



Q1 2020 Trading Update Investor Presentation

6 May 2020

Forward-looking statements

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Summary: Solid growth and strong liquidity as COVID-19 headwinds build

Q1 growth

- Organic growth of 4.1% in Q1 2020 (Q4 2019: 7.9%) with Key Accounts at +9.1% organic growth
- **Solid organic growth above our expectations until mid-March**, driven especially by Key Accounts as well as strong demand for projects and above base work, including deep-cleaning and disinfection
- Low double-digit negative organic growth during the second half of March as COVID-19 lock-downs started to spread

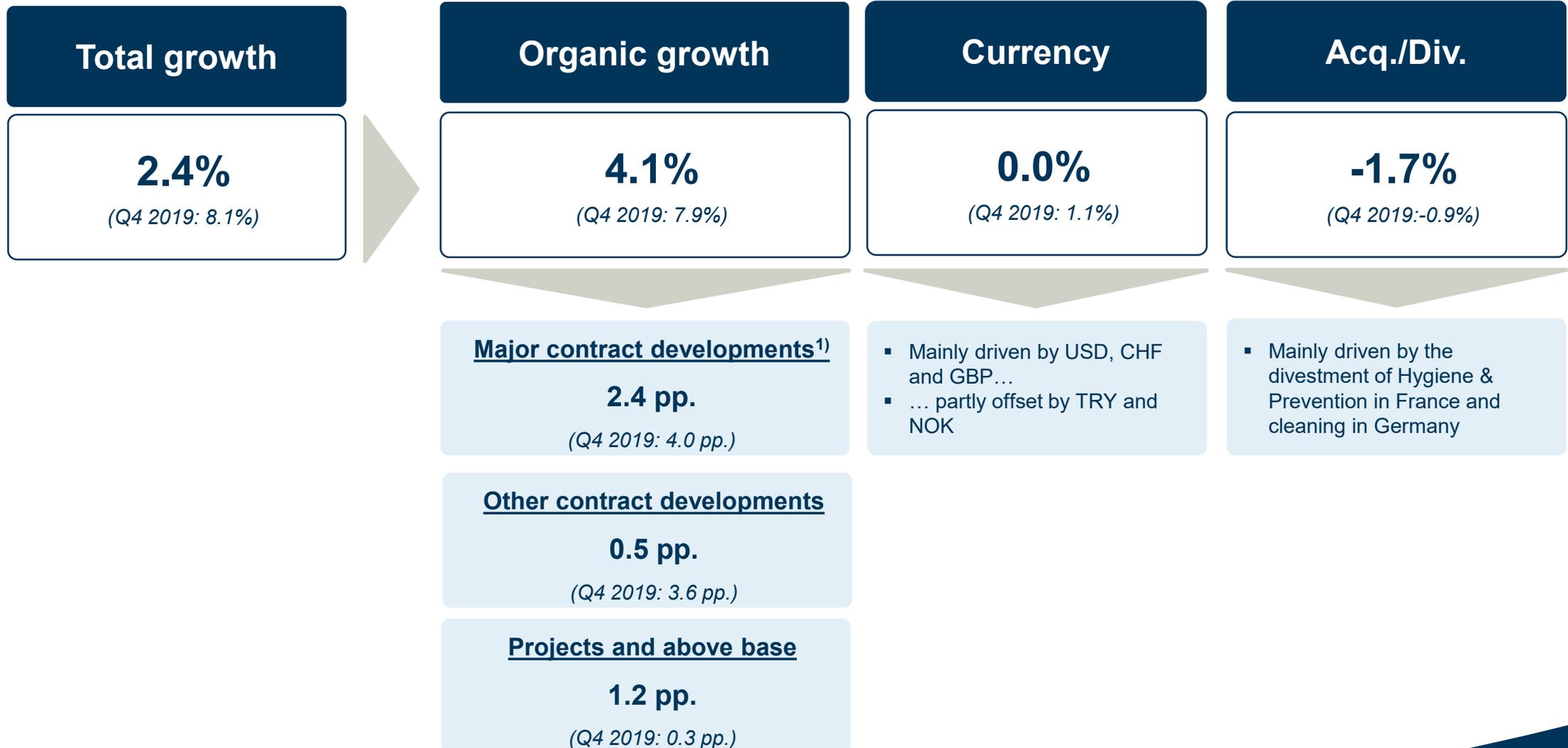
COVID-19

- As a responsible company, **we remain committed to high social standards**
- Our strategic focus has put us in a good position to manage COVID-19. We have the **ability and agility to react swiftly**.
- **Strong cost discipline** with ongoing **focus on all cost and cash flow items**.
- **Estimated organic growth in April** around -20%. Estimated COVID-19 impact on organic growth c. -25% with an operating profit drop-through of c. 25%
- **Solid liquidity. No cash burn. No financial covenants. No imminent debt maturities.**

Other updates

- **Two challenging contracts** announced in 2019 developing as planned
- Resolving the **malware attack** is progressing according to plan. We have regained control and relaunched business-critical systems across most operations
- Delays as a result of COVID-19 and/or the malware attack:
 - **Strategic divestment programme** was progressing well, but most negotiations are now on hold. We remain committed to finalising the divestment program but will ensure divestments are executed at fair value.
 - Finalising the reorganisation and **restructuring in France** is progressing, albeit somewhat behind latest plans as a result of COVID-19
