

***A WORLD OF SERVICE***

# Investor Presentation H1 2010 Results

25 August 2010



***A WORLD OF SERVICE***



# Forward-looking Statements

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## Forward-looking statements

This presentation may contain forward-looking statements. 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 2009 of ISS Holding 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 2009 of ISS Holding A/S is available from the Group’s website, [www.issworld.com](http://www.issworld.com).

# Agenda

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- Highlights
- Interim Report
- Capital Structure
- ISS Strategy
- Outlook





## Highlights



# Highlights H1 2010

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- Solid financial performance on all key performance measures:
  - 6% Revenue growth
  - 10% higher Operating profit before other items
  - Continuous strong cash generation
- Focus on operational priorities sustained

## 1. Cash Flow

- LTM Cash conversion of 96%
- Debtor Days maintained at a continuous low level

## 2. Operating Margin

- 5 out of 7 regions increased their margins
- Parts of Western Europe continue to be impacted by the effects of the economic environment

## 3. Organic Growth

- Strong organic growth which continued increasing trend
- 6 of 7 regions achieved positive organic growth in H1 2010, with Latin America and Asia delivering double-digit organic growth
- Contract portfolio growth continues

# Highlights H1 2010 (cont.)

- In August ISS exceeded 500,000 employees globally
- Ranked as the 6<sup>th</sup> leading outsourcing provider in the world by the International Association of Outsourcing Providers
- Restructurings in key Western European countries
  - Turnaround in France in progress
- Acquisitions / Divestments
  - Entered Indian security market by acquiring SDB Cisco with 27,000 staff on 9 August
  - 5 divestments completed as planned in H1 2010
  - On 29 July 2010 a sales agreement for the waste management activities in France was signed
- Continued expansion of International IFS contracts
  - Won IFS contract with Sony Ericsson covering 14 sites in the Americas, EMEA and APAC
  - Appointed preferred bidder for a contract with Citibank covering 800 sites in 26 countries in EMEA
- ISS and its shareholders initiate a strategic review process including considering commencing with an initial public offering





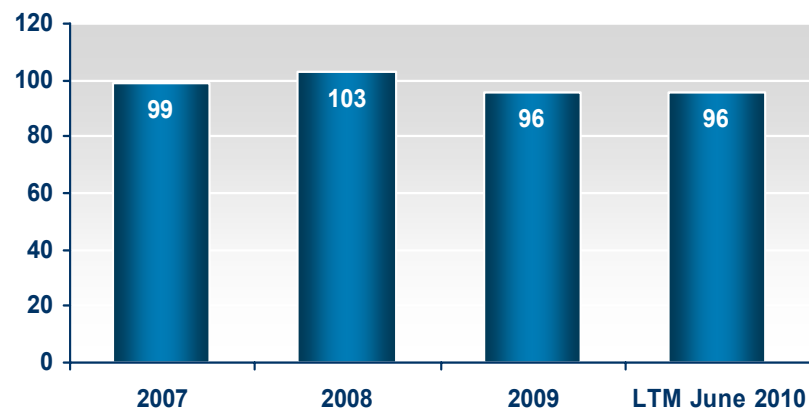
## **Interim Report**

January – June 2010

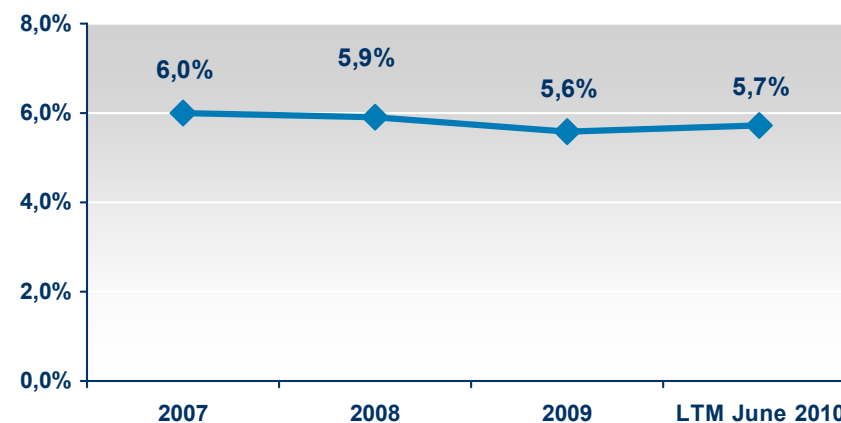


# Key Operational Priorities - Sustained

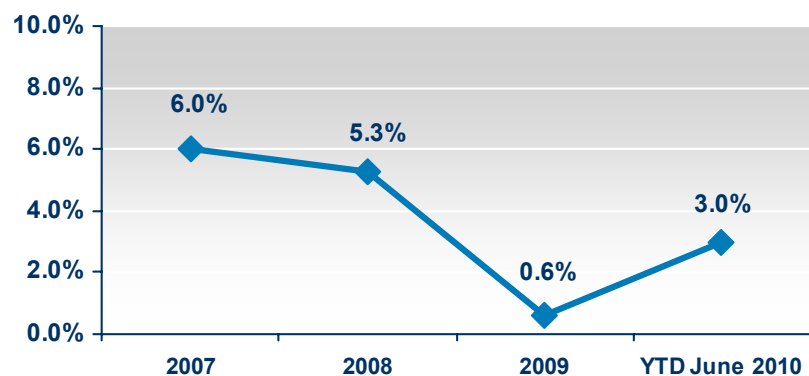
**Priority 1: LTM Cash Conversion (%)<sup>1</sup>**



