Investor Presentation

Q1 2016 Results

4 May 2016

Forward-looking statements

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The Annual Report 2015 of ISS A/S is available at the Group’s website, www.issworld.com.

Agenda

- Highlights
- Regional Performance
- Financials
- Outlook
- Q&A

Highlights

Business Highlights Q1 2016

Operating Performance

- Solid organic revenue growth of 3.7% (Q4 2015: 4.8%)
- Improved operating margin of 4.5% (Q1 2015: 4.4%)
- Strong last twelve months (LTM) cash conversion of 99% (Q4 2015: 99%)
- Net profit increased to DKK 399 million (Q1 2015: DKK 297 million)
- Financial leverage of 2.3x (Q1 2015: 2.9x and Q4 2015: 2.1x)

Integrated Facility Services (IFS)

- Revenue from Integrated Facility Services (IFS) increased 11% in local currency (FY 2015: 11%) and represents 35% of Group revenue (FY 2015: 34%)
- Revenue from Global Corporate Clients (GCC) increased 15% in local currency (FY 2015: 11%) and represents 10% of Group revenue (FY 2015: 10%)
- Successful, ongoing roll-out of major new/expanded IFS contracts (Danske Bank, Danish Railways, Novartis)
- New IFS contract announced with Mitsui Fudosan Group (Taiwan)

Strategic Initiatives

- Ongoing implementation of GREAT (e.g. Spain, Finland, Belgium) as we drive a sharper focus on customer segmentation and organisational structure
- Procurement and BPO initiatives continue to be implemented according to plan and are supporting margin development and enhanced transparency across the group

Key IFS contracts recently expanded or launched

	DSB	Rolls-Royce
Background	• ISS has provided facility services to DSB for 50 years • DSB keen to outsource more non-core services in search of (1) lower FM costs, (2) increased customer (i.e. passenger) satisfaction, (3) standardisation of quality across the network, and (4) improved safety for passengers and employees	• Rolls Royce facility management (in Americas and Asia) has been outsourced for many years but via a sub-contractor (i.e. not self-delivery) model • Rolls Royce keen to see greater alignment of services across their global real estate portfolio
Scope	• 5-year IFS contract started 1 October, 2015 with the possibility to extend twice for one year • Services include operation and maintenance of buildings, canteen services, technical maintenance and train cleaning • 339 DSB locations and approximately 400 ISS FTEs engaged	• 5-year IFS contract, fully operational from 1 April, 2016 • Services include Facility Management and Operations, Maintenance, Security, Catering, Cleaning, Office Services, Landscaping and Asset Performance • USA, Brazil, Singapore, China, India and Indonesia
Why ISS?	• ISS one of very few partners capable of offering a nationwide solution across all service lines • DSB impressed by ISS's operational process framework (OPF)… • …and IT infrastructure (e.g. FMS@ISS) • Largest public sector contract in ISS Denmark's history	• Rolls Royce wanted to capitalise on its long-term real estate strategy, optimising service delivery and value • ISS has a proven ability to align services globally… • …with industry-leading data analytics and benchmarking capabilities highly attractive drivers of change (e.g. INSIGHT@ISS)
Future potential	• Contract still in start-up phase but very pleasing progress thus far • Potential opportunities to expand services in the medium term (e.g. train turnaround activities)… • …and contract illustrates ISS's credentials across the broader public sector – in Denmark and beyond	• ISS seeking to develop a progressive partnership with Rolls Royce, moving away from a purely 'task-oriented' service model • Delivery of an innovative asset management strategy (projects) • Medium-term potential to expand in Asia and elsewhere

Regional Performance

Regional Performance Q1 2016

Developed Markets

75%
of Group revenue

43%
of Group employees

2%
organic growth
(vs. 4% in Q4 2015)

4.8%
operating margin[2]
(vs. 4.9% in Q1 2015)

Emerging Markets[1]

25%
of Group revenue

57%
of Group employees

10%
organic growth
(vs. 9% in Q4 2015)

