ISS INVESTOR PRESENTATION

Q1 2022 Trading Update

3 May 2022

PEOPLE MAKE PLACES

Jacob Aarup-Andersen
Group CEO

Agenda

1 Summary

2 Strategic update

3 Market and Business

4 Financials & Outlook

5 Q&A

Executive Summary
- Increased activity levels and further progress on the turnaround

OneISS

Solid commercial development
-
Progress on turnaround of underperforming areas

Covid-19

Clear return-to-office trends leading to increased activity levels
-
Q1 revenue (excl. M&A and FX) above pre Covid-19 levels (Q1 2019)

Financials

Continued underlying margin improvement
-
2022 outlook upgraded for organic growth

OneISS outlines the turnaround journey with strengthened strategic focus and an aligned operating model

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Strategy update
- Strengthened priorities supporting execution

Update on strategic priorities

- Solid commercial development with multiple important extensions and improving retention rate
- Redesigned Pulse survey to gain insights to latest industry trends. A key measure to act as trusted business partner for larger customers
- Strict focus on the management of cost inflation globally

Turnaround of underperforming contracts and countries

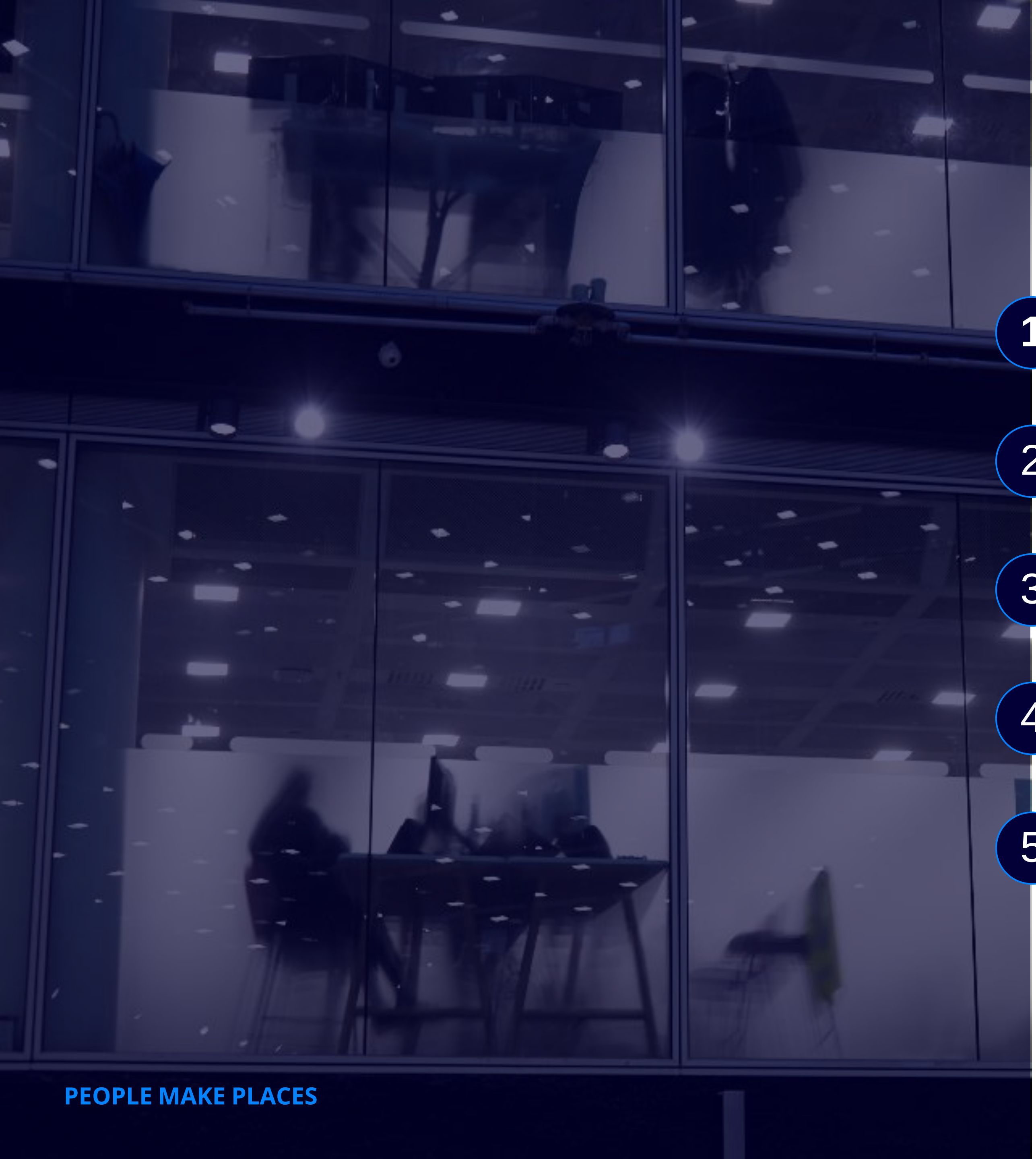
- Nine months ahead of plan, the UK has reached its turnaround target
- The recovery of the Deutsche Telekom contract continued to progress in line with plan despite inherent challenges
- The underlying improvement in France progresses gradually as planned

Divestment programme

- Divestment of Russia and Taiwan in Q1. 15 out of 17 countries now divested
- Proceeds of approximately DKK 1.9 billion are signed or completed corresponding to approx. 95% of the total targeted proceeds of the divestment programme

