

REPORT

Competitor Intelligence Report

Prepared for

Client
XYZ

SEPTEMBER 2023



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01

Business Profile

Company Overview


ABC Group

HEADQUARTERS



Søborg (near Copenhagen), Denmark

YEAR FOUNDED



1934 (but origins date back to 1901)

KEY METRICS (2022)

Revenue	DKK xx.x bn (£x.x bn)
Employees ¹	xxx,xxx (77% full-time)
No. of Customers	40,000+
No. of Sites	50,000+
No. of Countries ²	30

Business Description

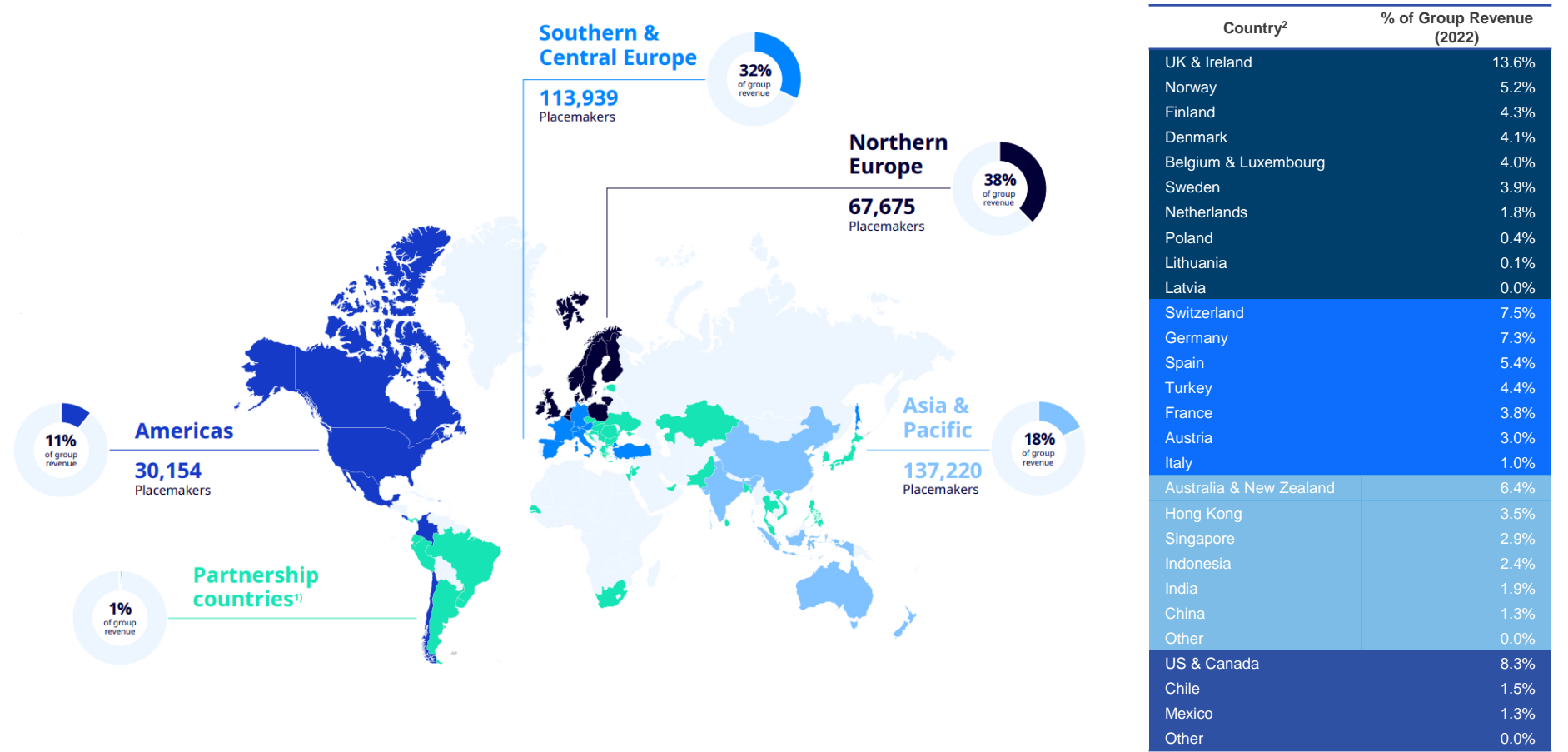
- A workplace experience and facility management company, ABC Group provides services and solutions around cleaning, food, technical services, front and back service support, workplace management and security
- It claims to be the global leader in cleaning services; however, it now aims to grow its share within the integrated facility services (from current market share of ~5% globally)
- The group has recently introduced xxx strategy, wherein the company has launched several measures to drive commercial momentum in three-prioritised segments (office-based, production-based and Healthcare) for its core services (*more details in the Strategic Initiatives section*)
- ABC UK & Ireland is the largest geographic sub-segment for the group, but it is currently undergoing structural reforms to improve profitability and better alignment with the group’s global business

Reportable Segments (at Global level)

By Geography	By Core Services	By Physical Environment
<ul style="list-style-type: none">Northern EuropeSouthern & Central EuropeAsia & PacificAmericas	<ul style="list-style-type: none">CleaningTechnicalFoodWorkplace, incl. Other	<ul style="list-style-type: none">Office-basedProduction-basedHealthcareOther

Note: 1) ABC refers to its employees as Placemakers; it represents the no. of employees at the end of the year 2022; 2) No. of countries where ABC A/S has core presence through its own workforce
Source: ABC World - Company Website; ABC World - 2022 Annual Report

Geographic Footprint (Global)

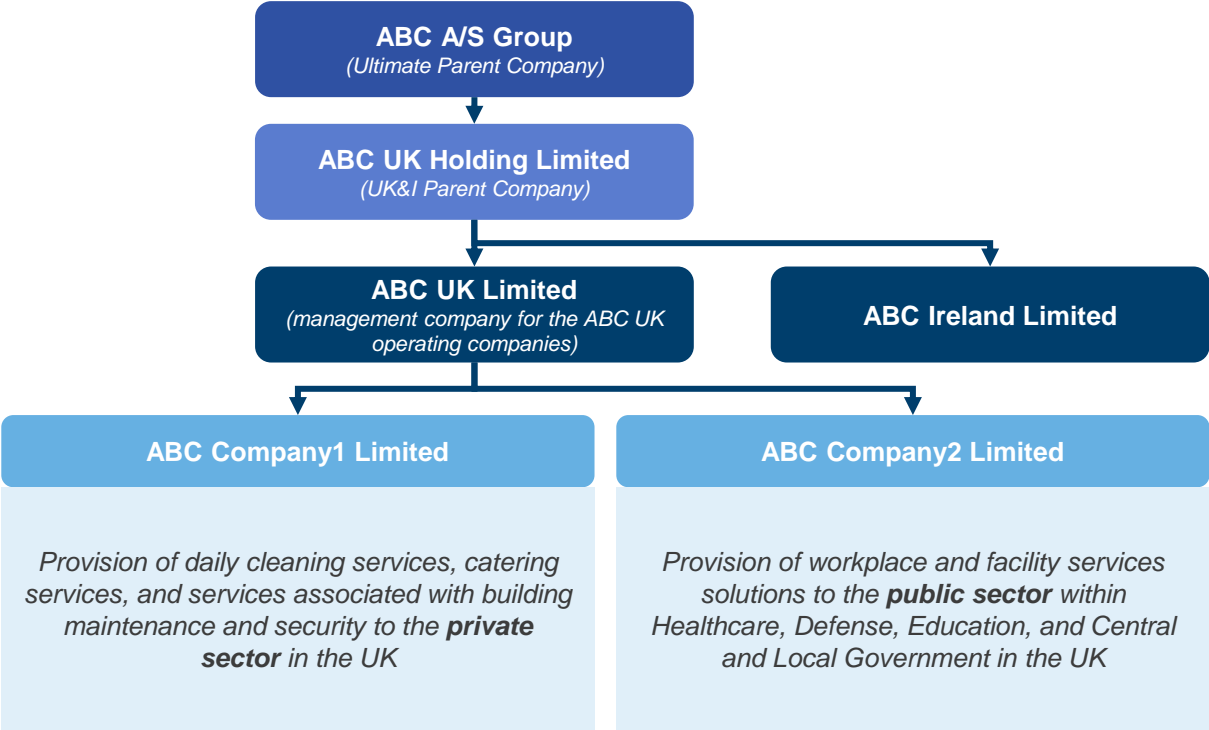


Country ²	% of Group Revenue (2022)
UK & Ireland	13.6%
Norway	5.2%
Finland	4.3%
Denmark	4.1%
Belgium & Luxembourg	4.0%
Sweden	3.9%
Netherlands	1.8%
Poland	0.4%
Lithuania	0.1%
Latvia	0.0%
Switzerland	7.5%
Germany	7.3%
Spain	5.4%
Turkey	4.4%
France	3.8%
Austria	3.0%
Italy	1.0%
Australia & New Zealand	6.4%
Hong Kong	3.5%
Singapore	2.9%
Indonesia	2.4%
India	1.9%
China	1.3%
Other	0.0%
US & Canada	8.3%
Chile	1.5%
Mexico	1.3%
Other	0.0%

Note: 1) Includes countries where ABC renders services to its global key accounts through partners but do not have a full-country support structure; operations in Brunei, Czech Republic, Hungary, Philippines, Romania, Slovakia, Slovenia, Portugal, Russia, and Taiwan in 2022
Source: ABC World - 2022 Annual Report

2) ABC discontinued its

Company Structure – UK & Ireland (UK&I)



ABC Company1 Limited and ABC Company2 Limited are the two trading subsidiaries that account for the bulk of the ABC UK business; rest of the subsidiaries are either dormant or non-trading



Source: ABC Company1 and ABC Company2 - Full Accounts Made up to 31 December 2022 (accessed through the UK Companies House)

ABC UK – Main Trading Companies (at a glance)

