

ISS INVESTOR PRESENTATION

# Full year 2024 results



20 February 2025 - Kasper Fangel, Group CEO & Mads Holm, Group CFO





INVESTOR PRESENTATION FY 2024

# Agenda

- ▶ Executive summary
- ▶ Strategic update
- ▶ Financials
- ▶ Outlook
- ▶ Q&A



KASPER FANGEL, GROUP CEO

# Executive summary

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# Set to fuel future growth, financials on track & SBB at DKK 2.5bn

## Business



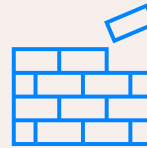
Signed four new wins in 2025, each above DKK 100 million

Implemented measures to accelerate momentum on new wins

Streamlined EGM team from 8 to 5 members

DTAG arbitration process progressing as planned

## Financials



Organic growth at 6.3% for 2024 driven by strong above-base projects in Q4 and continued price increases

Underlying profitability continued to improve, offset by ongoing investments towards the year-end

Strong free cash flow supported by DKK 0.2bn in prepayments

## Capital allocation

Financial leverage



**2.0x**  
(target range 2.0-2.5x)

Proposed dividends



**DKK 3.1/share**  
20% of adjusted net profits

New share buyback



**DKK 2.5bn**  
11.5% total pay-out ratio<sup>1)</sup>

1) As per 19 February 2025



KASPER FANGEL, GROUP CEO

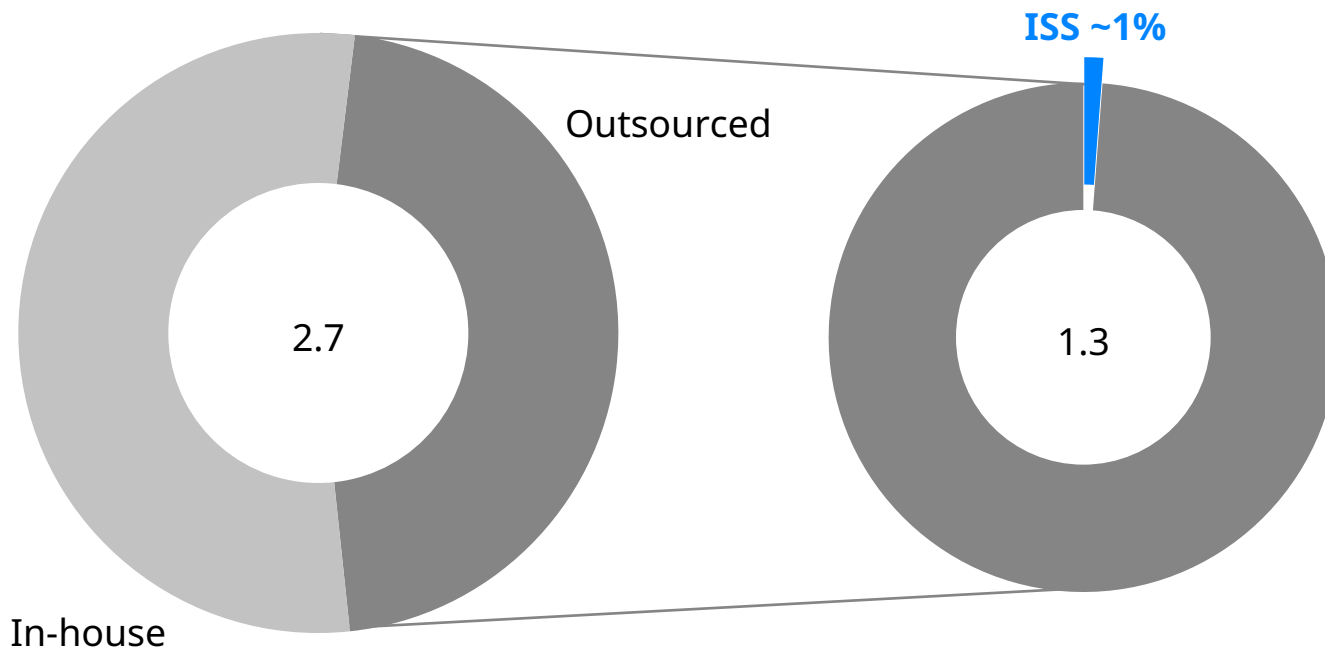
# Strategic update

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STRATEGIC UPDATE

# Significant **growth potential** in the IFS and single service cleaning business

Global market for Facility Services, trillion USD



Fundamental growth drivers remain...

- Conversion of in-house volumes
- Adoption of integrated contracts

... and new ones have emerged...


- Macro-economic uncertainty
- Labor shortages
- Hybrid work
- Focus on workplace experience


... playing to the strengths of ISS

Source: Frost & Sullivan

STRATEGIC UPDATE

# Turning low **workplace engagement** into a growth opportunity

 Employee engagement is at an all-time low, costing the global economy up to 9% of GDP annually.<sup>1)</sup> We aim to help our customers turn this **trillion-dollar challenge** into our growth opportunity

 We are **twice as likely** to win a bid where the customer prioritises workplace experience to attract, engage and retain employees over reducing costs

