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**ISS**  
**Investor Presentation**  
**Half-year Financial Results 2000**  
**15 August 2000**



# Forward-looking statement

This presentation contains forward-looking statements within the meaning of US Private Securities Litigation Act of 1995 and similar laws in other countries 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. Factors that might affect such expectations include, among others, overall economic and business conditions, fluctuations in currencies, the demand for ISS's services, competitive factors in the industry and uncertainties concerning possible acquisitions and divestments.



# Agenda

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**Strategy follow up**  
**Half-year results 2000**  
**Outlook**  
**Appendices**



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# Strategy follow up Eric Rylberg CEO



15 August 2000

# Strategy follow up - industry trends

- **Outsourcing continues to show strong momentum**
  - private sector becoming more sophisticated
  - public sector increasingly opening up in certain countries
  - new areas being outsourced
- **Consolidation continues**
- **Quality measured to standards is becoming more frequent**
- **Bundling of services increases**



# Strategy follow up - building our business

- Density significantly increased in important markets (DK, F, UK)
- A number of speciality bolt-on acquisitions
- “Normal” bolt-on acquisition activity accelerated
- Property service capacity build in Nordic area
- Care concepts and volume expanded
- Geographical expansion into Argentina and Iceland



# Strategy follow up - Organising for growth

## Executive Management Board

CEO: Eric Rylberg  
COO: Stuart Graham  
CFO: Carsten Knudsen

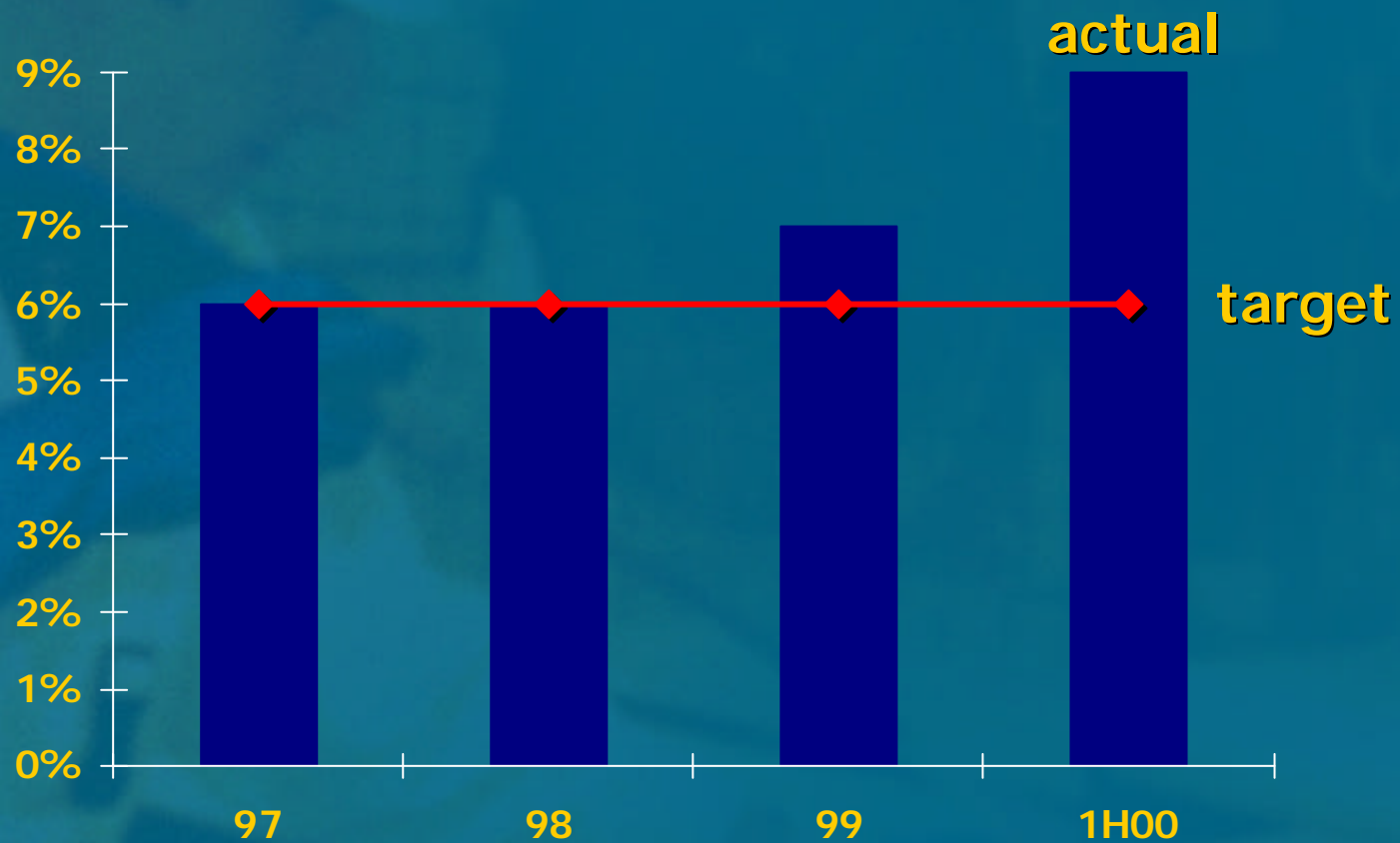
## Group Management

Daniël van Cauteren  
Thorbjørn Graarud  
Jesper Møller  
Karsten Poulsen  
Flemming Schandorff  
Jan Vistisen



