing inflation is an integrated part of the business model
- Price increases related to wage inflation are mainly executed in Q1 2023

Well-managed process

Price increase management related to wage inflation

01 Rigid contract clauses (including cost-plus)
02 Centralised process to maximise impact
03 Strong operational ownership
04 Early and proactive customer engagement
05 Management focus and involvement
06 Gather wage inflation levels
07 Commercial discussions on price increases
08 Pricing reflected in invoicing
09 Collect cash

Mixed picture in 2023: From low single-digit to low double-digit increases

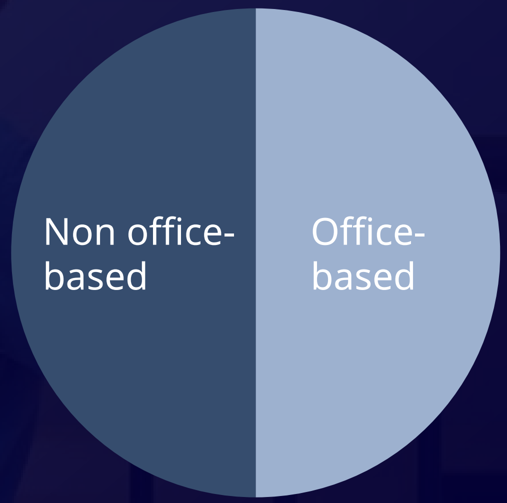
2023 outcomes

- Managing inflation remains a key priority
- In vast majority of contracts we have the contractual right to pass on statutory minimum and union wage increases
- Price increases continue to be positive contributor to organic growth
- Margins are generally expected to be unaffected from wage inflation
- Commercial opportunities arise from wage inflation

Revenue above pre Covid-19 levels
- Food revenue almost fully recovered

Organic growth by service line compared to pre-covid levels

Customer split



Kasper Fangel
Group CFO

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2022 financials
- in line with preliminary financial results[1)]

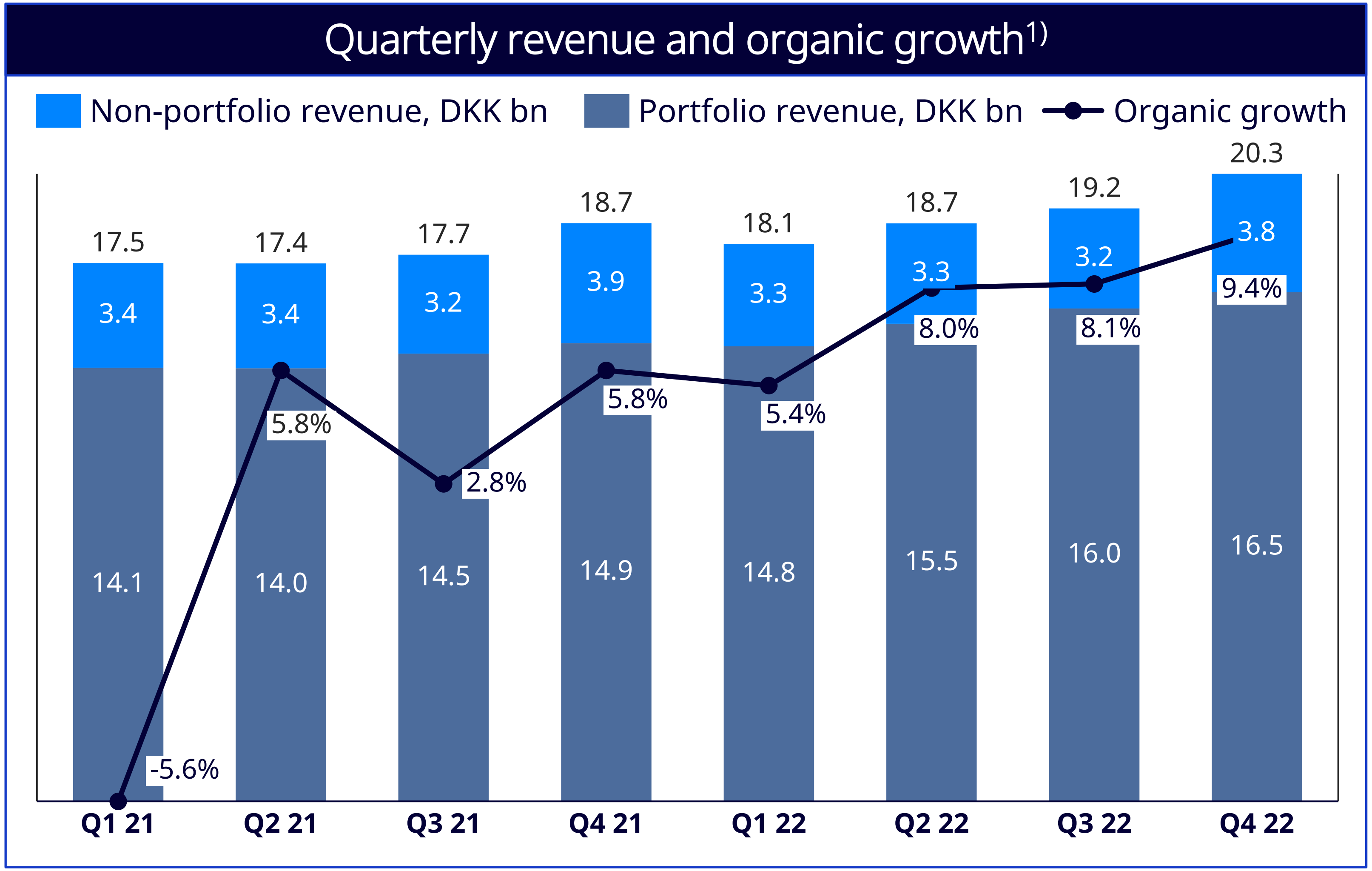
- ✓ *Financial turnaround achieved with continued solid improvements*
- ✓ *The outlook was upgraded during 2022 with delivery on all KPIs*

	FY 2021	Initial outlook	Latest outlook[2)]	FY 2022 realised
Organic growth	2.0%	Above 2%	Around 6.5%	7.8%
Operating margin	2.5%	Above 3.5%	Around 3.8%	3.8%
Free cash flow	DKK 1.7 bn	Above DKK 1.3bn	Around DKK 1.5 bn	DKK 1.7 bn

1) As of reported in Company Announcement no. 3 on 23 January 2023
2) Disclosed at the Q3 Trading Update on 2 November 2022