**Priority 2: Operating Margin (% revenue)**



**Priority 3: Organic Growth (%)**



## Operational Performance

- Solid cash conversion of 96% LTM June
- 6% top line growth
- Operating margin at 5.7% LTM June
- Organic growth of 3.0% YTD June

<sup>1</sup> Cash conversion is defined as operating profit before other items plus Changes in working capital as a percentage of operating profit before other items

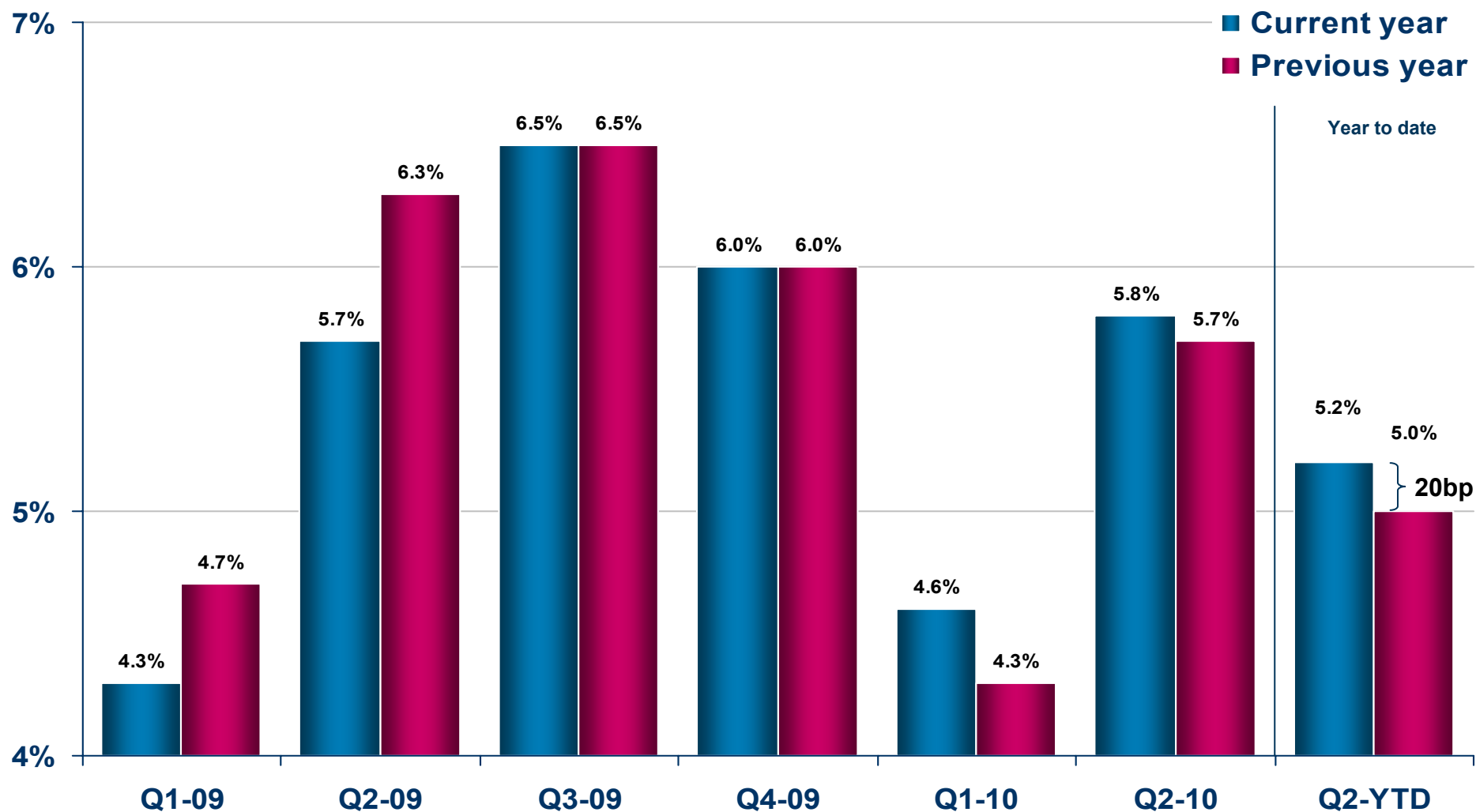


# 2010 YTD Key Figures

DKKm	2010	2009	Δ	FX	C*)
Revenue	36,193	34,022	+6%	+4%	+2%
Operating profit before other items	1,877	1,699	+10%	+5%	+5%
Operating margin before other items	5.2%	5.0%			
Operating profit	1,588	1,473	+8%	+5%	+3%
Organic growth	3.0%	0.7%			

