

Investor Presentation

Half-Year Financial Results

1 January - 30 June 1999

Forward-looking Statements

This presentation contains statements regarding expectations to the future development, in particular future sales, operating efficiencies and business expansion. Such statements are subject to risks and uncertainties as various factors, many of which are beyond ISS's control, may cause the actual development and results to differ materially from the expectations contained in the presentation. Such factors include, among others, overall economic and business conditions, fluctuation in currencies, the demand for ISS's services, competitive factors in the industry and uncertainties concerning possible acquisitions and divestments.

Agenda

- Building the Strategic Platform
- Financial Results First Half 1999
- Going Forward

Building the Strategic Platform

The *aim2002* vision:

**“ISS - The Leading and Most Innovative
International Service Enterprise”**

Business Opportunities

- Globalisation
- Outsourcing
- Specialisation
- Industry Consolidation
- Professionalisation

Expand Geographically

- ISS #1 or 2 in most of its 33 countries
- Leading position in Europe (ISS 5 times larger than #2)
- Leading position in Asia and Brazil
- France, Benelux, Spain and Israel important steps in 1999

Performance / Goals

	1H99	1H98	Growth	Goal
■ DKKm Turnover	8,035	6,232	29%	10%
■ Op. Profit	401	286	40%	15%
■ Op. Margin	5.0%	4.6%	0.4%	6.0%
■ CEPS, DKK	2.28	3.62	-37%	15%

Specialisation

- 20 bolt on acquisitions with 72% specialised services
- Abilis adds quality and volume that allows specialisation in its markets
- Progress toward *aim2002* goal:

Specialisation:

1996	1997	1998	1999H1	2002G
30%	35%	42%	49%	80%

Motivation

- Employee shares
- Option programmes
- EVA bonuses

Full time employment

1996	1997	1998	1999H1	2002G
30%	50%	55%	58%	80%

Going Global

- Flattened organisation
- New group functions
 - IT
 - Procurement
 - Business development
 - PFI
 - Human resources
- Review of branding to create high level of awareness

Acquisitions 1 Jan - 16 Aug 1999

	T/O	EBIT	
Abilis	5,225	179	
NECA	250	-	} Avg. P/EBITA ≈ 6.5
Ergio	118	-	
Ashmoret	247	-	
17 other bolt-on's	547	-	
Total:	6,387	-	
Staff added:	61,430		

The Abilis Group

- Annualised 1999E turnover: DKK 5.6bn
- Employees: 50,000
Fulltime: 50%
- Position #1: B, NL
Position #2: F
- Organic growth 1998: >7%
- Operating margin 1998: 3.4%

Significant New Contracts First Half 99

- PFI: South Durham Hospital, UK
- PFI: Sheffield City, UK
- Storebrand, Norway
- Oskarshamn, Sweden
- Helsinki-Vantaa Airport, Finland
- Rolex, Switzerland
- LKW Walter, Austria
- Opel, Belgium

ISS Group

Financial Results First Half 1999

Turnover

Turnover First half '98	6,232	
- Organic growth	489	8%
- Acquisition	1517	24%
- Currency effects	-203	-3%
Turnover First half '99	8,035	+29%

Operating Profit

DKKm	Operating profit	Margin
First half '98	286	4.6%
First half '99	401	5.0%
	+40%	

Profit & Loss

DKKm	1998	1998H1	1999H1
Turnover	13,801	6,232	8,035
Operating profit	735	286	401
Other income and expenses, net	22	1	-2
Net interest expenses	-80	-19	-52
Income from ass. undertakings	-	1	-
Ordinary profit before tax and goodwill amortisation	677	269	347
Tax on ordinary profit	-190	-86	-102
Ordinary profit before goodwill	487	183	245
Minorities	-12	-6	-6
Goodwill amortisation, net of tax	-199	-76	-131
Discontinued business and extraordinary items	-65	14	8
ISS consolidated net profit	211	115	116