6.1%
operating margin[2]
(vs. 6.1% in Q1 2015)

(1) Emerging Markets comprise Asia, Eastern Europe, Latin America, Israel, South Africa and Turkey
(2) Operating profit before other items and corporate costs

Regional Performance Q1 2016

Continental Europe

4%
organic growth
(vs. 5% in Q4 2015)

- Organic growth driven by Turkey, Switzerland, Austria and Spain
- Benefits from contract launches and contract scope increases…
- …and successful wage-driven price increases in Turkey
- Annualisation of Vattenfall and Swisscom contracts during the quarter

4.3%
operating margin[(1)]
(vs. 4.5% in Q1 2015)

- Margin strength in Switzerland, Germany and Belgium
- Significant margin reduction in Turkey, solely due to CMC divestment
- Negative impact from HP revenue rebalancing
- Macroeconomic challenges remain in certain countries

Northern Europe

2%
organic growth
(vs. 4% in Q4 2015)

- Organic growth driven by Denmark (contract launches and increased demand for non-portfolio services)…
- …and the UK (2015 contract launches)
- Ongoing negative impact in Finland from a major customer downsizing…
- …and lower demand for non-portfolio services in the UK, Sweden and Norway

5.9%
operating margin[(1)]
(vs. 5.9% in Q1 2015)

- Margin supported by optimisation of organisational structures within property services in Denmark…
- …and a strong performance across several divisions in Finland
- Partly offset by quarterly timing differences in the United Kingdom…
- …and lower activity in the catering division in Norway

(1) Operating profit before other items and corporate costs

Regional Performance Q1 2016

Asia Pacific

7%
organic growth
(vs. 9% in Q4 2015)

- Mainly driven by double-digit organic growth rates in:
  - Singapore (demand for non-portfolio services)
  - Indonesia (strong performance within the security division), and
  - China (demand for non-portfolio services)
- Organic growth slowed (vs Q4 2015) in Hong Kong and remained negative in Australia

6.6%
operating margin(1)
(vs. 6.2% in Q1 2015)

- Strong performance in Singapore (demand for non-portfolio services, operational efficiencies) and Hong Kong…
- …partially offset by Australia (quarterly timing differences) and Indonesia (investments in operational improvements)

Americas

2%
organic growth
(vs. 2% in Q4 2015)

- Positive organic growth in the USA, driven by strength within the aviation segment
- Strong organic growth in Argentina (wage-driven price increases and IFS growth)
- Ongoing weakness in Brazil (contract losses, contract exits, scope reductions on existing contracts)

3.2%
operating margin(1)
(vs. 3.3% in Q1 2015)

- Positive impact from HP revenue rebalancing…
- …offset by profitability challenges in Brazil and some margin reduction in Mexico and Argentina
- USA margins increased year-on-year, thanks to strength within aviation and IFS

(1) Operating profit before other items and corporate costs

GCC: Q1 2016 local currency revenue growth of 15%

Reclassification of Global Corporate Clients

Global Corporate Clients(1)

hp, Nestlé Good Food, Good Life, citi, Hewlett Packard Enterprise, Rolls-Royce, Foreign & Commonwealth Office, NOVARTIS, Deutsche Bank, BARCLAYS