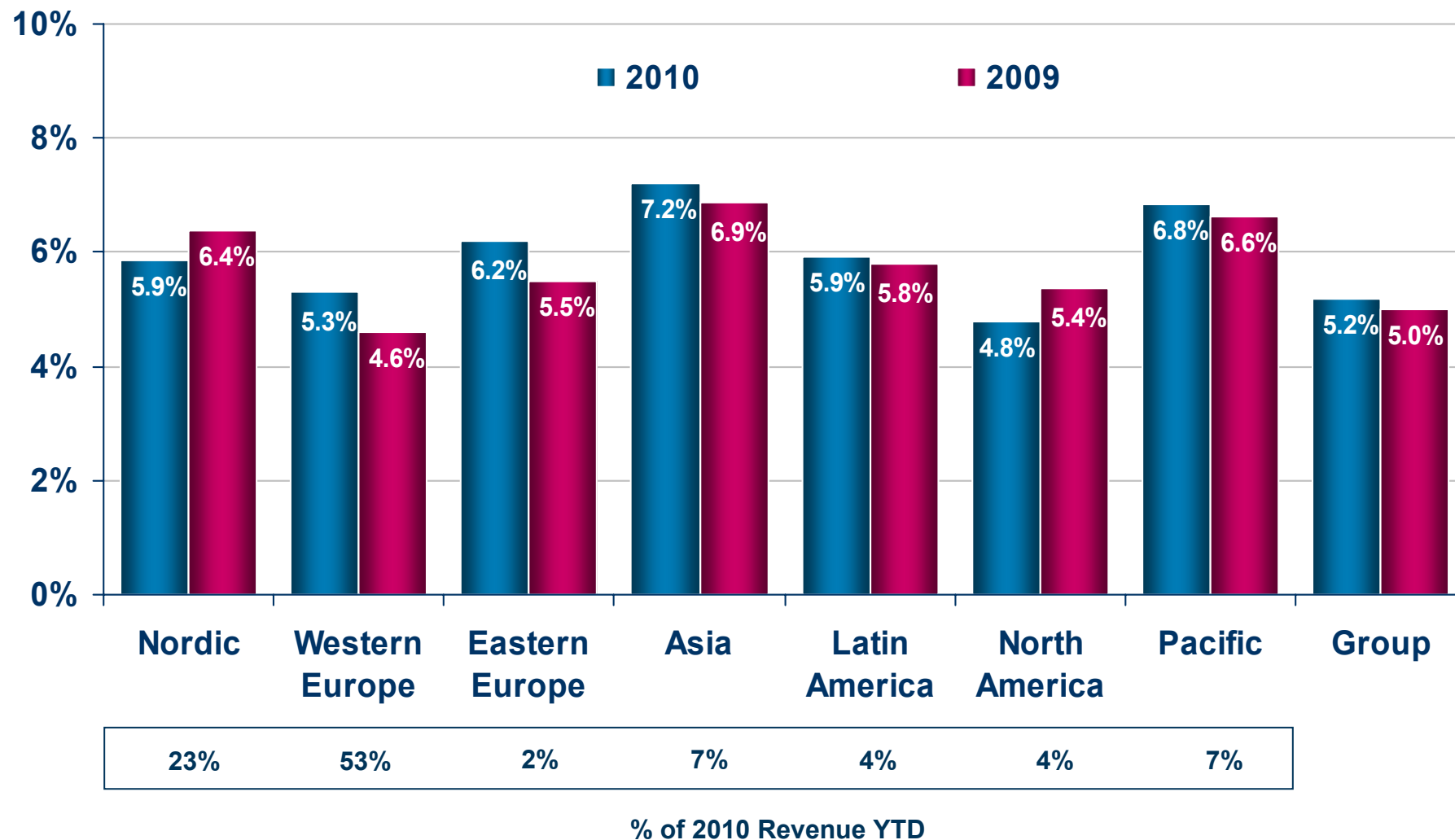
\*) C: Growth at constant exchange rates

