



ISS Investor Presentation Half-year 2001

21 August 2001

Forward-looking statements



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' 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' services, competitive factors in the service industry and uncertainties concerning possible acquisitions and divestments.

You should also read the paragraph about risk factors in the Annual Report 2000 (pages 14-17).

Agenda



- Key figures and consensus
- Strategy follow up
- Half-year results
- Outlook
- Appendices

Half-year key figures



- **Turnover** + 25%
- **Operating profit** + 28%
- **EPS *)** + 18%
- **Organic growth** 6%
- **Operating margin** 4.7%

*) Earnings per share before goodwill amortisation

Half-year key figures meet consensus *)



DKKm	Actual	Consensus	Diff.
Turnover	16,712	16,756	0%
Operating profit	778	781	0%
Operating margin	4.7%	4.7%	
Financial expenses, net	148	150	1%
Ordinary profit before goodwill amortisation	428	430	0%
EPS **)	10.41	10.46	0%

*) Consensus consists of 13 analysts' estimates released prior to the half-year results

**) Earnings per share before goodwill amortisation, DKK



Strategy follow up

Implementation of strategy



- Implementation of **create2005** well underway
- All four “Business Builds” established
- Facility Services expanded its service offering
- Transformation will be speeded up in second half of 2001

- **Country organisations now focused on Facility Services**
- **Concept directors appointed**
 - Hospital Services
 - Property Services
 - Clean Room Services
- **Facility Services strengthened through 28 acquisitions**
 - 1 platform enhancing in landscaping (DKK 870 million)
 - 1 new country: Japan (DKK 125 million)
 - 26 bolt-ons (DKK 902 million)

Facility Services

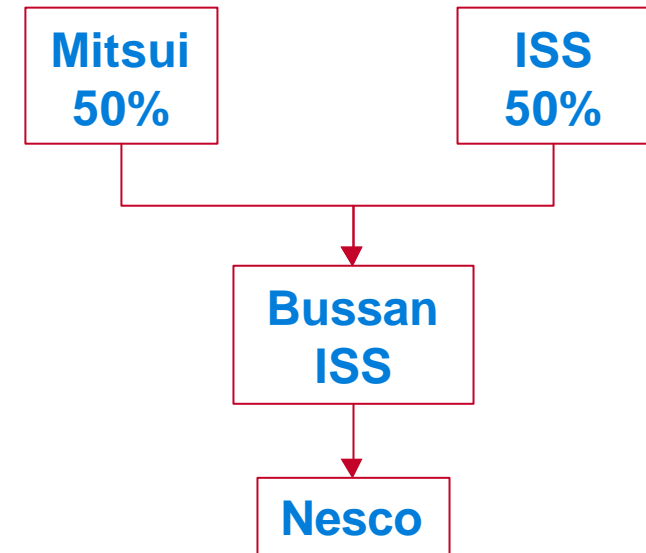


- **Landscaping identified as part of concept**
- **Viapark and Théra Sylve** (acquired November 2000)
 - DKK 64 million in annual turnover
- **Compagnie Générale Espaces Verts** (acquired July 2001)
 - Largest landscaping provider in France
 - DKK 870 million in annual turnover

Facility Services



- **Japan entered**
- **World's second largest economy**
 - Potential market of DKK 300 billion
- **JV with Mitsui**
 - Among Japan's three largest companies
- **Starting out with Nesco**
 - Well established Facility Services company
 - DKK 125 million in annual turnover (ISS share)



Business Builds



- **Management established in all four Business Builds**
- **In eight countries 19 Business Builds were carved out**
- **12 acquisitions**
 - 3 in CarePartner (DKK 323 million)
 - 7 in Damage Control (DKK 146 million)
 - 2 in Aviation (DKK 35 million)

- **Solid organic growth + expanded service offering**
- **Minority stake in Axess acquired in November 2000**
 - Stake increased from 27.3% to 35.5% in 2001
 - Two new contracts in 2001 with total annual turnover of DKK 250 million
- **FysiologLab acquired in June 2001**
 - Physiological and diagnostic services
 - DKK 50 million in annual turnover
- **M&M Medical acquired in July 2001**
 - MR, X-ray and ultrasound examinations
 - DKK 259 million turnover in 2000
 - DKK 325 million turnover expected in 2001