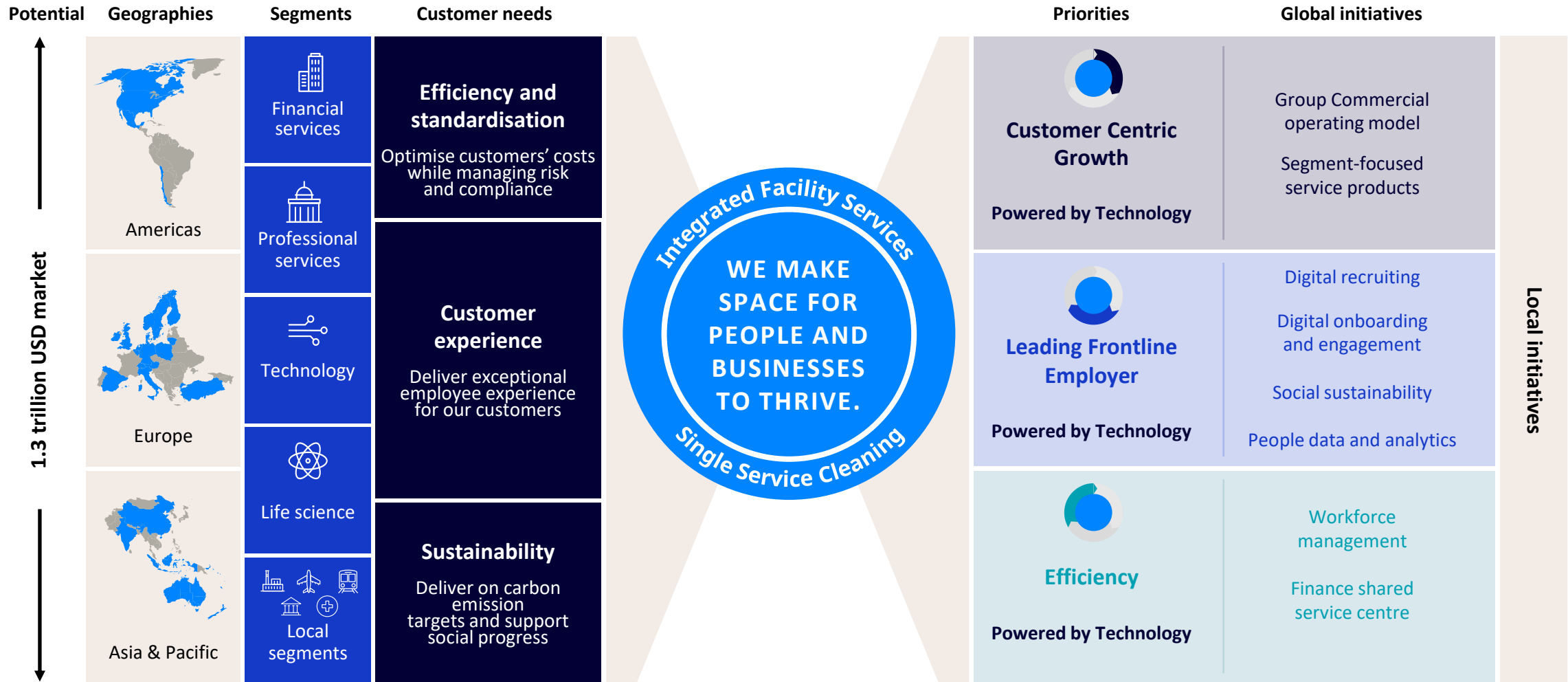
<sup>1)</sup> Gallup



We make space for  
**people and businesses**  
to thrive

STRATEGIC UPDATE

# Summarizing our refreshed strategy



# Pipeline and market dynamics, indicating **growth opportunities** for 2025 and beyond

## Understanding customer needs

1. Price
2. Customer experience
3. ESG



## Increasing share of wallet

Strategic focus on growing with existing customers

## Strong commercial culture

Drive commercial culture to site level with rigorous execution across the value chain



## Segmentation

Focus on 4 key segments, with flexibility to pursue local opportunities when the business case is strong



## Customer engagement

We have a close relationship to our customers, positioning us strongly in larger tenders

# Smaller and more agile EGM to reduce complexity and drive strategy

- ✓ Reduced complexity, a smaller and more agile EGM, and a streamlined organizational structure
- ✓ Addressing commercial growth opportunities
- ✓ Focus shifted from a technology 'leader' to a customer-driven technology 'enabler'



# Building a healthy 2025

- **New wins**

- Financial Services, Europe (c. 0.2% of revenue)
- Technology customer, India (c. 0.1% of revenue)
- Technology customer, Europe (c. 0.1% of revenue)
- Aroundtown, Germany (c. 0.1% of revenue)

- **Losses & exits**

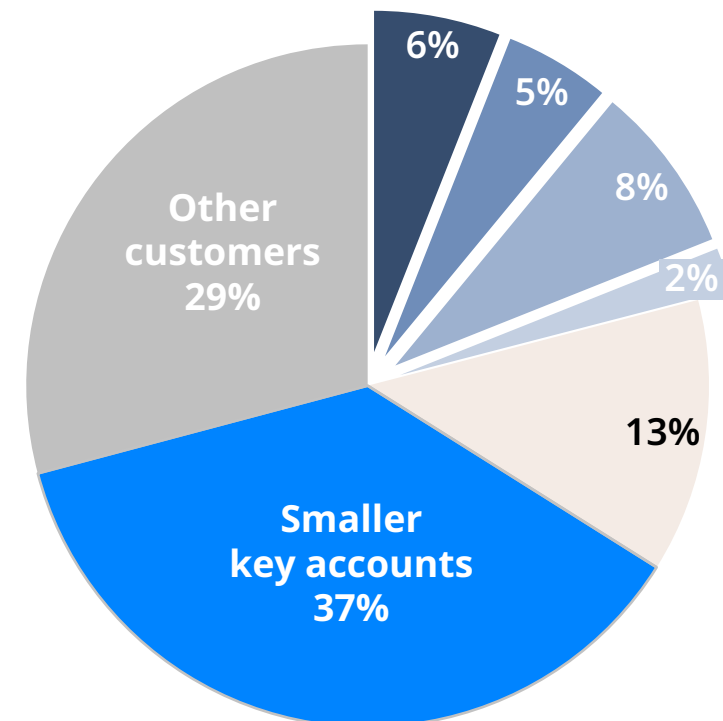
- None

- **Extensions**

- Canberra Health Services, Australia
- Banking customer, Global
- SA Health, Australia
- Retail and wholesale, Denmark
- Industry and Manufacturing, Denmark
- Pharmaceutical, Belgium & Lux
- Public administration, Austria

## Large key accounts<sup>2)</sup> contract maturity profile

- Expire 2025
- Expire 2026
- Expire 2027
- Expire 2028
- Expire 2029+



1) Since Q3 2024 results on 5 November 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



MADS HOLM, GROUP CFO

# Financials

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FINANCIALS

# Robust financial performance in 2024 across all KPIs

	FY 2023	Outlook	FY 2024
Organic growth	9.7%	5-6%	6.3%
Operating margin	4.3%	>5%	>5%
Free cash flow	DKK 1.8bn	DKK >1.8bn	DKK 2.0bn



## FINANCIALS

# Positive organic growth and margin improvements in all regions

### Northern Europe

(37% of group)

Q4: 6%

FY: 6.4%

- Organic growth was primarily driven by price increases, supported by project and above-base revenue
- All countries except Norway saw positive organic growth, with the UK as the top contributor
- All large key account contracts set to expire in 2024 were extended

Margin FY 24: 5.8% (FY 23: 5.3%)

### Central & Southern Europe

(33% of group)

Q4: 10%

FY: 10.9%

- All countries contributed with positive growth in the year
- Price increases in Türkiye were the main driver of organic growth
- Acquisitions and divestments had a net contribution of 4% to revenue growth
- Successfully extended contracts and retained key customers in the region

Margin FY 24: 6.9% (FY 23: 6.0%)<sup>1)</sup>

### Asia & Pacific

(17% of group)

Q4: 3%

FY: 2.4%

- Organic growth impacted by focus on labor compliance, resulting in contract exits
- 2024 impacted by lower win rate, due to sharpened focus on selective bid and sustainable margin focus
- Successful renewal of larger contracts, especially in Australia

Margin FY 24: 7.2% (FY 23: 6.1%)

### Americas

(12% of group)

Q4: 20%

FY: 0.4%

- Organic growth in Q4 was driven by significant hurricane response and restoration, contributing to above-base volume
- Deliberate contract trimming of non-accretive customers with several contract exits
- FY organic growth would have been inline with group levels adjusting for deliberate contract exits

Margin FY 24: 5.8% (FY 23: 5.1%)

Note other countries represented 1% of Group revenue.