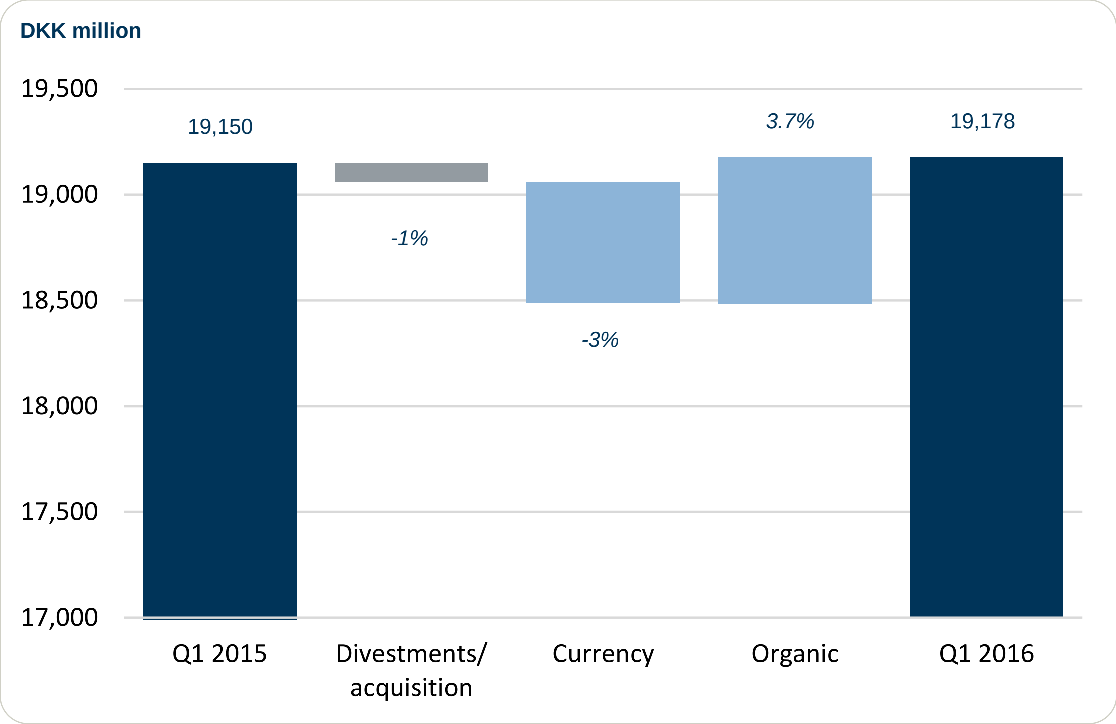
- Actively supported by Global Operations
  - Account management
  - Business reviews
  - Account development plans
  - Performance analysis, etc.
- Represented 10% of FY 2015 Group revenue