## Restoring profitability - Operating Margin before Other Items

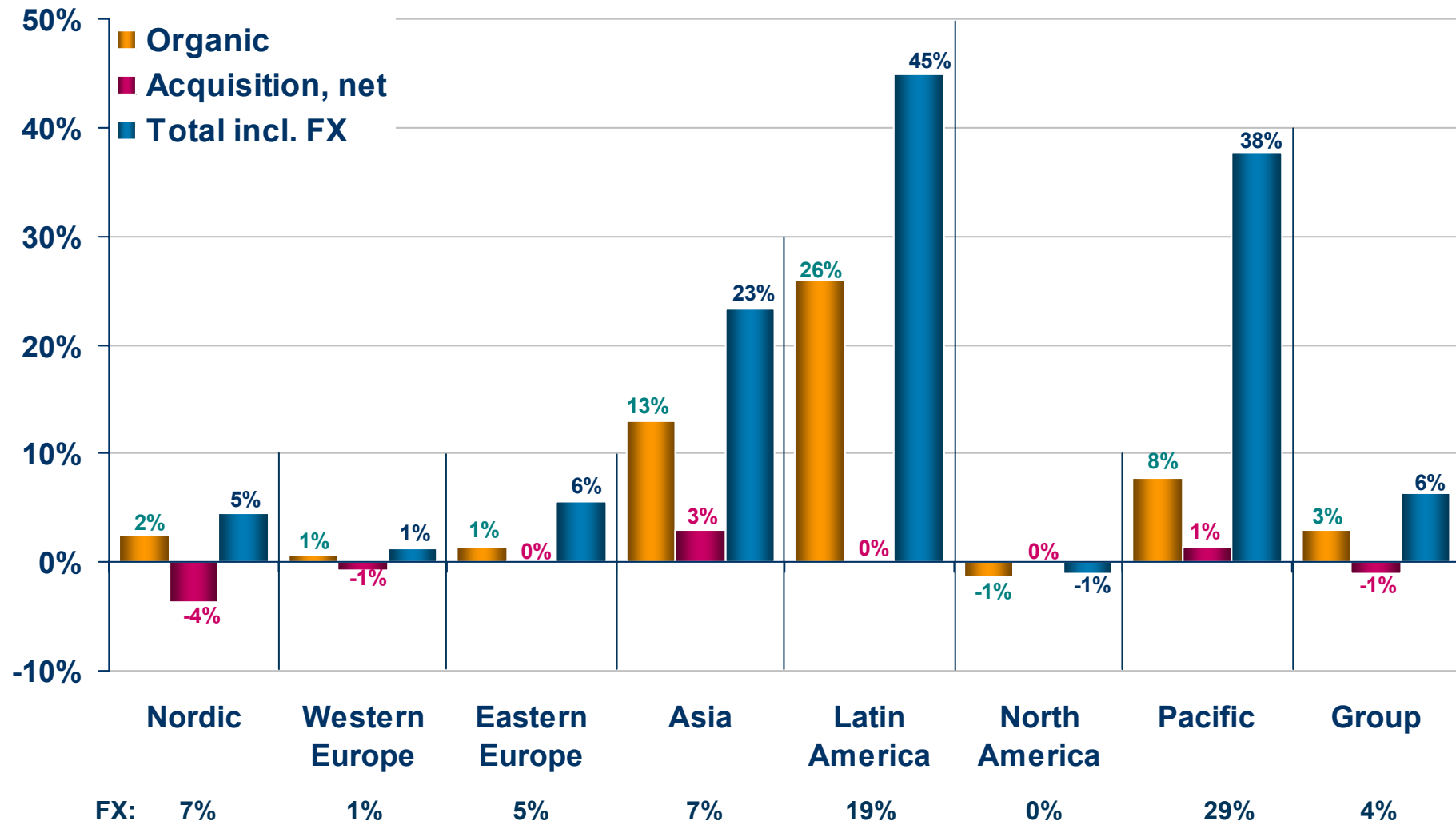


# YTD Operating Margin - By ISS Region

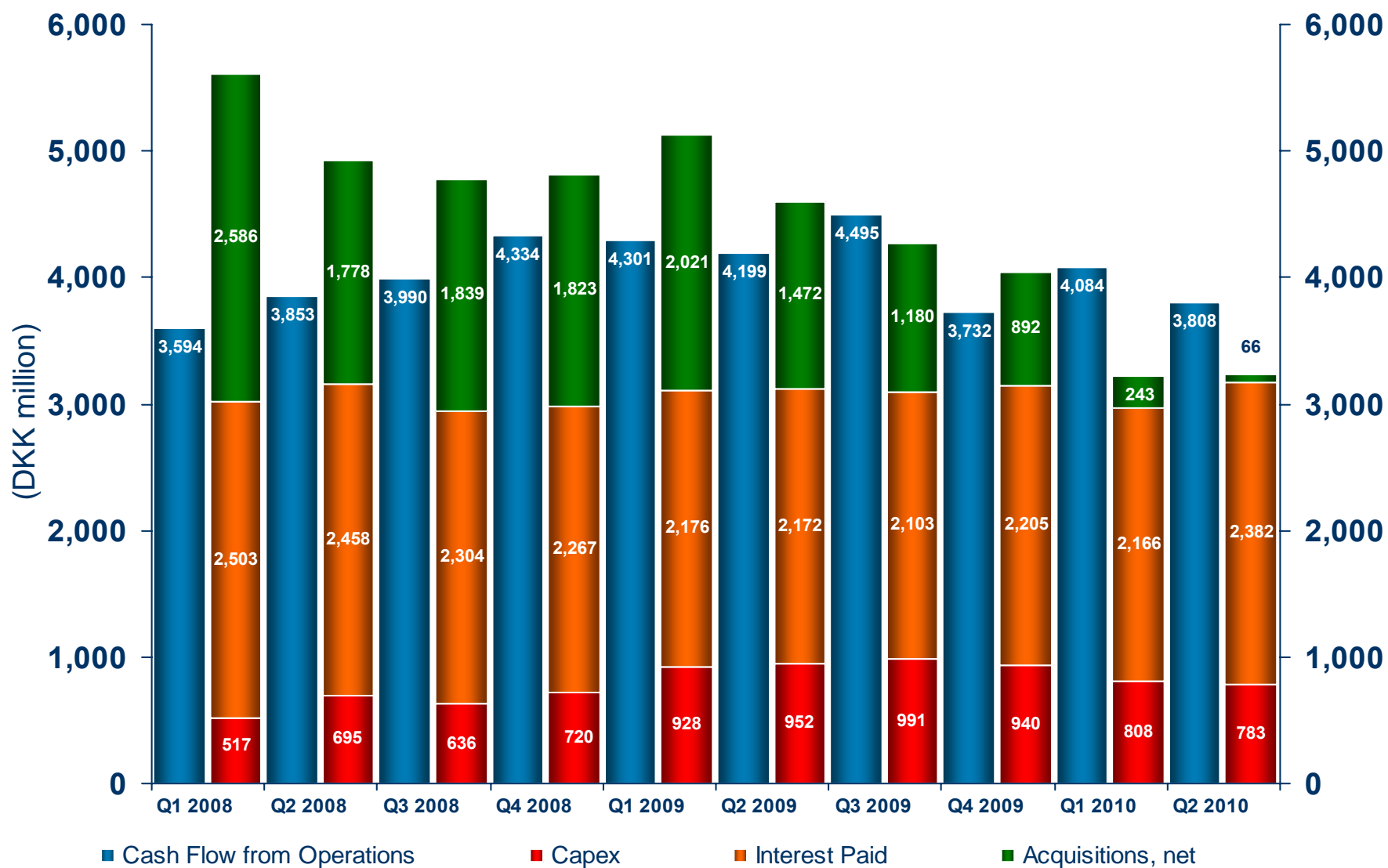
Operating Profit before Other Items



# 2010 YTD Revenue Growth - By ISS Region



# Debt Service Capacity (LTM)



# Financing

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- High Yield Tap issue
  - Issuance of EUR 127.5 million High Yield Notes successfully completed in March 2010
- Refinancing of 2010 EMTNs (EUR 200 million)
  - Securitisation of trade receivables is progressing as planned. France has been included under the programme in June 2010 and Germany and Belgium in August