<sup>1)</sup> excl. IAS 29

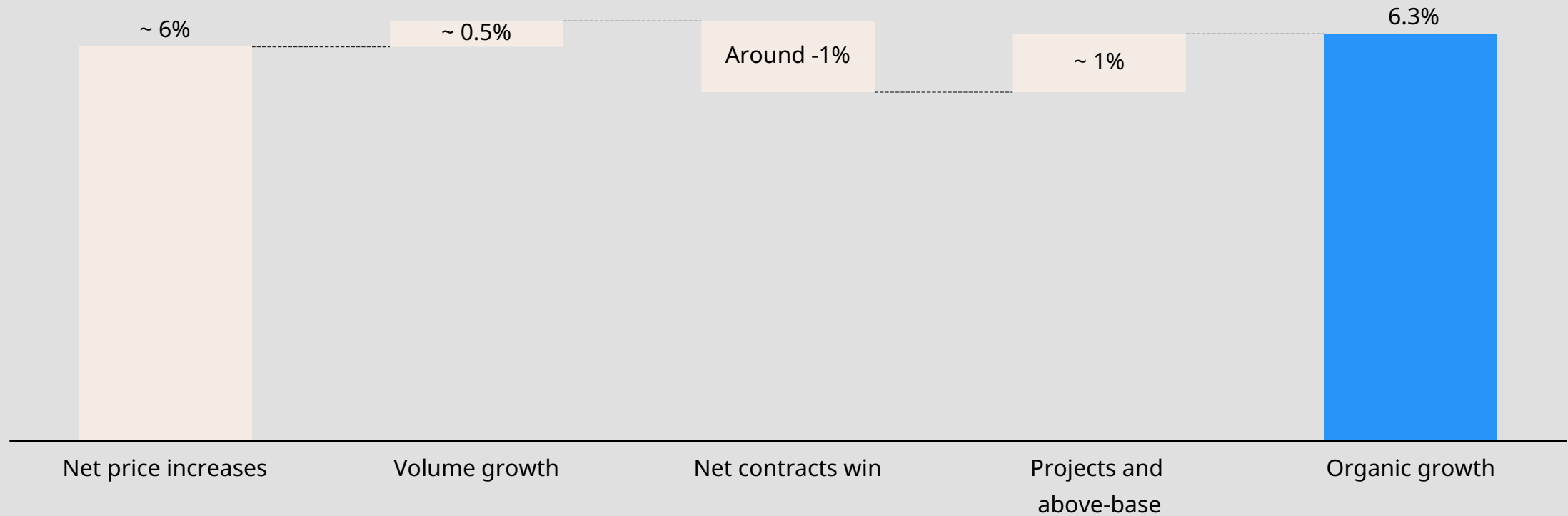
14 | © ISS



FINANCIALS

# Organic growth of 6.3% in 2024 mainly driven by price & above-base

## Organic growth building blocks



Q4 2024: ~ 5%

Q4 2024: slightly above 0%

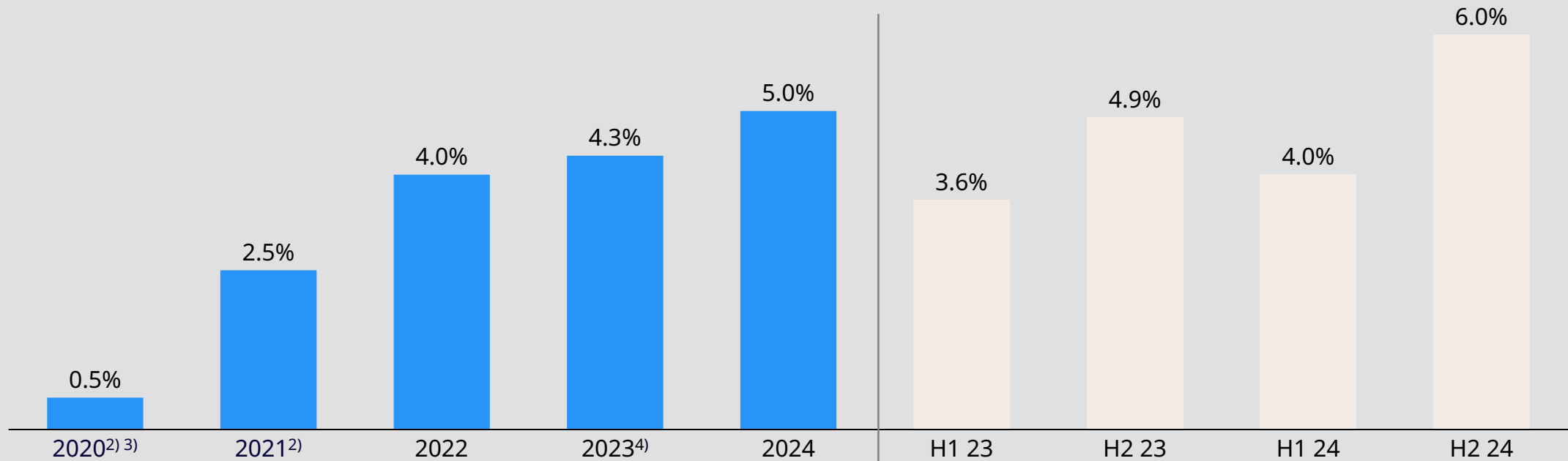
Q4 2024: around -1.5%

Q4 2024: ~ 4.5%

Q4 2024: 8.3%

# Strong operating margin recovery

1)



1) Excl. hyperinflation (IAS 29)