Status on divestment programme
- Continued progress in Q1

	Status	Development since Q4 results
Business units	• 98% completed of the total scope to divest assets with revenues of DKK 2.4 billion	• Divestment of a single service business unit has been completed
Countries	• 15 out of 17 countries completed • 2 remaining countries: Brunei and Portugal	• Divestment of Taiwan and Russia completed in Q1
Net proceeds	• Around DKK 2 billion with DKK 1.9 billion completed	• Valuation and proceeds from divestments are in line with expectations



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Key commercial development
- Numerous important retentions signed in Q1

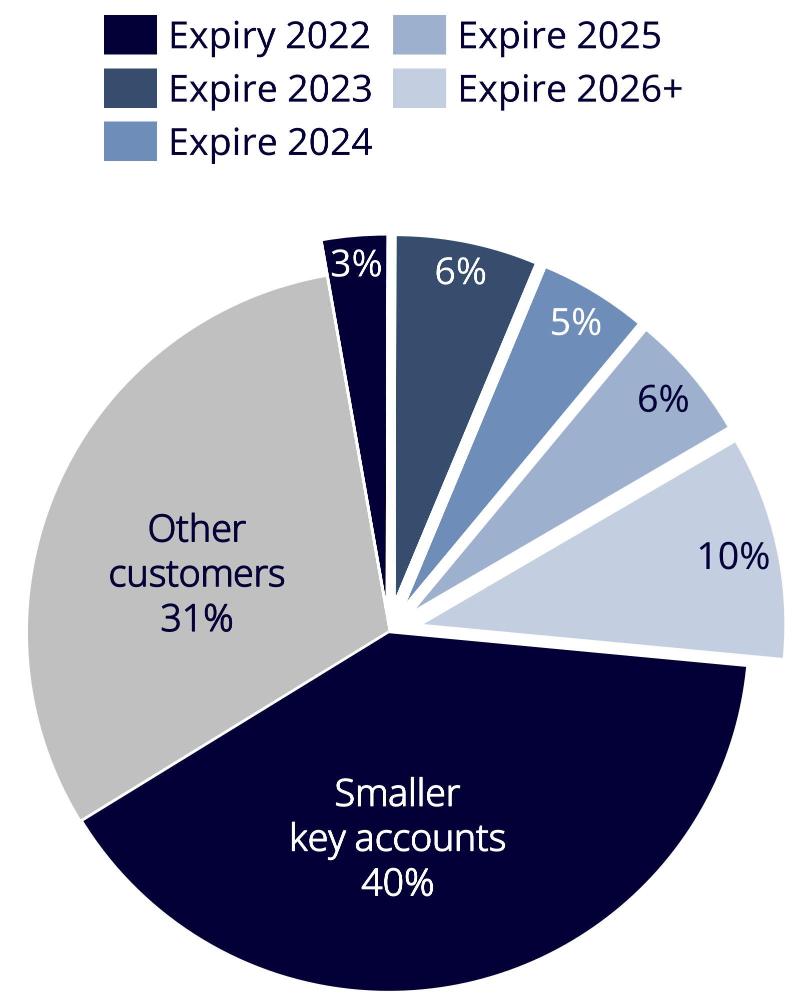
New wins[1)]

- Aviation customer, Austria (c. DKK 110 m)

Retentions[1)]

- Pharmaceutical customer, Spain
- Government customer, United Kingdom
- Aviation customer, Australia
- Pharmaceutical customer, Denmark
- Salling Group, Denmark
- Healthcare customer, Singapore
- Victorian Department of Education and Training, Australia
- Mining Service customer, Australia
- Professional Services customer, United Kingdom
- Energy customer, Germany
- Healthcare customer, United Kingdom

Large key accounts[2)] contract maturity profile



1) New since Q4 results on 24 February 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

Inflation managed throughout decades
- Managing inflation is an integrated part of the business model

Case study

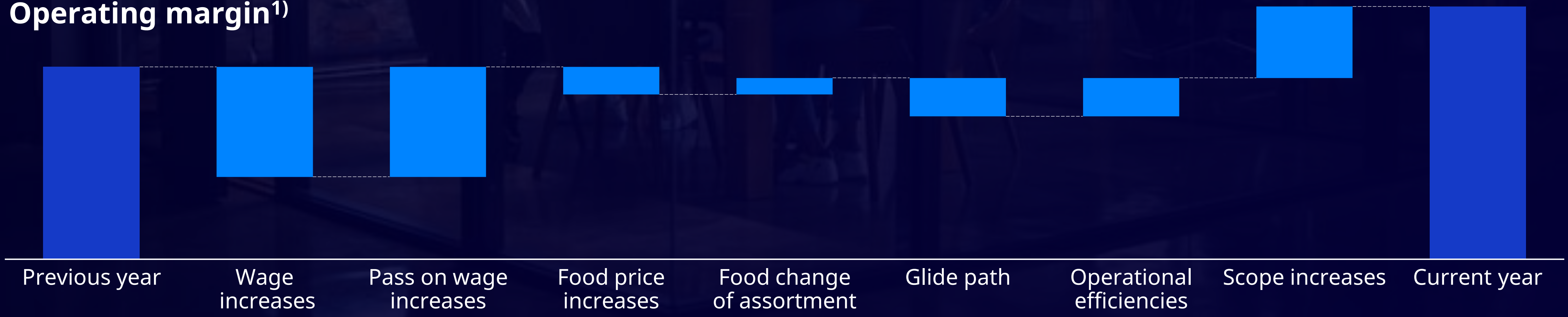
Manufacturing key account case study

- All increases on wages can be passed on to customer
- Increases on other non-wage items are updated annually with 1% self coverage for ISS
- Prices regarding catering are discussed annually