## Capital Structure



# Capital Structure (cont.)

## Pro Forma Capital Structure – 30 June, 2010

<b>Capitalisation <sup>(1)</sup></b>	<b>DKKm <sup>(2)</sup></b>	<b>% of Total</b>
Cash and securities	(3,931)	(12%)
Other Indebtedness	929	3%
Senior Facilities	18,410	57%
EMTNs	2,312	7%
Senior Notes	3,911	12%
<b>Total Net Senior Debt</b>	<b>21,631</b>	<b>67%</b>
Second Lien	4,469	14%
Senior Subordinated Notes	4,331	13%
Securitisation	2,045	6%
<b>Total Net Debt</b>	<b>32,476</b>	<b>100%</b>

Notes:

(1) This Capitalisation table reflects the table of Net Debt in the section Capital Structure of ISS Holding A/S Interim Report January – June 2010.

(2) Converted to DKK as per exchange rate of 30 June, 2010.



# Pro Forma Credit Ratios

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## Pro Forma Credit Ratios

30 June 2010

PF Net Debt / PF EBITDA

6.60x

Seasonality Adj. PF Net Debt / PF EBITDA

6.46x

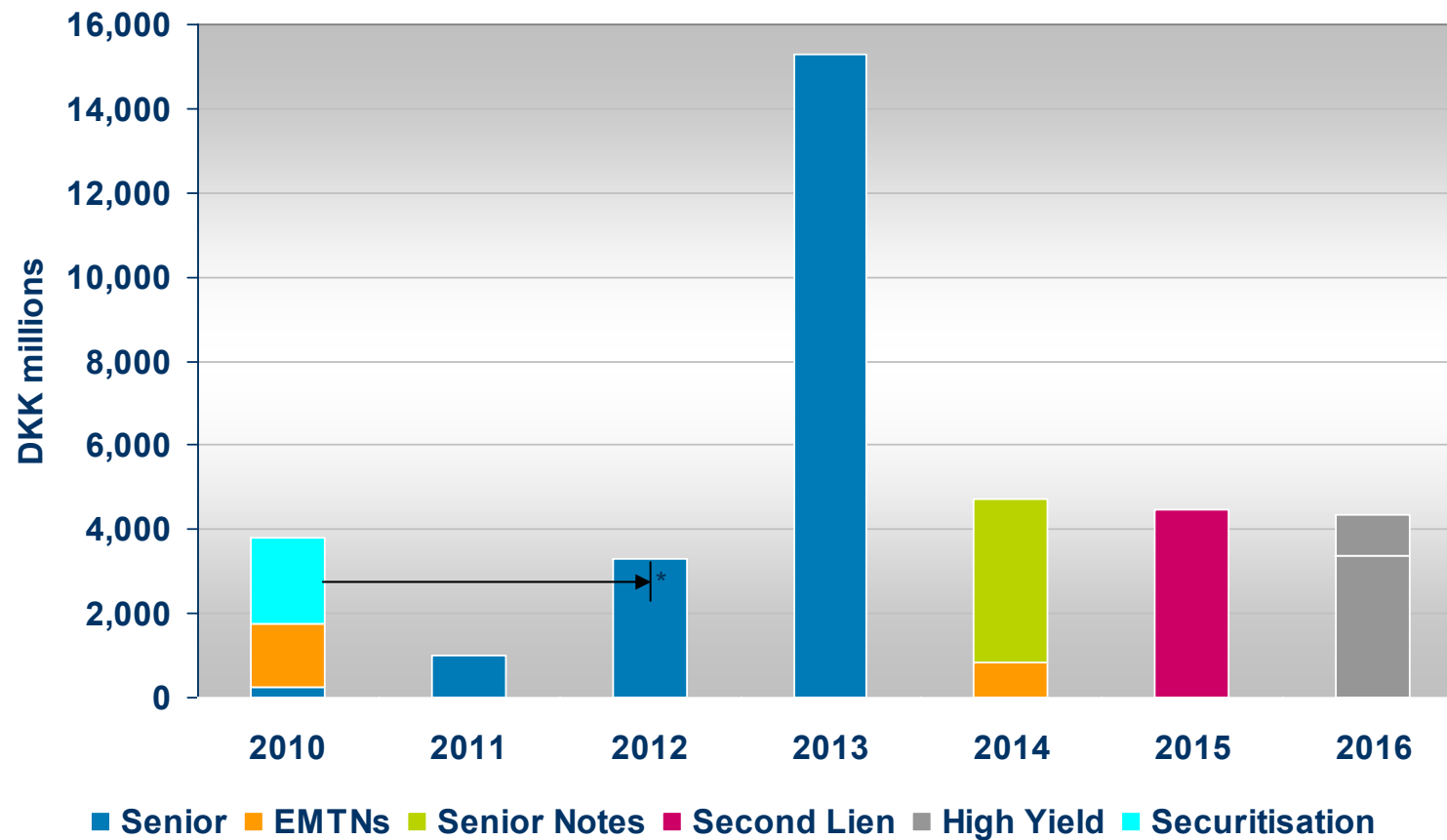
PF Net Senior Debt (incl. EMTNs & Senior Notes) / PF EBITDA