PEOPLE MAKE PLACES

Organic growth of 9.4% in Q4
- Strong portfolio growth continued



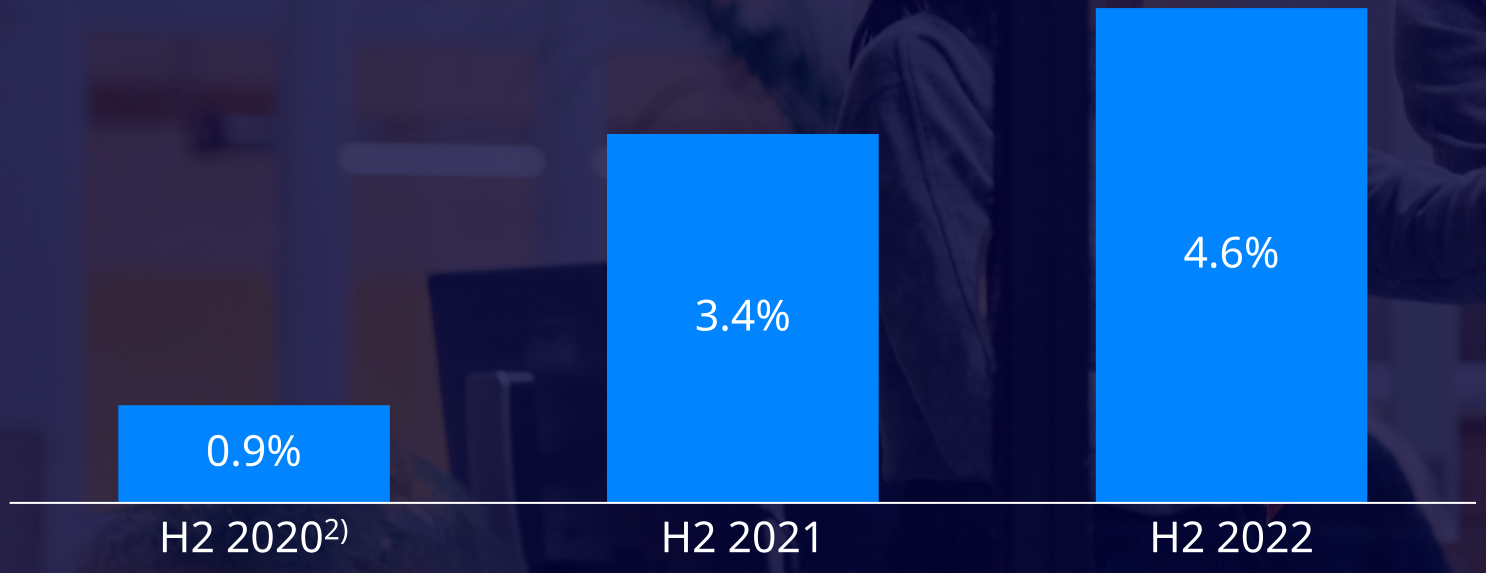
1) excl. IAS 29

Key comments Q4 2022

- Revenue increased to DKK 20.3bn driven by continued return-to-office trends, scope and price increases
- For full-year price increases contributed just below 3% with Turkey contributing around 1.5%-points
- Organic growth for portfolio revenue was 12.3%
- Projects and above-base work declined organically by 1.4% and continued to be above pre Covid-19 levels

Operating margin development
- Margin development in line with plan

Operating margin before other items[1)]

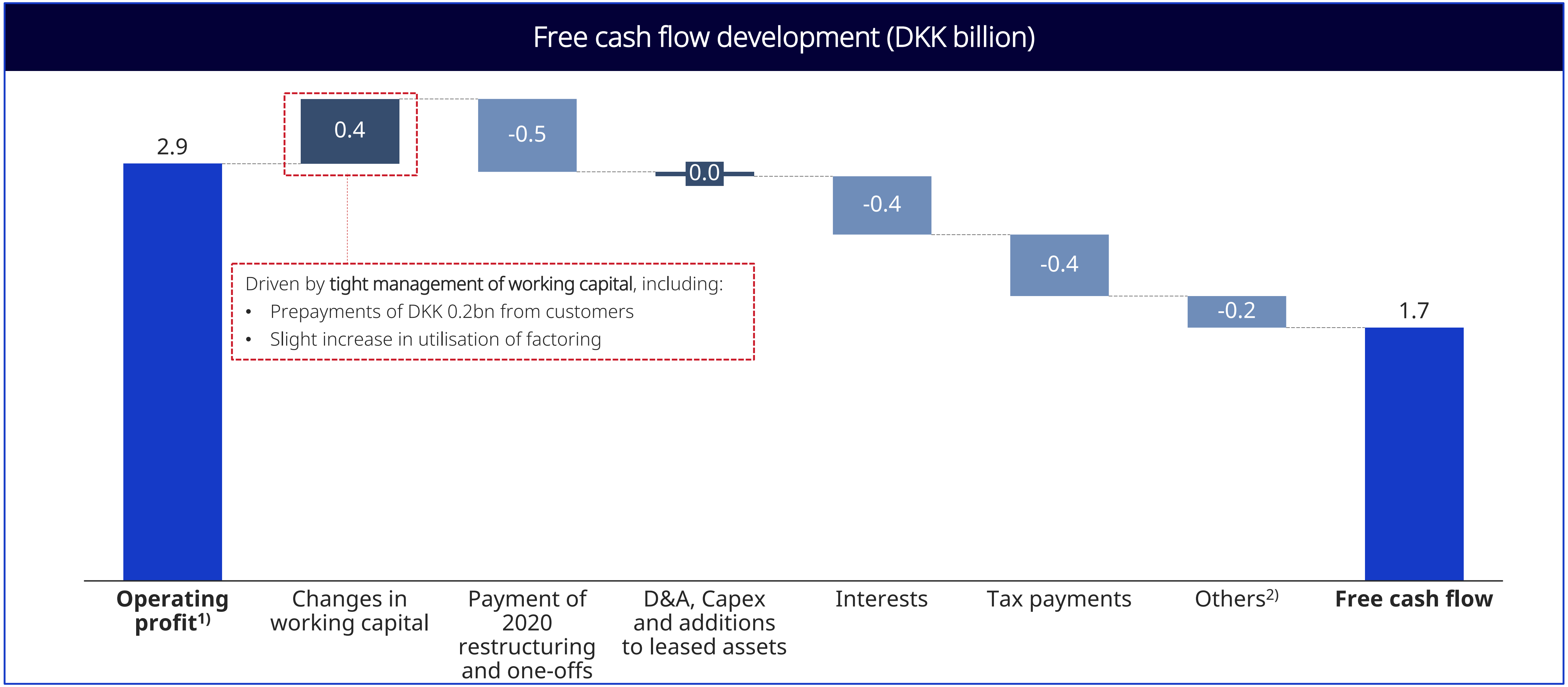


Key comments

- Improvement of the underperforming countries and contracts, mainly the UK and DTAG
- The margin was positively impacted by operating leverage from higher revenue
- As expected, mobilisation of new contracts and commercial investments were offsetting factors
- The margin was generally unaffected by inflation through price increases and operational efficiencies

1) excl. IAS 29
2) Operating profit before other items adjusted for restructuring and one-offs costs