 - The **Deutsche Telekom** contract is slowly ramping up on projects and above base work and generated 4.6% of Group revenue in Q1 2020 (4.1% in H2 2019). However, the stabilisation plan including the IT migration is somewhat behind plan as a result of the IT malware attack as well as COVID-19

Revenue growth in Q1 2020



(1) Launch of Deutsche Telekom (Jul 2019) and the loss of Novartis (Jan 2020)

Organic growth by region

Continental Europe (39% of group revenue)

10%

Q1 2020

(Q4 2019: 15%)

- Strong growth in Germany driven by Deutsche Telekom launched in July 2019 as well as in Turkey as a result of contract launches and price increases.
- Negative organic growth in France as a result of contract exits and impacts relating to the malware attack
- Loss of Novartis as of 1 January 2020 impacting especially Switzerland and Austria
- Solid demand for projects and above base work

Northern Europe (31% of group revenue)

-1%

Q1 2020

(Q4 2019: 3%)

- Mixed development within projects and above base work – very strong demand from a number of Key Accounts in the UK, partly offset by challenges in other countries related to the IT malware attack and COVID-19.
- Norway in particular was negatively impacted by early COVID-19 measures as a result of a higher than average exposure to both food services, hotels and airports.

Asia Pacific (18% of group revenue)

3%

Q1 2020

(Q4 2019: 5%)

- Solid growth across most countries in the region, especially within projects and above base work including deep-cleaning and disinfection
- Particularly strong growth in Australia, Singapore and Indonesia...
- ... partly offset by negative COVID-19 impacts on the back of lock-downs in China and Hong Kong

Americas (11% of group revenue)

2%

Q1 2020

(Q2 2019: 4%)