4.21x

PF Net Senior Debt (excl. EMTNs & Senior Notes) / PF EBITDA

2.94x

# Maturity Of Credit Facilities



\*) Rolling programme with 3 year back stop facility



**ISS Strategy**  
THE ISS WAY



# Our Vision

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## ***Lead Facility Services Globally*** ***...By leading Facility Services Locally***

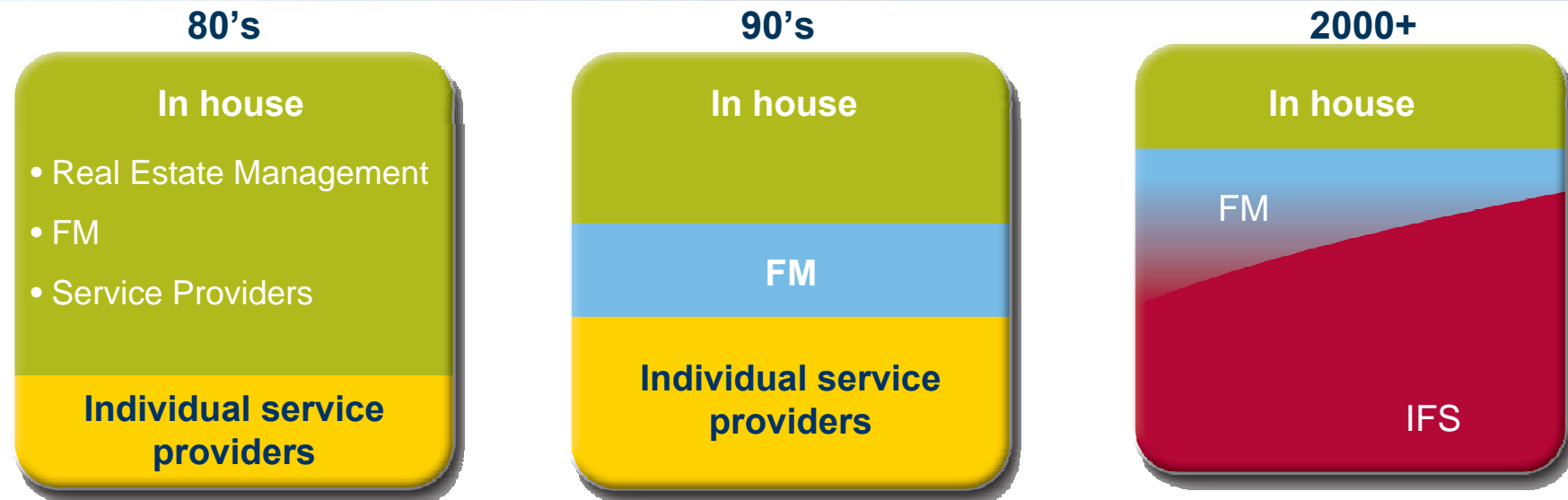
***Lead globally*** with presence in all main regions and countries.

***Lead locally*** with leading positions in all established markets and the ambition to quickly achieve this position in new markets.

***Lead the industry*** by offering best-in-class single services and integrated facility services (IFS).



# Our market



- Market megatrends
  - Growth in the outsourcing rate
  - Input to output based contracts
- Development in customer demands
  - Focus on own core competencies
  - Increased cross-border procurement of uniform services across sites
  - Bundling of services
  - Compliance with health, safety and environment standards
  - Service and efficiency improvements
  - Reduction of operating expenses / swap fixed costs for variable