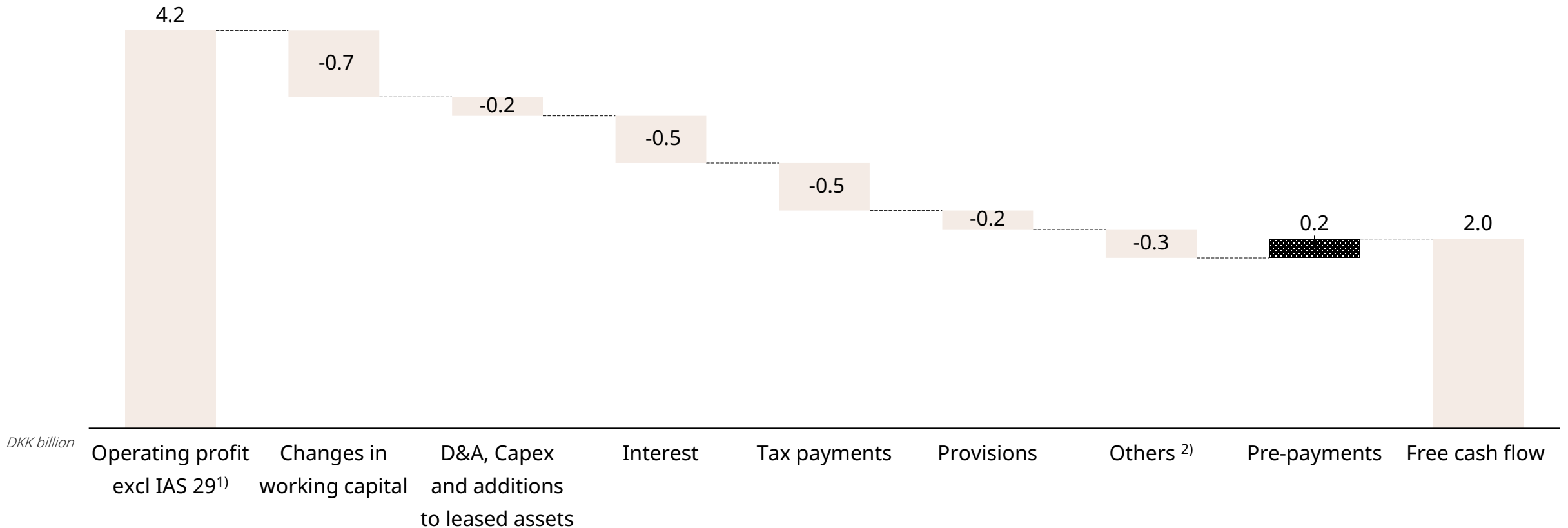
2) Incl. France

3) Before restructuring and one-offs

4) Underlying margin 4.6%

FINANCIALS

# Strong free cash flow for 2024 positively impacted by improvement in operating profit in H2 24



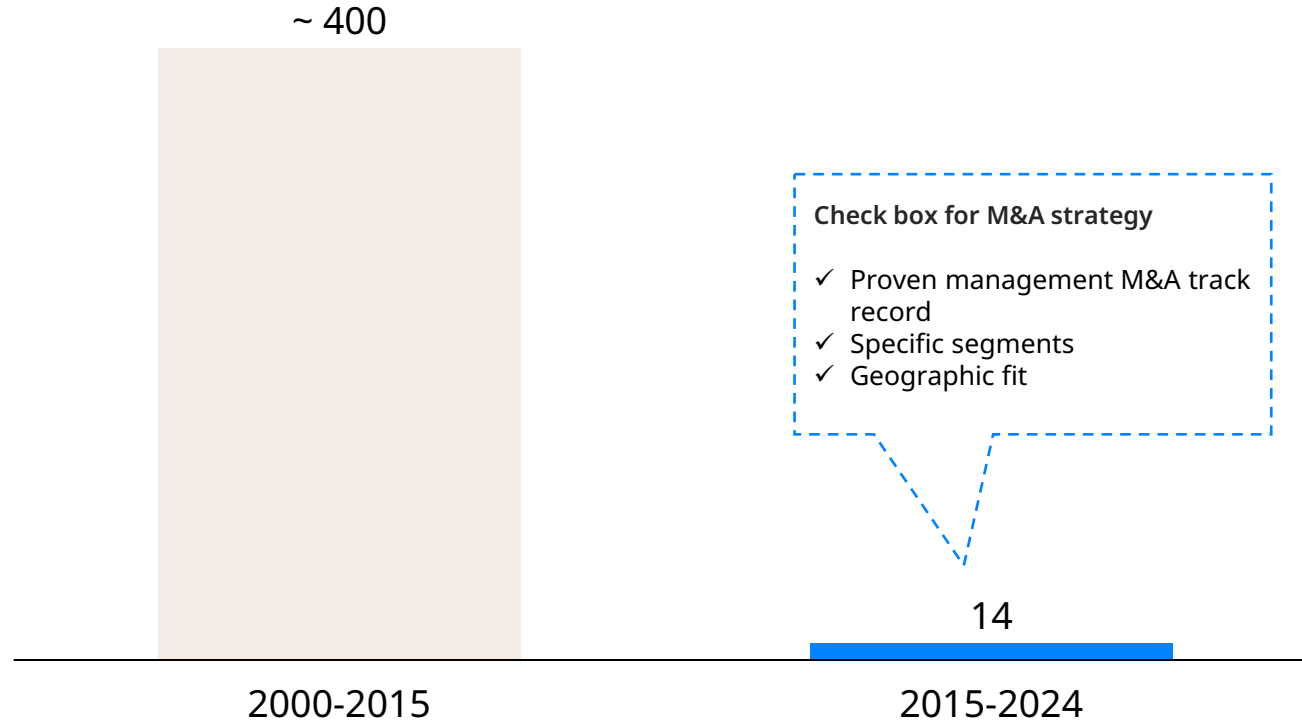
1) Excluding operating profit from Discontinued Operations

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



## FINANCIALS

# M&A Strategy: Balancing between bolt-on M&A and SBB carefully



# of acquisitions from 2000-2015 & 2015-2024

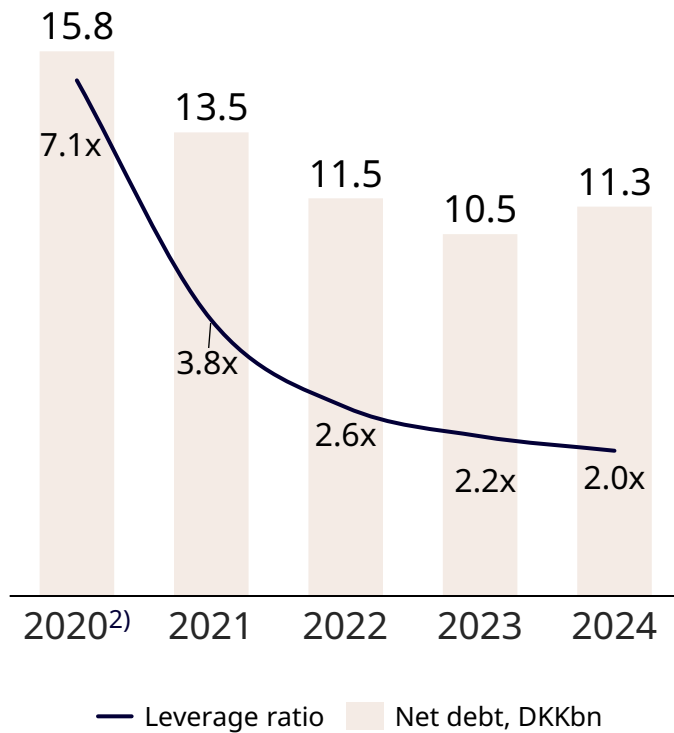
## Bolt on M&A

- ISS has acquired only 14 companies in the past ten years with clear strategic fit with strong catering and technical services added
- We continue to have a tight view on targets vis-à-vis share buy backs. We only acquire when there is a low-risk path for margin lifts through achieving synergies and bolting targets' model on to ISS'