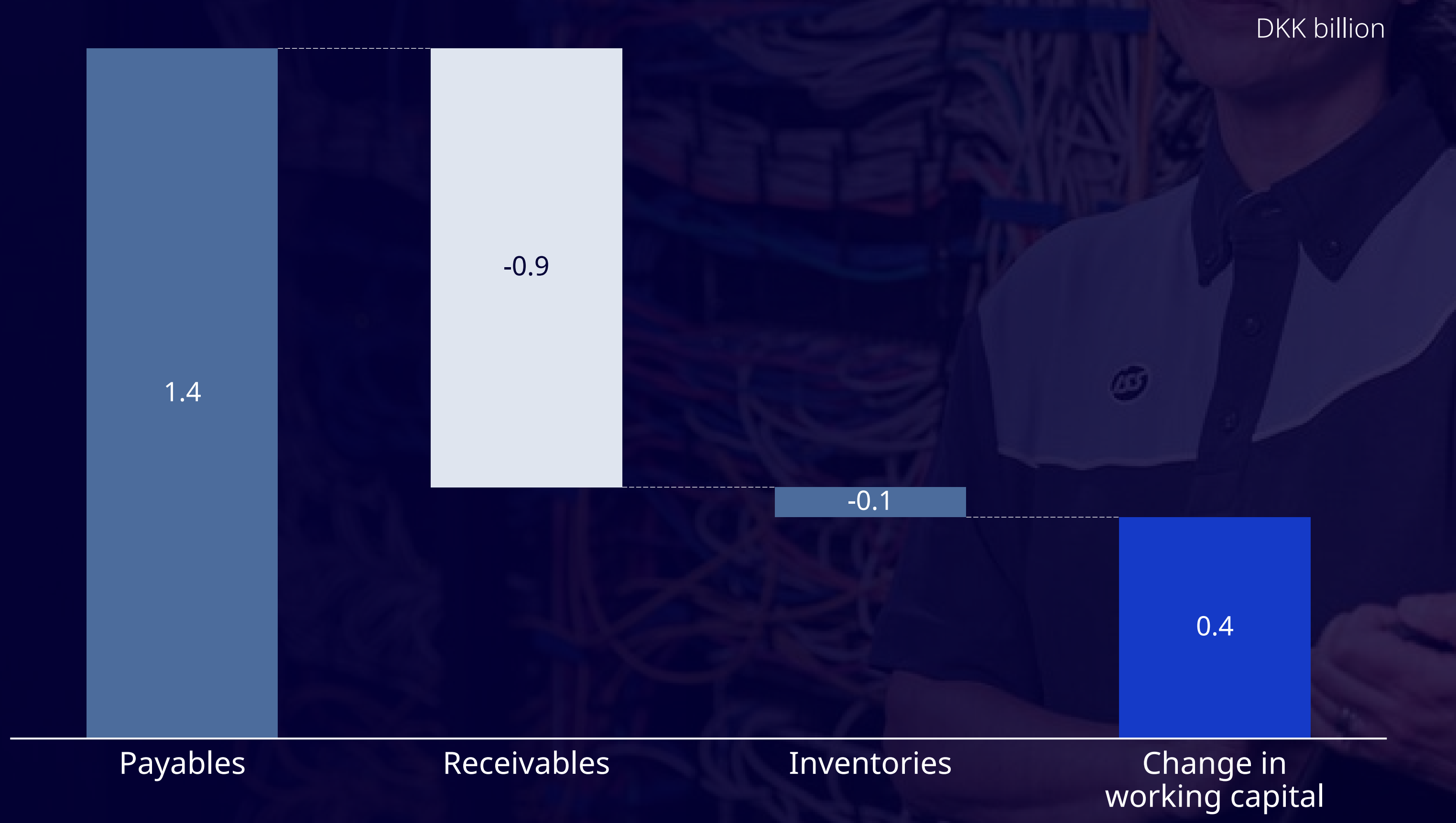
Free cash flow 2022
- Impacted by improvement in operating profit and working capital



1) Including operating profit from Discontinued Operations
2) Others include: 'Non-cash items related to Hyperinflation', 'Share-based payments', 'Changes in provisions, pensions and similar obligations', 'Other expenses paid', and 'Acquisition of financial assets excl. investments in equity-accounted investees', but excludes payments of one-offs and restructuring charges incurred in 2020