ABC UK Limited		ABC Company1	ABC Company2
Business Description	<ul style="list-style-type: none">It is a management company for the ABC operating companies in the UKAs part of the ongoing restructuring of the UK&I business (under xxxx strategy), a number of employees have transferred from other UK entities to ABC UK Limited	<p>This arm manages the UK private sector contracts and develops key accounts in the following areas:</p> <ul style="list-style-type: none">Banking: <u>Over 20 accounts</u>, primarily large corporate and retail banksKey Account Network: A multi-faceted division supporting internal and external client base and providing <u>cleaning, mobile engineering and waste services to c.4,500 sites</u> across the UK (incl. Northern Ireland)Professional Services and Technology (Office-based): A range of UK and Global accounts where it offers integrated facilities services and workplace solutions; key sectors include <u>legal, accountancy and audit, telecoms, insurance and financial services</u>Production-based: Several UK and Global Key Accounts, primarily <u>pharmaceutical, technology and manufacturing</u> customers	<p>It primarily focuses on public sector contracts in the following areas:</p> <ul style="list-style-type: none">Healthcare: <u>9 Private Finance Initiative (PFI) contracts</u> and other direct Trust contracts, offering a wide range of FM services, such as cleaning, security and portering servicesDefence, Central and Local GovernmentEducation: Primarily Catering services, offering <u>school meals</u> across the UK <p>The division had <u>35 contracts</u> supporting UK Critical National Infrastructure (as of August 2022)</p>
	Revenue (in £ million, 2022)	73.7	657.5
	Y-o-Y Revenue Growth (2022)	98.1%	-7.9%
	Operating Margin (2022)	-3.9%	3.0%
	Employees ¹ (2022)	545	13,083
	Revenue Per Employee (£, 2022)	135,295	50,255
			464.5
			2.1%
			1.1%
			12,383
			37,510



As per ABC UK&I CEO xxx xxxxxxxx, ABC maintains exceptional presence in the Banking and Healthcare sectors in the UK; it now plans to

- 1) expand in the office segment by leveraging its leadership position and best-practice workplace offerings in the Banking domain
- 2) exploit government outsourcing cycle in 18-24 months to further penetrate the healthcare segment

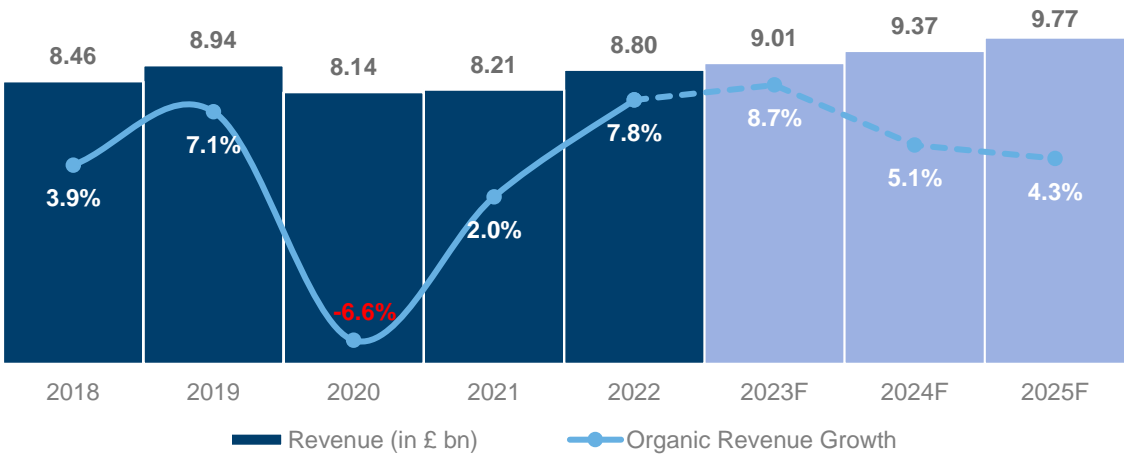
Note: 1) Average no. of persons that were employed during the year
Source: ABC Company1 and ABC Company2 - Full Accounts Made up to 31 December 2022 (accessed through the UK Companies House)

02

Financial Performance

Annual Performance Analysis – Revenue and Organic Growth (Global)

Annual Revenue and Y-o-Y Organic Growth^{1,2}
(2018-2025F)

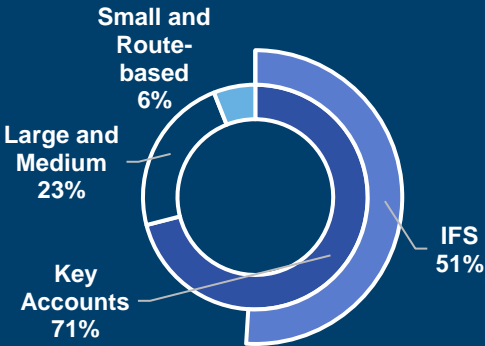


- Organic growth improved throughout 2022 from 5% y-o-y in Q1 to 9% y-o-y in Q4; key factors that contributed to the growth include:
 - return-to-office trends, particularly for the services that depend on workplace occupancy and especially food services – revenue from food services increased by around 35% y-o-y
 - price increases to mitigate impact of increasing cost inflation – price increases had a positive contribution to organic growth of about 3%-points, of which around 1.5%-points related to Turkey
- On 9 August 2023, the group **revised its organic growth outlook for 2023** – it now expects the organic growth to be 7-9% (compared to previously 6-8%), as a result of expected higher customer activity and thereby higher underlying volume growth

SPOTLIGHT

- Revenue from Key Account contracts accounted for almost three-fourths of the group revenue; its share is continuously increasing, from 59% in 2018 to 71% in 2022 (of this 71%, 58% are regional/local accounts and the remaining 13% are global)
- The group is also working towards growing the share of IFS contracts as part of its Key Accounts; the share of IFS contracts in annual revenue has steadily grown from 40% in 2018 to 51% in 2022

Revenue Segmentation – by Customer Category (2022)



Note: 1) Converted using 1 DKK = 0.115 £ (as on 6 Sep 2023); 2) Refer [Appendix](#) for ABC' Five-year financial summary
Source: ABC World – 2022 Annual Report; ABC World – Analyst Consensus Post H1 2023

Annual Performance Analysis – Operating and Net Margin (Global)

Operating and Net Margin (2018-2025F)

	2018	2019	2020	2021	2022	2023F	2024F	2025F
Operating Margin (before other items)¹	5.0%	4.2%	-4.5%	2.5%	3.8%	4.5%	5.1%	5.3%
Operating Margin (actual)	3.2%	3.2%	-6.7%	2.4%	3.7%	4.4%	5.0%	5.2%
Net Margin (adjusted)²	3.4%	2.4%	-5.3%	0.9%	2.5%	1.1%	3.3%	3.4%

- The operating margin improved in 2022, primarily driven by the successful execution of the financial turnaround of underperforming countries and contracts, predominately the UK and the Deutsche Telekom contract
- The company expects an operating margin (before other items) of 4.25%-4.75% during 2023, with further improvement in 2024 and 2025

- From a regional perspective, the margin improvement was most significant in the European regions
 - In Northern Europe, the improvement was fuelled by the turnaround in the UK, while the improvement on the Deutsche Telekom contract was the primary driver in the Central & Southern Europe
- The Asia & Pacific region also witnessed an improvement in the operating margin, while the operating margin decreased slightly in Americas
 - Solid underlying operational improvements and leverage from higher revenue drove the development in Asia & Pacific
 - In the Americas region, additional mobilisation costs related to new contract wins and commercial investments were the main reasons for the slight margin decline

Operating Margin (before other items) – by Region (2020-2022)

	2020	2021	2022
Northern Europe	-5.3%	4.7%	5.3%
Central & Southern Europe	-7.3%	2.5%	4.5%
Asia & Pacific	5.2%	5.9%	6.3%
Americas	3.5%	5.5%	5.2%

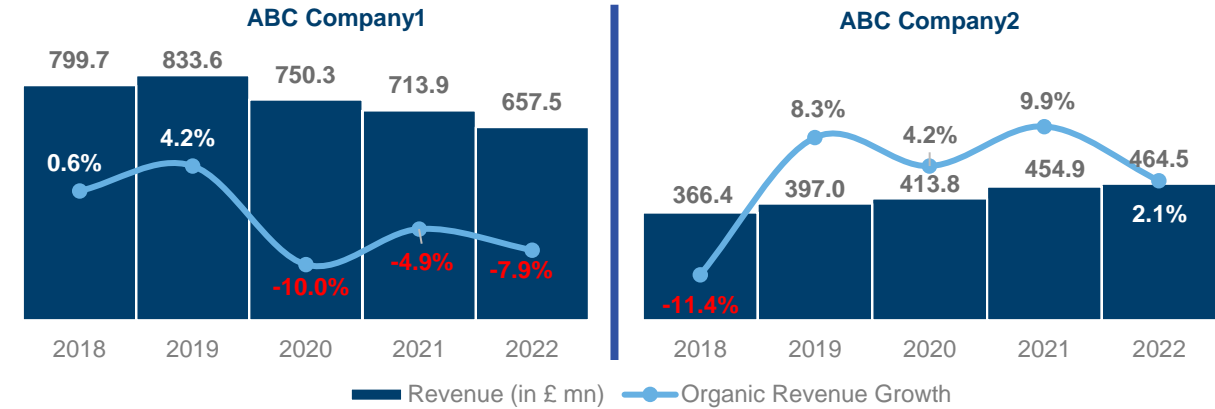
Note: 1) Operating profit excluding net other income and expenses, goodwill impairment, amortisation/impairment of brands and customer contracts, impact from hyperinflation (IAS 29); income and expenses, goodwill impairment, amortisation/impairment of brands and customer contracts, impact from hyperinflation (IAS 29) and net profit from discontinued operations

Source: ABC World – 2022 Annual Report; ABC World – Analyst Consensus Post H1 2023

2) Net profit excluding net other

Annual Performance Analysis - UK

Annual Revenue and Y-o-Y Organic Growth
(2018-2022)