# Strategy follow up - organic growth

Actual vs aim2002 goal of 6%



# Strategy follow up - organic growth 1H00

## Selection of new major contracts

- Brazil: Eletropaulo
- Finland: Nokia
- Singapore: Asian Aerospace Exhibition
- Belgium: University of Ghent
- Germany: Expo2000

## Certification:

- Environmental ISO 14001 (Denmark, Sweden)
- Safety Certificate Contractors (Austria)

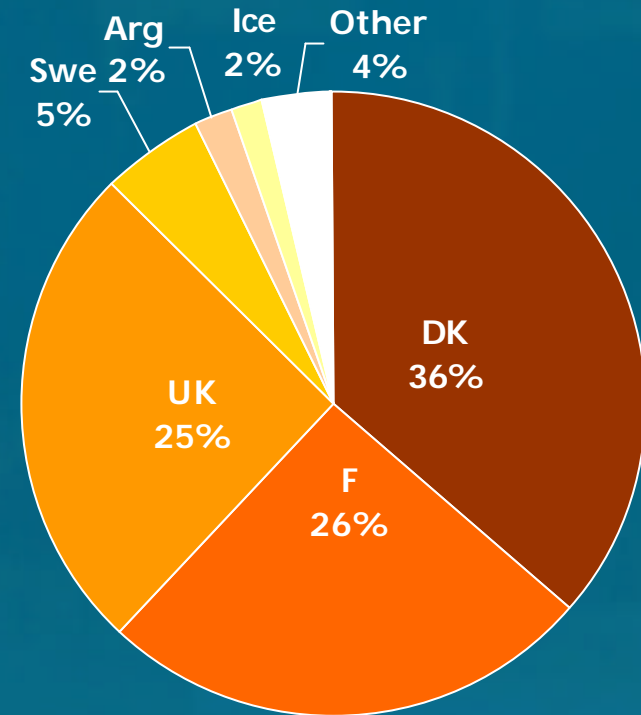
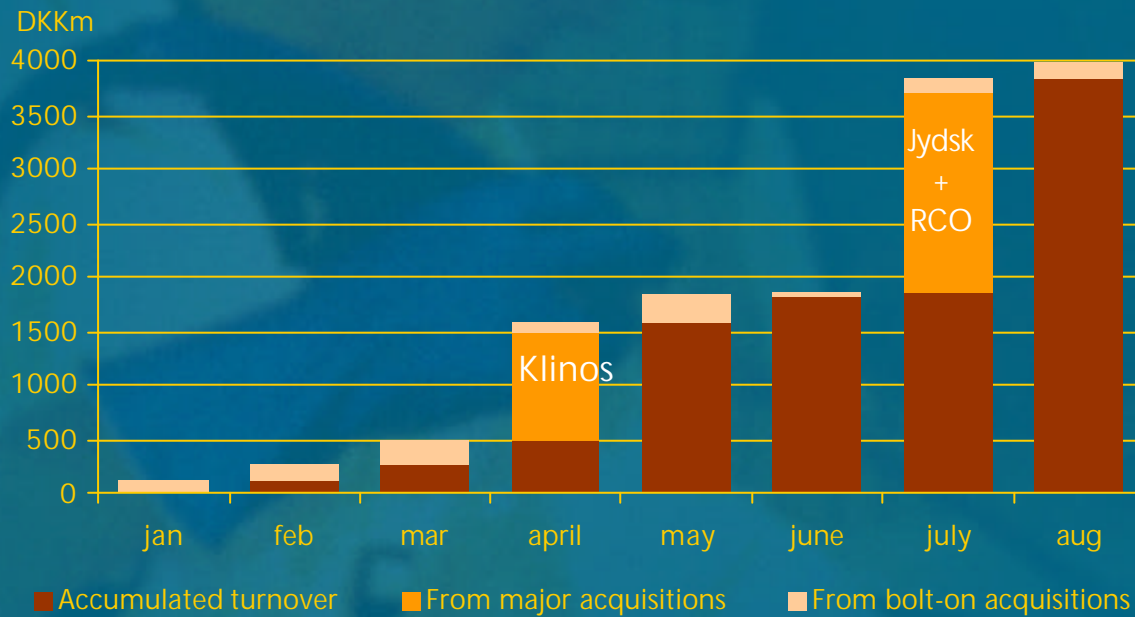
## PFI contracts in UK