Net working capital
- Tight management impacting free cash flow positively

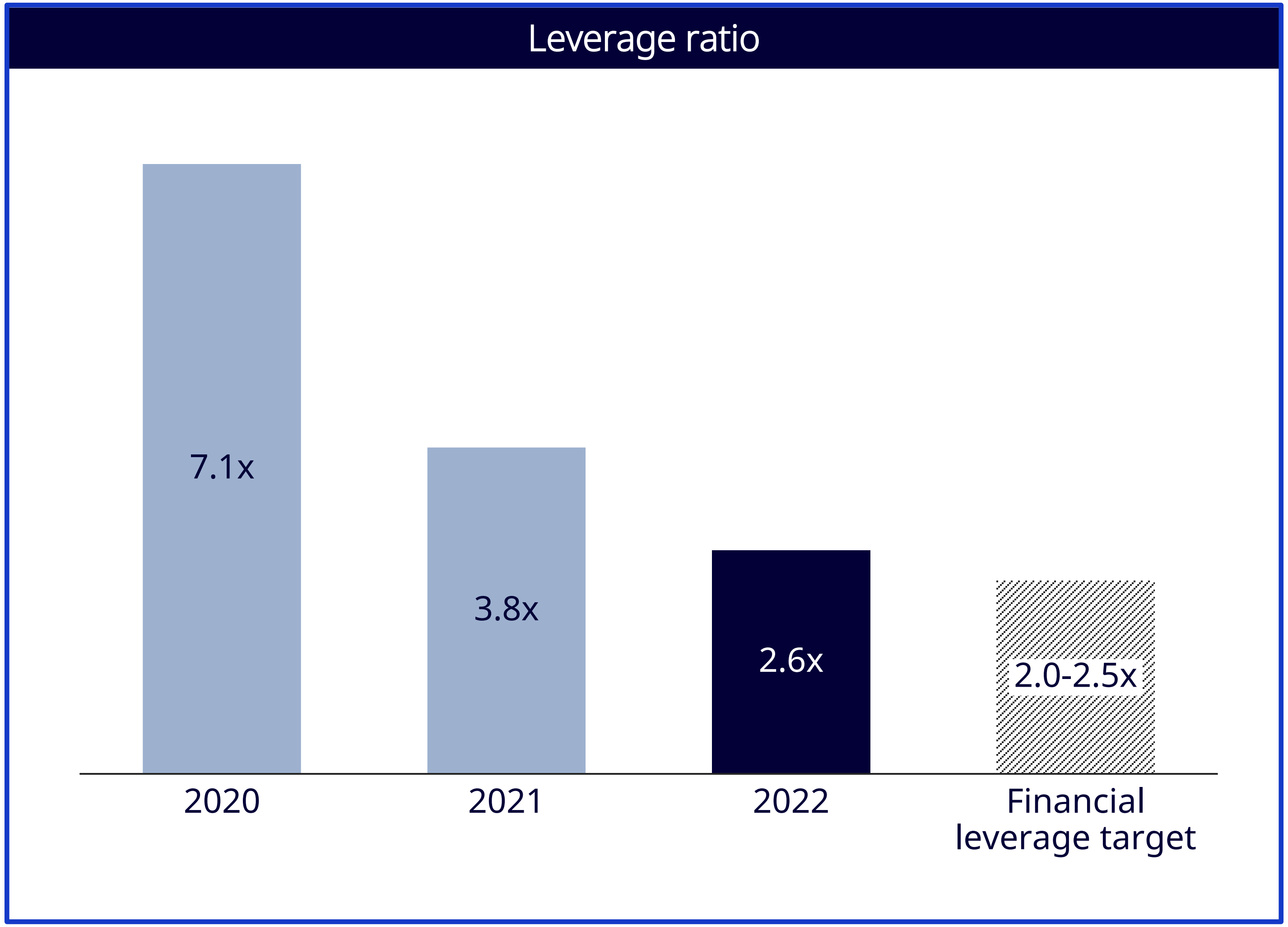
Changes in working capital



Key comments

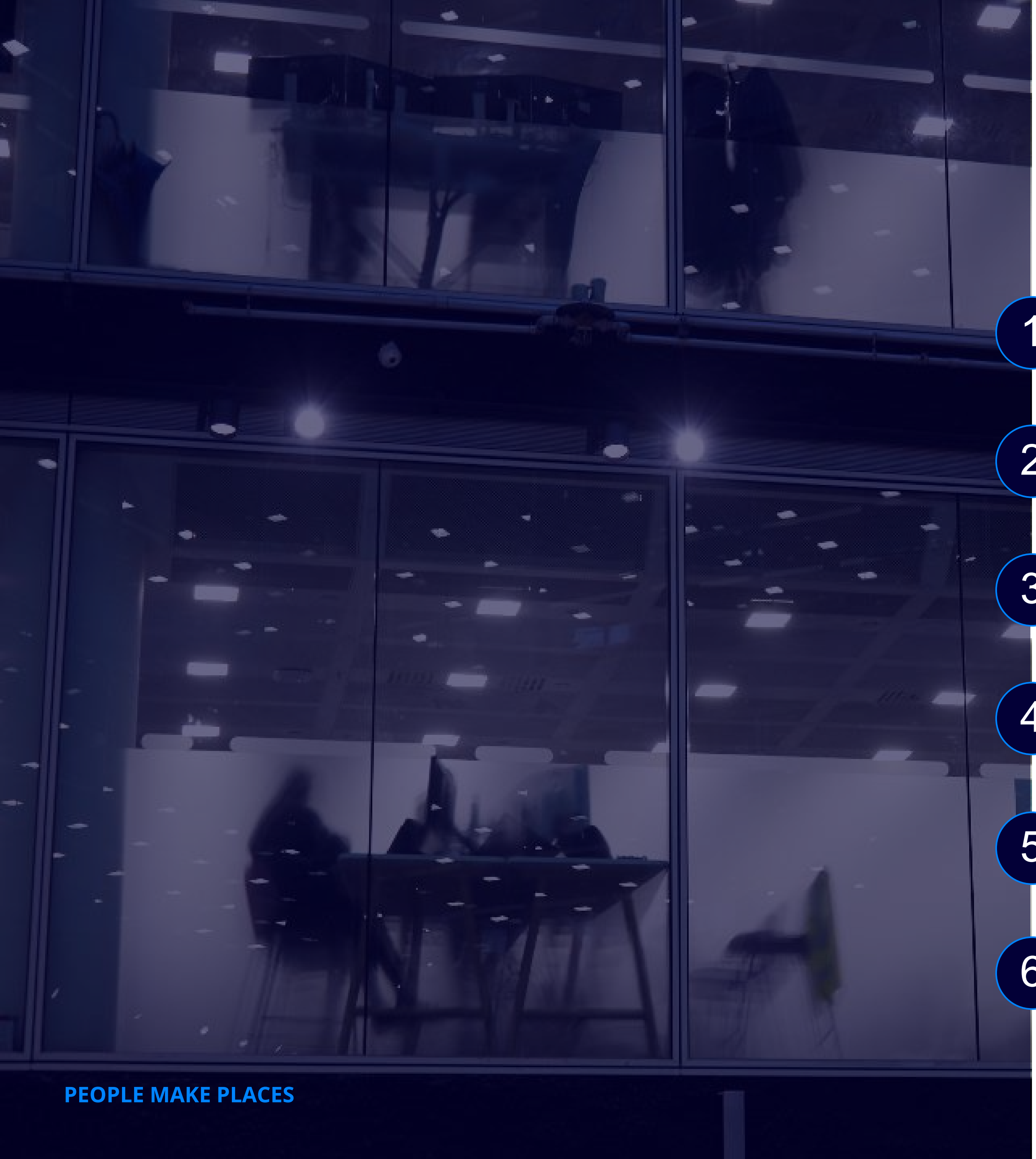
- Strict focus on working capital continued with an inflow of DKK 0.4bn for 2022
- Despite the increased activity level, both receivables and payables were kept slightly unchanged from H1 2022
- Changes in payables was driven by increased activity levels within food, which in general has longer payment terms
- The higher revenue impacted receivables negatively however offset by prepayments and increased factoring balance

Capital structure
- Deleveraging in line with plan and dividend payments reinitiated



Key comments

- Turnaround target of financial leverage below 3x achieved
- Improvement driven by combination of lower net debt and an increase in pro-forma EBITDA (LTM)
- ISS has presented new financial leverage target of 2.0-2.5x
- The Board of Directors will propose dividend payment of 20% of adjusted net profit equal to DKK 2.1 per share



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Outlook[1)] 2023

Organic growth

4 - 6%

(2022: 7.8%)

- Price increases to offset cost inflation and continued customer investments in workplaces and services.
- Full-year effect of return-to-office, which ramped during 2022, supported by net contract wins
- Partly offset by expected lower level of above-base revenue

Operating margin[2)]

4.25 - 4.75%

(2022: 3.8%)

- Margin improvements in previous hotspots; UK, France and Deutsche Telekom
- Positive effects from OneISS efficiencies and cost initiatives across the Group
- Operating leverage from higher revenue