Balance Sheet

Assets		
DKKm	31.12.98	30.06.99
Goodwill	3,005	3,376
Other fixed assets	1,185	1,201
Stock & debtors	2,106	2,350
Liquid funds	821	167
Total assets	7,117	7,094
Liabilities		
DKKm	31.12.98	30.06.99
Total equity	1,454	1,621
Provisions	487	486
Debt	2,718	2,225
Other liabilities	2,458	2,762
Total liabilities	7,117	7,094
Equity ratio:	20%	23%
Net debt:	1,897	2,058

Cash Flow

DKKm	1998H1	1999H1
Operating profit	286	401
Depreciation	113	158
Working capital / provisions	-37	-146
Interest payments, net	-18	-45
Tax payments	-129	-127
Other income / expenses & extraordinary items	6	-15
Cash flow from operations	221	226
Reinvestments in fixed assets*	-113	-158
Sustainable cash flow	108	68

* Approximated by fixed asset depreciation

EVA

- EVA of DKK 86m for first half 1999, broadly unchanged from 1998
- Return on newly invested capital before full synergy realisation matches WACC

Capital Increase

- Offering: 7.4m shares + 0.6m green shoe
- Subscribed 2.3 times
- New prominent shareholders
- Resulting shareholder base:

> 5%

ATP

Uni

LD

Capital

Codan

Fidelity

Geography

Denmark 42%

UK 27%

USA 20%

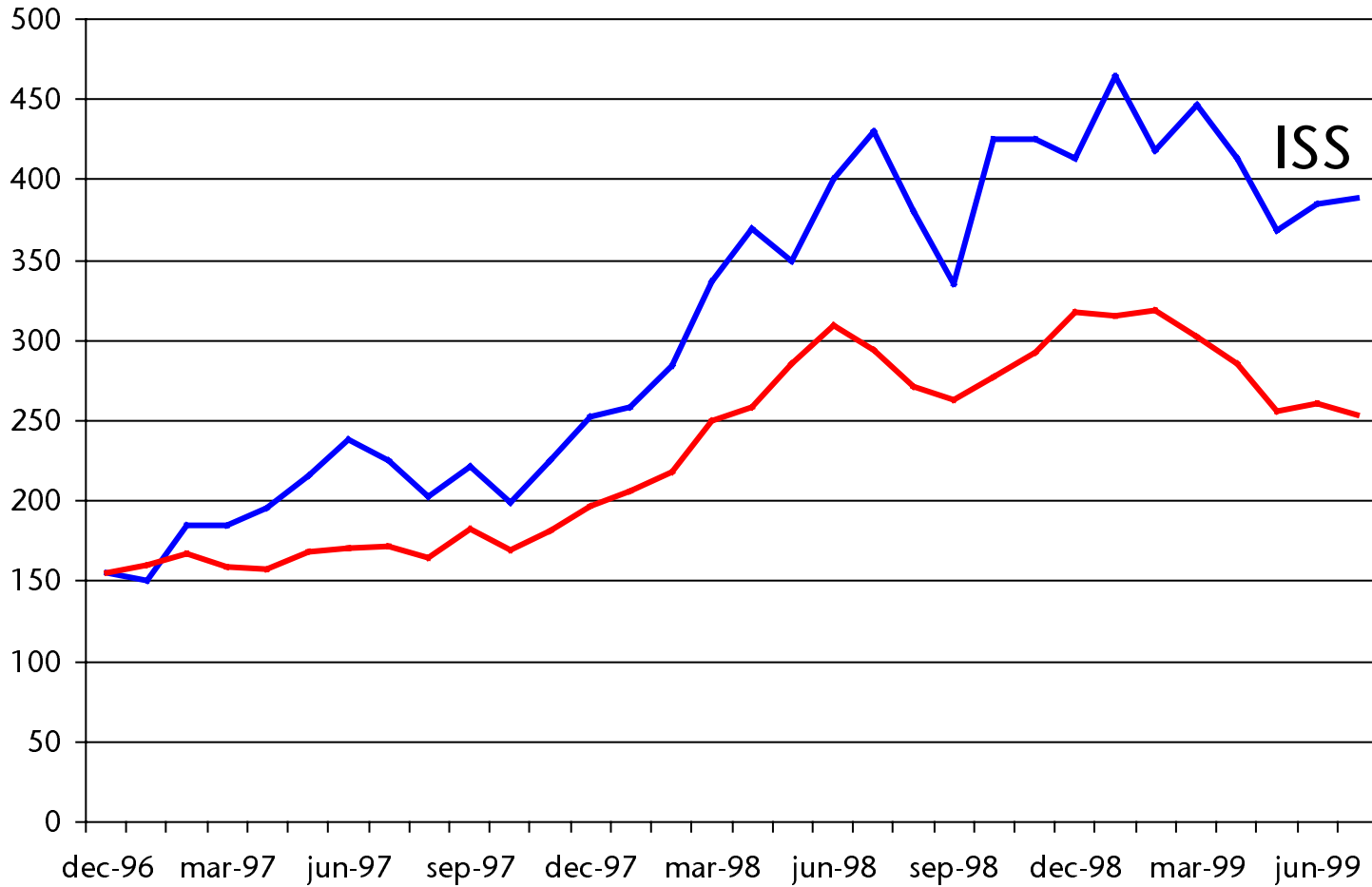
Rest of Europe 9%

Asia 2%

Total 100%

ISS B-Share Price Development

ISS B-share and weighted Peer Group index



Outlook For Full Year 1999

- Turnover expected to increase by more than 35%
- Operating profit also expected to increase strongly
- Modest decrease in operating margin due to impact of initially lower margins in Abilis
- Synergies expected to have positive impact in coming years, but limited impact in 1999
- Goodwill amortisation to increase to about DKK 370 million (DKK 199 million)
- Long-term goal of 15% increase in cash flow maintained. However, 1999 may show a decrease or an increase of less than the 15% long-term goal, due to acquisition-driven working capital volatility

Going Forward

Management Priorities

- *aim2002* focus
- Abilis integration
- Bolt on acquisitions
- Geographical expansion