Key points on contract case

- ✓ Wage increases passed on to customer
- ✓ New food assortment implemented in discussion with customer to mitigate further price increases
- ✓ Commercial and scope discussions done regularly

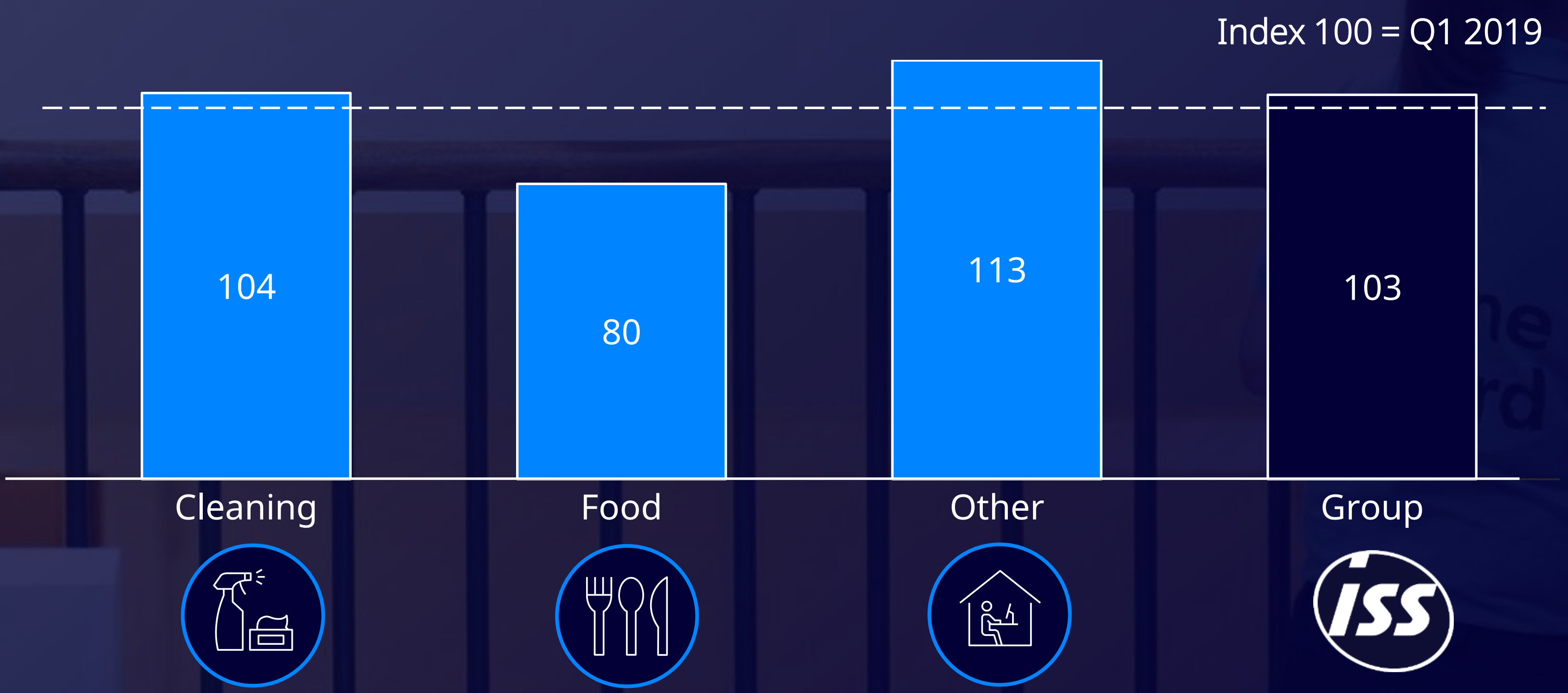
Operating margin[1)]



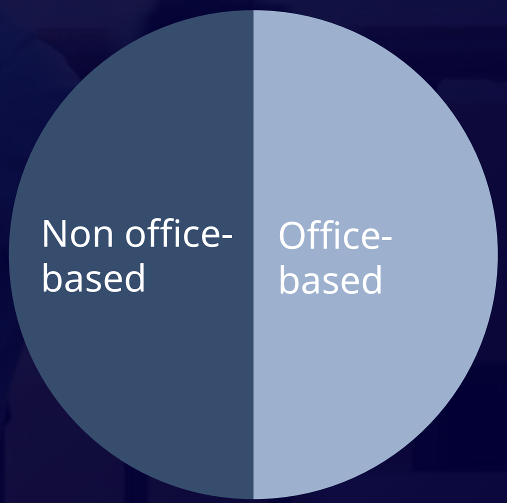
1) Operating profit margin before overhead costs

Revenue in Q1 now above pre Covid-19 levels
- Continued structural demand and growth of ISS' core service lines