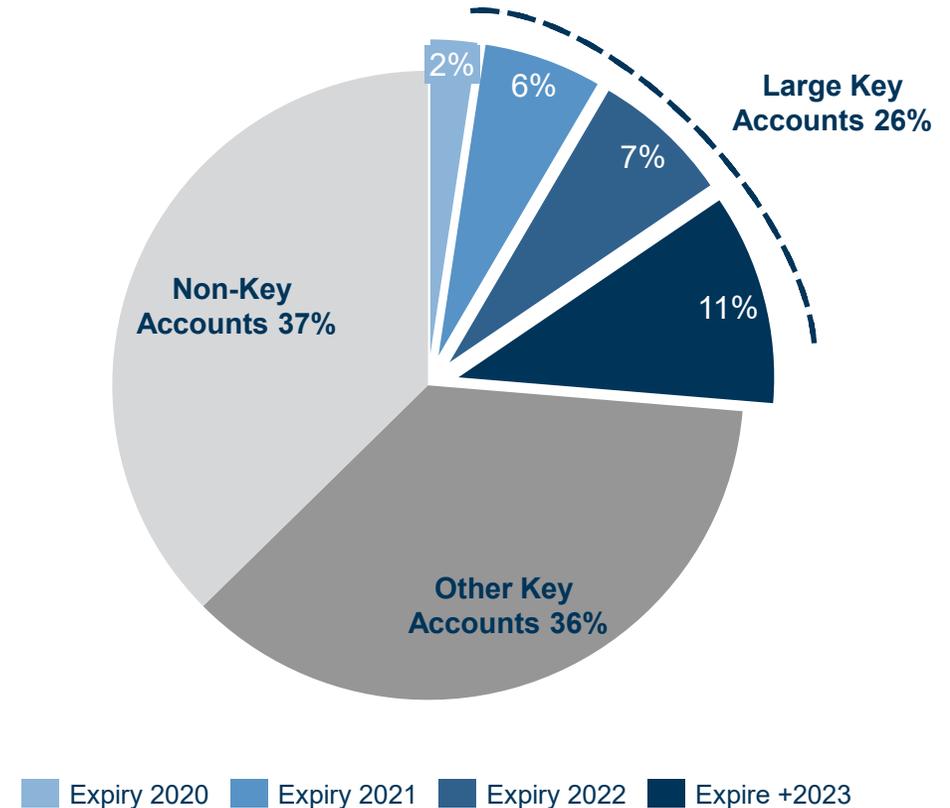
- North America delivered positive organic growth driven by strong demand from key account customers for projects and above-base work...
- ... partly offset by negative impacts from COVID-19 in food services as well as continued impact from the planned exits from small specialised services contracts

Limited contract maturities in 2020

Key contract developments since full year results 2019

- The general bidding environment has recently slowed down materially as a result of COVID-19.
- As such, we expect a low level of new wins but also a high retention rate in the short term.
- Since full-year results published in February 2020, we have signed a new key account contract with the Vestel City manufacturing company (Turkey)
- In addition, we extended with The Co-operative Group (UK) and a hotel (Norway)
- Contracts lost limited to the Belgian Railways (Belgium) and GLH Hotels (UK)

Large key account¹ contract maturity profile



(1) Key Accounts generating revenue above DKK 200m annually



COVID-19 Update



“As one of the world’s largest private employers we will, as a responsible company, remain committed to high social standards”



More than 400,000 colleagues are working hard to keep clients safe



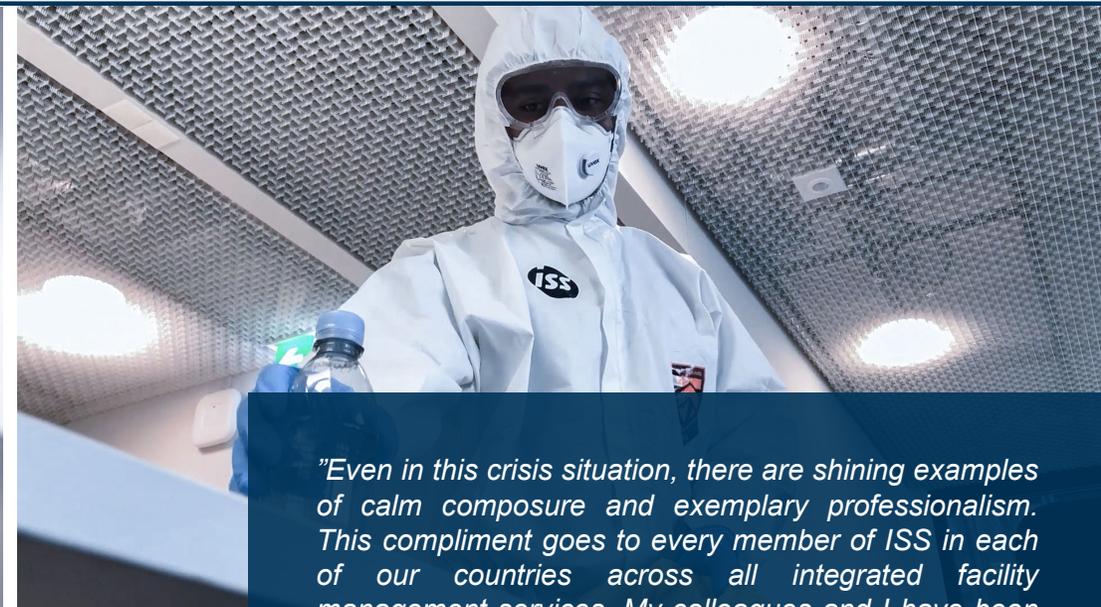
"I wanted to write and express my thanks on behalf of everyone here for the fantastic efforts and commitment you and your facility services teams have demonstrated over the past few unprecedented weeks. Your unwavering support to help keep our locations open for us to provide critical services to our customers, and catered and cleaned facilities for our employees to work safely, has not gone unnoticed."