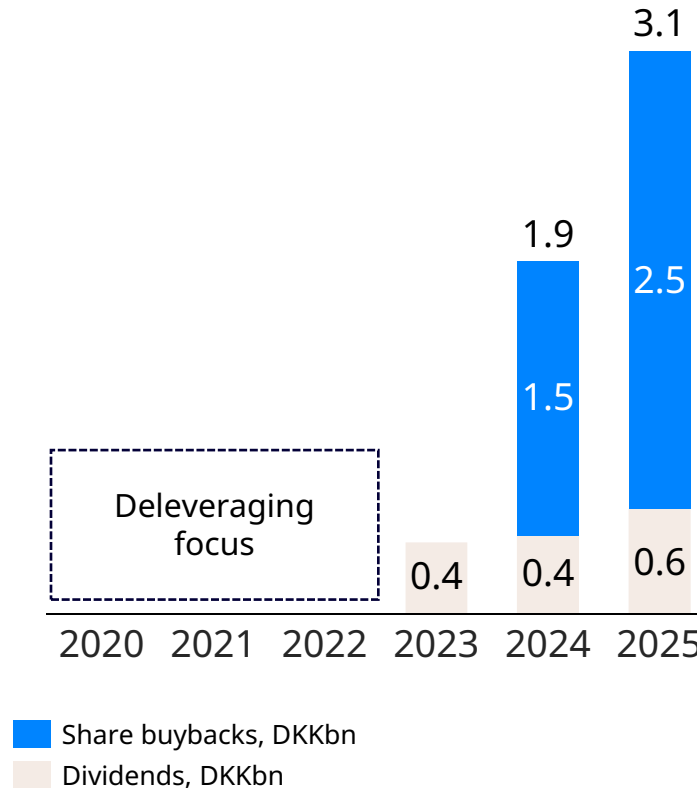
FINANCIALS

# Capital structure focused on maximizing shareholder return

Leverage ratio development<sup>1)</sup>



Shareholder returns



## Capital allocation update

- Capital allocation policy remains unchanged
- Financial leverage of 2.0x is in the lower end of the target range of 2.0-2.5x
- Proposed dividend payment of 20% of adjusted net profit equal to DKK 575m or DKK 3.1 per share
- A share buyback programme is initiated of DKK 2.5bn to be executed over a 12-month period

<sup>1)</sup>Net debt / Pro forma adjusted EBITDA (LTM)

<sup>2)</sup>Adjusted for restructuring and one offs



KASPER FANGEL, GROUP CEO

# Outlook

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## OUTLOOK

# 2025 financial outlook

### Organic growth

4-6%

- Driven by successful implementation of price increases across the Group and positive net new wins
- Sharpen commercial focus on segmentation and growing with existing customers
- Impact from projects and above-base expected to be slightly negative



### Operating margin

above 5%<sup>1)</sup>

- Continuing improvements and efficiencies across the Group
- Margin floor guidance with flexibility to invest in growth



### FCF above DKK 2.4bn and above DKK 3.0bn assuming Deutsche Telekom payments<sup>2)</sup>

- Underlying FCF at DKK 2.6bn equaling a cash conversion of above 60%
- Adjusting for DKK 200m pre-payments in 2024, reported FCF is expected to be above DKK 2.4bn

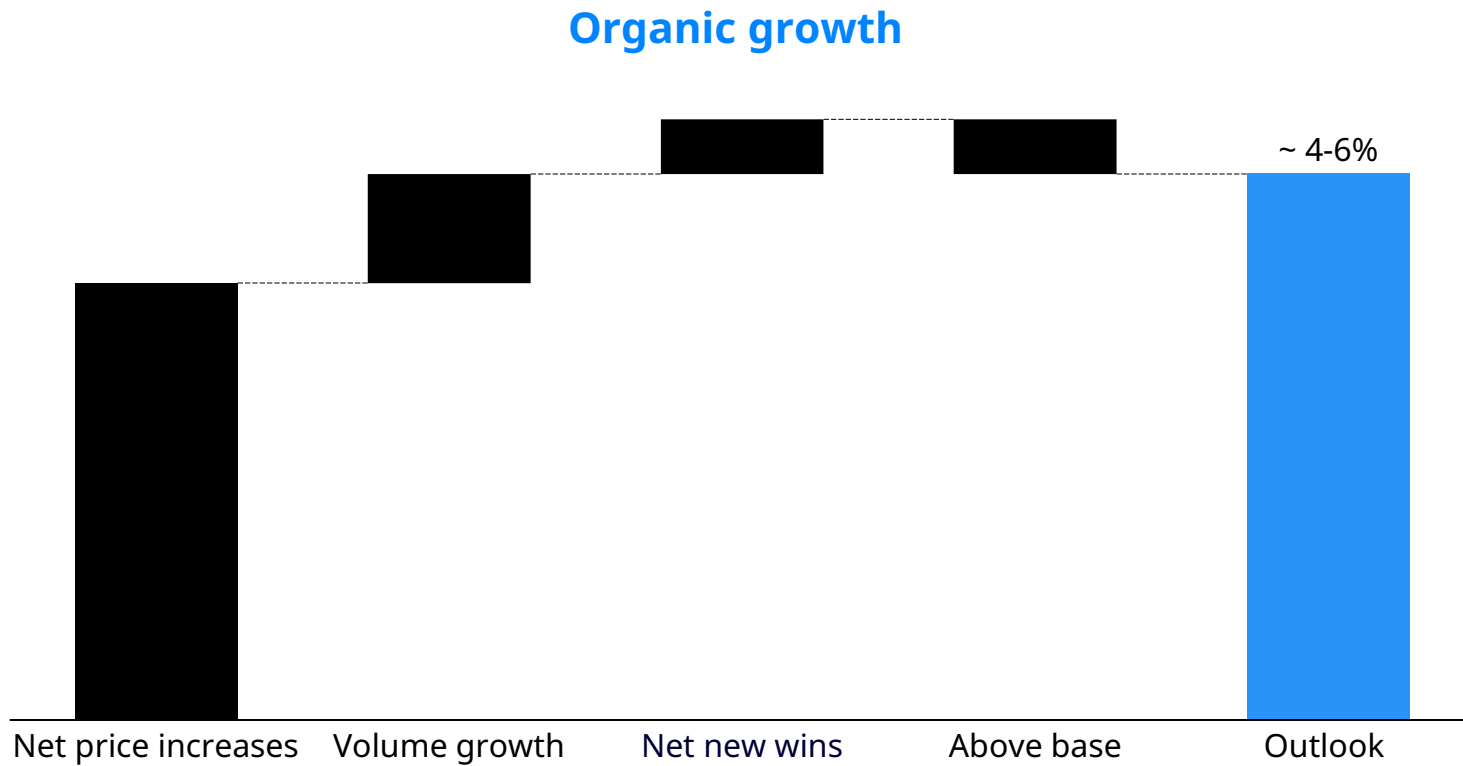


1) Excl IAS 29

2) If the payments withheld in 2024 are paid in 2025

OUTLOOK

# Outlook for 2025 supports future growth opportunities



## Operating margin <sup>1)</sup>

"Above 5%"