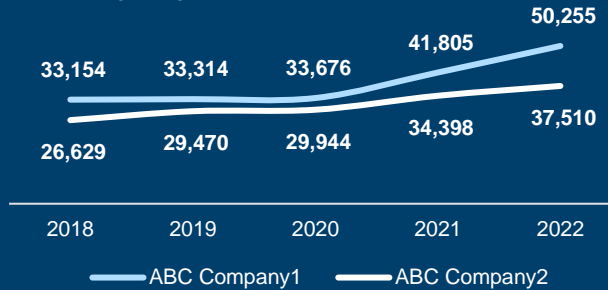
Operating and Net Margin
(2018-2022)

	ABC Company1		ABC Company2	
	Operating Margin	Net Margin	Operating Margin	Net Margin
2018	-1.2%	-2.1%	5.3%	4.2%
2019	-2.0%	-1.9%	2.3%	1.7%
2020	-4.1%	-3.7%	-2.6%	-2.2%
2021	2.9%	2.7%	2.0%	2.1%
2022	3.0%	2.8%	1.1%	0.9%

- ABC Company1 is experiencing a decline in revenue since the onset of the pandemic
 - It was driven by a combination of net contracts lost in 2020 and 2021, and particularly the negative impact of COVID-19 on occupancy levels in social contact areas such as catering, aviation and hospitality
 - In 2022, the subsidiary itself exited non-core or low-performing contracts, in line with xxxx principles
- ABC Company2 has benefitted from net new contracts won during 2020 and 2021; additional project work in Government contracts, particular in Healthcare business, during the pandemic; and customer retention strategies implemented in 2022
- The operating margin for ABC Company1 has turned positive post the turnaround under the xxxx programme
 - The simplification and streamlining of the organisational structure in the UK (initiated by the new management in 2021) had a positive impact on productivity and financial performance at both contract and country levels

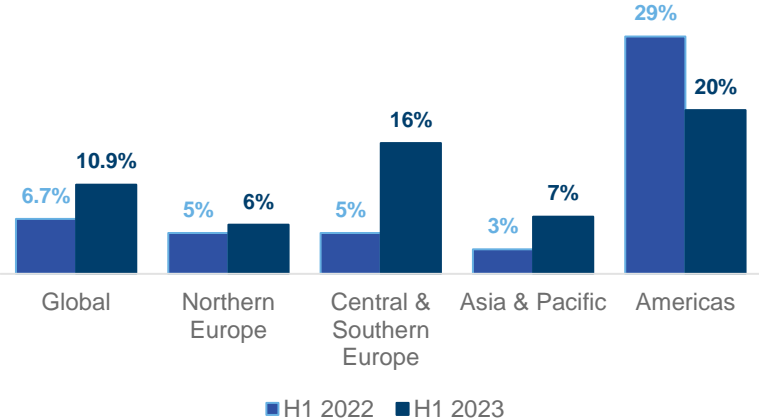
SPOTLIGHT

The 'Revenue per Employee (in £)' metric is consistently getting better for both the subsidiaries



Half-yearly Performance Analysis - Global

Y-o-Y Organic Growth – by Region
(H1 2022 vs. H1 2023)



Operating Margin (before other items) – by Region
(H1 2022 vs. H1 2023)

	H1 2022	H1 2023
Global	2.9%	3.2%
Northern Europe	4.4%	4.3%
Central & Southern Europe	3.2%	4.0%
Asia & Pacific	5.8%	5.9%
Americas	3.5%	4.0%

- Organic growth during H1 2023 was driven by
 - underlying volume growth due to continued higher activity levels and increased office occupancy rates - ~4%-points contribution
 - price increases - ~6%-points, of which around 3%-points were related to Turkey
 - net new contract wins - ~0.5%-points contribution
- The UK also reported positive organic growth (in both Q1 and Q2 2023) due to start-up of new contracts resulting in portfolio revenue growth, partly offset by decline in revenue from projects and above-base work

- Operating margin improved by 300bps points y-o-y in H1 2023 due to continued improvement on the Deutsche Telekom contract and in the UK, supported by operating leverage from higher revenue
 - xxxx efficiencies and cost-saving initiatives across countries also helped in growing the bottom-line
- The group has decided to divest its business in France (except Key Accounts), due to limited operational development in the country; operating margin (excl. France) would be 3.6% in H1 2023
- The margin in Northern Europe declined slightly due to lower contribution from margin enhancing above-base services

03

Management Team

Corporate Governance

01

ABC A/S and ABC Global A/S are based in Copenhagen, Denmark, where the corporate governance begins with a Board of Directors, overseeing the Executive Group Management (EGM). As a country within the ABC Global Group, the UK Country Leadership Team (CLT) sits underneath this.

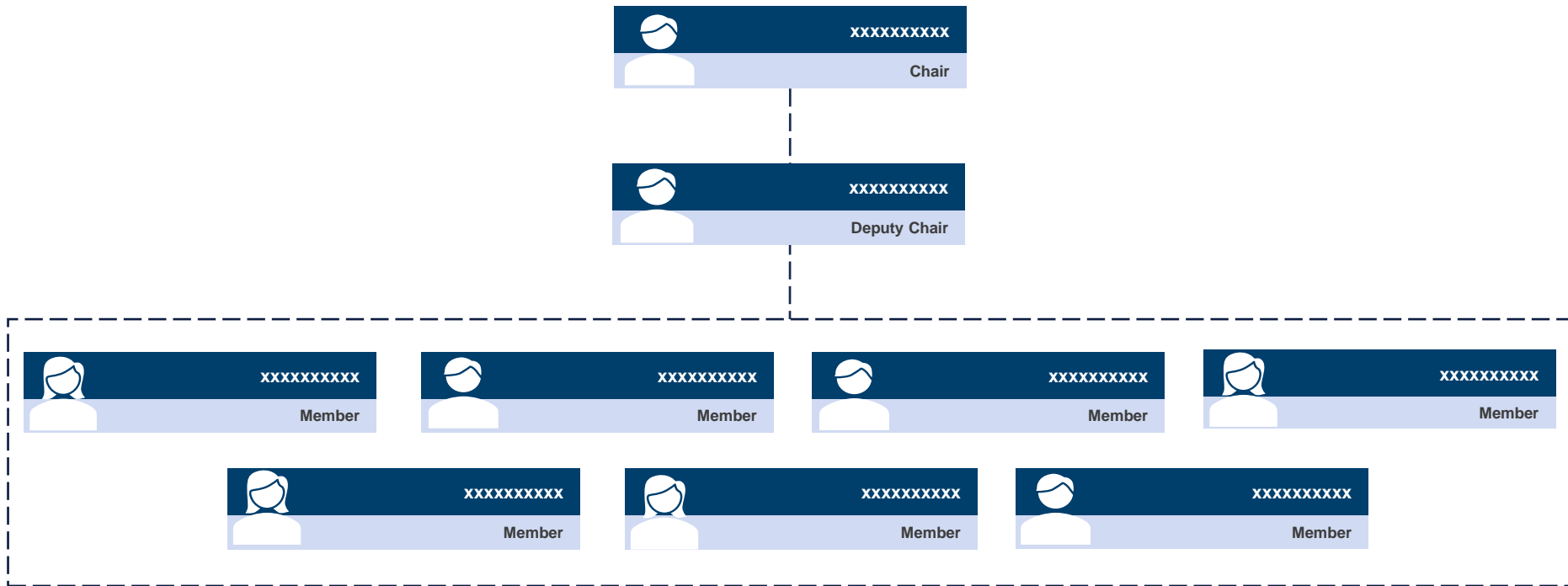
02

The UK CLT embeds the Group Strategy and applies it across UK decisions. These decisions are delegated through to Senior Management centrally through ABC UK Limited into its subsidiary companies.

03

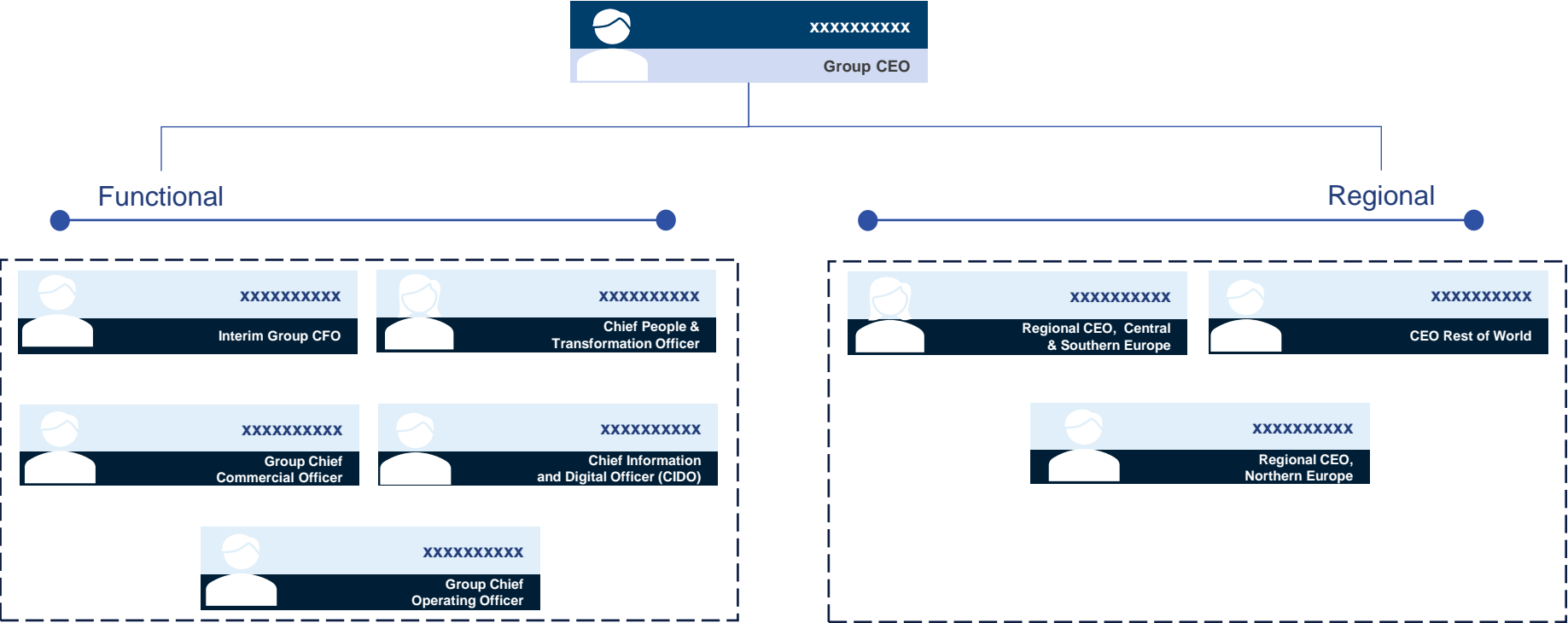
The ABC UK & I CEO acts as a chair to the Statutory Board of Directors and is a member of the Executive Group Management Board. There is additional rigour with the ABC UK Group reporting into ABC Group, who preside over company and group strategy.