- Preferred bidder on 3 smaller hospital schemes



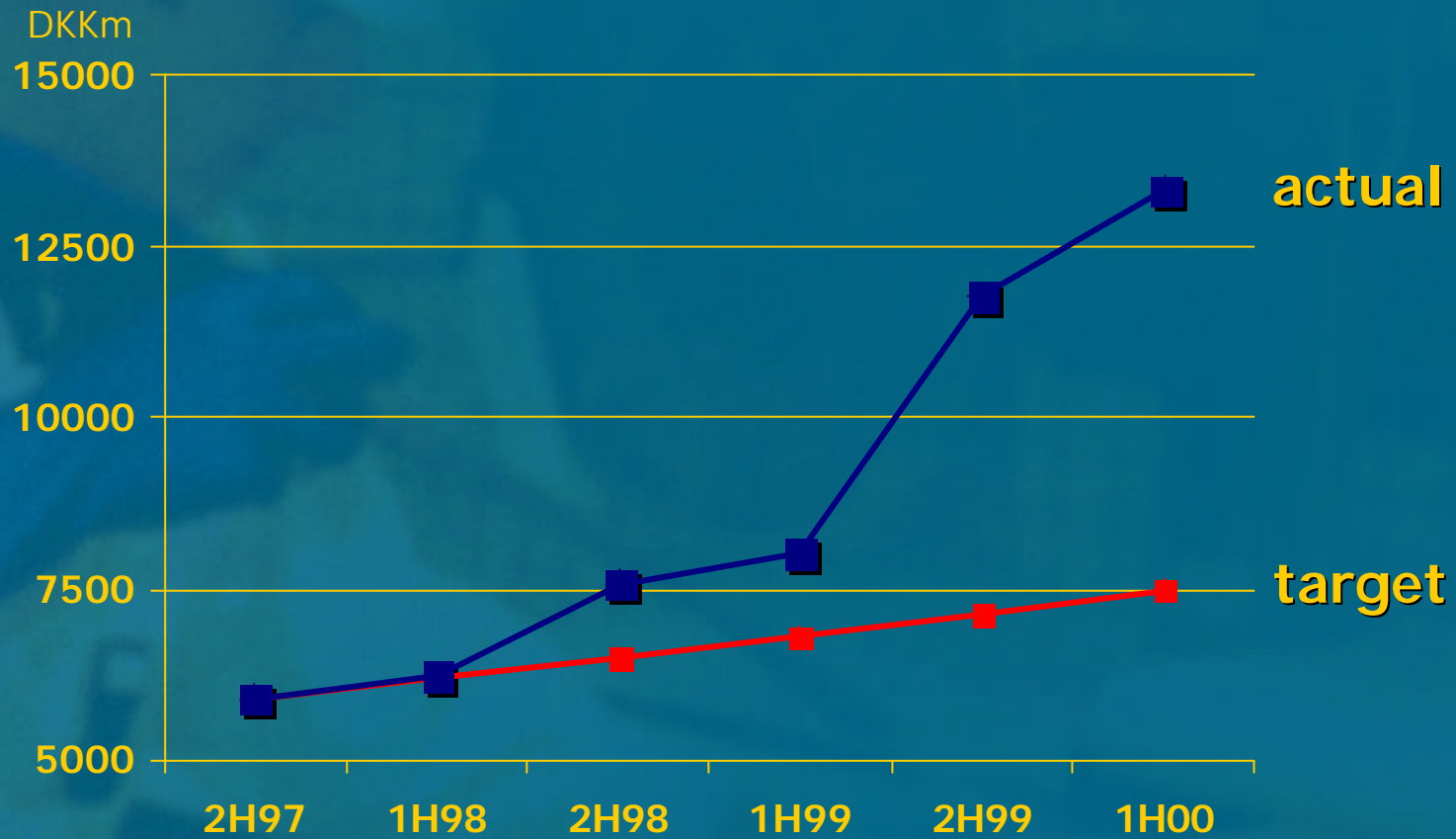
# Strategy follow up - acquisitions from 1 Jan - to 15 Aug 2000

## Accumulated annualised turnover

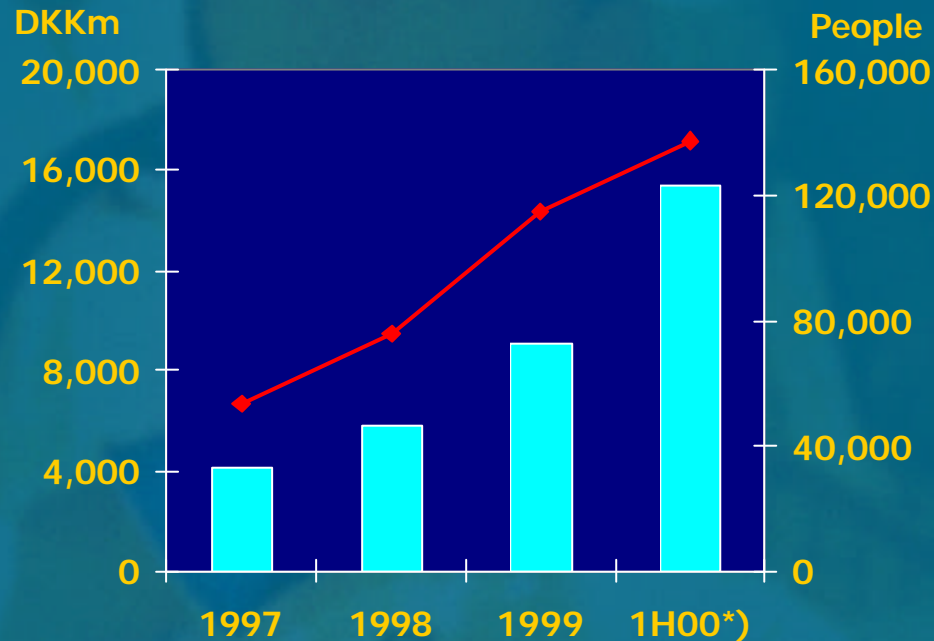


# Strategy follow up - turnover growth

Actual vs aim2002 goal of 10% p.a.