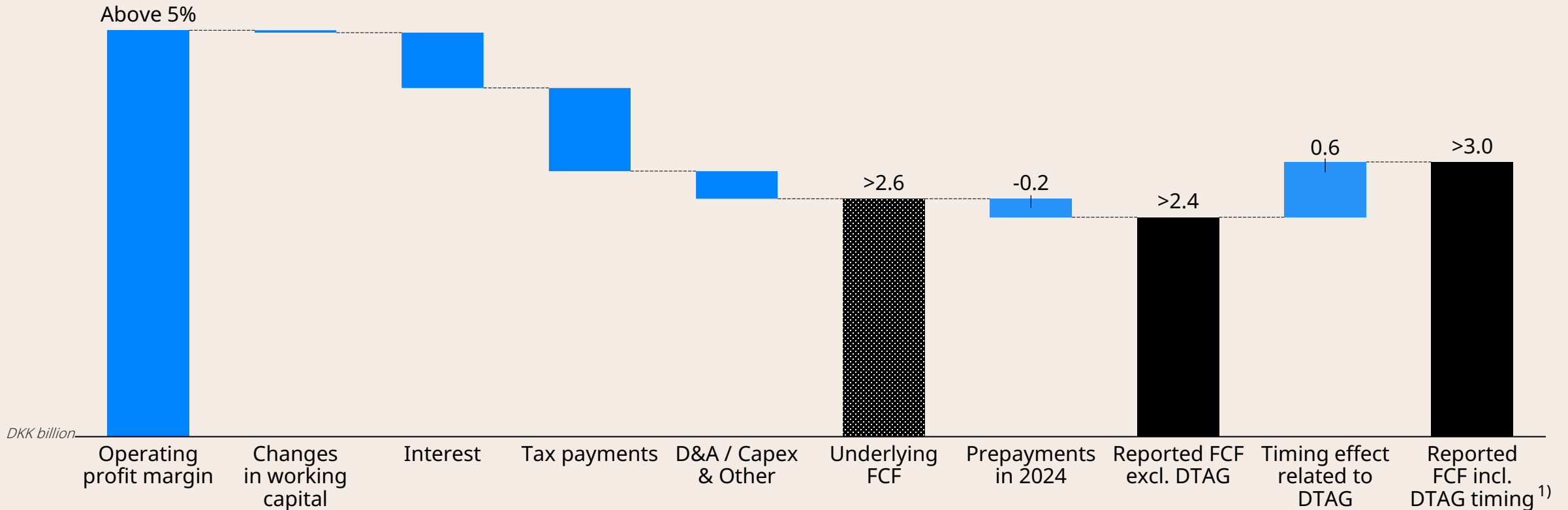
Operating margin

1) Excl IAS 29



OUTLOOK

# Free cash flow guidance of above DKK 2.4bn and **above DKK 3.0bn** including timing effect from DTAG



1) If the payments withheld in 2024 are paid in 2025



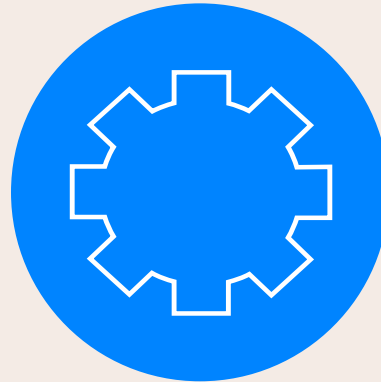
OUTLOOK

# Building a strong foundation for **sustainable growth** in 2025 and beyond



Organic growth

**4 - 6%**



Operating margin

**> 5%**



Cash conversion<sup>1)</sup>

**> 60%**

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



KASPER FANGEL, GROUP CEO &  
MADS HOLM, GROUP CFO

## Q&A

*To ask a question press 5\**

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# Appendix

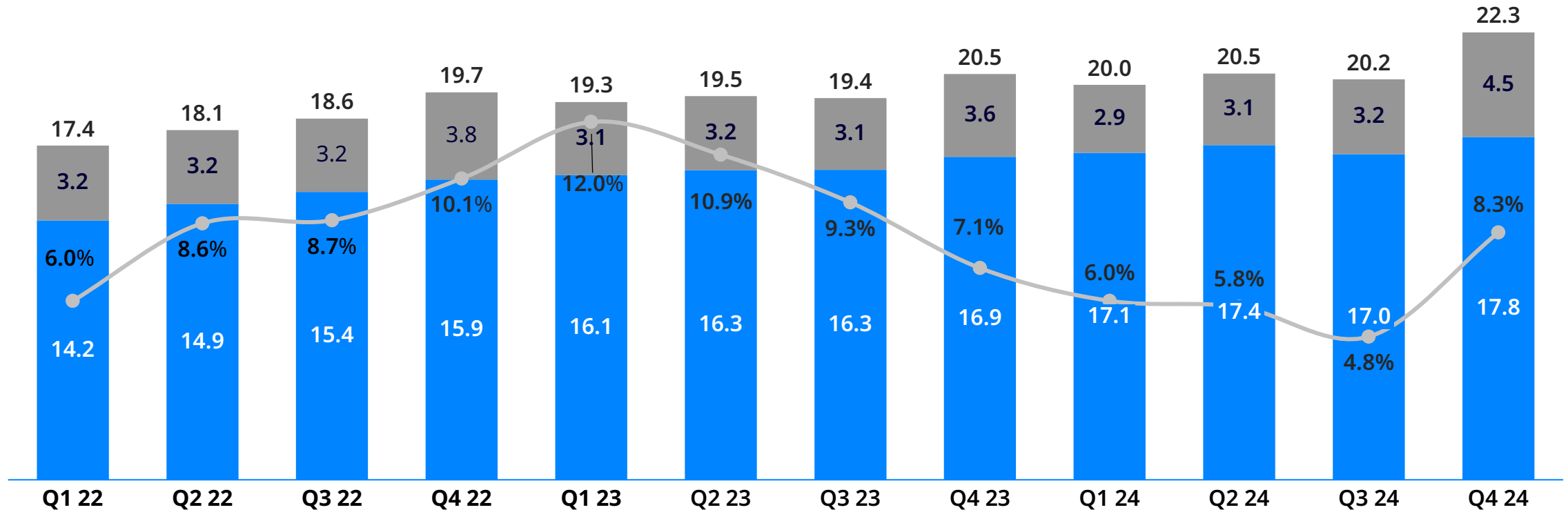
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APPENDIX

# Quarterly organic growth

### Quarterly revenue<sup>1)</sup> and organic growth

■ Non-portfolio revenue, DKK bn   ■ Portfolio revenue, DKK bn   ● Organic growth



1) Excl. hyperinflation (IAS 29)