Global Key Account



"These are exceptional times, and our circumstances are changing day by day and even hour by hour. New questions, needs and issues are popping up all the time, and we need to address things we might never have considered before. During all of this, ISS has once again proved to be an excellent partner. You have shown initiative and you have made a lot of things happen in a short time by being creative and flexible."

Global Key Account



"Even in this crisis situation, there are shining examples of calm composure and exemplary professionalism. This compliment goes to every member of ISS in each of our countries across all integrated facility management services. My colleagues and I have been so impressed with the tenacity and dedication of your teams to do whatever necessary"

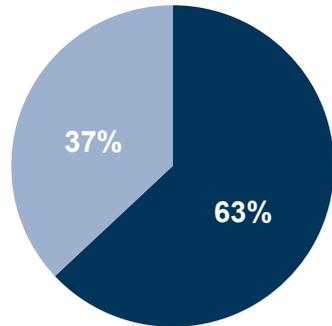
Global Key Account



Our focus has put us in a good position to manage COVID-19

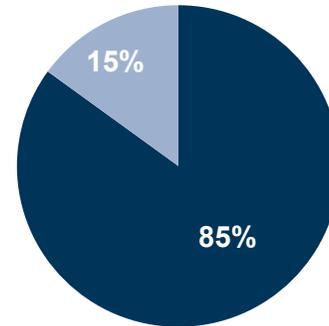
We have the ability and agility to react swiftly to changing circumstance

Focus on Key Accounts⁽¹⁾



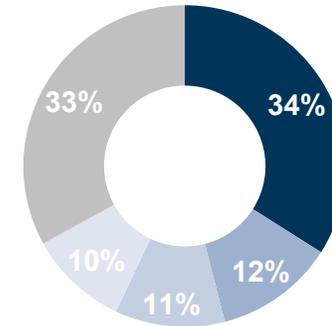
■ Key Accounts ■ Non Key Accounts

Unmatched self-delivery⁽¹⁾



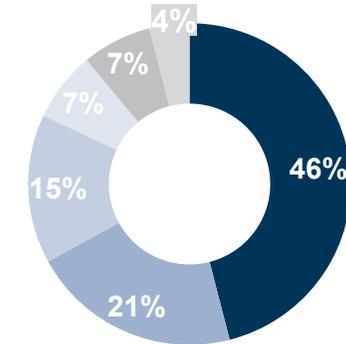
■ Self-delivery ■ Non Self-delivery

Resilient customer mix⁽¹⁾



■ Bus. Services & IT ■ Healthcare ■ Other
■ Industry & Manufac. ■ Public Admin.