Appendix

ISS Market Position (incl. Abilis)

<u>Country</u>	<u>Market Position</u>
France	No. 1
The Netherlands	No. 1
Denmark	No. 1
UK	No. 3
Germany	No. 2
Sweden	No. 1
Norway	No. 1
Belgium/Luxembourg	No. 1
Finland	No. 1
Central Europe	No. 1
Switzerland	No. 1
Spain	No. 4
Portugal	No. 2
Asia	No. 1
Brazil	No. 1
Israel	No. 1

ISS - Acquisitions In 1999

Company	Service area	Country	Takeover month	Share	T/O (DKKm)	Empl.
1 Vaktmester Kompaniet A/S	Property service	Norway	Jan '99	100%	117	200
2 Ridgeway Cleaning Services	General cleaning	UK	Jan '99	100%	26	300
3 Alfa Service	General cleaning	Norway	Feb '99	100%	8	58
4 Høytrykksvakta	Industrial service	Norway	Feb '99	100%	5	6
5 Tallberg Fastighetservice	Property service	Finland	Mar '99	100%	10	50
6 Garavaglia	Cleaning	Italy	Mar '99	100%	32	225
7 Albertslund Kloakservice	Industrial service	Denmark	Apr '99	100%	67	60
8 Ergio	Hygiene	Spain	Apr '99	100%	118	1,300
9 Swirl	Transport	UK	Apr '99	100%	129	2,100
10 Svalbard	Cleaning	Norway	Apr '99	100%	2	9
11 Gävle Sanering	Industrial service	Sweden	May '99	100%	39	57
12 DATEA	Property	Denmark	May '99	100%	25	60
13 Cleaning Partnerssystem	Cleaning	Belgium	May '99	100%	46	300
14 Arctic Catering	Catering	Greenland	May '99	100%	10	32
15 Økodan ApS	Landscape	Denmark	May '99	50%	6	15
16 Ateriaali	Care	Finland	May '99	55.3%	10	28
17 Abilis	Multi	F,NL,B,Lux,E	July '99	100%	5,225	50,000
18 BioTec AG	Anti graffiti	Switzerland	July '99	100%	2	4
19 Groupo NECA	Care, Transport	Spain	July '99	100%	250	2,800
20 Antac SARL	Industrial service	France	Aug '99	100%	13	26
21 Ashmoret	Cleaning	Israel	Aug '99	50%	124	3,800
Total					6,264	61,430

ISS Key Figures

	1997	1998	97H1	98H1	99H1
Operating margin	5.4%	5.3%	4.7%	4.6%	5.0%
Net debt to total assets	7%	27%	13%	7%	29%
Net debt to market cap	5%	15%	8%	3%	18%
Equity to total assets	28%	20%	22%	29%	23%
Interest coverage	12	9	9	15	8
Market cap to equity	7	9	8	8	7

ISS Analysts

The analysts named below follow ISS on a regular basis.