Board of Directors



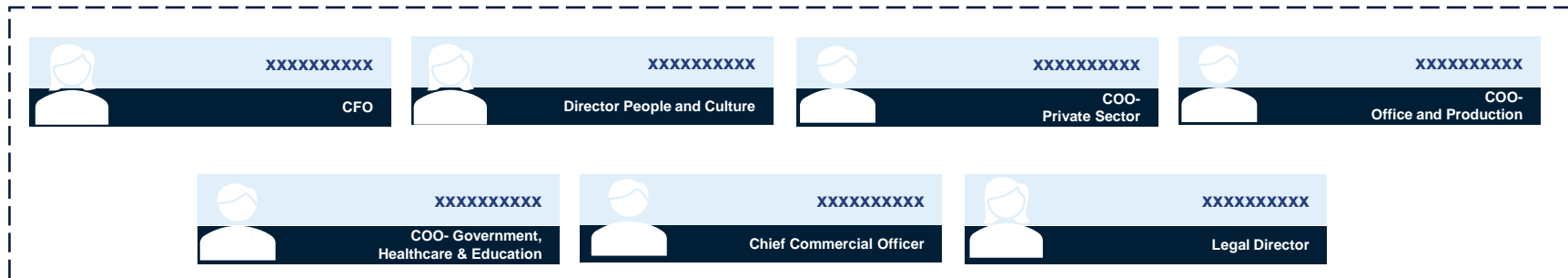
Note: The leadership structure is as of 11 September 2023

Executive Group Management



Note: The leadership structure is as of 11 September 2023

ABC UK & Ireland Group (Country Leadership Team)



Note: The leadership structure is as of 31 December 2022. In September 2023, xxx xxxxxx was appointed as the Chief People & Transformation Officer at the Executive Management Group Team. The new CEO for UK & Ireland has not been announced yet.

Timeline of Key Changes to the Leadership / Management Team

Global

December 2020

ABC began the formation of a new Executive Management Team as part of its xxxx Transformation

January 2021

A new Executive Management Group Team was formed comprising of 7 functional roles, and 6 regional roles, reporting to the Group CEO

Functional Roles	Regional Roles
Group CFO, Group COO, Group CIDO, Group CCO, CEO Strategic Growth, Group General Counsel, Group People & Culture Officer	CEO UK&I, CEO Central & Southern Europe, CEO Global Key Accounts, CEO Northern Europe, CEO Asia Pacific, CEO Americas

September 2023

The Executive Group Management team was revised, reduced from 13 to 9, and from six regions to four.

Functional Roles	Regional Roles
Group CFO, Chief People & Transformation Officer, Group CFO, Group CIDO, Group COO	CEO Central & Southern Europe, CEO Rest of the World, CEO Northern Europe

UK & I

December 2019

The ABC UK Limited & Ireland Executive Management had six members, all reporting to xxx xxxx, the Country Manager

January 2021

ABC began the formation of a new UK & Ireland Country Leadership Team (CLT) as part of its xxxx Transformation, led by xxxx xxxxx, the CEO.

July 2022

The new CLT was complete with the appointment of xxxx xxxxxx as the new COO of its Office & Production business unit

Functional Roles

CFO, COO Key Account 1, COO Key Account 2, CCO, People & Culture Director

Functional Roles

CFO, People & Culture Director, COO (Private Sector), COO (Office & Production), COO (Government, Healthcare, Education), Chief Commercial Officer, Legal Director)

04

Products & Services

ABC Core Services - Mapping

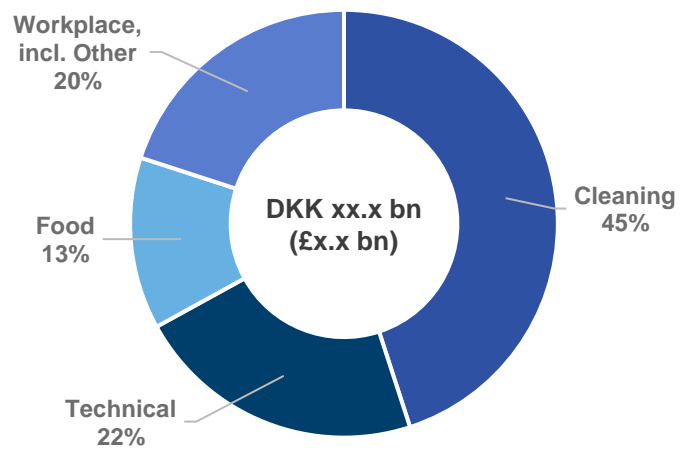


Cleaning	Technical	Food	Workplace	Security	Support
<ul style="list-style-type: none"> ▪ Daily office cleaning ▪ Advanced manufacturing cleaning ▪ Transportation and infrastructure cleaning ▪ Food hygiene cleaning ▪ Hospitality and events cleaning 	<ul style="list-style-type: none"> ▪ Energy management ▪ Asset management ▪ Capital projects ▪ Building structure and fabric ▪ Critical environments ▪ Property maintenance 	<ul style="list-style-type: none"> ▪ Restaurant & takeaway ▪ Coffee bars ▪ Hospitality & catering ▪ Pop-ups & high-street partners ▪ Fine dining & event catering ▪ Micro-kitchens & vending ▪ Power Plant (<i>plant-based food options</i>) 	<ul style="list-style-type: none"> ▪ Real estate portfolio strategy ▪ Curated experience & workplace strategy ▪ Workplace design ▪ Service design ▪ Relocation strategy ▪ Co-working 	<ul style="list-style-type: none"> ▪ Guarding & security awareness ▪ Surveillance ▪ Workplace safety & emergency management ▪ Consulting services ▪ Security risk management ▪ Technical installations 	<ul style="list-style-type: none"> ▪ Front desk & reception services ▪ Meeting & conference management ▪ Switchboards & service desks ▪ Concierge services ▪ Mail & courier services ▪ Document services ▪ Executive & administrative support ▪ Experience curation & management

ABC vs. XYZ Core Services Revenue Distribution

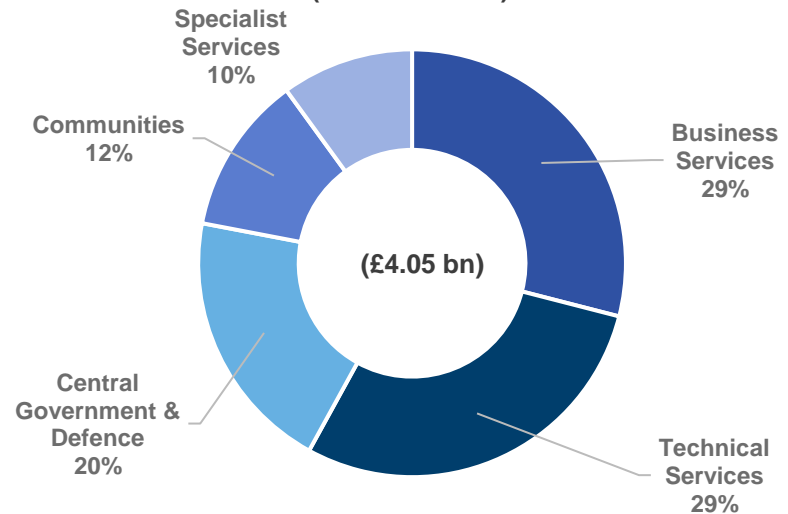
ABC Group

ABC A/S Group - Revenue Segmentation – by Core Services
(31 December 2022)



XYZ Group

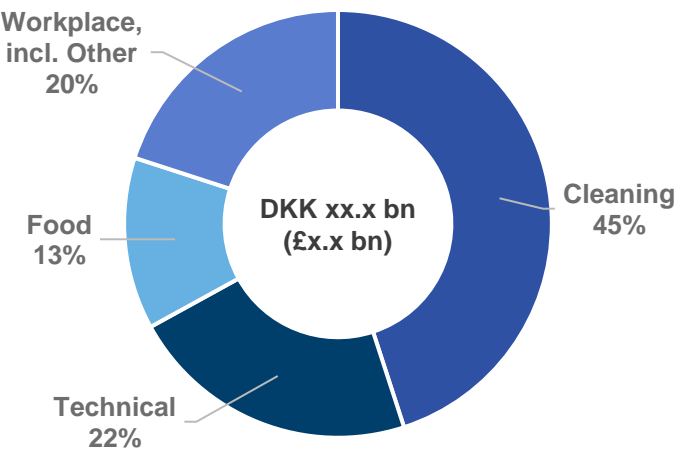
XYZ Group - Revenue Segmentation – by Business Divisions
(31 March 2023)



Note: 1) The subsidiary does not explicitly define 'Facilities Management' – it could be Integrated Facility Services (IFS) for its Key Accounts or it could be building maintenance and technical services
Source: ABC World - 2022 Annual Report; ABC Company1 - Full Accounts Made up to 31 December 2022 (accessed through the UK Companies House)