Balanced service mix⁽¹⁾



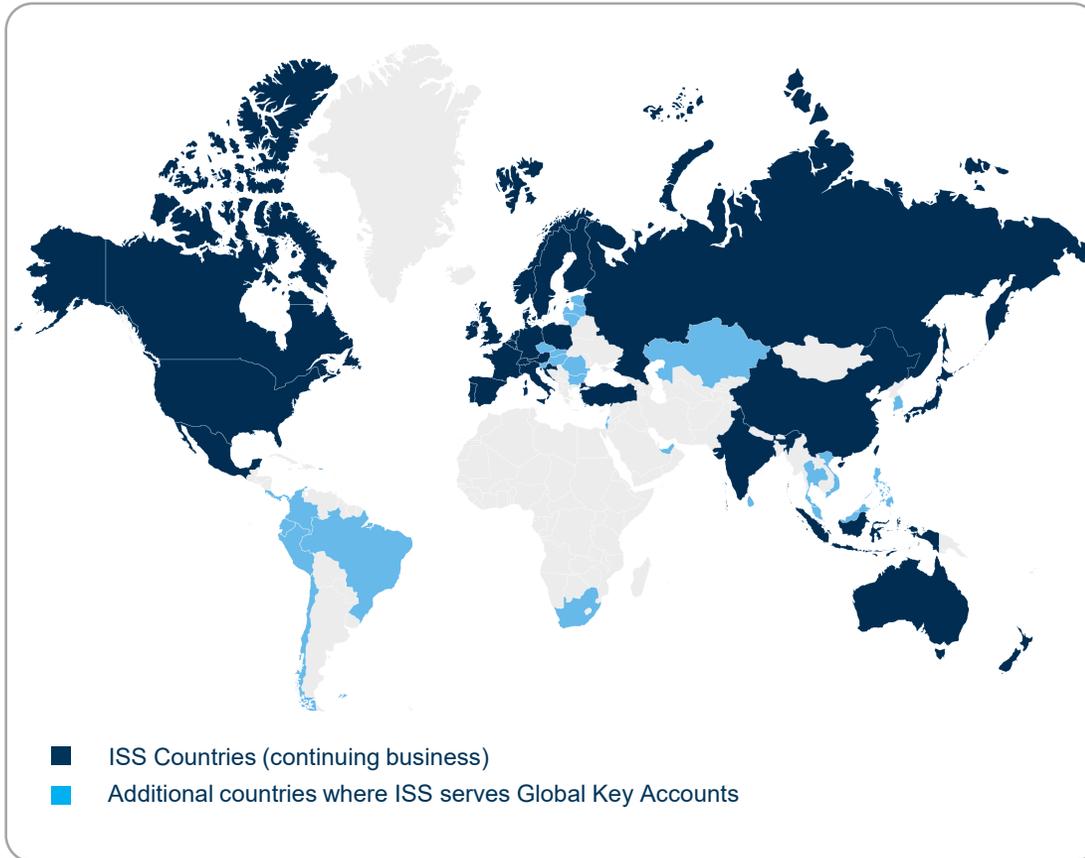
■ Cleaning ■ Catering ■ Security
■ Property ■ Support ■ Facility Management

- With **focus on Key Accounts** and C-suite access, ISS currently takes on a central role in the business continuity plans of thousands of clients around the world
- Our **unmatched self-delivery** of services by more than 400,000 employees across the world enables us to help clients react swiftly and consistently across both services, sites and countries
- We have a **resilient customer mix** with limited exposure to segments particularly hard hit by COVID-19...
- ... and a **balanced service portfolio** focused predominantly on services where the level of activity is linked mainly the facility (e.g. property services and cleaning) and less to the number of end-users (e.g. catering).