Organic growth by service line compared to pre-covid levels

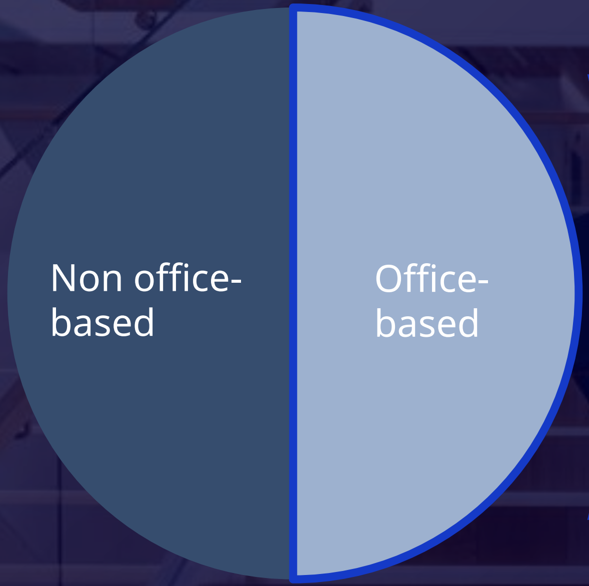


Customer split

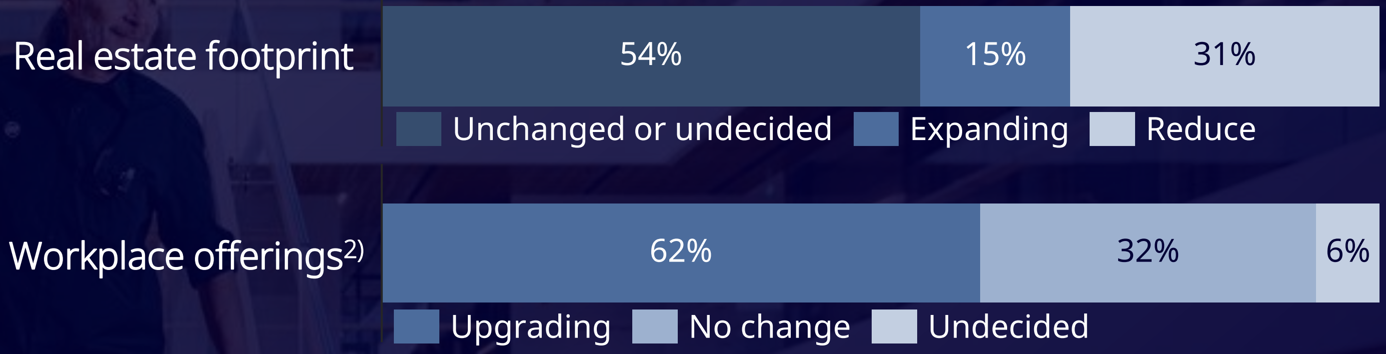


ISS Pulse survey to gain insights on office trends (1/2)
- Highlights commercial opportunities

Customer split



What companies are planning to do with real estate footprint and workplace offerings[1)]



Implications

- The majority of customers are not reducing real estate footprint
- Customers are seeking higher quality solutions and increasing investments in upgrades of workplaces to enhance employee engagement
- Several commercial opportunities arise with a self-delivering and integrated customer offering

1) Based on 101 unique responses from customers around the world. Represent estimated 1 million office workers.
2) Workplace offerings cover facilities / workplace environment, services & amenities and workplace experiences

ISS Pulse survey to gain insights on office trends (2/2)
- Indicates changing business priorities for FM services

Pre-Covid

1. Operational efficiency
2. Employee engagement
3. Employee productivity
4. Cost savings
5. Environmental sustainability

Post-Covid

1. Employee engagement ▲
2. Operational efficiency ▼
3. Environmental sustainability ▲
4. Attract talent ▲
5. Employee productivity ▼

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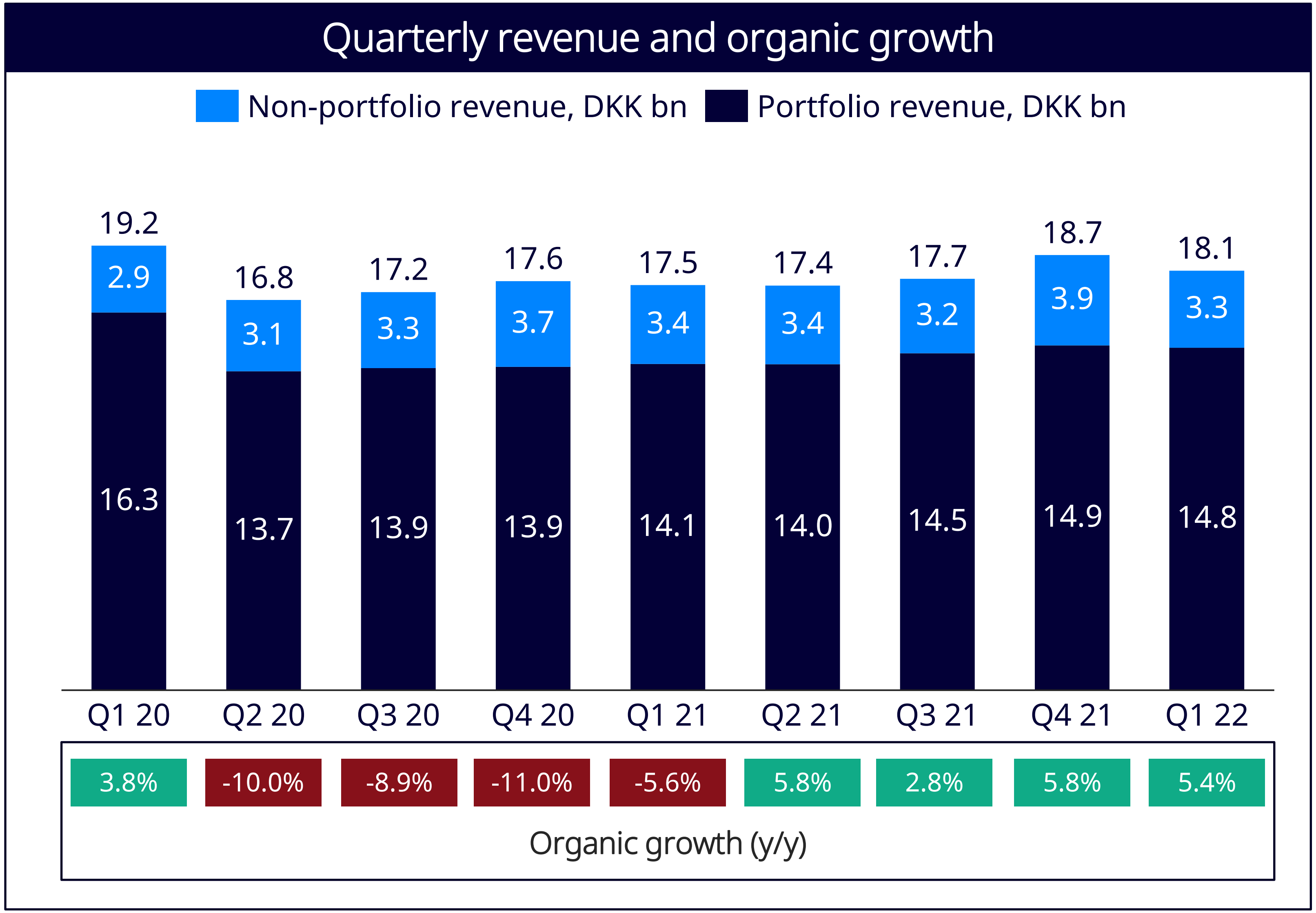
Kasper Fangel
Group CFO