(1) Includes one unnamed global financial services client

Financials

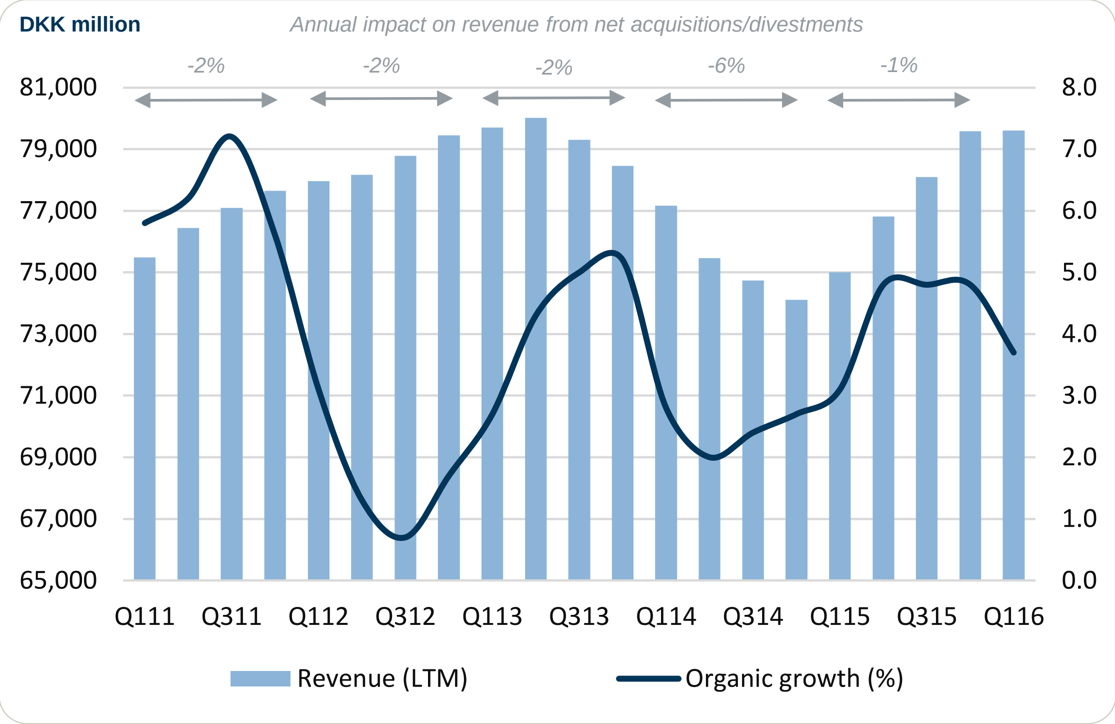
Revenue

Q1 2016 revenue growth of 0.1%



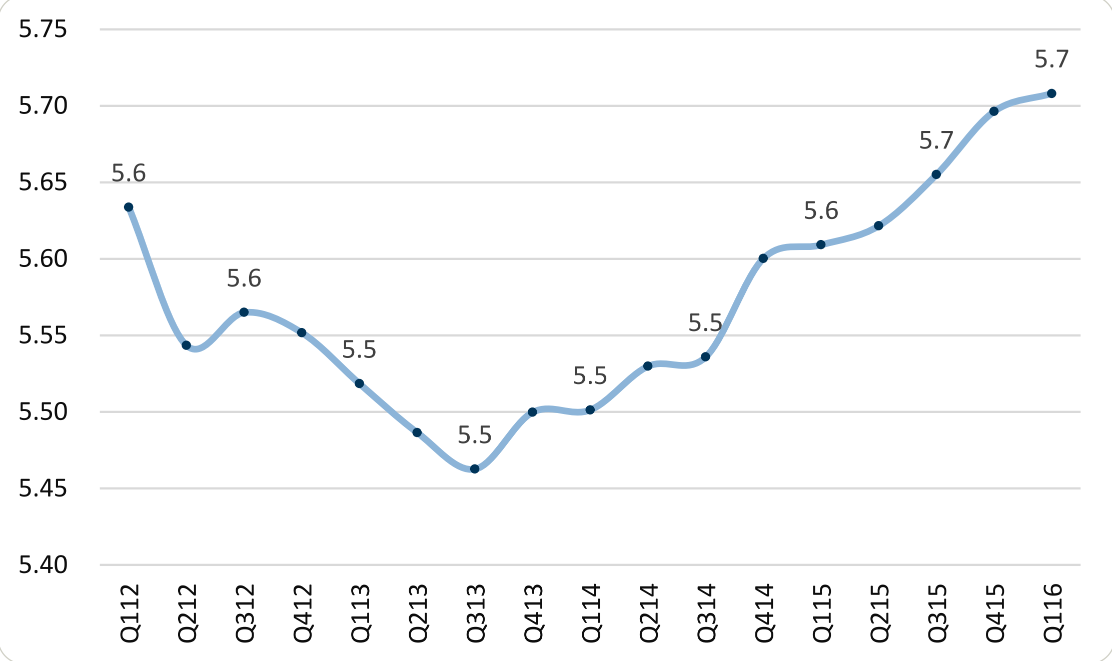
Note net currency impact due primarily to TRY, BRL, GBP and NOK