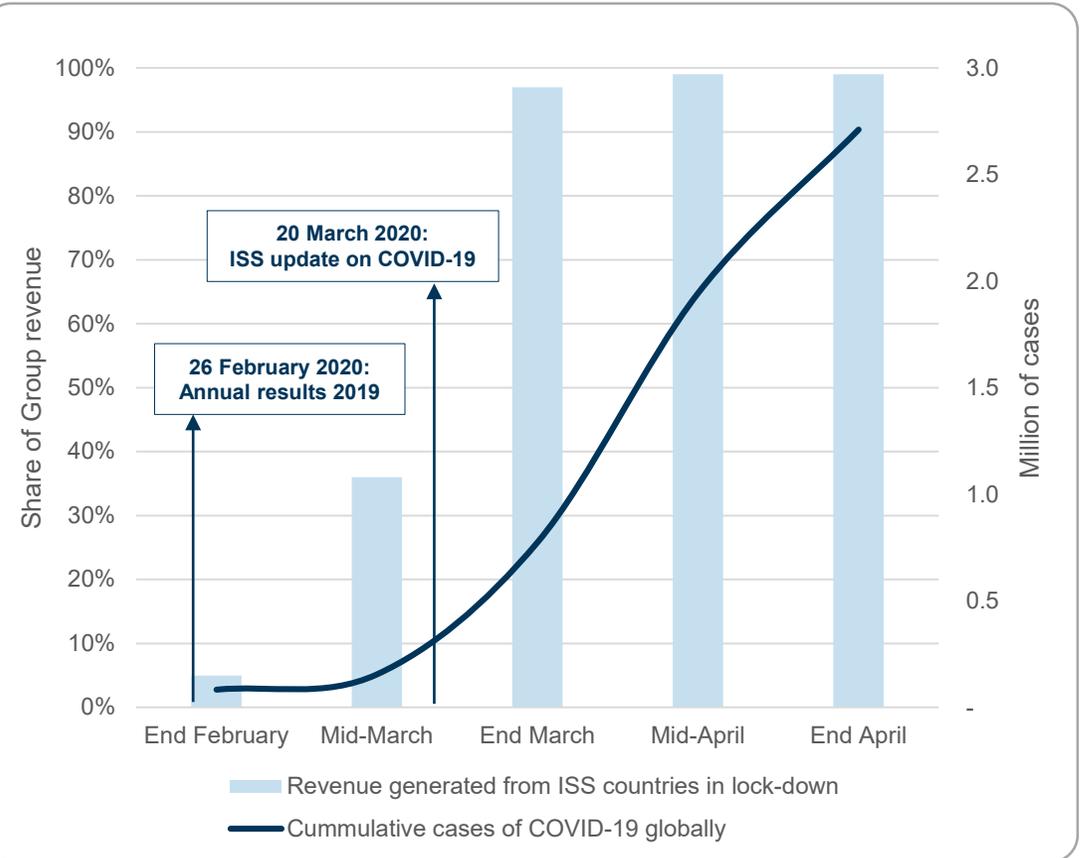
(1) Share of Group revenue in 2019

Managing rapidly changing circumstances across the globe

All ISS countries impacted by lock-downs



Rapidly developing circumstances¹⁾

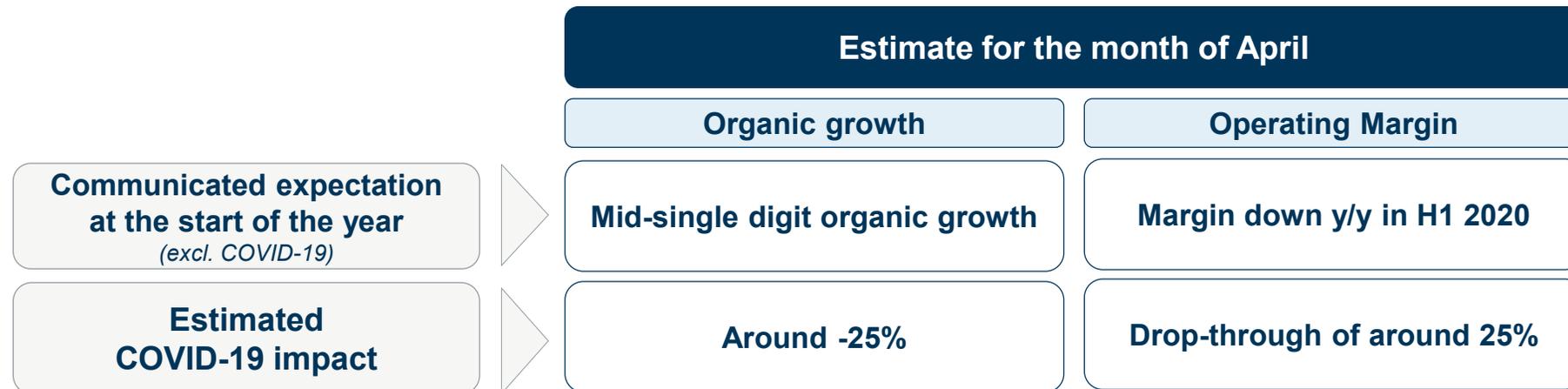


1) University of Oxford COVID-19 Government Response Tracker

COVID-19 – Operating Performance

Significant short-term COVID-19 headwinds – partly offset by a resilient revenue mix