Solid organic growth of 5.4% in Q1
- Driven by return-to-office and price increases



Key comments Q1 2022

- Revenue increased to DKK 18.1 billion driven by increasing return-to-office trends and price increases globally.
- Price increases in Turkey contributed with around 1%-point to Group organic growth.
- Portfolio revenue grew organically by 7%.
- Organic growth for projects and above-base work was -1%. The demand continued to be strong and is still above pre Covid-19 levels.

Regional organic growth Q1 2022
- All regions delivering positive organic growth

Northern Europe
(39% of Group)

3%

(Q4 2021: 4%, Q1 2021: -5%)

- Growth driven by continued return-to-offices, implementation of price increases and overall improved activity levels
- Growth was especially driven by Norway (successful transition of Equinor win), Belgium and the Netherlands offset by Denmark (gradual exit of Danish Defence)

Central & Southern Europe
(32% of Group)

5%

(Q4 2021: 6%, Q1 2021: -1%)

- Growth was mainly driven by significant price increases in Turkey
- France and Germany were negatively impacting the growth of the region reflecting the focus on margin recovery

APAC
(18% of Group)

1%

(Q4 2021: 2%, Q1 2021: -2%)

- Gradual return-to-office led to portfolio growth which was almost balanced out by lower above-base and project work
- Significant improvements in Australia driven by portfolio revenue recovery

Americas
(10% of Group)

29%

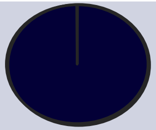
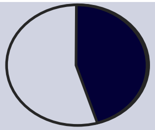
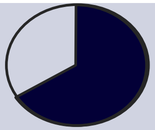
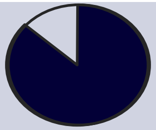
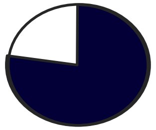
(Q4 2021: 19%, Q1 2021: -27%)

- Growth driven by all countries in the region, mainly as a result of return-to-office trends and high exposure to food
- Further ramp-up of contracts transitioned during 2021 had a positive impact in the quarter

Note: Other countries represent 1% of Group revenue

Margin recovery journey towards turnaround target
- Turnaround target in the UK has been achieved

CONCEPTUAL AND INDICATIVE

Margin recovery drivers	Key Development Q1 2022	Contribution to Group Margin Target (By end of 2022 vs. 0.5%[1] in 2020)	Financial progress (end of Q1 2022)
UK recovery	• Turnaround targets achieved nine months ahead of plan • Restructuring and streamlining of the organisation finalised	+100bp (Recover to low single-digit margins)	
France recovery	• Continued progress on turnaround as planned • Underlying improvement continues to be gradual and modest • Commercial development still muted	+40bp (Recover to low single-digit margins)	
Underperforming contracts	• Deutsche Telekom continued to progress in line with plan, but still loss-making • The gradual exit of the Danish Defence contract close to finalised	+100bp (Based on break-even)	
COVID-19 restructuring and revenue recovery	• Revenue recovery continued in Q1 across the Group • Increasing return-to-office trends in large markets	+130bp (Recover ~60% of lost revenue and payback of restructuring)	
Rest of business and new operating model	• Accelerated investments in group functions and capabilities	Above -20bp (Ongoing restructuring costs, investments, savings and other effects)	
Turnaround target and estimated progress		= Above 4%	