Q1 2016 organic growth of 3.7%



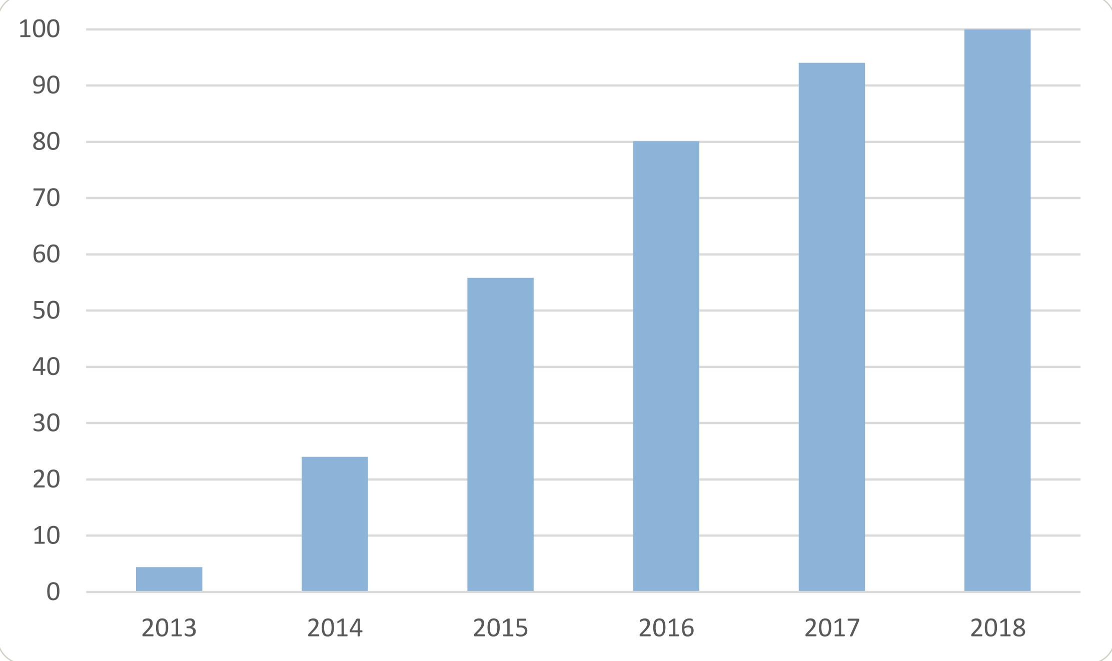
Operating profit before other items

LTM operating margin (%)[(1)]



(1) Operating profit before other items

Cumulative Procurement Savings: Year-End Run Rate (%)
Phases I, II and III



10 consecutive quarters of LTM margin improvement

Income Statement

DKK million	Q1 2016	Q1 2015	*Δ*
Revenue	**19,178**	**19,150**	***+28***
Operating expenses	(18,324)	(18,307)	*(17)*
Operating profit before other items	**854**	**843**	***+11***
Other income and expenses, net	(28)	(19)	*(9)*
Operating profit	**826**	**824**	***+2***
Financial income and expenses, net	(107)	(216)	*+109*
Profit before tax and amortisation/impairment of acquisition-related intangibles	**719**	**608**	***+111***
Income taxes	(201)	(182)	*(19)*
Profit before amortisation/impairment of acquisition-related intangibles	**518**	**426**	***+92***
Goodwill impairment	-	(6)	*+6*
Amortisation and impairment of brands and customer contracts	(161)	(164)	*+3*
Income tax effect	42	41	*+1*
Net profit/(loss) for the period	**399**	**297**	***+102***
Adjusted earnings per share, DKK[1]	**2.8**	**2.3**	***+0.5***

Includes DKK 28m of restructuring projects, mainly related to the implementation of GREAT in Spain, Finland and Belgium

DKK million	Q1 2016	Q1 2015
Net interest expense	(90)	(116)
Amortisation of financing fees	(9)	(9)
Other[2]	(26)	(37)
FX	18	(54)
Financial income and expenses, net	**(107)**	**(216)**

Effective tax rate of 28% - in line with expectations for the year

(1) Calculated as Profit before amortisation/impairment of acquisition-related intangibles divided by the average number of shares (diluted)
(2) Includes recurring items – for example interest on defined benefit obligations and local banking fees