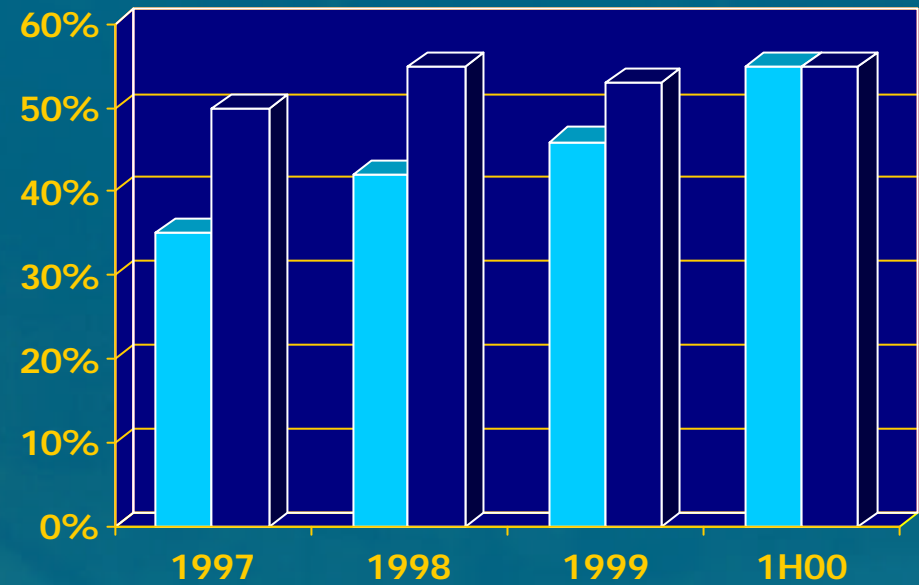


# Strategy follow up - specialisation and full time employment



Specialisation. l.h.s Full timers. r.h.s

\*) Turnover: 1999 +40%  
employees: 250,000



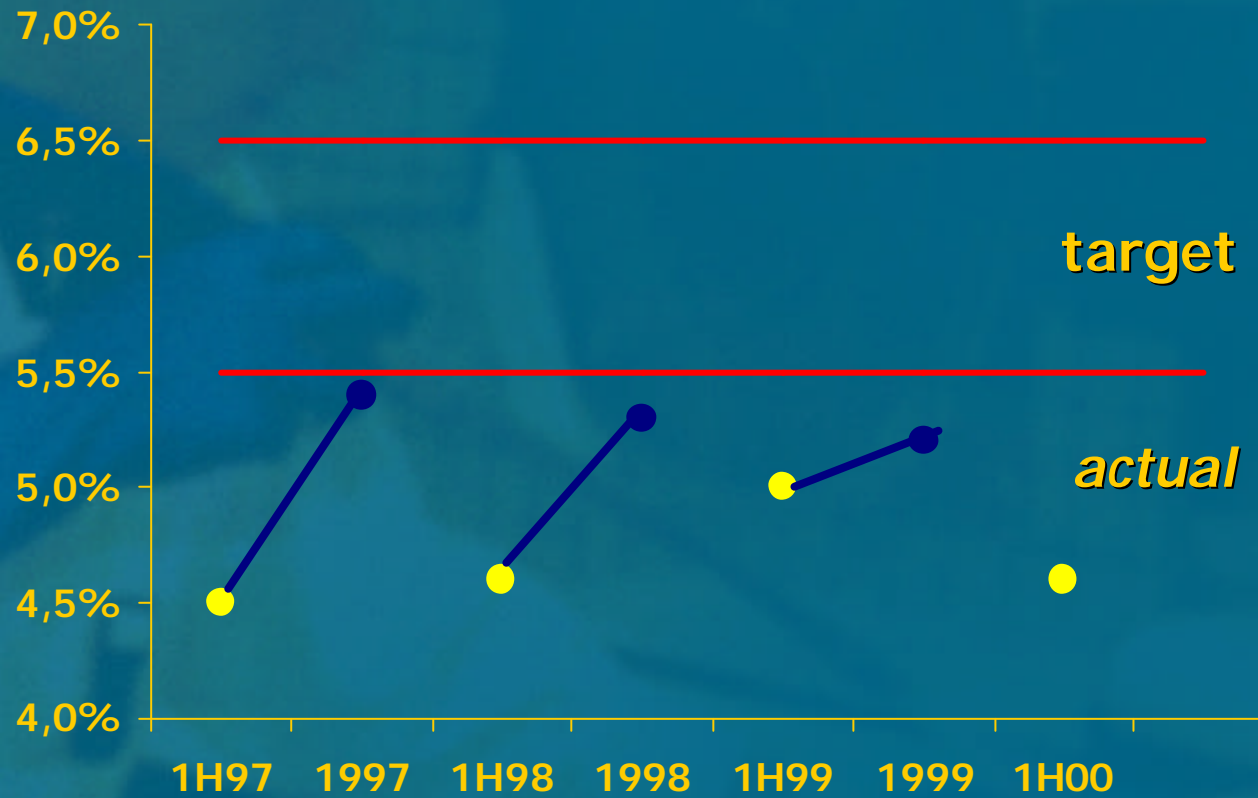
Specialisation

Full timers



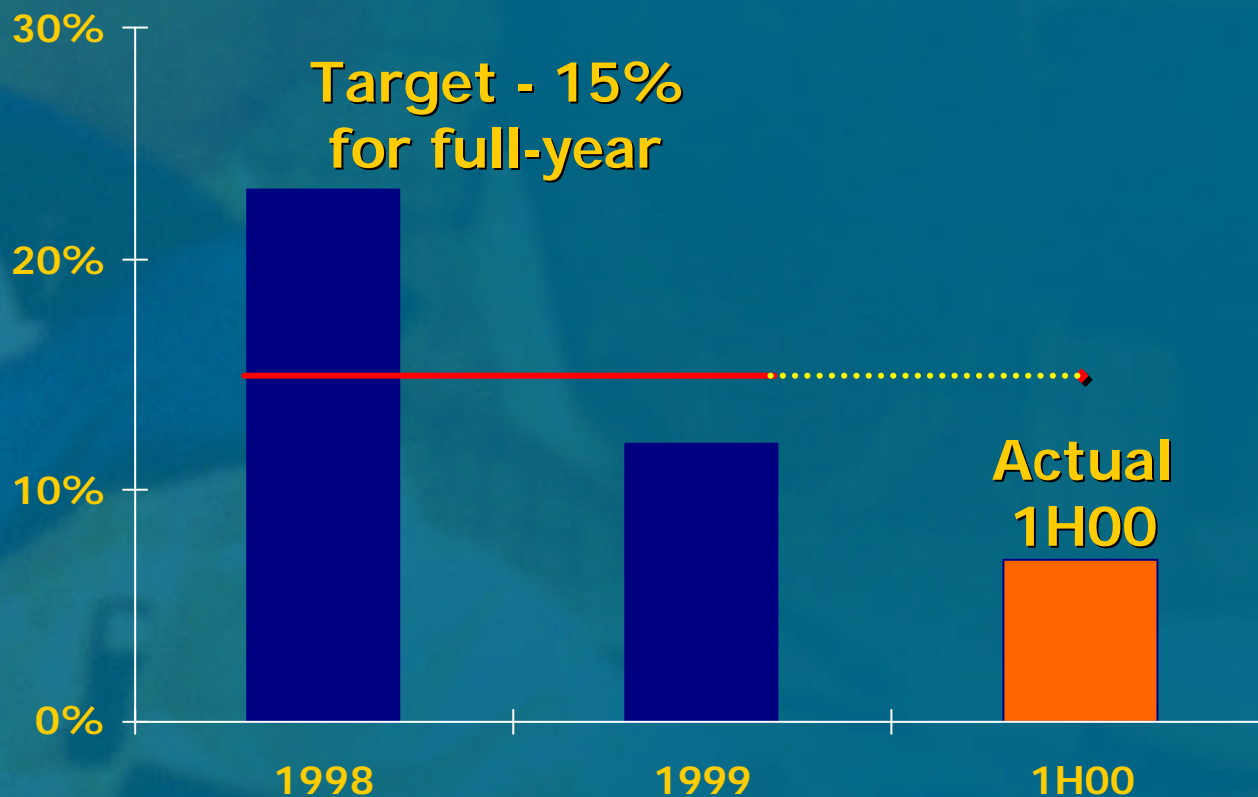
# Strategy follow up - operating margin

Actual vs aim2002 goal of 5.5 - 6.5% p.a.



# Strategy follow up - EPS\*) change

\*) Ordinary profit after tax before goodwill amortisation per share



# Strategy follow up - corporate governance

- Quarterly results reporting introduced
- A and B shares merged to one class of shares
- Share capital increased by 5.1% due to acquisitions paid in shares
- New employee share programme in 2001
- Thor Pedersen, former CEO of Jydsk Rengøring, joining the Board of Directors