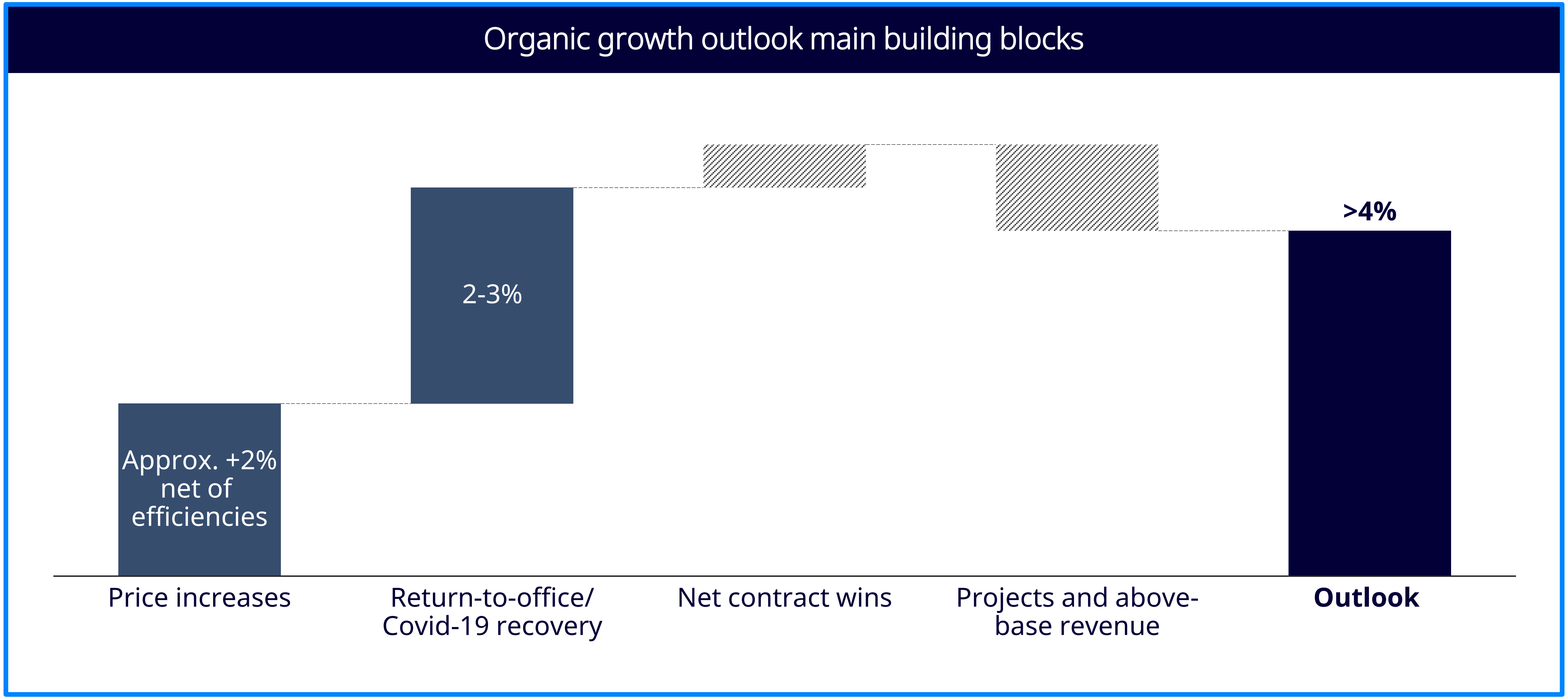
1) Before restructuring and one-offs of DKK 3.5bn in 2020

Upgrade 2022 Outlook
- Driven by return-to-office trends and price increases

Upgraded	Confirmed	
Organic Growth	**Operating Margin[1)]**	**Free cash flow**
Above 4% (Before above 2%)	Above 3.5% (Unchanged)	Above DKK 1.3 bn (Unchanged)
Upgrade is driven by: • The return-to-office trends and price increases will continue to have a positive impact on the growth • Continued strong demand for project and above-base revenue	• Continued recovery of the underperforming contracts and countries • Positive operating margin effect from revenue growth • Neutral effect from cost inflation	• Improvement in operating profit • Neutral to slightly positive impact from working capital following significant inflow in 2021

(1) *Operating profit margin before other income and expenses*

Organic growth outlook for 2022
- Main growth drivers impacted by inflation and the pandemic



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Turnaround targets confirmed
- Recovery on track

Operating margin[1] above 4% when entering 2023

Above DKK 1.3 billion Free cash flow in 2022

Deleveraging to below 3x by end 2022

1) Before other income and expenses, net

Q1 2022 TRADING UPDATE

Q&A

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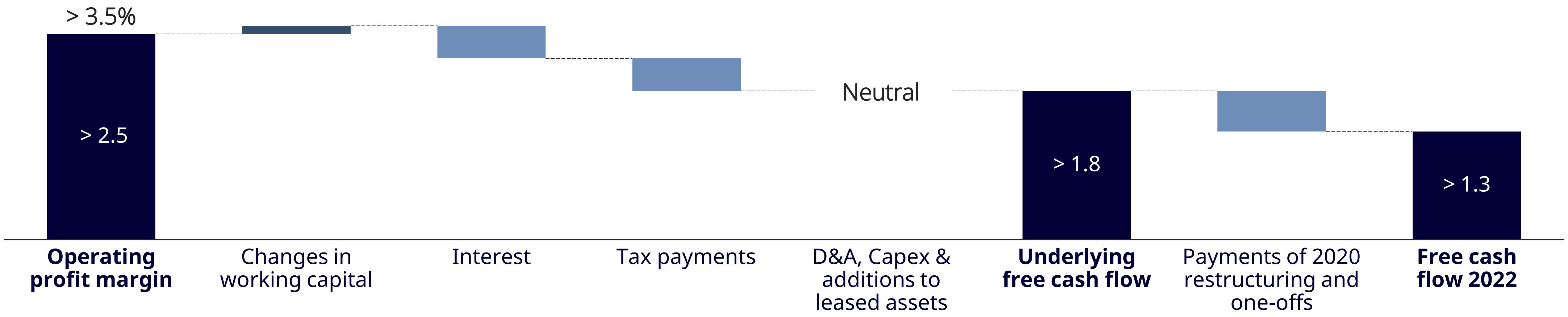
INVESTOR PRESENTATION