Damage Control



- **Nordic platform expanded by six acquisitions**
 - Ocab and Sanab, Sweden (DKK 91 million)
 - Fuktör and Sekko, Finland (DKK 38 million)
 - Electroline, Denmark (DKK 6 million)
 - Hurum, Norway (DKK 1 million)
- **Established in the Netherlands and Israel through two acquisitions**
 - Lavold (DKK 120 million)
 - Sharit (DKK 10 million)
- **Started activities in Germany and MD hired in the UK**

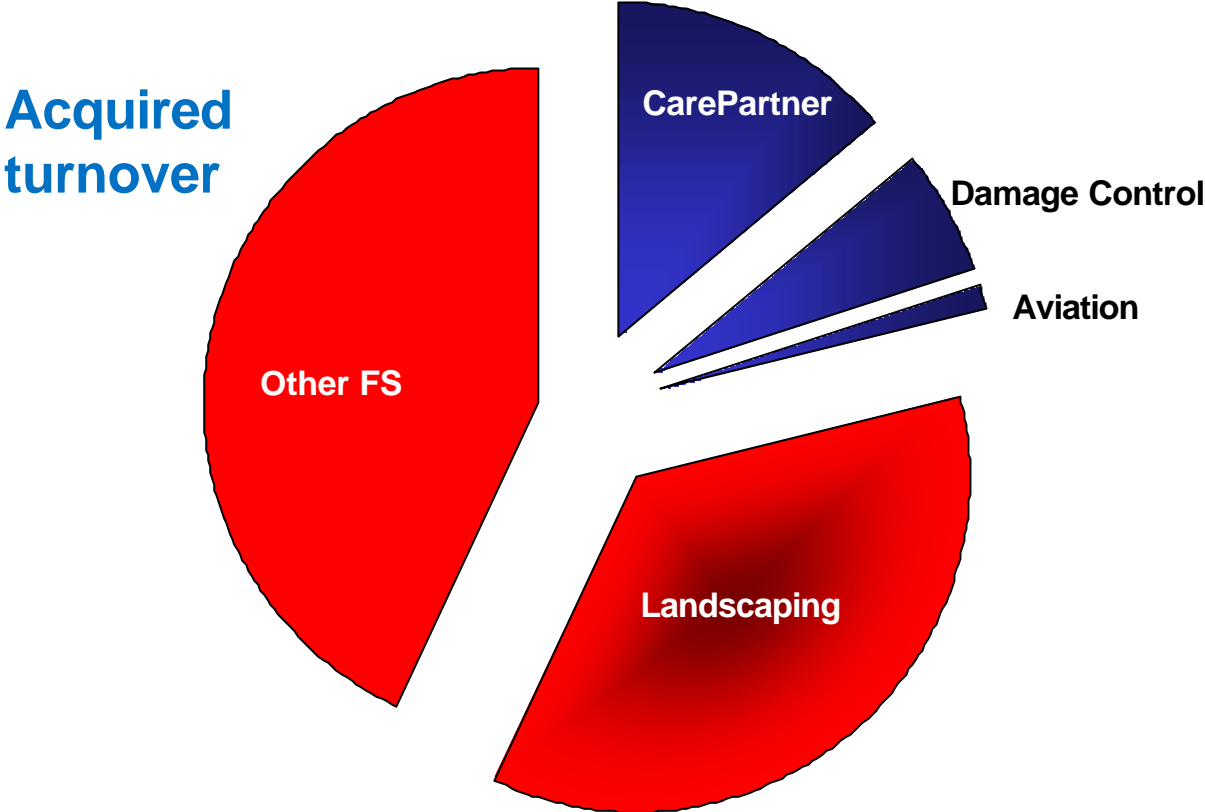
- **Important new contracts gained in first half 2001**
- **Integration of acquisitions made in the second half of 2000**
 - Nordic Aero, Europe (DKK 155 million)
 - Fernley, UK (DKK 64 million)
 - Airport Cleaning, Spain (DKK 13 million)
- **Two acquisitions in the Netherlands in July 2001**
 - Aircraft Logistics (DKK 21 million)
 - Aircraft Service (DKK 14 million)

