

ISS Annual General Meeting: 7th April 2022

Thank you for the floor. My name is Anders Folmer and I represent ATP.

Thank you to the Chairman, CEO and the CFO for their reports and the presentation of the results for 2021.

2021 was a year where organic revenue growth and operating margin came back in positive territory combined with a strong free cash flow. The strong cash flow was better than expected and has significantly strengthened the balance sheet.

Part of the explanation for the good results is related to all the initiatives taken in connection with the launch of a new strategy. We would like to acknowledge the efforts made to simultaneously improving the current financial performance, and at the same time laying the foundation for more long-term improvements of the company.

It is clear, that the transformation program is moving forward with an exit of the Danish Defence contract, and good progress on Deutsche Telekom, UK, and France.

In our view the transformation must stretch beyond this problem solving, to also improve the operating model to ensure that new problem areas will emerge less frequent going forward. Because looking at the past decade, ISS has always been in some sort of restructuring in one or more business units across the company portfolio.

ISS is on track with the current turnaround targets which end in 2022. We hope that during this year we will be updated on a new medium-term target offering more transparency about the operating margin potential, a sustainable organic growth rate and what leverage target ISS is aiming for.

The turnaround target of above 4% operating margin as a run-rate entering 2023, is below the historic target of 5,5%. I would in this regard like to ask the management **if there are any structural differences between ISS today vs. ISS some years back in terms of profitability potential?**

We have full support for the strategi of OneISS – Stronger, Simpler, Closer, but in our view the ‘simpler’ and ‘closer’ part does not rhyme with the recent acquisition in Turkey though. The transaction seems too complex.

Furthermore, this transaction was a continuation of ISS track record of acquiring companies on high multiples and divest at low multiples. All this together makes it difficult to spot the real value creation from the information we have received. Therefore, I would like the management **to elaborate on how this transaction contributes to the new strategy?**

In 2021 ISS initiated the journey to become net-zero on scope 1 and 2 emissions in 2030. While we applaud these important long-term ambitions a more near-term target would be valuable for us as investors.

Making it possible to also track the more short and medium-term progress. With that we want give credit to all the hard work put into this area, and the efforts made towards food waste, and diversity and inclusion.

With these words, I would like to wish management and employees all the best with the work ahead in 2022

Thank you for the attention.



*Anders Folmer, Senior Portfolio
Manager – Danish Equities
ATP Pensions & Investments*

Spørgsmålet blev besvaret af den administrerende direktør.

The ATP Group is Denmark's largest pension company and processing business. We solve tasks for almost all Danish citizens and companies.

With pension assets of DKK 947 billion, ATP is one of Europe's largest pension companies. Pensions & Investments are responsible for ATP's pension product, ATP Livslang Pension (Lifelong Pension), a collective scheme with 5.4 million members. The aim is to provide good and stable pensions by ensuring a lifelong real value guarantee. This is done by investing in e.g., bonds, equities, real estate and infrastructure - investments that contribute to growth and jobs.

ATP Livslang Pension ensures that almost all citizens in Denmark receive a supplement to the state pension when they retire – and for the rest of their lives