Appendix

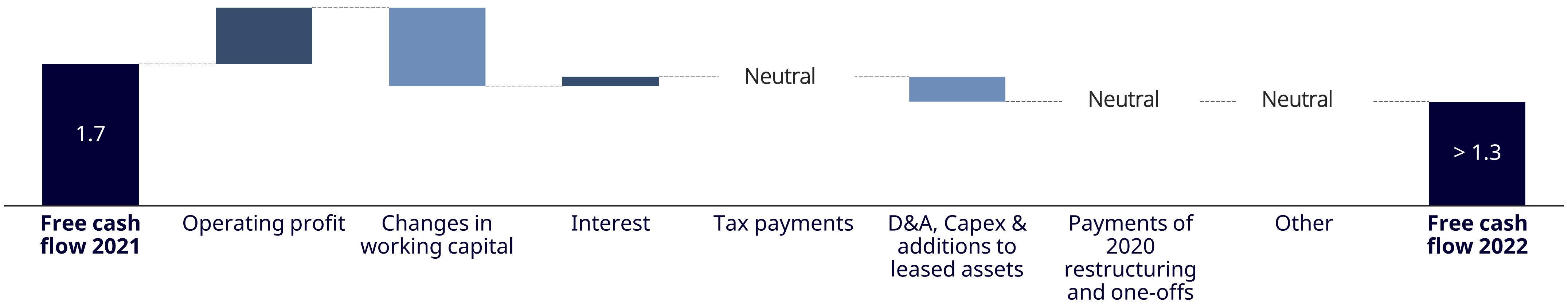
Free cash flow outlook
- Another year of solid free cash flow in 2022

CONCEPTUAL AND INDICATIVE

Bridge from operating profit to free cash flow 2022 outlook (DKK billions)

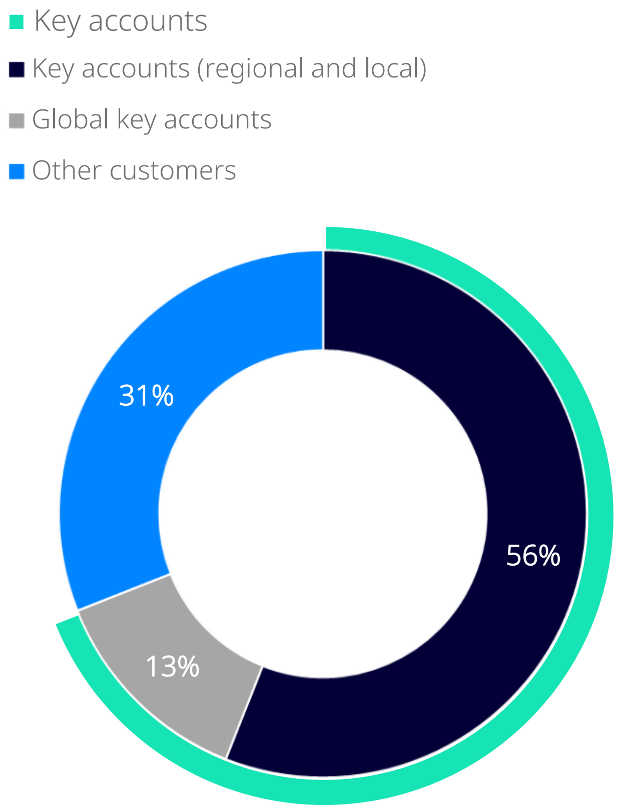


Free cash flow bridge from 2021 to 2022 (DKK billions)

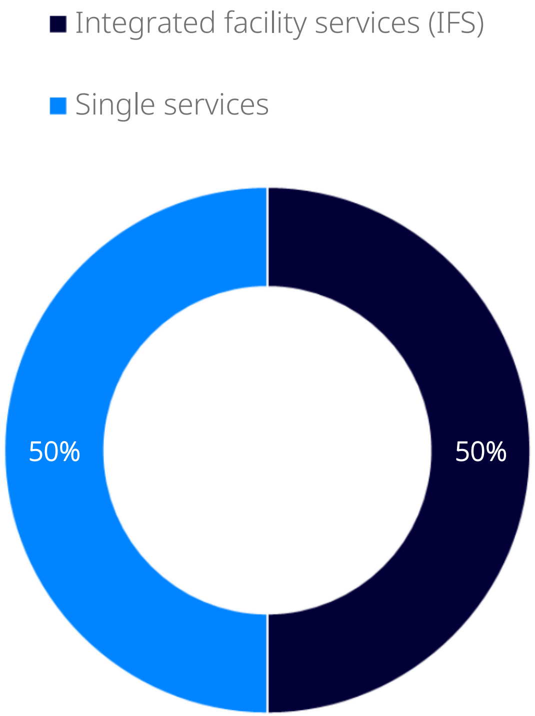


Revenue split based on FY2021 (1/2)