Food



- Focus has been on improving performance outside Denmark
- Acquisition pipeline elaborated
- Concept documentation heavy, but in solid progress

Acquisition split



Transition



- ISS has tripled over the past 3 years
- Financial systems and methods adopted to accommodate, accelerate and underpin the growth
- The *total business* needs to move to a more global approach
- **create2005** defines the framework for that change

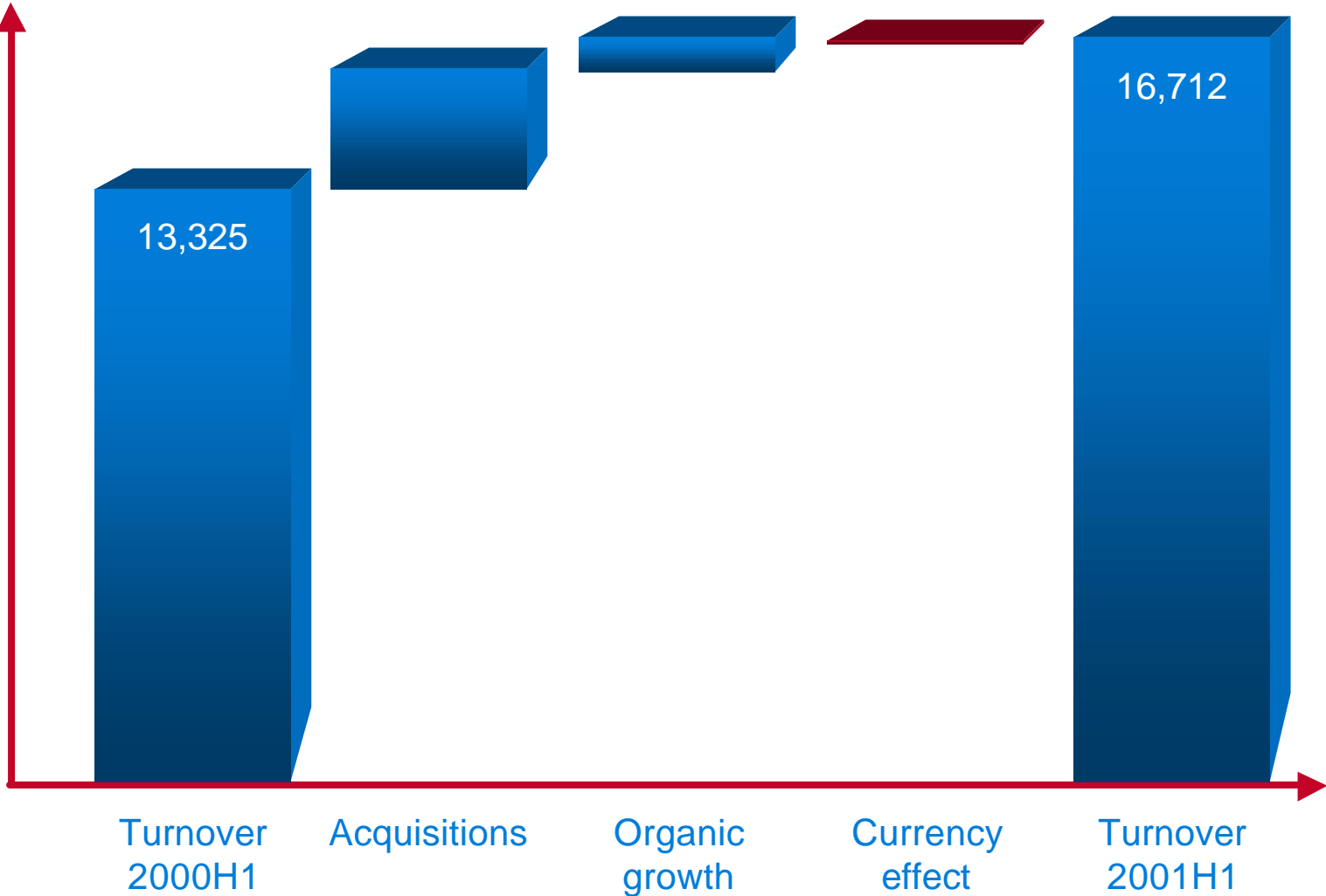
- **To illustrate progress, since create2005**
 - World wide intranet for 6,300 users established
 - Knowledge mgmt. IT system for 1,100 users established
 - Common web-platform & homepage mgmt. system in 36 countries
 - Testing a corporate system package (implementation starts this year)
 - Developed and documented concepts ***for international use (!)***
 - Damage Control
 - Hospital Services
 - Private Finance Initiative
 - Strategic selling (manual, training programme and software package)
 - HR
 - - and much, much more is currently being finalised
 - Branding programme and supporting manual established
 - Developed global uniform programme (implementation begins this year)