Core Services Overview

ABC A/S Group - Revenue Segmentation – by Core Services
(2022)



- Cleaning remains the stronghold and highest revenue generator for the ABC Group across all regions (except Americas), though the share has slightly declined compared to the COVID-19 period, when there was suddenly an increased demand for deep-cleaning of facilities
- The shares of Food and Workplace services are increasing - the customers increased their spend on these services to attract more employees to the office premises after a prolonged work-from-home
 - The demand for Food services was particularly strong in the Americas region – Food contributed 35% to the region’s revenue in 2022, compared to Cleaning’s share of 25%



- ABC Company1– ABC UK’s subsidiary that cater to the private sector customers – follows a different revenue classification by services
 - In 2022, it obtained 45% of its revenue from Facilities Management¹, followed by 37% from General Cleaning, 11% from Security and 6% from Catering
- ABC Company2– ABC UK’s subsidiary that cater to the public sector customers – does not offer any such revenue breakdown

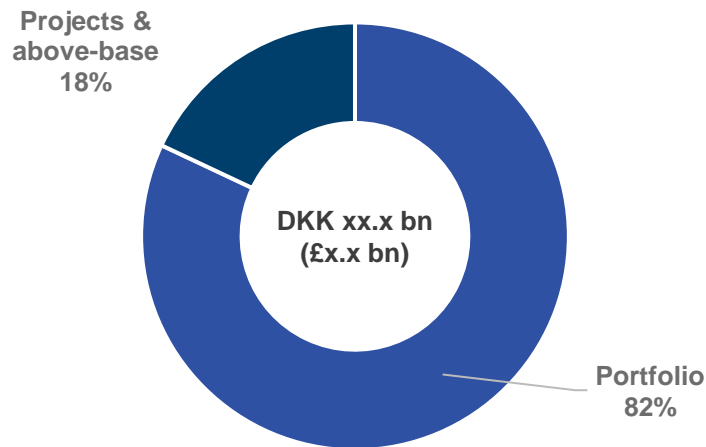
Note: 1) The subsidiary does not explicitly define 'Facilities Management' – it could be Integrated Facility Services (IFS) for its Key Accounts or it could be building maintenance and technical services
Source: ABC World - 2022 Annual Report; ABC Company1 - Full Accounts Made up to 31 December 2022 (accessed through the UK Companies House)

Revenue Segmentation (Portfolio vs. Projects and above-base work)

ABC' revenue is split into portfolio and projects and above-base work.

- ❑ **Portfolio** comprises revenue from contracts with customers that is contractually agreed (committed) at inception and relates to services that ABC are obligated to deliver on a recurring basis over the term of the contract.
- ❑ **Projects and above-base work** (e.g. capital projects) comprise revenue that is not necessarily contractually agreed at inception (not committed), but requested and agreed with the customer and thus provided on a non-recurring basis.

ABC A/S Group - Revenue Segmentation
(2022)



- The demand for projects and above-base revenue changed during 2022, as declining revenue from Covid-19 related deep cleaning and disinfection services was almost offset by increased revenue related to traditional above-base services and project work.
- In 2022, Portfolio revenue grew organically by 10%, positively impacted by price increases to offset the rising cost inflation. Revenue from projects and above-base work was in line with 2021 despite a decline in deep-cleaning and disinfection services.
- While the overall organic growth of ABC was 7.8% in 2022, its is expected that the growth will be 4-6% in 2023. The negative impact is expected from a lower level of projects and above-base work.

Note: 1) The subsidiary does not explicitly define 'Facilities Management' – it could be Integrated Facility Services (IFS) for its Key Accounts or it could be building maintenance and technical services

Source: ABC World - 2022 Annual Report; ABC Company1- Full Accounts Made up to 31 December 2022 (accessed through the UK Companies House)

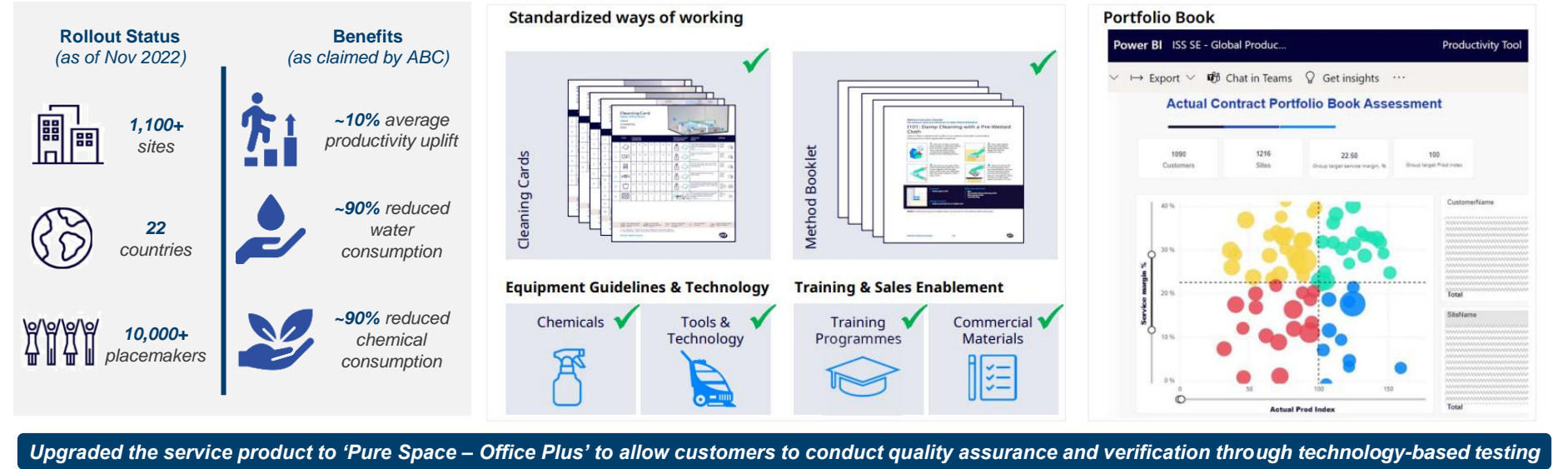
Emerging Service Products (1/2)

In order to differentiate its services and drive better customer outcomes, ABC has launched a Service Product Management model that helps the company to introduce various **service products** in a scalable and sustainable manner

1. Pure Space - Office

A new disinfection and hygiene solution to improve employee productivity and achieve better cleaning outcomes for customers that avail its daily cleaning service

- HOW IT WORKS
- The tool analyses all traffic and touchpoints in an environment to identify high-touch surfaces and accordingly produces a tailored hygiene plan for that environment.
 - The placemakers review the plan before commencing the work and focus their efforts on areas that are likely to be more contaminated / require frequent cleaning



Emerging Service Products (2/2)

2. ABC Workplace App

- ✓ A community app that connects people and their places of work, boosting productivity, wellbeing and engagement among customers' employees
- ✓ **60K+ users** on Global Key Accounts



3. ABC Takeaway App

- ✓ A food & drink app to order food and take home (for employees who work late) with notification and other useful features
- ✓ **3K users** across 6 customers in Denmark



4. ABC Signal

- ✓ A space optimization tool that aligns the interface between Corporate, People and Digital
- ✓ Delivers better talent attraction, retention & productivity, while reducing energy and CO₂ for customers



5. ABC ServicePoint

- ✓ A dedicated touchscreen device that allows healthcare workers to raise and view facility management requests
- ✓ Approx. **130 units** have been deployed across **nine hospitals**
- ✓ In 2022, it achieved '**Gold**' in the Global FM Excellence Award for Technology



Through its service products, ABC is trying to gain competitive edge through the following:

- 1) Using data & technology to differentiate its services in a price-sensitive FM market
- 2) Standardising its services to give uniform experience and consistent results for its Key Accounts across their global/regional sites
- 3) Shifting towards outcome-based contracting models by focusing on quality assurance and operational efficiencies (higher productivity)
- 4) Growing account stickiness by engaging directly with customers' employees and influencing their behaviour