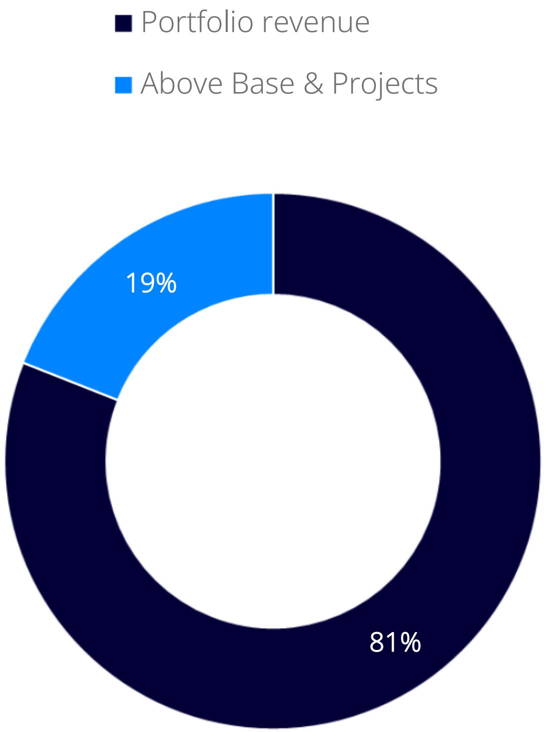
Customer type



Delivery type

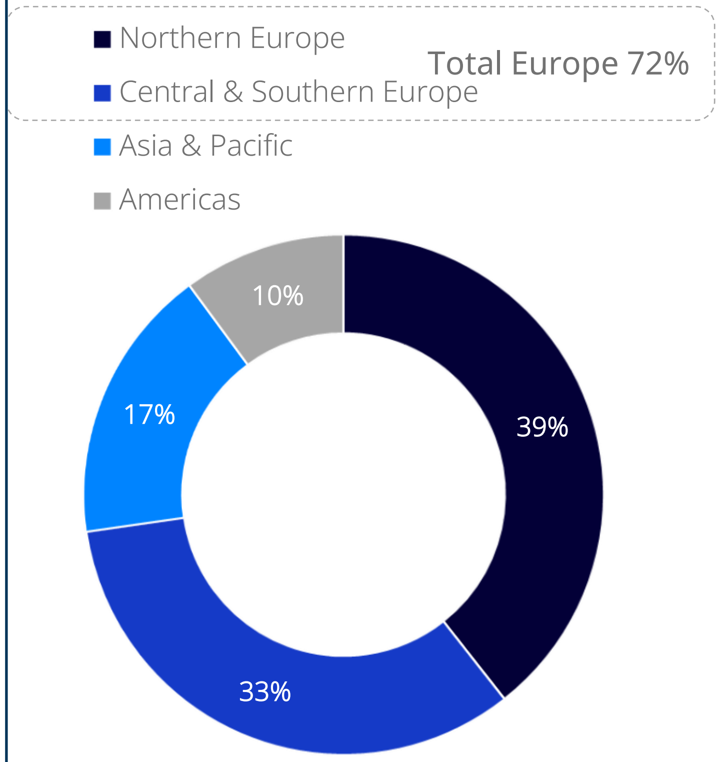


Revenue type

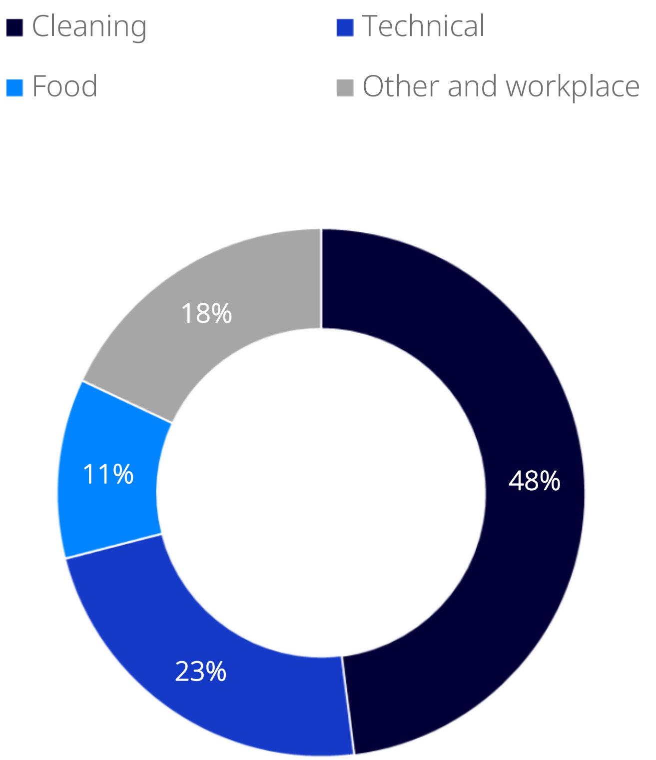


Revenue split based on FY2021 (2/2)

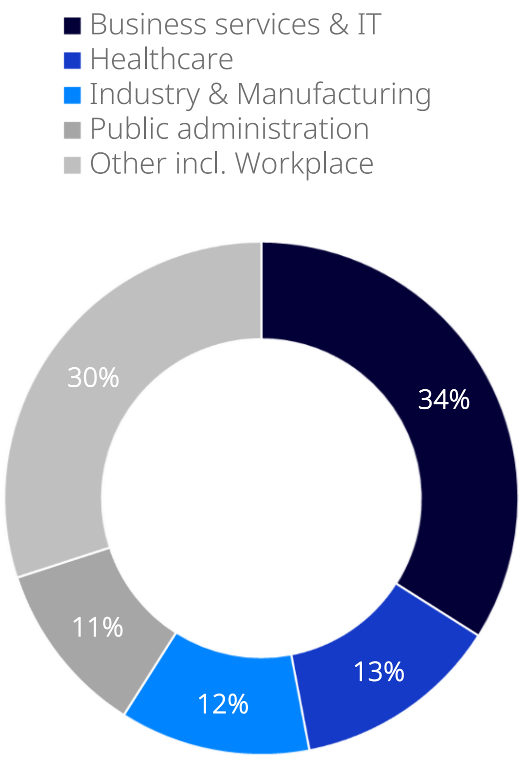
Geography[1)]



Service lines



Customer segments



1) Revenue related to other countries amounted to 1%

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