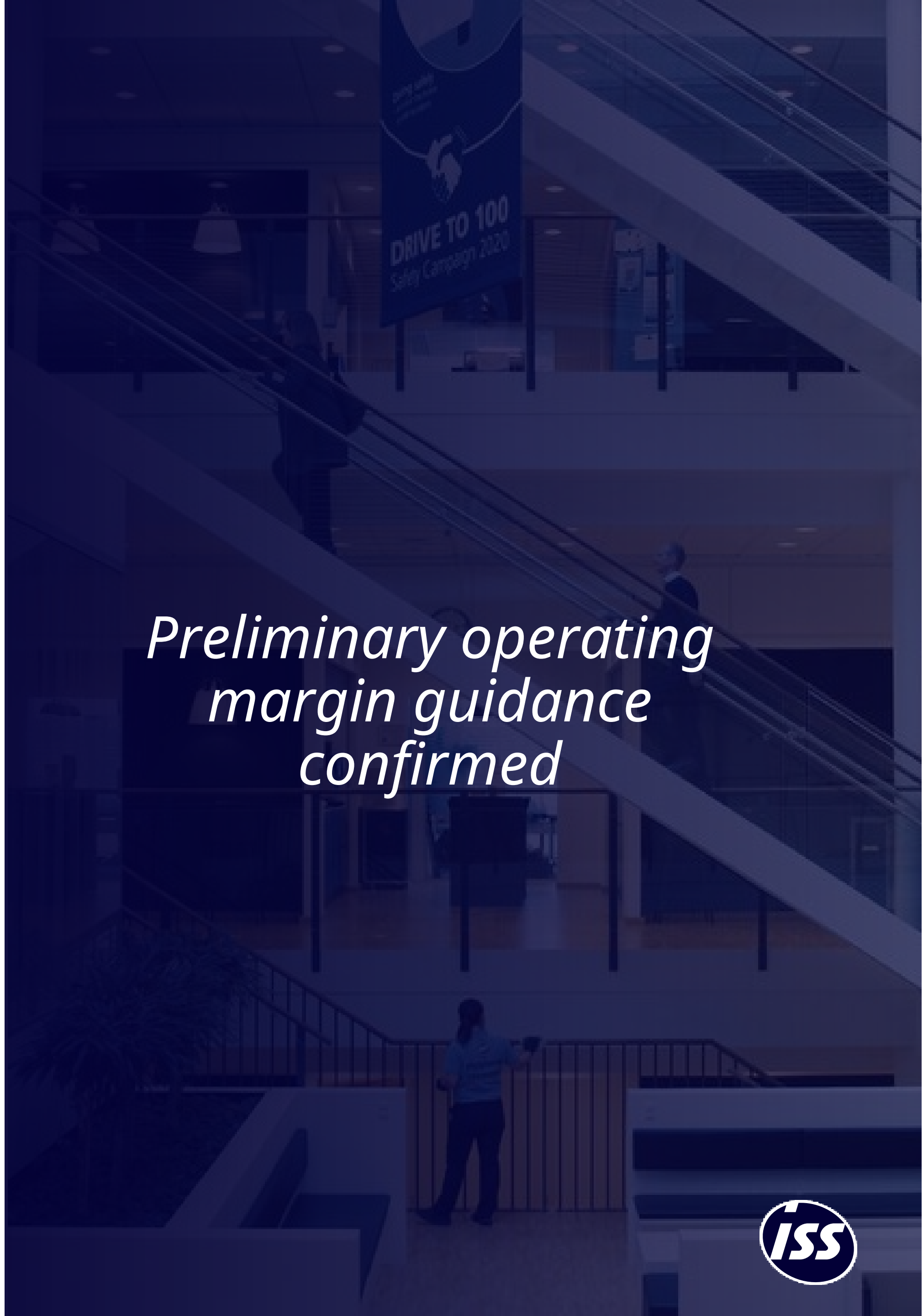
Free cash flow

Around DKK 2.0 bn

(2022: DKK 1.7 bn)

- Improvement in operating profit
- Negative impact from working capital including customer prepayments in 2022
- Increased tax outflow due to higher operating profit
- Capex in line with depreciation and amortisation

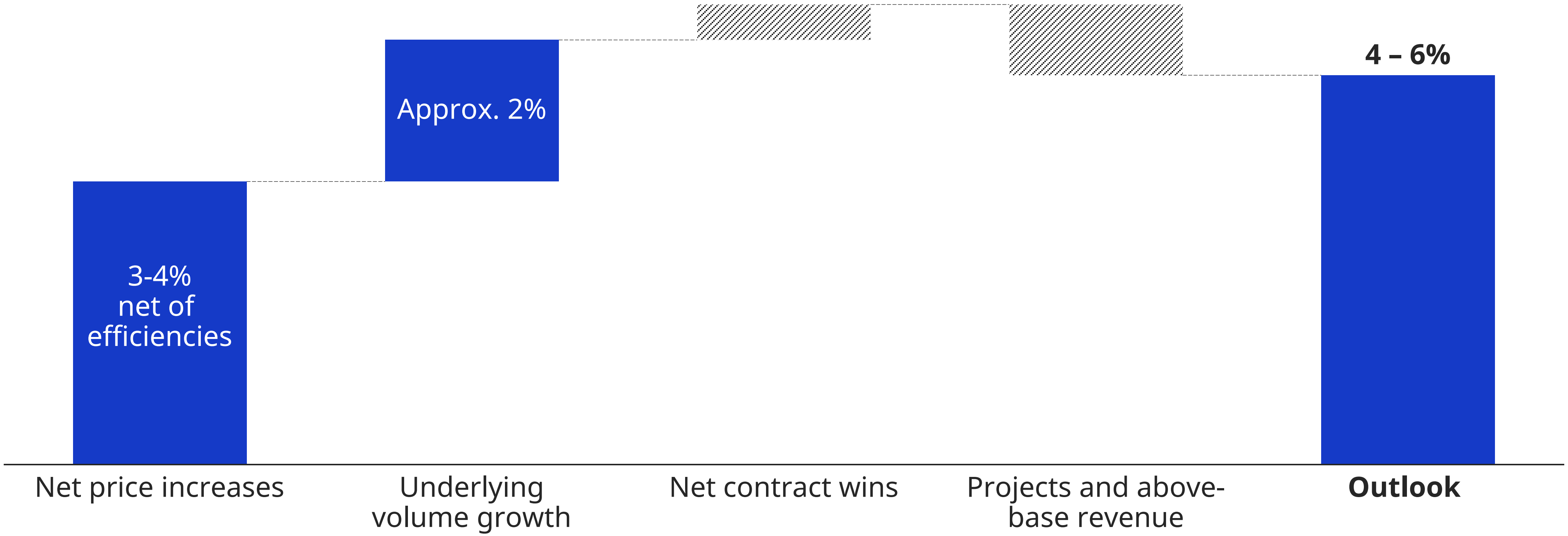
1) Outlook excl. IAS 29
2) Operating profit margin before other income and expenses