Cash Flow

DKK million	Q1 2016	Q1 2015	Δ
Operating profit before other items	854	843	*+11*
Depreciation and amortisation	179	191	*(12)*
Share based payments (non-cash)	22	18	*+4*
Changes in working capital	(1,414)	(1,405)	*(9)*
Changes in provisions, pensions and similar obligations	(55)	64	*(119)*
Other expenses paid	(51)	(72)	*+21*
Net Interest paid/received	(92)	(104)	*+12*
Income taxes paid	(214)	(217)	*+3*
Cash flow from operating activities	**(771)**	**(682)**	***(89)***
Cash flow from investing activities	(160)	(769)	*+609*
Cash flow from financing activities	(408)	27	*(435)*
Total cash flow	**(1,339)**	**(1,424)**	***+85***
Free Cash Flow[1]	**(919)**	**(908)**	***(11)***

Consistent with a reduction in Property, Plant and Equipment due to divestments, FX and other business mix changes

Seasonal working capital cash outflows

Q1 2015 positively impacted by pension obligations related to new contracts.

ISS Bonds: Annual interest payments
- 5-year (2020): Interest paid in January
- 5-year (2021): Interest paid in January (starting 2017)
- 10-year (2024): Interest paid in December

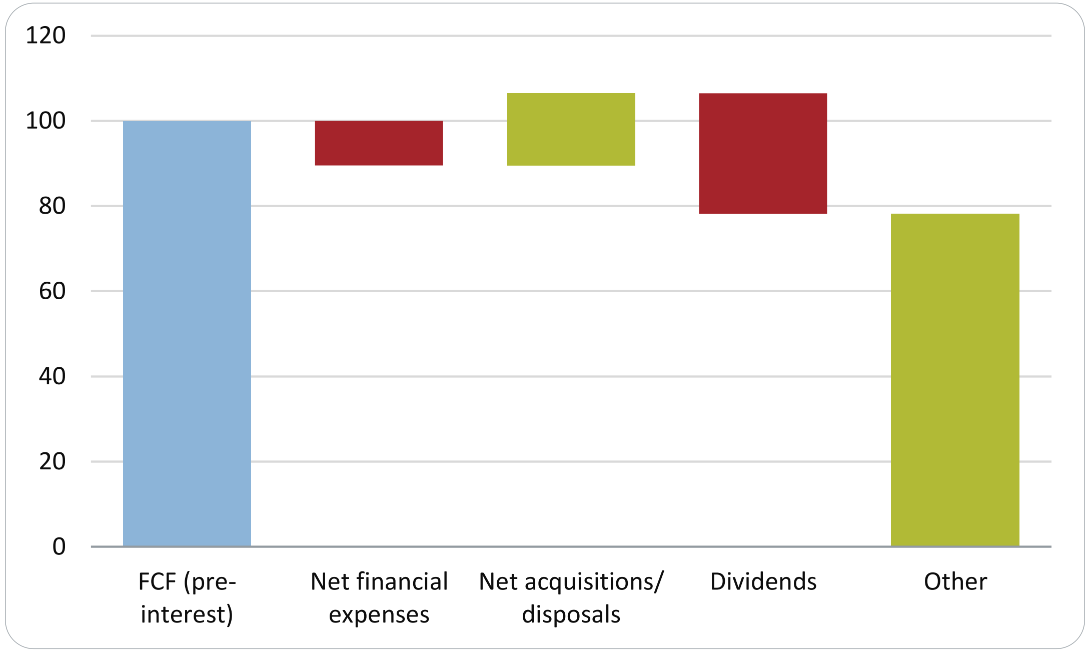
Q1 2015 included acquisition of GS Hall.

Includes repayment of borrowings of DKK 259 million (reduction of local working capital facilities) and DKK 149 million of treasury share repurchases