- **Changing global economy leads ISS to also accelerate other plans**
 - Closing/merging over 75 legal entities (next 6-9 months)
 - Closing a significant number of branch offices this year
 - Accelerating integration of latest acquisitions
- **and to be more conservative in our view of**
 - Accounts receivable
 - Contract trimming
- **Contract trimming has reduced organic growth by approx. 1%**
 - Primarily Germany and France in first half of 2001
 - Full year effect expected to be larger than at half year



Half-year 2001 results

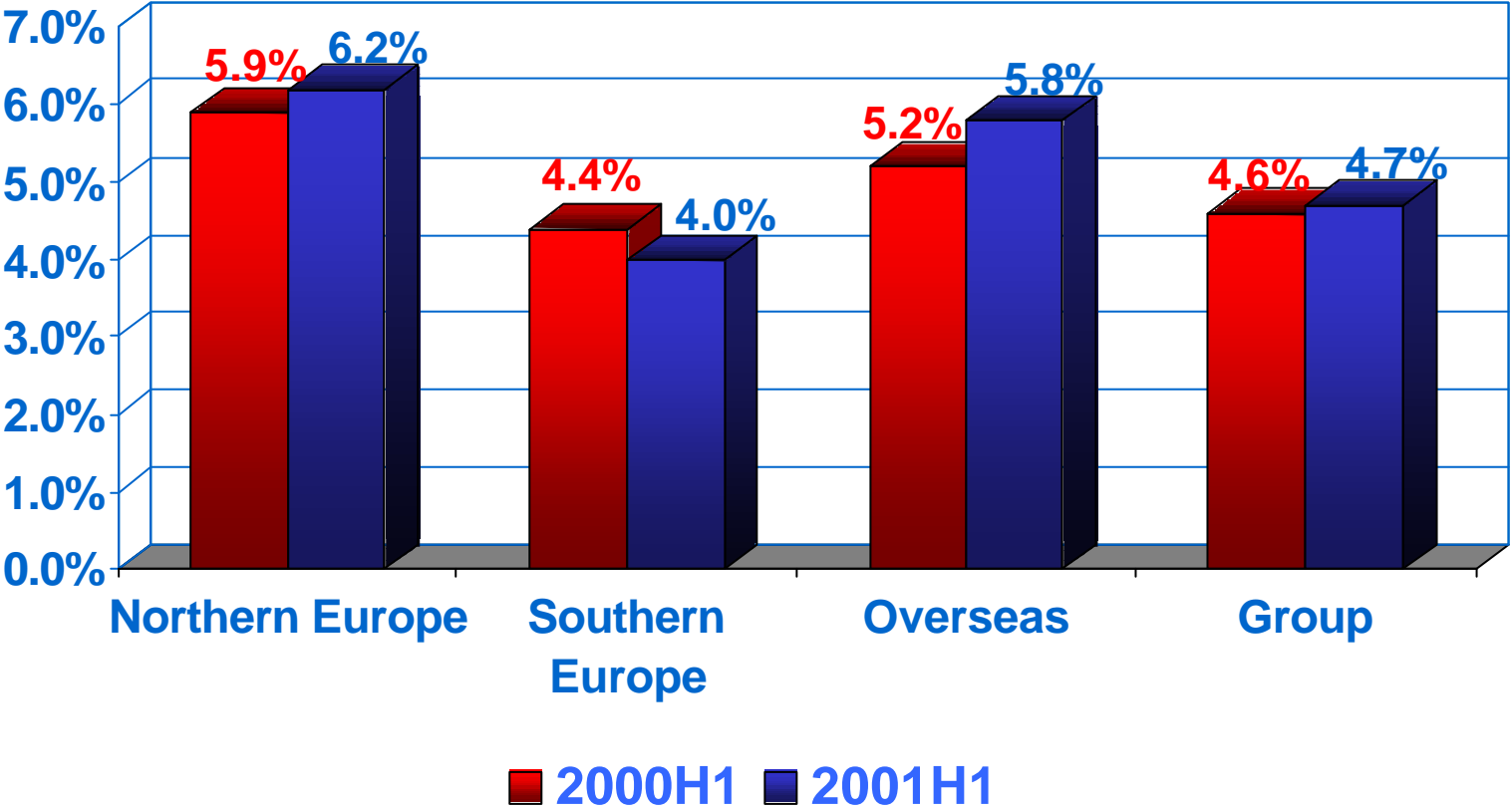
Half-year results 2001: Turnover GAP



Half-year results 2001: Group operations



Operating margin



Half-year results 2001: Profit & loss



DKKm	2001H1	2000H1	Change	2000
Turnover	16,712	13,325	+25%	28,719
Operating profit	778	608	+28%	1,454
<i>Operating margin</i>	4.7%	4.6%		5.1%
Other income and expenses	0	(4)		(3)
Financial expenses, net	(148)	(102)		(244)
Tax	(202)	(161)		(377)
Ordinary profit before goodwill amortisation	428	341	+26%	830
Goodwill amortisation, net of tax	(353)	(268)		(596)
Minorities	(11)	(12)		(24)
Net profit	64	61		210
EPS *)	10.4	8.8	+18%	21.0

*) Earnings per share before goodwill amortisation, DKK