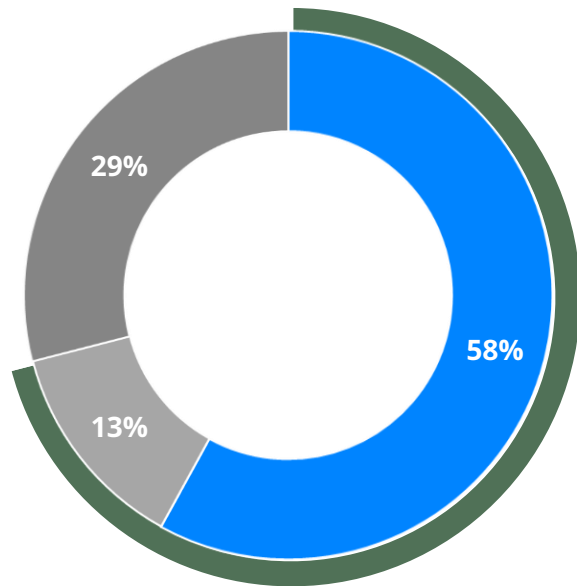


## APPENDIX

## Revenue split based on FY2024 (1/2)

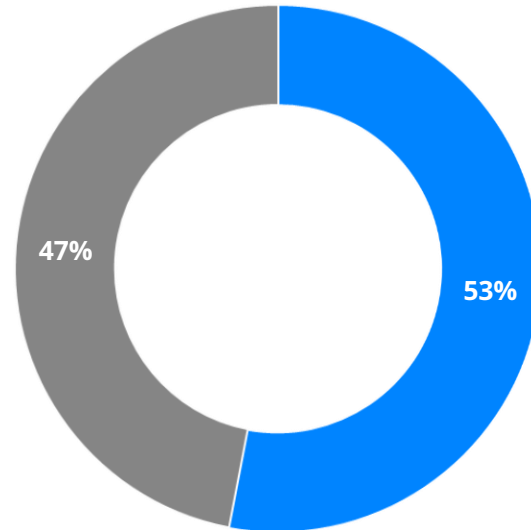
## Customer type

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



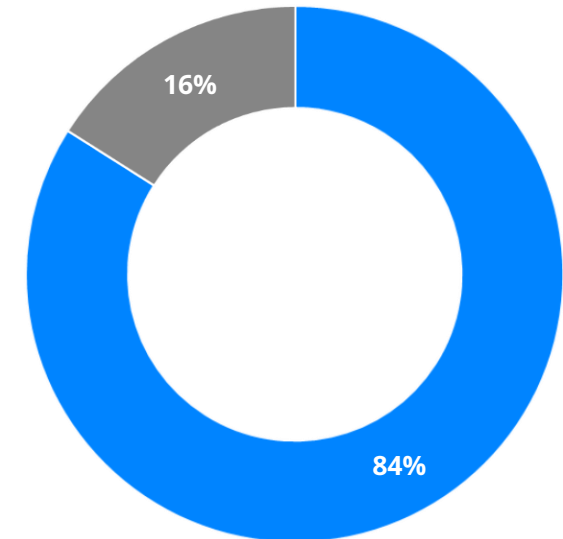
## Delivery type

- Integrated facility services (IFS)
- Single services



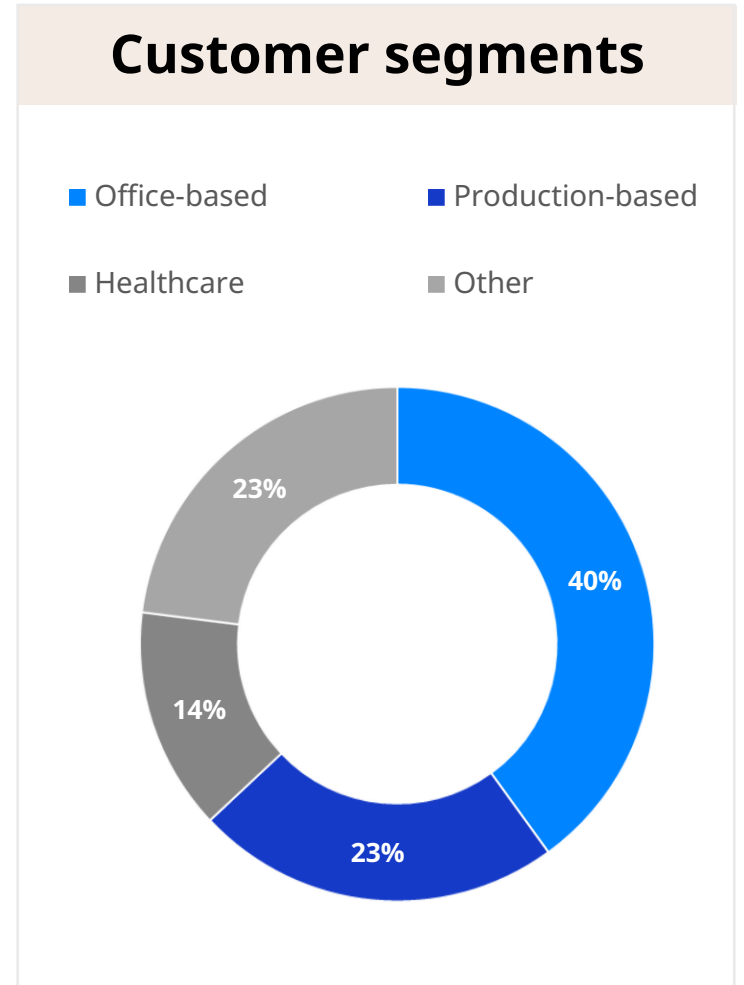
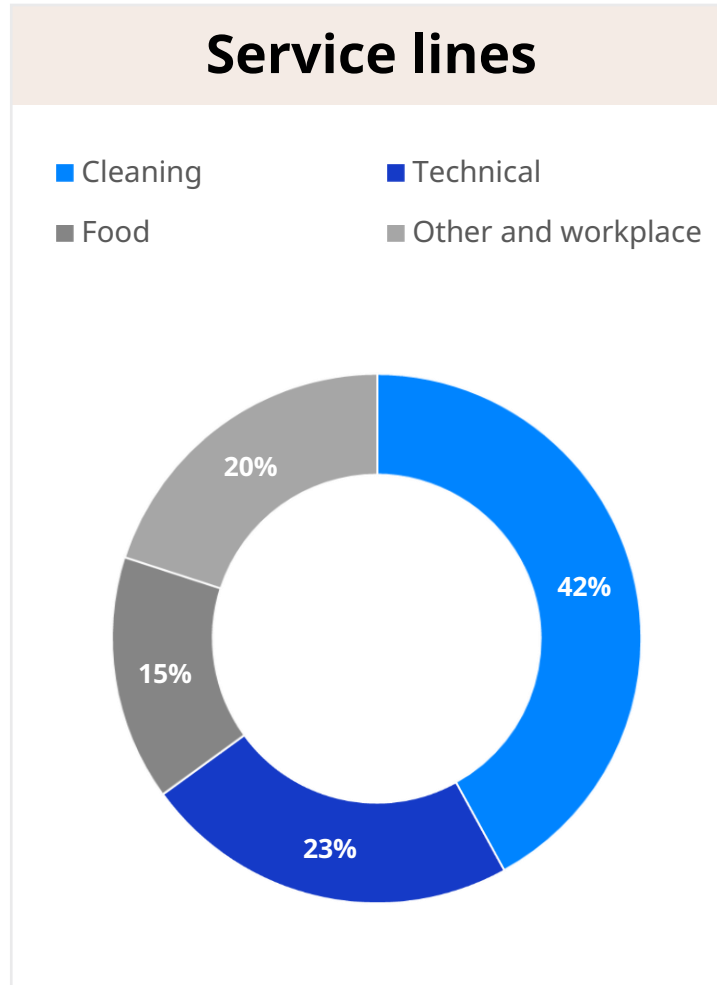
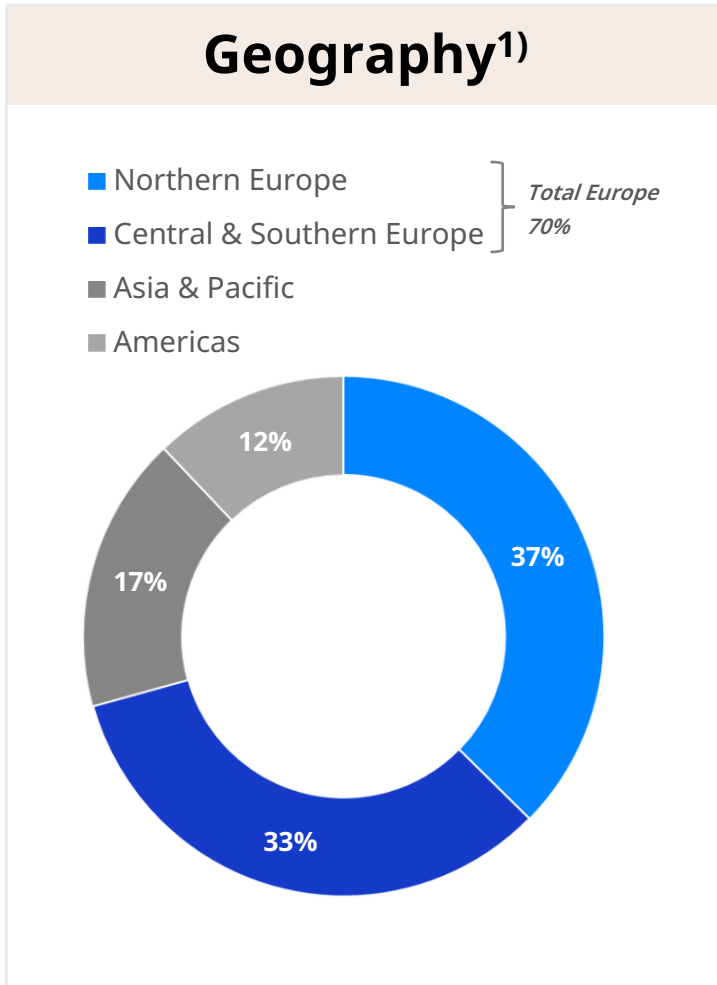
## Revenue type