- Board of Directors now on option scheme



# Strategy follow up - going forward

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*aim2002* goals still pursued

**New Group vision to be launched  
in November 2000**



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# Half-year Results 2000

## Carsten Knudsen

### CFO



15 August 2000

# Half-year results 2000 - main events

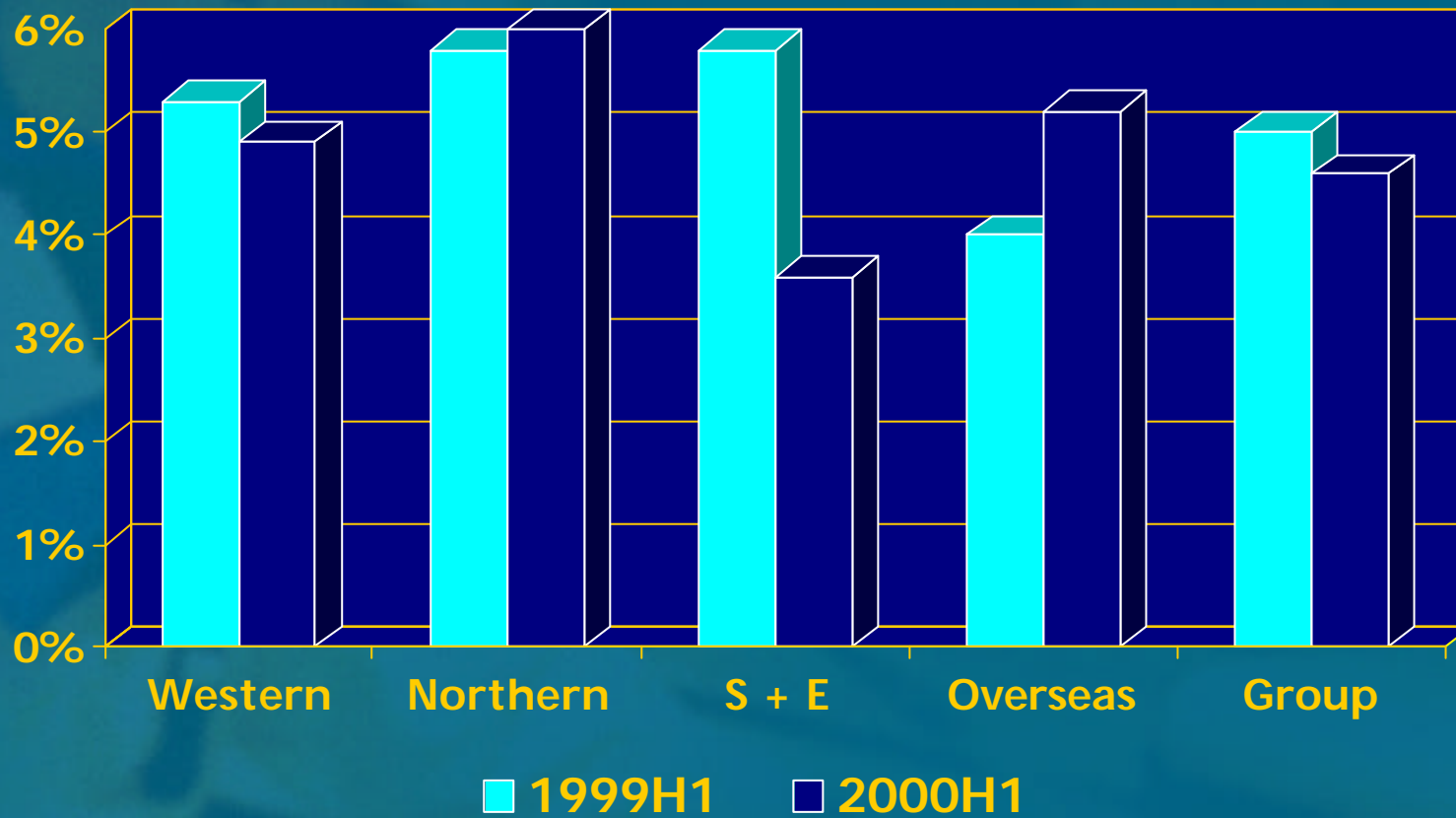
- Strong turnover increase of 66% to DKK 13.3bn
- Solid organic growth at around 9%
- Operating margin at 4.6%
- Operating profit up with 51% to DKK 608m
- Cash flow negatively impacted by increase in working capital partly from solid organic growth
- Number of employees grows to more than 250,000
- EVA at DKK 34m
- Outlook for full year growth in turnover of more than 40%, operating profit app. 40%