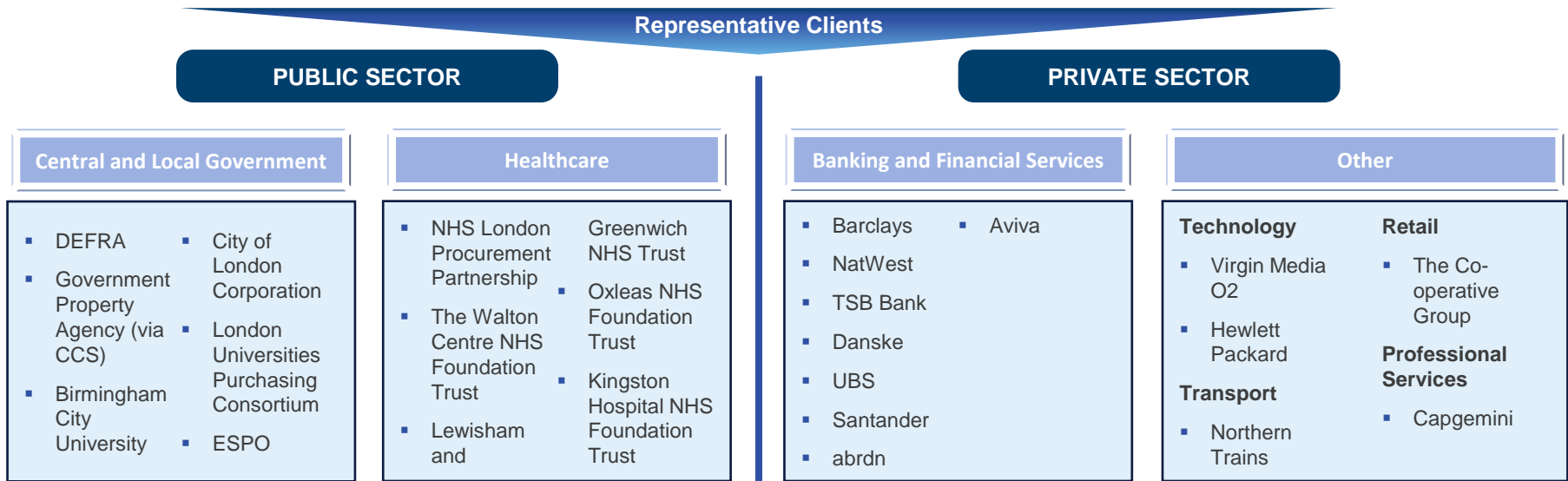


05

Key Clients

Key Clients – Overview

- ABC UK caters to clients in multiple industry segments and primarily offer Integrated Facility Services (IFS) contracts or Soft FM contracts for an average duration of 3-5 years
- Within the public sector, the company is **part of supplier framework agreements** (featuring in all or most lots) with procurement agencies such as the Crown Commercial Service, the Crescent Purchasing Consortium and the NHS London Procurement Partnership; these agreements appear to have helped ABC UK to win several contracts such as the **recent 5-year contracts with the Government Property Agency and the 7-year landmark deal with DEFRA**
- **Banking and Financial Services** continues to be a stronghold for ABC UK – it holds **about 20 Key Accounts** in the UK Banking sector (*as per the latest filings of ABC Facility Services*)
- It has also won new contracts/extended relationships (at both UK and global level) in the **Pharmaceutical, Technology and Professional Services** sectors



Key Clients – Public Sector (UK Central and Local Government) [1/2]

Name	Term	Contract Expiry	Annual Contract Value ¹ (in £ mn)	Contract Type	Site Location(s)
Department for Environment, Food & Rural Affairs (DEFRA)	7 years	31 Mar 2031	60.0	IFS, involving 800 ABC employees	Over 300 sites across the UK
	5 years	30 Sep 2028	27.3	Soft FM	London
	5 years	30 Sep 2028	23.3	Hard FM	North East, North West, Yorkshire and The Humber, East Midlands, West Midlands, Scotland, Wales, Northern Ireland, Isle of Man
Government Property Agency (via Crown Commercial Service)	5 years	30 Sep 2028	5.8	Soft FM	South East, South West
	5 years	30 Sep 2028	1.3	Security Services	South East, South West
	5 years	30 Sep 2028	1.7	Security Services	Yorkshire and The Humber, East Midlands, West Midlands, East of England
	3 years	25 Apr 2025	10.0	IFS	UK, Isle of Man, Channel Islands, British Oversea Territories, Europe, Rest of the World
Birmingham City University	5 years	31 Jul 2024	4.0	Soft FM	West Midlands

Note: 1) Annual contract value has been determined by dividing total contract award value with the respective contract term

Source: Contracts Finder (Gov.uk); FM Journal

Key Clients – Public Sector (UK Central and Local Government) [2/2]

Name	Term	Contract Expiry	Annual Contract Value ¹ (in £ mn)	Contract Type	Site Location(s)
City of London Corporation	10 years	31 Mar 2033	2.7	IFS	London (Lot 5 schools)
	4 years	30 Aug 2026	15.6 ²	IFS	London, South East
London Universities Purchasing Consortium	3 years	7 Nov 2024	2.0 ²	Maintenance and minor works, security: guarding & reception and cleaning	London
ESPO	3 years	31 Apr 2024	8.3 ²	Multiple FM services (multi-supplier framework)	UK
Academies Enterprise Trust	4.3 years	31 Aug 2025	1.4	Hard FM (MEP planned preventative maintenance and compliance services)	London, Kent, Essex and Surrey
	3.6 years	31 Aug 2024	1.7		Middlesbrough, Yorkshire, Hull, Lincolnshire and Staffordshire
	5 years	31 Aug 2025	1.0		Birmingham, Milton Keynes, Bristol, Gloucester, Chepstow, Hampshire, Isle of Wight, Devon and Swindon
The Litmus Partnership	5 years	31 Mar 2024	2.1	Catering	Multiple schools under Harrow Schools Consortium in South East
St. Peter's Catholic High School	5 years	31 Aug 2024	0.4	Catering	North West

Note: 1) Annual contract value has been determined by dividing total contract award value with the respective contract term; suppliers and then divided by the respective term to estimate annual contract value for ABC

Source: Contracts Finder (Gov.uk)

2) Multiple suppliers are involved – the total award value has been equally divided among these

Key Clients – Public Sector (UK Healthcare)

Name	Term	Contract Expiry	Annual Contract Value ¹ (in £ mn)	Contract Type	Site Location(s)
Norfolk & Norwich University Hospital NHS Foundation Trust	1 year	31 Mar 2024	1.9	Service provision of a Network Logistics Solution (NLS)	East of England
NHS London Procurement Partnership (Hosted by Guy's and St Thomas' NHS FT)	4 years	7 July 2026	80.0 ²	IFS	UK
NHS Shared Business Services Limited	2 years	11 Apr 2024	2.6 ³	Hard FM	UK
The Walton Centre NHS Foundation Trust	5 years	31 Mar 2027	3.2	Soft FM	-
Lewisham and Greenwich NHS Trust	7 years	1 Mar 2027	21.7	Soft FM	London
Camden and Islington NHS Foundation Trust	5 years	1 Jan 2024	1.9	IFS	London
Oxleas NHS Foundation Trust	5 years	31 Mar 2024	8.0	Soft FM, involving 250 employees	South East London
South Warwickshire University NHS Foundation Trust	2 years	Nov 2024	3.9	IFS	Warwick Hospital
Kingston Hospital NHS Foundation Trust	1.5 + 0.6 years	Feb 2025	16.0	Soft FM	Main site of the trust
South London and Maudsley NHS Foundation Trust	2 years	Q2 2024	-	-	South East London
Homerton University Hospital NHS Foundation Trust ⁴	5 years	Q2 2025	6.0	Soft FM	Hackney

Note: 1) Annual contract value has been determined by dividing total contract award value with the respective contract term; 2) A total of 18 suppliers are involved – the total award value has been equally divided among these suppliers and then divided by the term to estimate annual contract value for ABC; 3) A total of 155 suppliers are involved – the total award value has been equally divided among these suppliers and then divided by the term to estimate annual contract value for ABC; 4) There is a possibility that this contract got terminated around Q2 2022, but this is not mentioned explicitly in the public domain

Source: Contracts Finder (Gov.uk); Tomorrow's Cleaning; FM Journal

Key Clients – Private Sector (Banking and Financial Services)

Name	Term	Contract Expiry	Annual Contract Value (in £ mn)	Contract Type	Site Location(s)
Barclays	5 years	2025	>11.5 ¹	IFS	30 countries in UK & Ireland, Europe, the Americas, Middle East, India and Asia Pacific
NatWest ²	-	-	-	IFS, involving 3,000 ABC employees	Around 2,100 sites across the UK, which includes retail branches, data centres, corporate offices, and cash and coin sites
TSB Bank	7.5 years	Q2 2030	>11.5 ¹	IFS, involving 680 ABC employees	About 550 branches, including eight corporate sites across the UK
Danske	5 years	Q2 2027	-	IFS, involving 650 ABC employees	Five countries - Denmark, Norway, Sweden, Finland and Lithuania
UBS	7 years	Dec 2025	-	IFS	All operational sites in Switzerland, comprising the group headquarters, branches, office buildings and data centres, as well as the London headquarters and regional offices in the UK
Santander	5 years	Q2 2024	-	IFS	-
abrdn	3 years	May 2025	-	IFS	10 sites in Scotland and England
Aviva	7 years	Q2 2025	-	-	All sites in the UK
Financial Services customer	5 years	Q1 2025	-	-	14 countries globally
Banking Customer	5 years	Q3 2027	>11.5 ¹	IFS	All sites in the UK

Note: 1) Converted from DKK to GBP using 1 DKK = 0.115 GBP (as on 6 Sep 2023); 2) ABC signed a 5-year contract with Royal Bank of Scotland (RBS) at the end of 2014, but the RBS got rebranded as NatWest Group in 2020. ABC has a current partnership with NatWest, but the exact terms of the contract have not been disclosed publicly. All information pertains to the previous 2014 deal with the RBS

Source: ABC World – 2018 to 2022 Annual Report; This Week in FM; i-FM; FM Journal; PFM Awards 2022

Key Clients – Private Sector (Other)

Name	Term	Contract Expiry	Annual Contract Value (in £ mn)	Contract Type	Site Location(s)
Virgin Media O2	5 years	Q1 2028	>11.5 ¹	IFS	The entire Virgin Media O2's UK infrastructure
Capgemini	3 years	Jun 2026	-	IFS	EMEA (incl. the UK), North America and India
Hewlett Packard Enterprise (HPE)	5 years	Aug 2027	-	IFS, involving 1,900 employees	HPE's offices and production sites across 51 countries and more than 170 sites
Northern Trains	3 + 2 years	Sep 2025	-	Cleaning, mechanical, engineering and fabric (building and grounds maintenance) services	477 sites across the UK
The Co-operative Group	5 years	Q1 2025	-	IFS	-
Telecommunications Company	5 years	Q2 2024	-	IFS	UK
Professional Services Customer	1 year	Q4 2023	>11.5 ¹	IFS	UK

Note: 1) Converted from DKK to GBP using 1 DKK = 0.115 GBP (as on 6 Sep 2023); current partnership with NatWest, but the exact terms of the contract have not been disclosed publicly

2) ABC signed a 5-year contract with Royal Bank of Scotland (RBS) at the end of 2014, but RBS got rebranded as NatWest Group in 2020. ABC has a