Half-year results 2001: Cash flow



DKKm	2001H1	2000H1	2000
Operating profit	778	608	1,454
Depreciation	255	200	468
Working capital / provisions	(769)	(462)	(135)
Interest payments	(152)	(78)	(225)
Tax paid	(152)	(125)	(294)
Other items	0	(1)	(3)
Cash flow from operations	(40)	142	1,265
Investment in fixed assets	(225)	(205)	(412)
Cash flow after investments in F/A	(265)	(63)	853

Half-year results 2001: Balance sheet



DKKm	30.06.01	31.12.00	Ratio
Goodwill/intangible	10,380	9,578	108
Tangible fixed assets	1,407	1,363	103
Financial fixed assets	461	383	120
Debtors & Stocks	6,573	5,516	119
Liquid funds	1,168	324	360
Total assets	19,989	17,164	116
Total equity	6,603	5,730	115
Provisions	725	739	98
Bank loans and other debt	6,358	4,681	136
Other liabilities	6,303	6,014	105
Total liabilities	19,989	17,164	116
Net debt	5,190	4,357	119

Half-year results 2001: Key figures



	30.06.01	31.12.00	30.06.00
Interest coverage	5.3	6.0	6.0
Equity ratio	33%	33%	33%
Debt to equity ratio (book value)	79%	76%	75%
Debt ratio (market value) *)	19%	17%	15%

*) Interest bearing debt as a percentage of the sum of the market capitalisation and net interest bearing debt