- As communicated in connection with FY2019, the original expectation for H1 2020 was for mid-single digit organic growth and lower operating margins y/y due to phasing (incl. one-off income H1 2019 and the loss of Novartis in H1 2020).
- Organic growth in April estimated to be around -20%. Organic growth impact from COVID-19 in isolation around -25% at an operating profit drop-through of around 25%.
- Services most severely impacted by the lock-down are catering (c. 15% of revenue) as well as projects and above base work in general (c. 15% of revenue). Other services are also negatively impacted, albeit to a lesser extent. As the world's largest cleaning company, an offsetting factor is the continued high demand for specialised deep-cleaning and disinfection.



COVID-19 – Update on liquidity and debt

Our financial position remains strong despite short-term challenges

- 1. Solid liquidity.** Total liquidity at 30 April 2020 improved to DKK 11 billion compared to ‘above DKK 8 billion’ as updated 20 March 2020. The increase of around DKK 3 billion since 20 March 2020 was supported by DKK 2.2 billion (EUR 300 million) in additional liquidity lines secured for precautionary measures. We have not increased the use of factoring.
- 2. No cash burn.** Cash flow was positive by around DKK 1 billion from mid-March to the end of April, including benefits from postponed VAT and social contributions offered under government support schemes.
- 3. No financial covenants** in our capital structure.
- 4. No imminent debt maturities.** No maturities in 2020 and the vast majority of our debt (around 90%) does not mature until 2024 onwards.

Helping manage clients' safe return back to work

Safe Circulation

- Control people flow in a single direction, where possible to avoid crossing in corridors or open space
- Use 2m interval markings on the floor or walls along corridors to guide people movement and timing



Safe Workstations

- Option 1 - alternate desks are left unoccupied by removing every other seat
- Avoid face to face seating, unless at 2m distance



Back to Work

When our customers are returning to the office

List of recommendations

Version 2.0
May 1 2020



Well positioned to capitalise on opportunities

While we face challenges, we also see opportunities on the back of COVID-19

Awareness

- Improved awareness of the role of facility services in business continuity plans when the unforeseen happens
- Further evidence of the value in integration, self-delivery and global reach in effectively managing large key account customers' risks across services, sites and countries

Perception

- Acceleration in the trend for holistic Workplace Management as a service – including focus on health, safety and wellbeing
- Changing perception and increased demand for cleaning services provisioning employee safety

Penetration

- Gradually increasing outsourcing penetration supported further by:
- Further professionalisation of customer needs
 - Incremental customer demand for outsourcing to help drive efficiencies
 - Further drive for integration of self-delivered facility services

Proven agility, flexibility and responsiveness...

...to effect changes in operational demands by our key clients and ensure business continuity



Q&A



Appendix

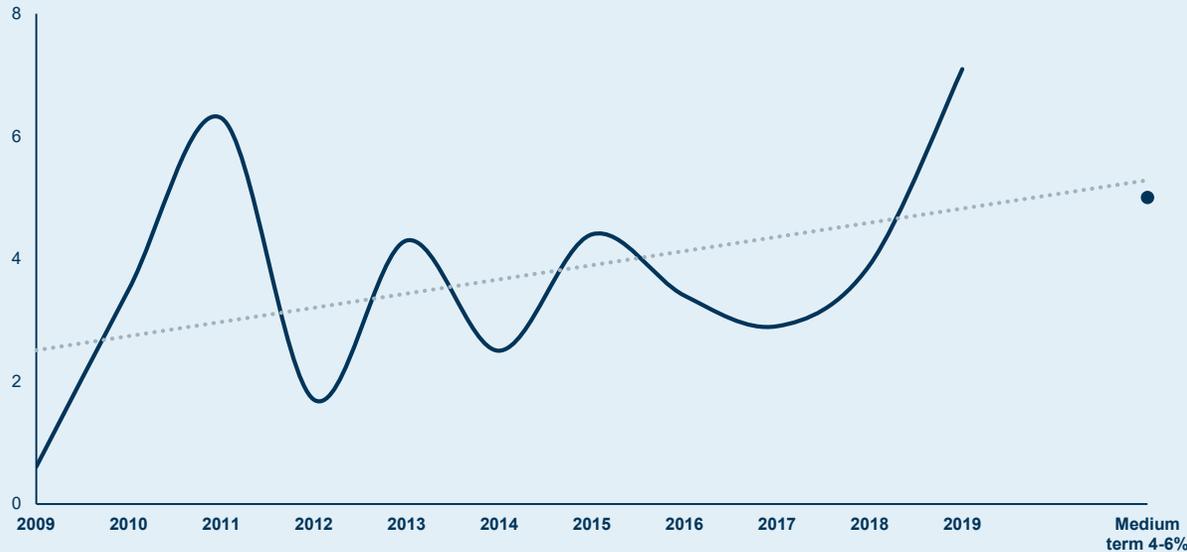
TELAN SUURIN SALLITTU
HÄLKÄISIJÄ 1700 mm
MASSA 70000 kg