# Half-year results 2000 - regional margins



# Half-year results 2000 - profit & loss

DKKm	1999	1999H1	2000H1	Change
<b>Turnover</b>	<b>19,802</b>	<b>8,035</b>	<b>13,325</b>	<b>66%</b>
<b>Operating profit</b>	<b>1,021</b>	<b>401</b>	<b>608</b>	<b>51%</b>
Other income and expenses, net	7	-2	-4	100%
Income from ass. undertakings	2	-	-	
Financial expenses, net	-128	-52	-102	96%
<b>Ordinary profit before tax and goodwill amortisation</b>	<b>902</b>	<b>347</b>	<b>502</b>	<b>45%</b>
Tax on ordinary profit	-280	-102	-161	58%
<b>Ordinary profit before goodwill</b>	<b>622</b>	<b>245</b>	<b>341</b>	<b>39%</b>
Goodwill amortisation, net of tax	-371	-131	-267	104%
Minorities	-17	-6	-12	100%
Discontinued business and extraordinary items	3	8	-	
<b>Net profit</b>	<b>237</b>	<b>116</b>	<b>62</b>	<b>-47%</b>



# Half-year results 2000 - cash flow

## Operating cash flow decreased:

- positively impacted by growth in operating profit
- solid organic growth meant working capital increase
- increase in debtor days to 56 from 52 at year-end 1999
- problems with implementation of new IT systems

Efforts to reduce working capital initiated



# Half-year results 2000 - cash flow

DKKm	1999	1999H1	2000H1
Operating profit	1,021	401	608
Depreciation	351	158	200
Working capital / provisions	-189	-146	-462
Interest payments, net	-124	-45	-78
Tax payments	-280	-127	-125
Other income / expenses & extraordinary items	-47	-15	-1
<b>Cash flow from operations</b>	<b>732</b>	<b>226</b>	<b>142</b>
Reinvestments in fixed assets*	-351	-158	-200
<b>Sustainable cash flow</b>	<b>381</b>	<b>68</b>	<b>-58</b>

\* Approximated by fixed asset depreciation



# Half-year results 2000 - balance sheet

## Assets

DKKm	31.12.99	30.06.00
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Goodwill	7,553	9,082
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Other fixed assets	1,281	1,520
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Stock & debtors	4,324	5,516
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Liquid funds	515	501
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<b>Total assets</b>	<b>13,673</b>	<b>16,619</b>
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## Liabilities

DKKm	31.12.99	30.06.00
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Total equity	4,430	5,532
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Provisions	861	1,015
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Debt	3,565	4,651
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Other liabilities	4,817	5,421
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<b>Total liabilities</b>	<b>13,673</b>	<b>16,619</b>
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Net debt:	3,050	4,150
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# Half-year results 2000 - key figures

	1998	1999	98H1	99H1	00H1
Operating margin	5.3%	5.2%	4.6%	5.0%	4.6%
Net debt to market cap	15%	16%	3%	18%	17%
Equity ratio	20%	32%	29%	23%	33%
Interest coverage	9	8	15	8	6
EPS *)	16.4	18.4	6.2	8.2	8.8
CEPS ")	14.8	11.3	3.6	2.3	-1.5