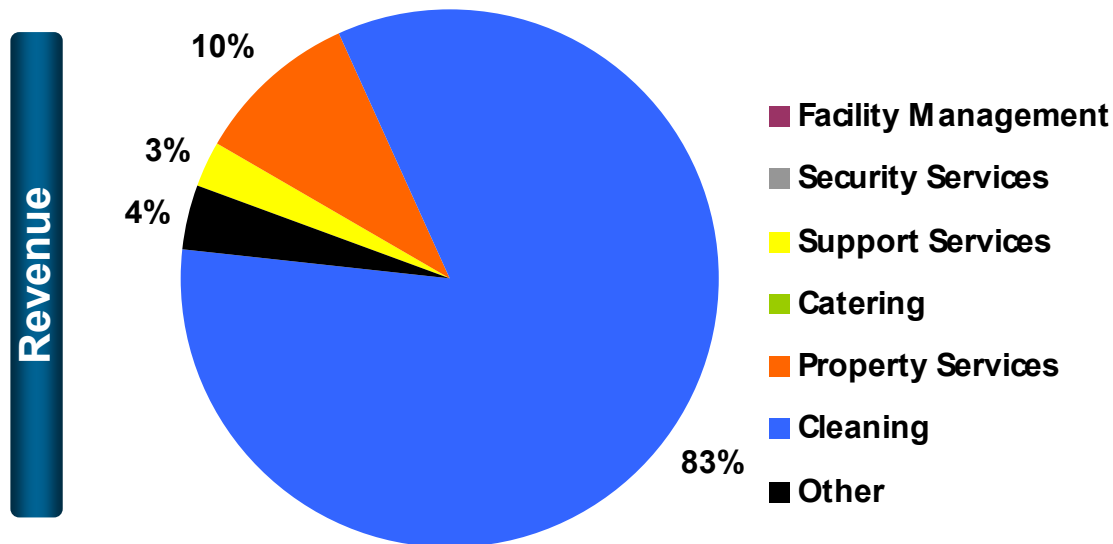
# Our choice of strategic direction



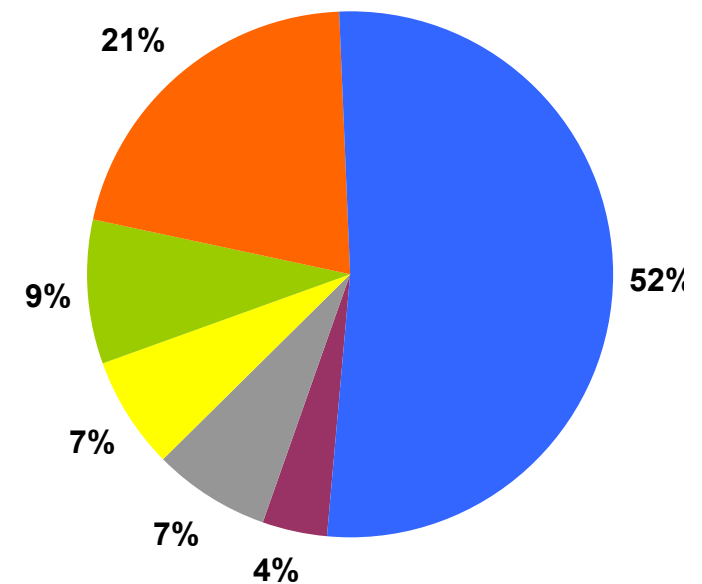
# Our transformation (1/2)

## - Cleaning services to Facility services

2002 – EUR 5.1 billion



2009 – EUR 9.3 billion



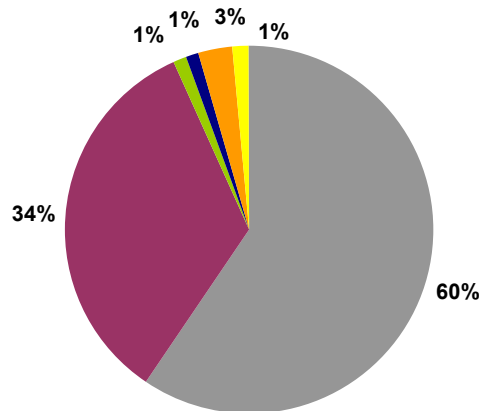
From contract cleaning to a strong palette of related facility services

# Our transformation (2/2)

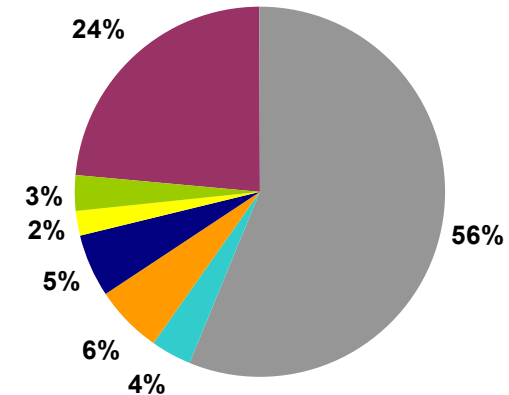
## - Local to Global

2002 – EUR 5.1 billion

Revenue

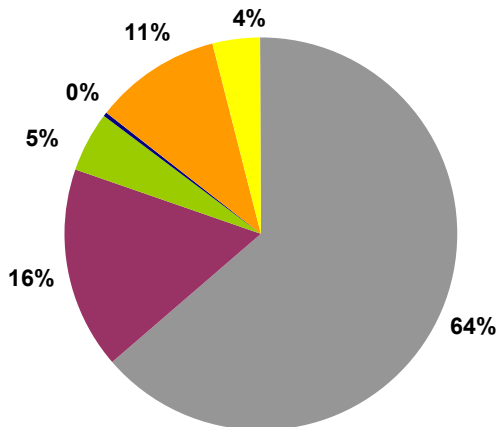


2009 – EUR 9.3 billion

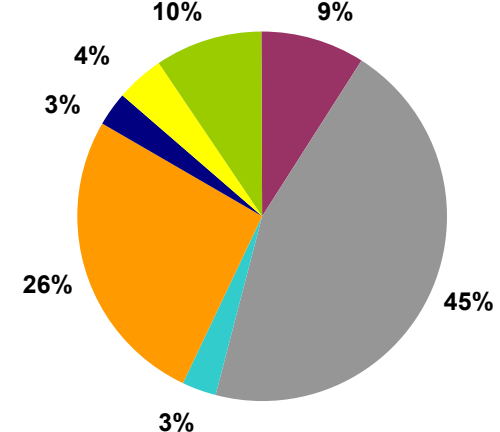


2002 – 248,500

Employees



2009 – 485,800



A diversified global footprint – with an increasing emerging markets share



# Doing it...

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# ***THE*** ***WAY***

...an *evolution* of our business model – a *revolution* in how we work

# Cornerstone 1: Customer focus

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## We put the customer first