	Name	Telephone no.	E-mail address
Denmark			
Alfred Berg	Carsten Dehn	+ 45 33 96 19 23	carsten.dehn@alfredberg.dk
Aros Securities	Lars Larsen	+ 45 33 33 57 91	lars.larsen@arossecurities.com
BG Bank	Steen Clausen	+ 45 43 30 61 19	aktieanalyse@bg-finance.dk
Carnegie	Carsten Leth	+ 45 32 88 02 72	cjleth@carnegie.dk
Codan Bank	Bjarne Sørensen	+ 45 33 55 21 36	sbj@codanbank.dk
Den Danske Bank	Allan Nielsen	+ 45 33 44 03 76	allan.nielsen@danskebank.dk
Enskilda Securities	Kenneth Graversen	+ 45 33 17 74 22	kenneth.graversen@enskilda.se
Gudme Raaschou Securities	David Dalgas	+ 45 33 13 19 70	d.dalgas@gr.dk
Handelsbanken Markets	Torben Sand	+ 45 33 41 82 00	tosa04@handelsbanken.se
Jyske Bank, Silkeborg	Lars Almind Jensen	+ 45 89 22 49 17	lars-almind@jyskebank.dk
Midtbørs, Herning	John Christensen	+ 45 96 26 28 49	john.christensen@midtbank.dk
Nykredit Bank	Thomas Bolvig	+ 45 33 42 18 85	tbo@nykredit.dk
Sydbank Markets	Claus Juul	+ 45 74 36 44 52	clausjuul@sydbank.dk
Alm. Brand Børs	Robert Neumann	+ 45 33 30 68 50	abbaktier@image.dk
Stockholm			
H. Lundén Fondkommission	Harald Lundén	+ 46 8 611 2100	harald.lunden@h.lunden.se
Swedbank Markets	Jonas Palmquist	+ 46 8 5859 1448	jonas.palmquist@foreningssparbanken.se
London			
Cazenove & Co.	Charles Evans Lombe	+ 44 171 588 2828	cplevanslombe@cazenove.com
Cheuvreux Nordic	Jeff Saul	+ 44 171 621 5177	jeffs@cdv.se
Credit Lyonnais Securities	Matthew Lloyd	+ 44 171 214 5558	matthew.lloyd@creditlyonnais.co.uk
Goldman Sachs International	Boris Bernstein	+ 44 171 774 5715	boris.bernstein@gs.com
Merrill Lynch & Co	Charles Estourgie	+ 44 171 772 2485	charles.estourgie@ml.com
Warburg Dillon Read	Tom Shepperd	+ 44 171 568 1975	tom.shepperd@wdr.com
Paris			
CCF	Francois Suarez	+33 1 40 70 31 09	fpommiersuarez@ccf.fr
Exane	Hervé Pilo	+33 1 44 95 41 04	
Paribas	Thibaud Morin	+33 1 42 98 72 63	thibaud_morin@paribas.com

ISS Corporate Head Office

ISS-International Service System A/S

Bredgade 30

DK-1260 Copenhagen

Denmark

Telephone: +45 38 17 00 00

Fax +45 38 17 00 11

Homepage: www.iss-group.com

E-mail: info@iss-group.com

Executive Management Board:

Waldemar Schmidt, Group Chief Executive

Theo Dilissen, COO

Stuart Graham, MD ISS Overseas

Eric Søre Rylberg, CFO

IR Contacts:

Jørgen Hauglund, SVP, Corporate Affairs

Lynge Blak, VP, Investor Relations

Karsten Poulsen, VP, Treasury