\*) Earnings after tax before goodwill amortisation per share, DKK

") Sustainable cash flow per share, DKK

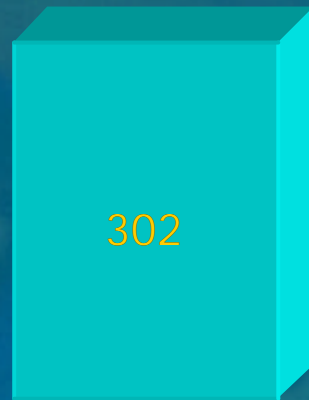


# Half-year results 2000 - EVA

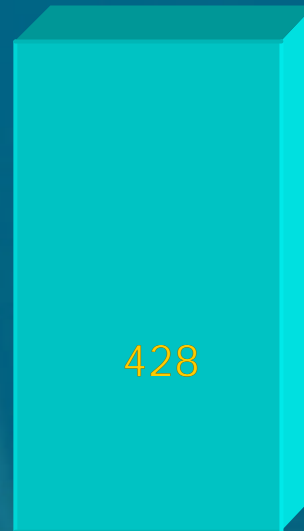
EVA 1999H1  
DKK 86m

EVA 2000H1  
DKK 34m

NOPAT



+42%



## Change in EVA

EVA strongly impacted by the acquisition of Abilis

NOPAT increase of DKK 126m (42%) due to strong growth in turnover

Capital Charge



+82%



Capital charge increase of DKK 178m (82%) due to increase in both WACC and capital invested

Initial negative EVA from acquisitions is not capitalised



# Outlook

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- Expectation for growth in turnover of more than 40% and operating profit at app. 40% due to initial lower margin in acquired companies
- Goodwill amortisation expected to be app. DKK 600m, based on acquisitions announced prior to 15 August 2000
- Interest expense expected to rise due to acquisitions and market interest rate increase
- Underlying EVA performance positive. Acquisitions and WACC rate change may lead to negative short term effects on EVA



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# Appendices



15 August 2000

# Appendix - ISS share capital

	Shares	%
ISS share capital end of 1999	38,213,601	
Acquisition of Klinos	1,096,678	2.9
	<hr/>	
	39,310,279	
Acquisition of Jydsk Rengøring	856,546	2.2
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ISS share capital half-year 2000	40,166,825	



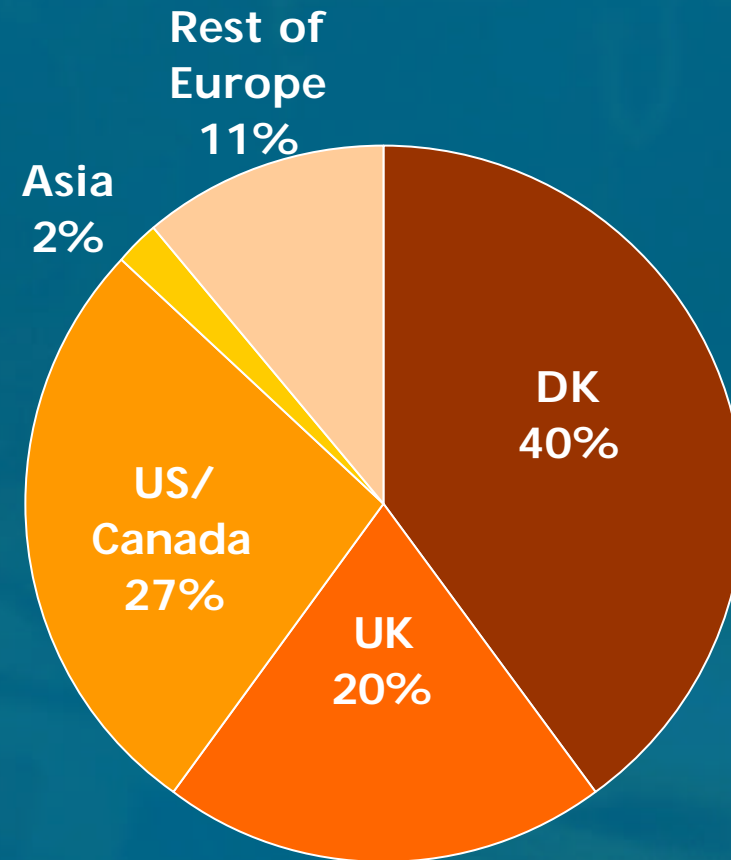
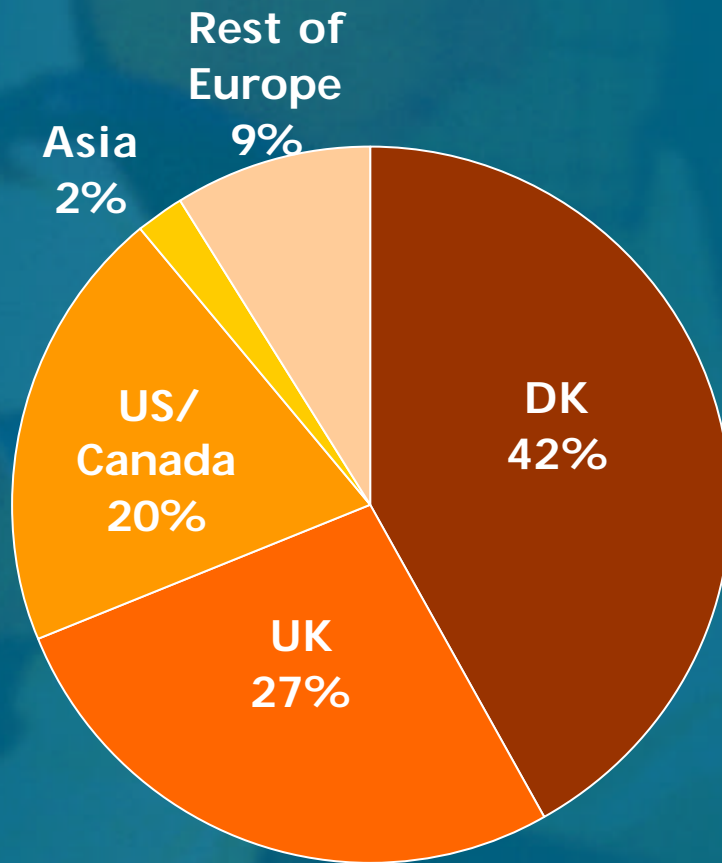
# Appendix - ISS share price development