- Portfolio revenue
- Above Base & Projects



APPENDIX

# Revenue split based on FY2024 (2/2)

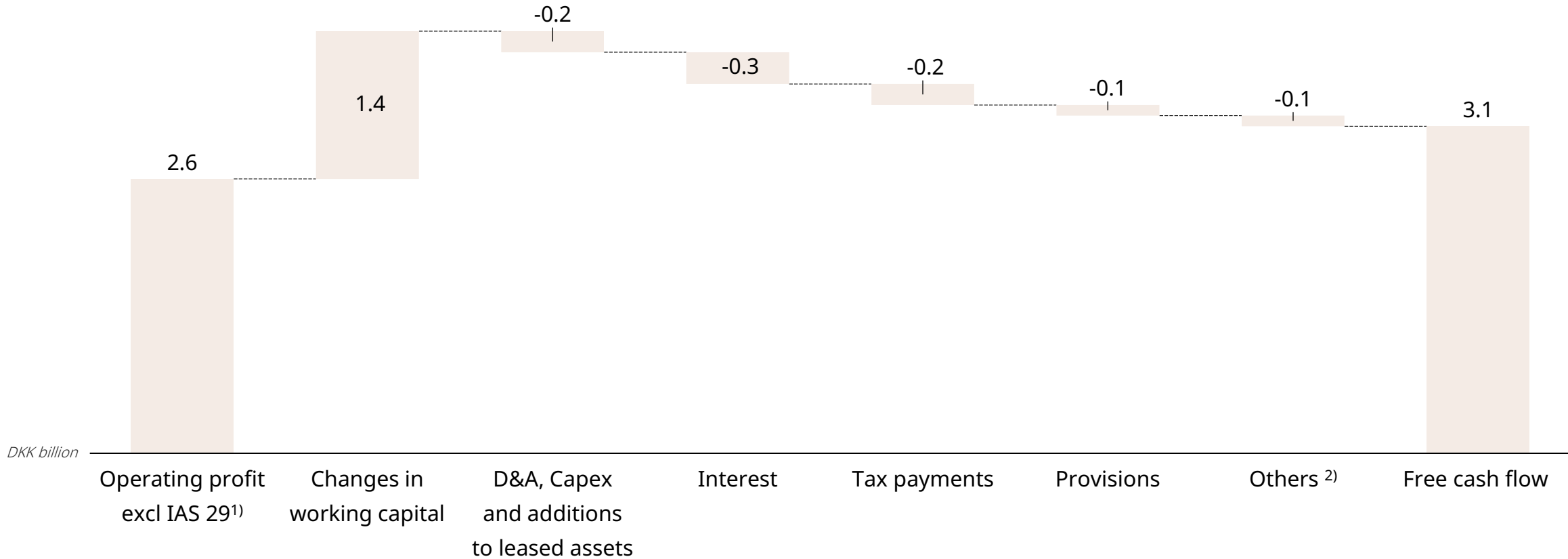


1) Revenue related to other countries amounted to 1%



FINANCIALS

# Strong free cash flow for H2 positively impacted by operating profit and working capital



1) Excluding and 'operating profit from Discontinued Operations

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

RATINGS

# Credit & Sustainability ratings

## Sustainability Ratings



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



Methodology note, low risk = good  
13.5 / 100 – low risk



Methodology note, 100 = top score  
47 / 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

## Timing

2020

2020 Q4

2022 Q2

2024 Q2/Q4

## Credit rating



Baa2(neg)

BBB(stab)

Baa3 (stab)

BBB-(neg)

Baa3 (stab)

BBB-(stab)

Baa3 (pos)

BBB(stab)

# Investor Relations

## Investor Relations contacts

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## Financial calendar 2025

**Annual General Meeting**  
11 April 2025

**Q1 2025 Trading Update**  
6 May 2025

**H1 2025 Interim Report**  
12 August 2025

**Q3 2025 Trading Update**  
5 November 2025

**2025 Capital Market Day**  
To be confirmed

## Share information

Trading symbol	ISS
Identification number / ISIN	DK0060542181
Number of shares	185,668,000
Sector	Business Services
Nominal value, DKK	1
Free float	100%

## Bond information

ISIN	Maturity	Value EUR
XS1673102734	2027	600m
XS2013618421	2026	500m
XS2199343513	2025	500m
XS2832954270	2029	500m

# Forward looking statements

This annual report contains forward-looking statements, including, but not limited to, the statements and expectations contained in Outlook on p.13. 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 2024 of ISS A/S and other information made available by ISS.

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