- Please refer to “Forward-looking statements” on page 2

- **Including acquisitions announced prior to 21 August 2001:**

- Increase in turnover of approx. 20%
- Full year effect of trimming of contracts more than 1%
- Increase in operating profit before non-recurring costs of approx. 20%
- Non-recurring costs estimated to range between DKK 25 and 75 million
- Interest expenses increase due to acquisitions
- Goodwill amortisation estimated at approx. DKK 755 million



Appendices

ISS Services



create

2005

ISS - Integrated Service Solutions

Acquisition update as at 21 August 2001



- **40 acquisitions in 15 countries**

Belgium

Brazil

Denmark (incl. Greenland)

Finland

France

Germany

Hong Kong

Israel

Japan

Netherlands

Norway

Slovenia

Spain

Sweden

Switzerland

- **Facility Services:**

- 1 new country: Japan

- 1 platform enhancing in Landscaping

- 26 bolt-ons

- **Business Builds:**

- 7 in Damage Control

- 3 in CarePartner

- 2 in Aviation

New shares

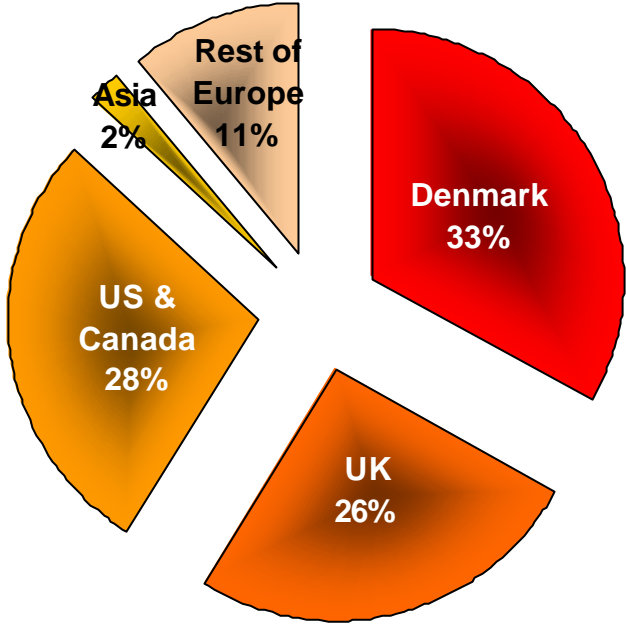
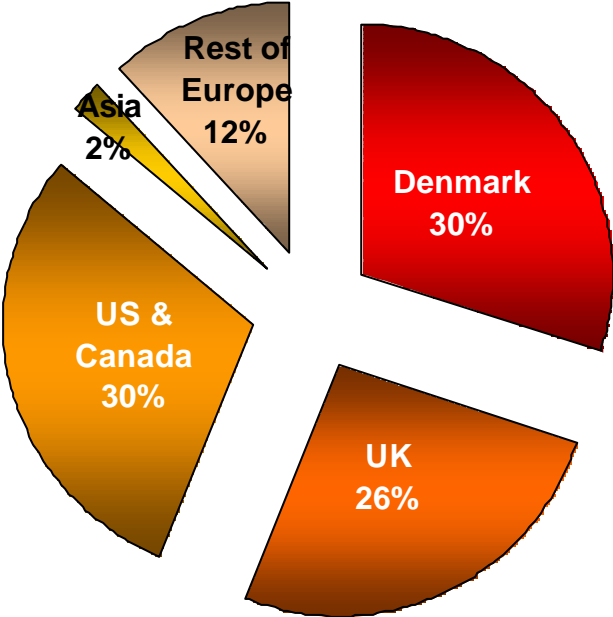


- **Private placement at market price end of March**
 - 1,704,545 new shares
 - Gross proceeds of DKK 750 million
 - 40 institutional investors subscribed
- **Employee share programme end of May**
 - 345,705 new shares
 - 5,134 employees subscribed (43% more than in 1999)
 - 24 ISS countries participated
- **Outstanding number of shares increased by 5.1% to 42,217,075**

Shareholder base



December 2000



June 2001

Analysts



The analysts named below follow ISS on a regular basis

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