Preliminary operating margin guidance confirmed

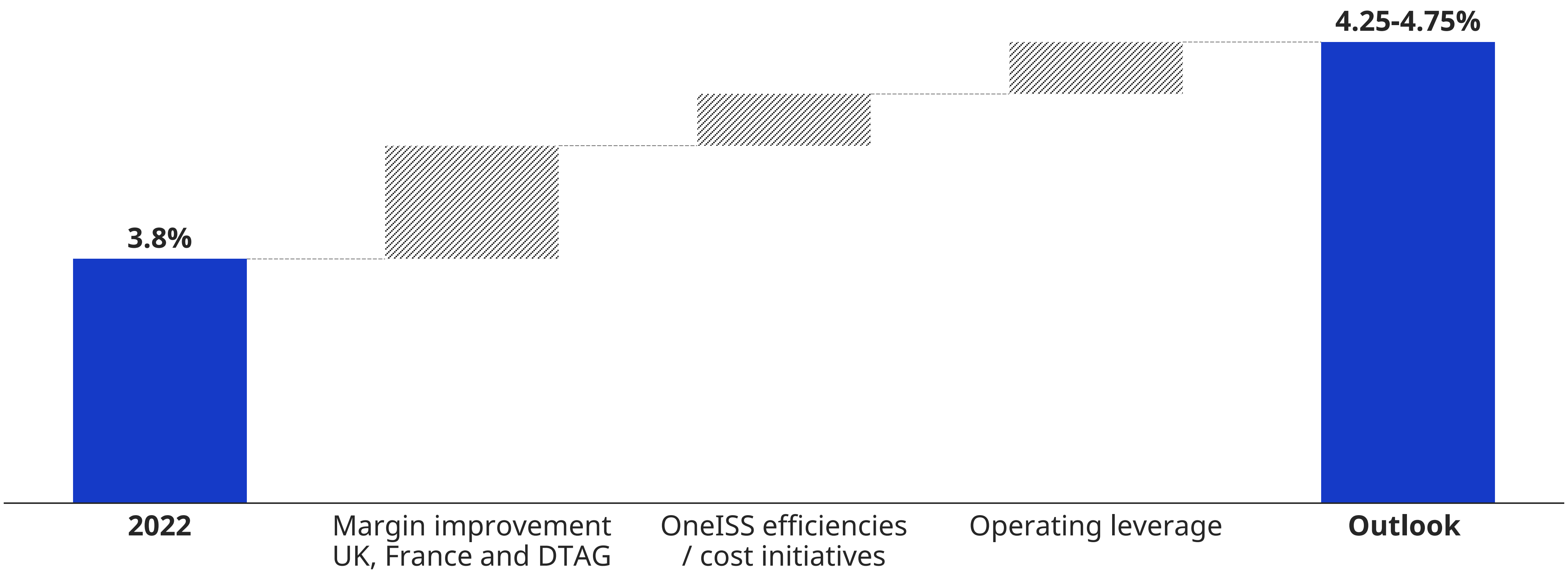
Organic growth outlook for 2023

Organic growth main building blocks



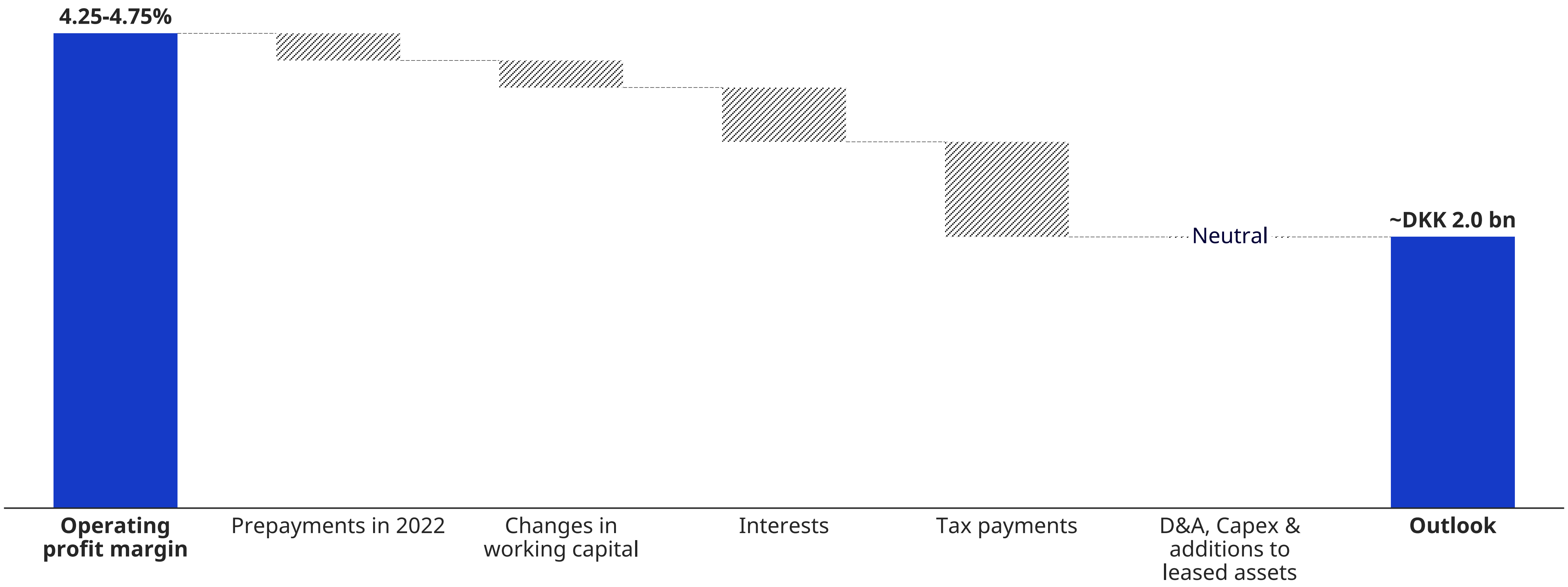
Operating margin outlook for 2023

Operating margin building blocks



Free cash flow outlook for 2023

Free cash flow building blocks (DKK billions)