## ISS share and weighted Peer Group index



# Appendix - ISS shareholder base

## Half-years 1999 and 2000



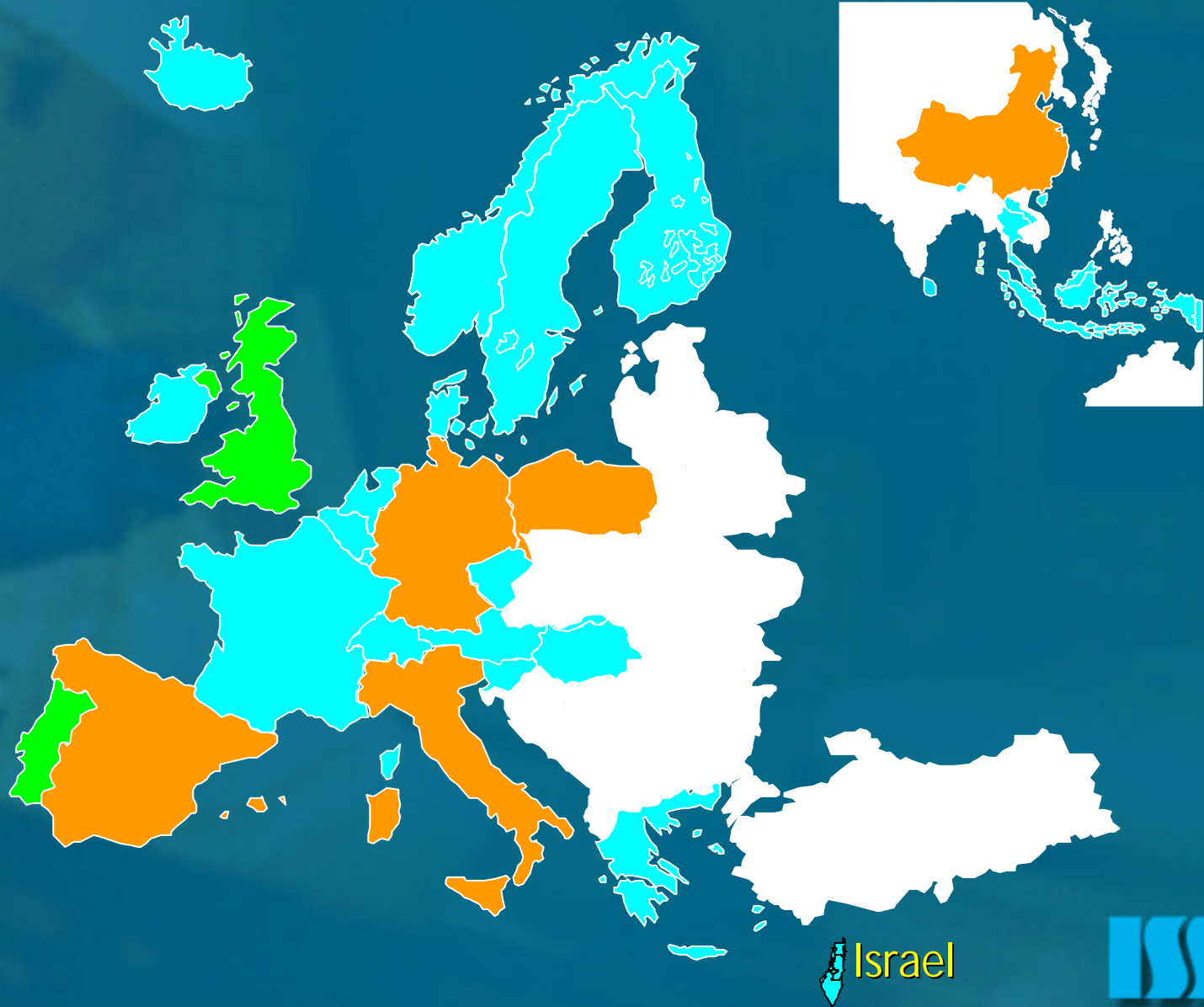
# Half-year results - market position

- No. 1
- No. 2
- < No. 2

Brazil



Argentina



# Appendix - ISS services



Hospital Services



Airport Services



Food Services



Care Services



Cleanroom cleaning



After damage



# Appendix - financial analysts

The analysts named below follow ISS on a regular basis

	Name	Telephone number	E-mail address
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Carnegie	Carsten Leth	+ 45 32 88 02 72	cjleth@carnegie.dk
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Handelsbanken Markets	Torben Sand	+ 45 33 41 82 00	tosa04@handelsbanken.se
Jyske Bank, Silkeborg	Michael Nielsen	+ 45 89 22 28 65	michael-nielsen@jyskebank.dk
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# Appendix - corporate office

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Stuart Graham, COO

Carsten Knudsen, CFO

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