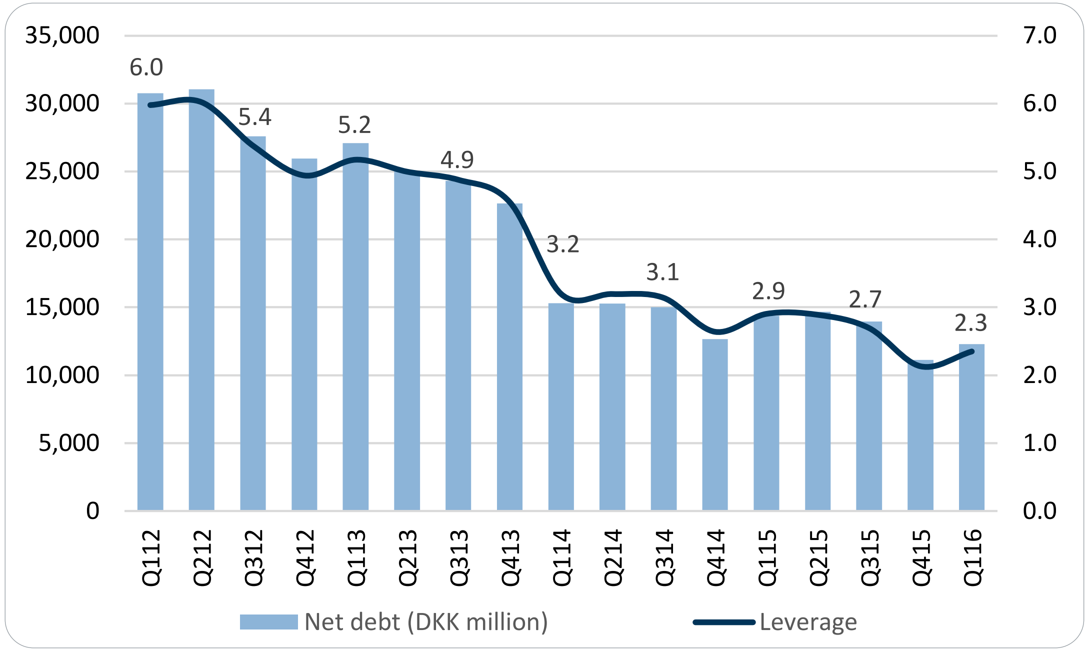
(1) Free Cash Flow defined as cash flow from operating activities minus CAPEX

Capital allocation and leverage

ISS allocation of Free Cash Flow (pre-interest)(1) LTM, %



ISS has demonstrated its ability to reduce leverage(2) since its IPO



(1) *Free Cash Flow (pre-interest) = [Cash flow from operating activities, add back net interest paid/ received] + net acquisition/ divestment of intangible assets (e.g. software) and PPE*
(2) *Leverage calculated as net debt / pro-forma adjusted EBITDA*

Significant potential to increase future shareholder returns beyond our 50% dividend payout ratio

Outlook

Outlook 2016

Organic Growth

2 – 4%

(2015: 4.4%)

- **Reflects our expectation of continued growth in the existing portfolio, combined with the launch of new contracts won in recent months, especially within IFS**
- **We remain conscious of macro developments, in particular challenges in specific emerging markets**
- **We do not yet foresee meaningful recovery in Europe and hence remain cautious on the likelihood of a pick-up in non-portfolio services**

Impact on total revenue from divestments, acquisitions and foreign exchange rates in 2016

- We expect a negative impact from development in foreign exchange rates of approximately 3-4%(1)
- We expect a negative impact from the divestments and the acquisition of approximately 0-1%(2)
- Consequently, we expect total revenue growth in 2016 to be in the range of -3% to +1%

Operating Margin

'Above the level realised in 2015'

(2015: 5.7%)

- **Focus on sustainable margin improvement to be maintained**
- **Development will be supported by ongoing strategic initiatives, including**
  - **Customer segmentation, including Key Account focus**
  - **Organisational structure**
  - **Procurement and Business Process Outsourcing (BPO)**
- **Margin will be negatively impacted by the divestment of CMC, completed on 30 October 2015**

Cash Conversion

'Above 90%'

(2015: 99%)

- **Cash conversion will remain a priority in 2016**

(1) The forecasted average exchange rates for the financial year 2016 are calcuated using the realised average exchange rates for the first four months of 2016 and the average forward exchange rates (as of 2 May, 2016) for the last eight months of 2016

(2) Divestments and acquisition completed by 30 April 2016 (including in 2015)

Q&A