Financial targets from 2024 and beyond - all targets confirmed

Organic growth

4 - 6%

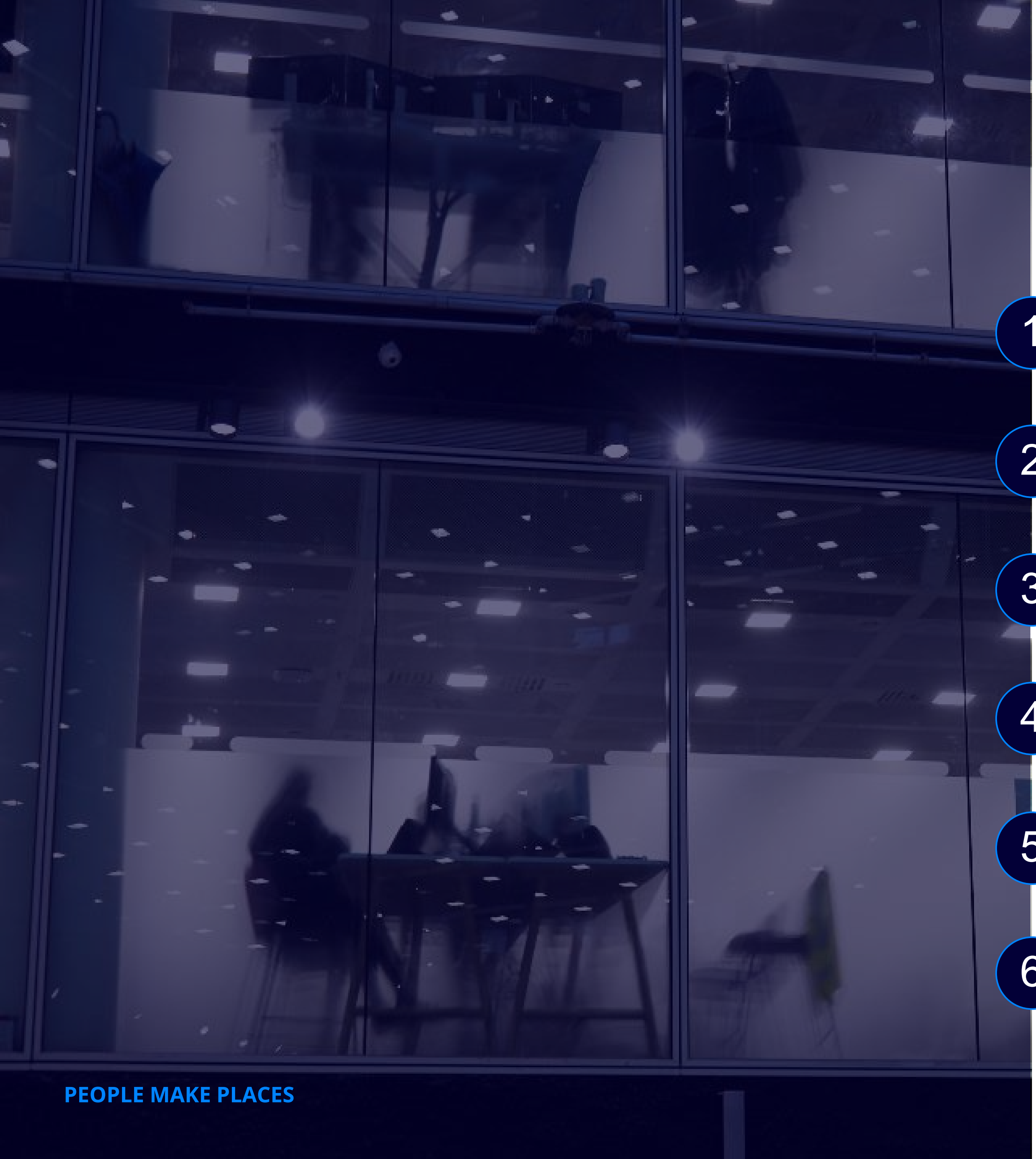
Operating margin

> 5%

Cash conversion[1)]

> 60%

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



Agenda

FY 2022 RESULTS

Q&A

INVESTOR PRESENTATION

Appendix

Regional performance FY2022
- All regions delivering solid improvements

	Northern Europe (38% of Group)	Central & Southern Europe (32% of Group)	Asia & Pacific (18% of Group)	Americas (11% of Group)
Organic Growth	4% (FY2021: 1%, Q4 2022: 4%)	8% (FY2021: 5%, Q4 2022: 11%)	6% (FY2021: 0%, Q4 2022: 11%)	27% (FY2021: -2%, Q4 2022: 21%)
Margin	5.3% (FY2021: 4.7%, H2 2022: 6.1%)	4.5%[1)] (FY2021: 2.5%, H2 2022: 5.7%)	6.3% (FY2021: 5.9%, H2 2022: 6.8%)	5.2% (FY2021: 5.5%, H2 2022: 6.5%)

Northern Europe

- Organic growth driven by solid return-to-office trends supported by contract wins
- Exit of the Danish Defense contract in May impacted growth negatively
- Operating margin improved as a result of continued operational improvements

Central & Southern Europe

- The strong growth was driven by price increases implemented in Turkey supported by underlying growth
- Strong execution of the restructuring of the DTAG contract improved operating margin
- Solid profitability across countries, except France

Asia & Pacific

- Return-to-office accelerated during the year as a result of lifted Covid-19 restrictions
- The activity level increased particular in India and Australia and was supported by new wins
- Margin improvement was driven by operating leverage from increased revenue and underlying improvements

Americas

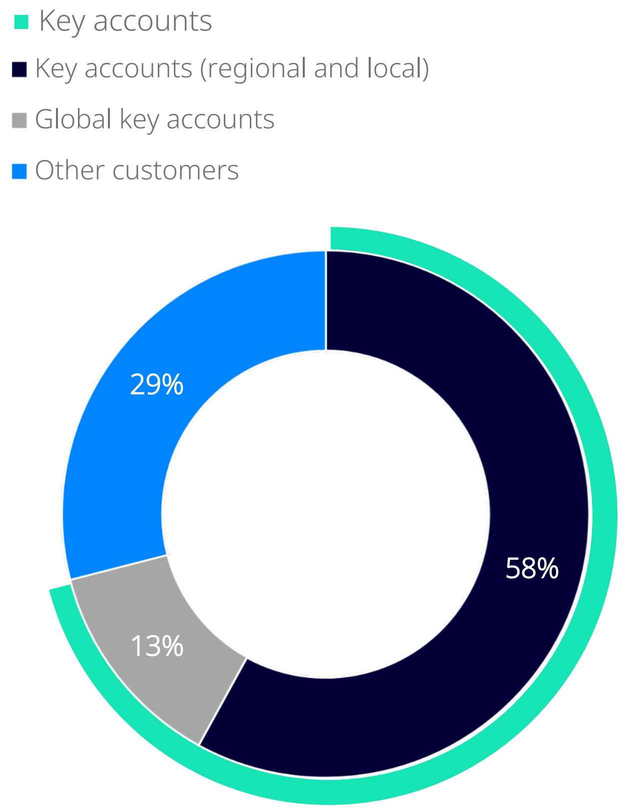
- Strong growth driven by large exposure to food services in the region
- Growth was supported by new wins
- Operating margin declined as a result of commercial investments and additional mobilisation costs related to new contracts

1) excl. IAS 29

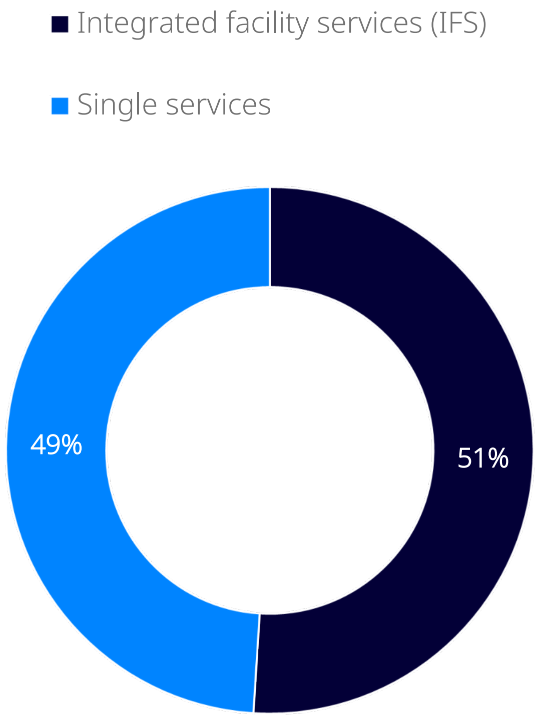
Note: Other countries represent 1% of Group revenue