Source: ABC World – 2018 to 2022 Annual Report; FM Journal

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Strategic Initiatives

		Strategic Objective	Initiatives Undertaken	Results Achieved
<div>Key Strategic Objectives, Initiatives, and Results</div>		Profitable Growth	<ul style="list-style-type: none"> Turnaround of UK & Ireland <ul style="list-style-type: none"> 1) re-organised ABC Facility Services as per three prioritised segments; 2) exited non-profitable contracts in hospitality and transport sectors; 3) Standardised reporting and analysis to overcome issues due to insufficient financial controls and data transparency; 4) aligned supply chain & procurement, IT and Finance with centralised group functions Exited Danish Defence contract and working towards restructuring the Deutsche Telekom contract (to mitigate profitability challenges with these accounts) Trimmed global business and exited non-core countries that had a high proportion of single services (i.e. not strategic from its Global Key Accounts perspective) 	<ul style="list-style-type: none"> The operating run-rate margin above 4% globally and ~3% for the UK & Ireland (<i>on track to meet these targets for 2023 and beyond</i>)
		Unified Operating Model	<ul style="list-style-type: none"> Established an <u>Operations Performance function</u> to pilot and scale-up service products globally, as well as introduce new technology solutions Standardized <u>country blueprint</u> to enable cross-country collaboration across group functions and achieve operational consistency across customer sites <u>Self-delivery</u> of services through its own placemakers for full-line of sight, attain higher quality and compliance, and better control over costs <ul style="list-style-type: none"> Self-delivery, with its teams' owning the sites, is also likely to strengthen ABC' position towards winning global IFS contracts 	<ul style="list-style-type: none"> 93% customer retention rate, with mid-term ambition to reach 95% Retained all global contracts up for renewal during 2021-2022
		Robust Commercial Function	<ul style="list-style-type: none"> Unified enterprise deal teams staffed with the global bid talent across countries <ul style="list-style-type: none"> Integrated Asia & Pacific bid management team into the Group in 2022 Early engagement of subject matter experts and functional experts depending on bid characteristics Strengthened and formalised bid/no-bid decision to stop unprioritised bids early Hired new commercial talent globally, including 10 new country CCOs in key markets such as North America, Germany and the Netherlands 	<ul style="list-style-type: none"> Significant improvement in hit rate, especially hit rate for deals above DKK 75 mn (£ 8.63m)

xxxx Strategy – UK & Ireland Business Turnaround (1/2)

UK & Ireland developed into an underperforming country in 2019/20 due to the impact of the COVID-19 pandemic and revenue reductions within food-services and retail.

Reasons for underperformance

Business Drivers

- Loss of large profitable contracts
- Rushed short-term focused cost measures
- Significant negative impact of COVID-19

Financial Systems

- Insufficient financial controls and data transparency
- Financial transparency insufficient to manage profitability
- Unsuccessful system standardisation

Cultural Drivers

- Focus on short-term financial performance
- Decentralized and silo-based decision-making
- Lack of clear direction and leadership

Business Turnaround Strategy

New Country Leadership

- Functional expertise/centralization
- Focus on data improvement and control
- Managing as a program

Margin Improvement Drivers

- Reorganization of businesses
- Portfolio management
- Contract Performance Improvement
- Standardised reporting and analysis

UK Achievements

Leveraging Global Scale

- New UK Leadership was established
- UK developed and implemented the Operations Performance Division

Commercial Discipline

- New global bid process adopted in the UK

Operations Performance & Products

- New initiatives across Food services launched
- Dedicated sustainability team formed

Technology

- The ABC UK IT team was realigned to report directly to ABC Global IT

Culture

- ABC UK&I CEO signed up to the UN Women's empowerment principles

Acquisitions and Divestments (1/2)

Acquisitions

- ABC has made **selective acquisitions** during the last three years (an average of one acquisition per year). In future, the group is **likely to acquire only those FM companies that fit its xxxx philosophy** (1. fall under prioritised segments, 2. possess strength in core services and 3. margin-accretive businesses)
- ABC UK has not made any acquisitions** since 2015 - it last acquired the UK, Ireland and European businesses of xxxxxxxxxx

July 2023

- Acquired **xxxx in Spain** to strengthen operations in Southern Spain
- The acquired company comprises **cleaning contracts primarily within healthcare** and is expected to be **margin accretive** (post synergies) within 6 months to ABC Spain, as well as to the group
- The company will add **~4,500 placemakers** and annual revenue of **DKK 0.7 billion (£ 80.5m)** to the group

October 2022

- Acquired **xxxx in Switzerland** to expand and develop its service delivery to the real estate industry
- The acquired entity manages a large proportion of properties of its previous parent firm – Swiss Life Insurance
- The company had **670 employees** and annual **revenue of DKK 402 million (£ 46m)** in 2022 through its key account contracts within **cleaning and technical services**

September 2021

- Acquired **xxxx Company in Turkey** to provide FM services, in a Public-Private-Partnership, at four newly built hospitals in Turkey until 2045
- ABC Turkey was already operating two of the four hospitals as subcontractor to xxxx
- The group also partnered with xxxx, a private equity firm with expertise in the Turkish market; the latter became a shareholder of ABC Turkey with a 40% ownership

Divestments

- ABC UK made two strategic divestments** to strengthen its focus on Key Account customers – it sold ABC xxxx business to xxxx Group in 2022 and xxxx Limited (franchised B2C restoration business) to xxxx Group RF Limited in 2021
- Globally, the group has **discontinued operations in several Asian and European markets**, since it wants to focus only on profitable businesses; the entire divestment programme yielded net proceeds of approx. DKK 2 bn (£ 230m)

Acquisitions and Divestments (2/2)

ABC aims to reposition itself in France – it will only focus on servicing its Global Key Accounts and divest all other activities in the country

ABC France – Key Stats

	Period	Value ¹
Revenue	2022	DKK 2.9 bn (~£335 mn)
	H1 2023	DKK 1.3 bn (~£153 mn)
Revenue Growth (Y-o-Y)	2022	-5.7%
	H1 2023	-2.8%
Employees	H1 2023	14,000

ABC France – Revenue Segmentation (2022)



Key Reason Behind Divestment

- Historically, financial results in France have been dilutive to Group's operating margins and growth, and the development in France has not generated the expected financial improvements due to inherent strategic challenges, difficult market conditions, and continued muted commercial development
- The key underlying reason is that **ABC is lacking scale in France due to its customer portfolio skewed towards industries such as Aviation**
 - "We are lacking critical mass[in France]. We're set up in a way where we are exposed to customer segments that are just tough. You know we are heavy in industry and aviation. So we have a setup where we were struggling, and we could not see how we could drive both commercial momentum and a significant step change in profitability given the strategic positioning we had." - Jacob Aarup-Andersen ABC A/S - Group ex-CEO

Potential Impact on Group Financials





- ABC France, excluding Global Key Accounts, will be classified as held for sale and discontinued operations in accordance with IFRS
- The reclassification of France to discontinued operations is expected to have a **positive contribution to the Group's margin by ~10 bps** compared to its earlier expectation for operating margin outlook for 2023

Note: 1) Converted using 1 DKK = 0.115 GBP (as on 6 Sep 2023)

Source: ABC World – Q2 2023 Investor Presentation and Earnings Call Transcript; ABC World – H1 Interim Report; Reuters

Partner Ecosystem

ABC is **establishing a partner ecosystem to achieve its sustainability goals of net zero for scopes 1 and 2 by 2030**; key partnerships include:

 <p>Taking care of what's precious™</p>	<ul style="list-style-type: none">As part of its 'Pure Space – Office' and 'Pure Space – Office Plus' cleaning solutions, ABC is reducing emissions by using carbon-optimised materials and components such as plant-based chemicals developed in partnership with DiverseyABC was able to achieve 34% Y-o-Y reduction in chemicals used across all sites for a global customer in 2022
	<ul style="list-style-type: none">ABC entered into a vested partnership with LeasePlan (now ALD Automotive) – a global car-as-a-service company – to electrify the former's entire global fleet of about 18,000 vehicles by 2030 (more than 1,600 vehicles were either hybrid or fully-electric vehicles in the group's fleet by the end of 2022)Both companies have also committed to reduce ABC's vehicle fleet CO₂ emissions by one-third by 2025
	<ul style="list-style-type: none">ABC has partnered with Winnow Solutions to fulfill its commitment to reduce food waste by 50% by 2027; Winnow develops AI-based tools and smart kitchen technology to enable chefs to make better inventory decisionsWinnow's solution was rolled out at more than 290 ABC locations by the end of 2022, resulting in CO₂ reductions of more than 2,000 tonnes (equal to more than 1.3 million meals)
	<ul style="list-style-type: none">Spica Technologies acts as IoT and Workplace Experience partner for ABC UK and helps the latter to roll out sensor technology for its FM customersSpica helped ABC to implement connected device technology across 28 sites for a customer; the analysis of sensor technology helped in consolidating newly acquired properties, providing a 260% 5-year return on capital investment in a single project

Technology Strategy

ABC core tech strategy is to **in-house design, develop, manage and own** the necessary digital applications and platforms for its customers and placemakers - all founded on a **scalable and cybersecure "Cloud First" infrastructure**

Key Facts and Figures

- Technology centres
 - Copenhagen, Denmark
 - Warsaw, Poland
 - Porto, Portugal **NEW**
- Strength of technology team
 - 800+ IT specialists globally
 - 150 hired in 2022 itself
- Cybersecurity Assessment Score
 - 2.9 in 2022 (up from 2.3 in 2020)
 - Above industry benchmark of 2.7
- Technology investments
 - Up to DKK100 mn (£ 11.5 mn) per year (0.1% of annual revenue)*

*pledged investment for continuous improvements and upgrade of its Info & Cyber Security capabilities

Key Elements

In-house Development

- Designing digital solutions in-house, both for the ABC enterprise and for its customers (service products)
- Opened a dedicated software development centre in Portugal in 2022; it plans to ramp-up the centre's capacity to 100 software engineers by the end of 2023

ABC Owned IP

- Acquiring IP rights of its customer-facing applications to take full control of its IoT Platform and apps
- All digital solutions¹ will be integrated through an ABC-managed global data and integration layer, providing customers with a full line of sight