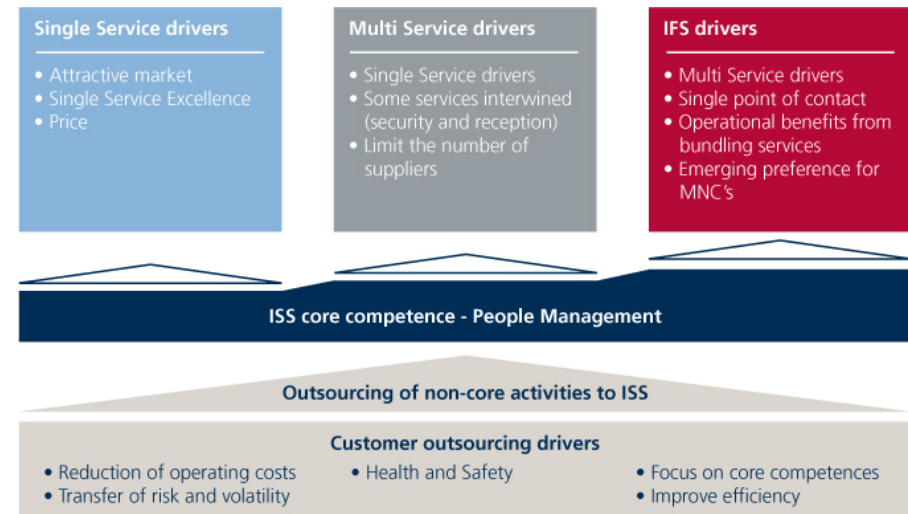
- Taking pride in servicing our chosen customers locally, regionally and globally with specific value propositions
- Proactive focus on meeting identified customer needs as well as integrating our service deliveries seamlessly into our customers' organisation
- Building strategic partnerships with customers who value our approach to service



# Cornerstone 2: People management

## People management is our key competence

- Excellence in people management is the prerequisite for delivering excellence in our service offerings
- Mitigation of risk and volatility transferred from our customers through market leading
  - Leadership skills
  - HR and HSE policies
  - Employee training
  - Labour legislation insight
- Knowledge sharing and best practice that sets minimum standards and improves efficiency



# Cornerstone 3: IFS strategy

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## A strategic focus on IFS

- Moving towards self delivery of multiple site-based services as defined by the ISS House
- Building the ISS House of services and developing FM capabilities are prerequisites to performing IFS



# Cornerstone 4: Multi-local approach

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## Striking a balance between autonomy and alignment

- Strong local leadership and autonomy with timely response to local market conditions
- However, working within the overall group and regional guidance/policies and strategy perimeters
- Tight financial control and discipline
- Alignment of processes across the organisation to leverage our global foot print



# Three key priorities which will unlock our potential

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## **Boosting organic growth**

- create a uniform and winning commercial culture

## **Leveraging our platform**

- achieve global implementation of best practice and standard processes

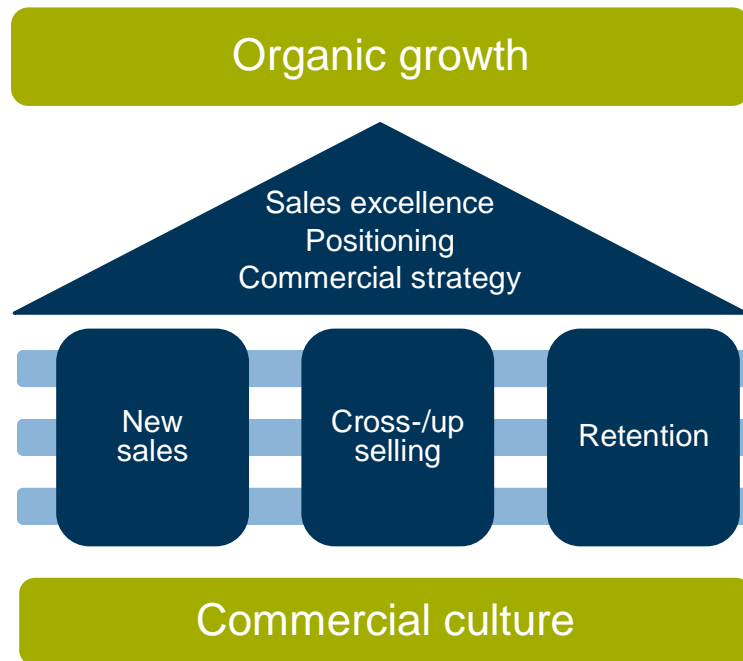
## **Securing excellence in leadership**

- rigorous application of a robust set of principles and values



# Boosting organic growth

## Creating a uniform and winning commercial culture



## Well defined customer segmentation and value propositions



## Putting our global footprint to work



Instilling a strong commercial culture focused on customers and their needs

# Leveraging our platform



**A** Improvement in each service area  
Efficiency and service excellence

**C** Synergies between customers  
Know-how and Best Practice

**B** Synergies between service areas  
Defining roles and cooperation

**D** Back Office Synergies  
Management and coordinating

Enhancing performance through global implementation of best practice and standard processes



# Securing excellence in leadership

## Leadership principles

- 1 In ISS we put the customer first
- 2 In ISS we have the passion to performance
- 3 In ISS we encourage innovation
- 4 In ISS we lead by example
- 5 In ISS we treat people with respect
- 6 In ISS we lead by empowerment
- 7 In ISS we develop ourselves and others
- 8 In ISS teamwork is at the heart of our performance
- 9 ISS is one company with shared values, one brand and one strategy

## Values

**Honesty**  
We respect

**Entrepreneurship**  
We act

**Responsibility**  
We care

**Quality**  
We deliver

Rigorous application of a robust set of principles and values

# Creating the passion to work as...

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*... One Company – One Brand – One Culture*



## Outlook



# Outlook

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- Outlook<sup>(1)</sup>

- Organic revenue growth is expected to continue to steadily increase during 2010
- The operating margin is expected to be slightly higher compared with 2009
- ISS will focus on managing the absolute level of debt supported by significantly less acquisition spend and a continued high cash conversion

- The Group will continue focusing on

- Key operational objectives
  - (i) cash flow, (ii) operating margin and (iii) profitable organic growth
- Implementation of “The ISS Way” – the strategy plan
- Broadening facility services and strengthening single service excellence
- Continued development of value propositions to specific customer segments
- Refinancing of the remaining 2010 EMTN's

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

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