Revenue split based on FY2022 (1/2)

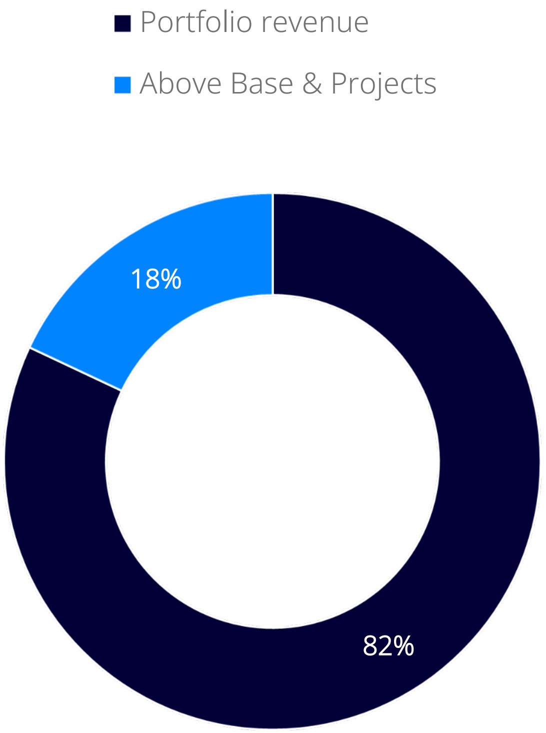
Customer type



Delivery type

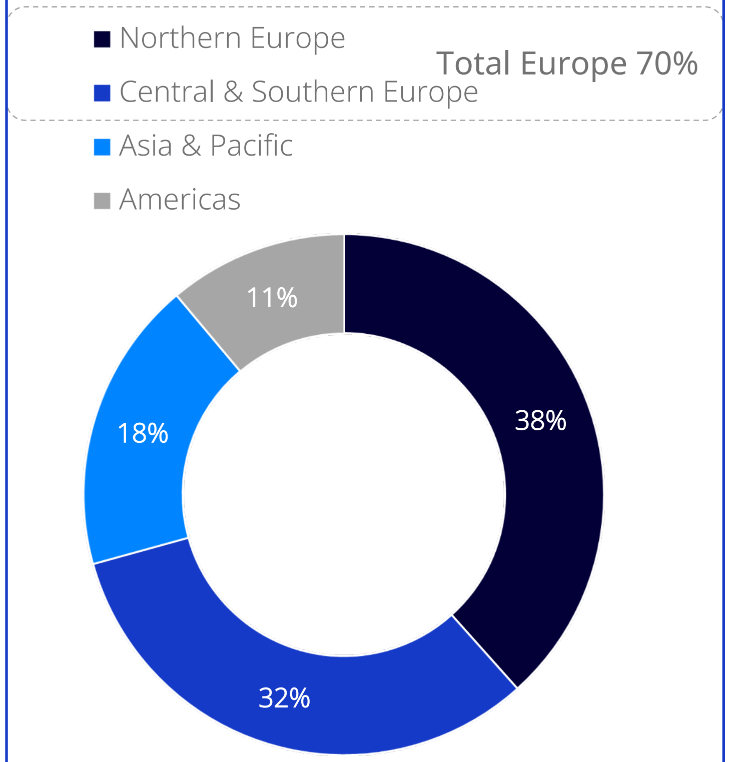


Revenue type

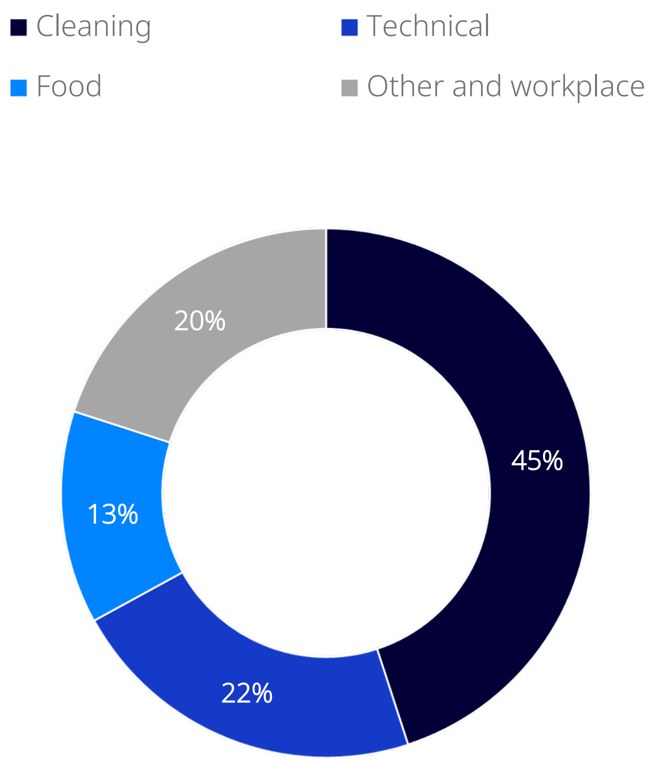


Revenue split based on FY2022 (2/2)

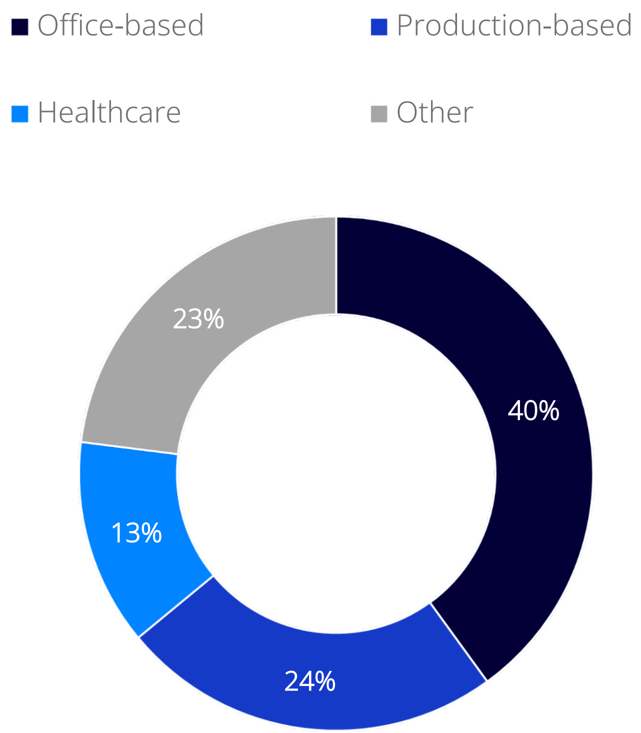
Geography[1)]



Service lines



Customer segments



1) Revenue related to other countries amounted to 1%

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