Structurally higher growth on a resilient revenue base with stable margins

Organic growth, %

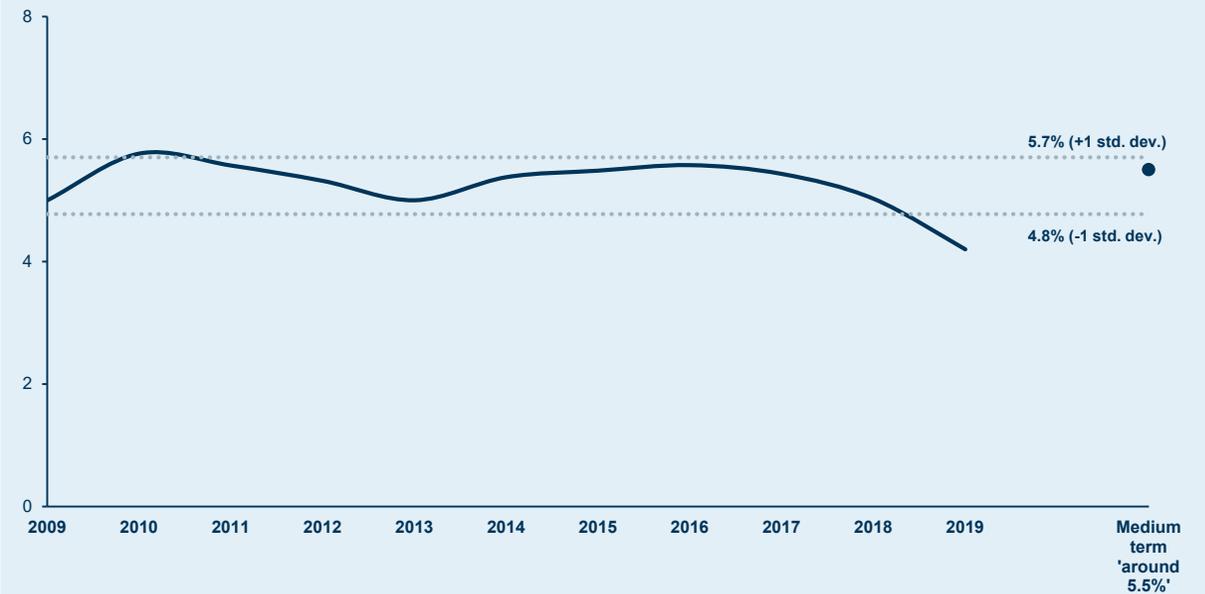
Structurally higher growth...
... on a resilient revenue base with just one year (2003) of negative organic growth in the past 27 years



Medium term guidance: 4-6% (10 years avg.: 4.0%)

Operating margin (incl. restructuring)¹, %

Stable margins, usually within a tight 0.9% range (+/- 1 std. dev. over 10 years)



Medium term guidance: around 5.5% (10 years avg.: 5.3%)

(1) 2017 and 2018 have been restated for discontinued operations. All years have been restated to include restructuring above the line.

Customer segments chart based on full year 2019