Cloud First Architecture

- Migrating its entire IT infrastructure to the cloud – from multi-local data centres to a unified, global hybrid-cloud set-up
- Four countries (Singapore, Poland, Italy and Indonesia) were migrated in 2022, with another four (incl. the UK) will be migrated by end of 2023

Cybersecure Core

Investing heavily in information and cyber security capabilities – grew team of security specialists from 5 to 50+ and also established a 24/7 in-house Security Operations Centre (SOC) in 2022

Recent Tech Awards - ABC UK



Rated as the most innovative service provider and 2nd best technology solutions provider in i-FM Brand Survey 2023






Awarded PFM partnership award for 'Partners in Technology Application – Large Estates' in 2021

Note: 1) Refer [Appendix](#) for visual representation of ABC Digital Ecosystem

Source: Investor Presentation – 2022 Capital Markets Day; ABC World – 2022 Annual Report; European Cleaning Journal; i-FM; Premises & Facilities Management (PFM)

Technology Partner Ecosystem

ABC is also **establishing a partner ecosystem to leverage external IoT solutions that can increase its operational efficiency**; key partnerships include:

 ToolSense	<ul style="list-style-type: none">▪ In September 2023, ABC entered into a global strategic partnership with ToolSense▪ ABC on-site employees leverage over 500,000 movable machines, such as vacuum cleaners, kitchenware and healthcare equipment, in more than 30 countries worldwide▪ The tracking, maintenance and utilisation of these assets will now be optimised by the use of ToolSense's innovative Asset Operations platform, Internet of Things (IoT) solutions, and QR codes
	<ul style="list-style-type: none">▪ In May 2020, ABC partnered with Haltian to accelerate its global digital transformation efforts▪ Haltian's Thingsee IoT solution platform is a data collection hub, which offers a way for businesses and enterprises to digitize their operations – ABC aimed to integrate this platform into its global operations▪ Haltian's sensors and IoT platform were used for more than a year in ABC Finland, before expanding the cooperation globally
	<ul style="list-style-type: none">▪ Spacewell, a provider of IWMS software and smart building solutions, renewed its long-term partnership with ABC in January 2020▪ The multi-year agreement included software updates to benefit from enhanced functionality and high-quality desktop and mobile UIs▪ The software also connects with the IoT to enable activity-based service delivery, drawing on real-time data about how spaces and services are being used

Other IoT Technology Vendor Partners¹

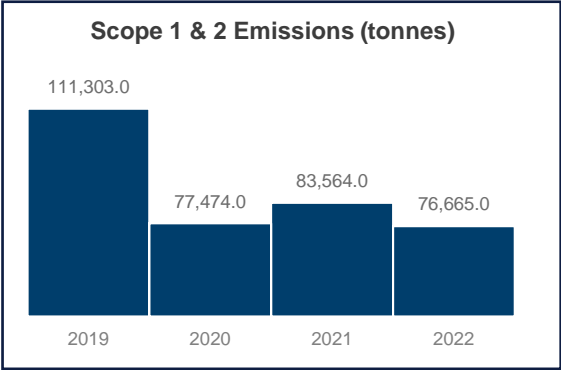


Note: 1) ABC partnered with these companies during 2016-2020, so it is not explicitly available if these partnerships still continue to date

Source: FM Business Daily; Aviation Pros; Spacewell Company Website

Sustainability Strategy (Decarbonisation)

ABC has set ambitious net zero targets in 2022, committing to achieve net zero for scopes 1 and 2 by **2030** and net zero for scope 1-3 by **2040**



ABC Group - ESG Emissions ((tonnes CO2 eq.)					
Emissions Category	Description	2019	2020	2021	2022
Scope 1	Arising from sources under the company's control	100,255	70,084	71,726	69,581
Scope 2 (market-based)	Arising from the consumption of purchased electrical energy, heating and cooling and district heating	11,048	7,390	11,838	7,084
Scope 3	Arising from business travel and our supply chain, including purchased goods and services	2,625,104	Not Disclosed	2,497,367	1,569,421

2022 Sustainability Ratings		
CATEGORY	ABC	Client
MSCI	AA	AA
Morningstar Sustainability	14.1	12.1
S&P Dow Jones Indices	56	n/a
Ecovadis	7 (Silver, 2023)	n/a
CDP	C	A-

Decarbonization initiatives in its service lines:

- ABC' most carbon intensive service is **Food**, which accounts for some 70% of their emissions from purchased goods and services. ABC has set ambitious targets on food waste reductions which will drive food decarbonization.
- ABC is striving to reduce the emissions from its **Cleaning** services though its Pure Space – Office and Pure Space – Office Plus products, that builds on productivity and carbon optimized materials and components such as plant-based chemicals developed in partnership with Diversey.

On 14 September 2023, ABC and Watershed forged a global partnership in order to implement Watershed's world-class carbon accounting solution. Through this solution, ABC will be able to optimise its decarbonisation journey across the ABC enterprise and within clients' value chains.

All ABC country teams across ABC's more than 30 markets worldwide will be empowered with the capability to measure and manage their own carbon footprint, thereby quantifying the impacts of ABC's products and services across customer accounts and operations.

New Launches - Livv



Livv, launched on 15 February 2023, and part of ABC Company1, is a boutique workplace experience company, helping organisations to create and maintain seamless workplaces that inspire.

Workplace	Food	Cleaning	Experiences	Technical
Provides facilities management, reception services, switchboard, helpdesk services, space & meeting room management, mail & courier services, executive housekeeping, administration & PA services, workspace design.	Providing customised food, hospitality, and food consumable solutions for their clients. This includes onsite café services with barista-made coffee, and offsite food and food consumable services from specialised suppliers.	Specialist cleaning services trained in the latest techniques and technology	Creates a tailored program of inclusive, refined experiences that enhance the workplace, from Employee Resource Group initiatives to year-round surprises and delights.	Provides reliable workplace solutions including air quality purification, power, equipment, and a safe working environment, to minimise HSE non-compliance risks and protect clients' assets.

TEAM



XXXXXXXXXX

Managing Director



XXXXXXXXXX

Director of Client Development



XXXXXXXXXX

Head of Workplace Experience



XXXXXXXXXX

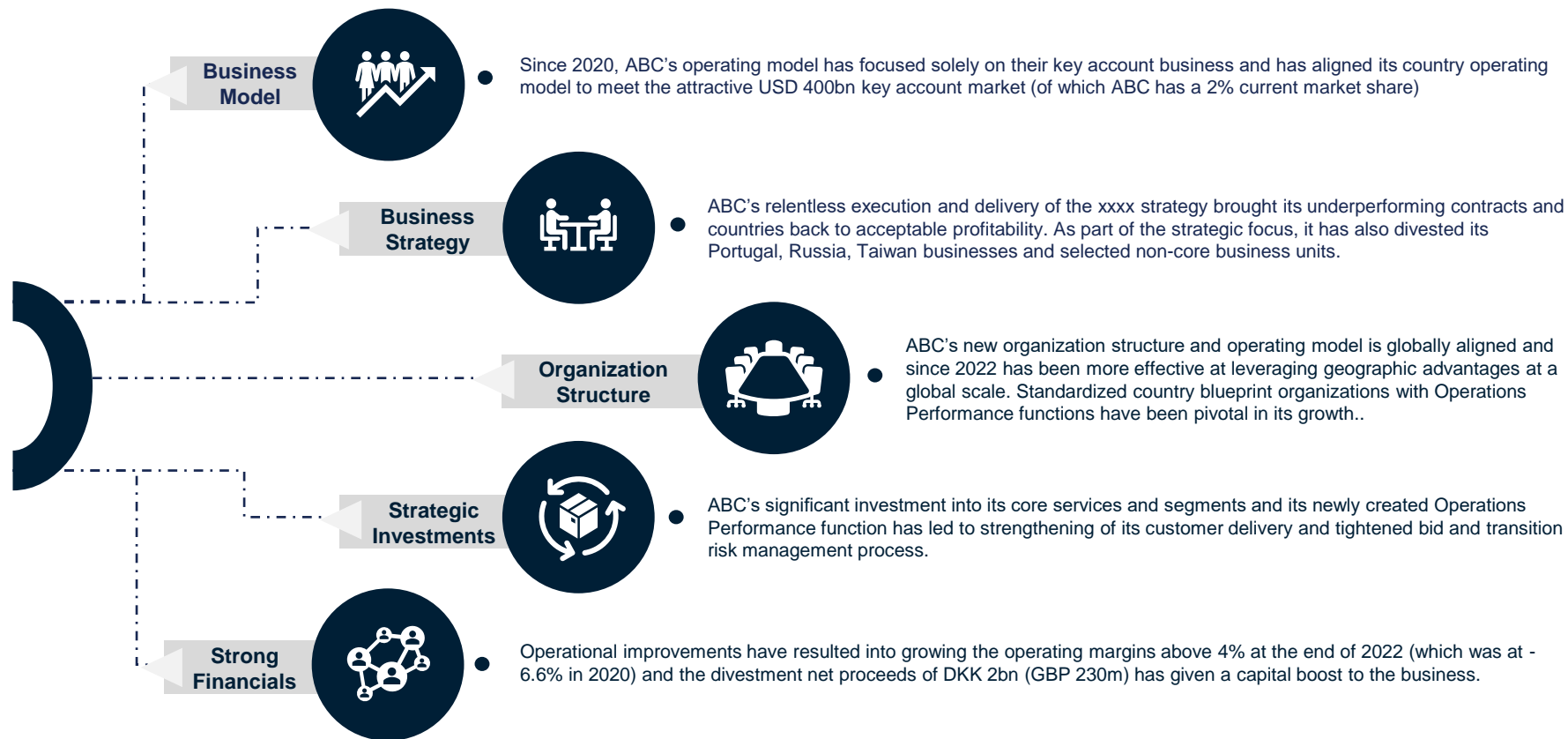
Head of Operations

Source: ABC World – 2022 Sustainability Report; ABC UK – 2021 Corporate Responsibility Report

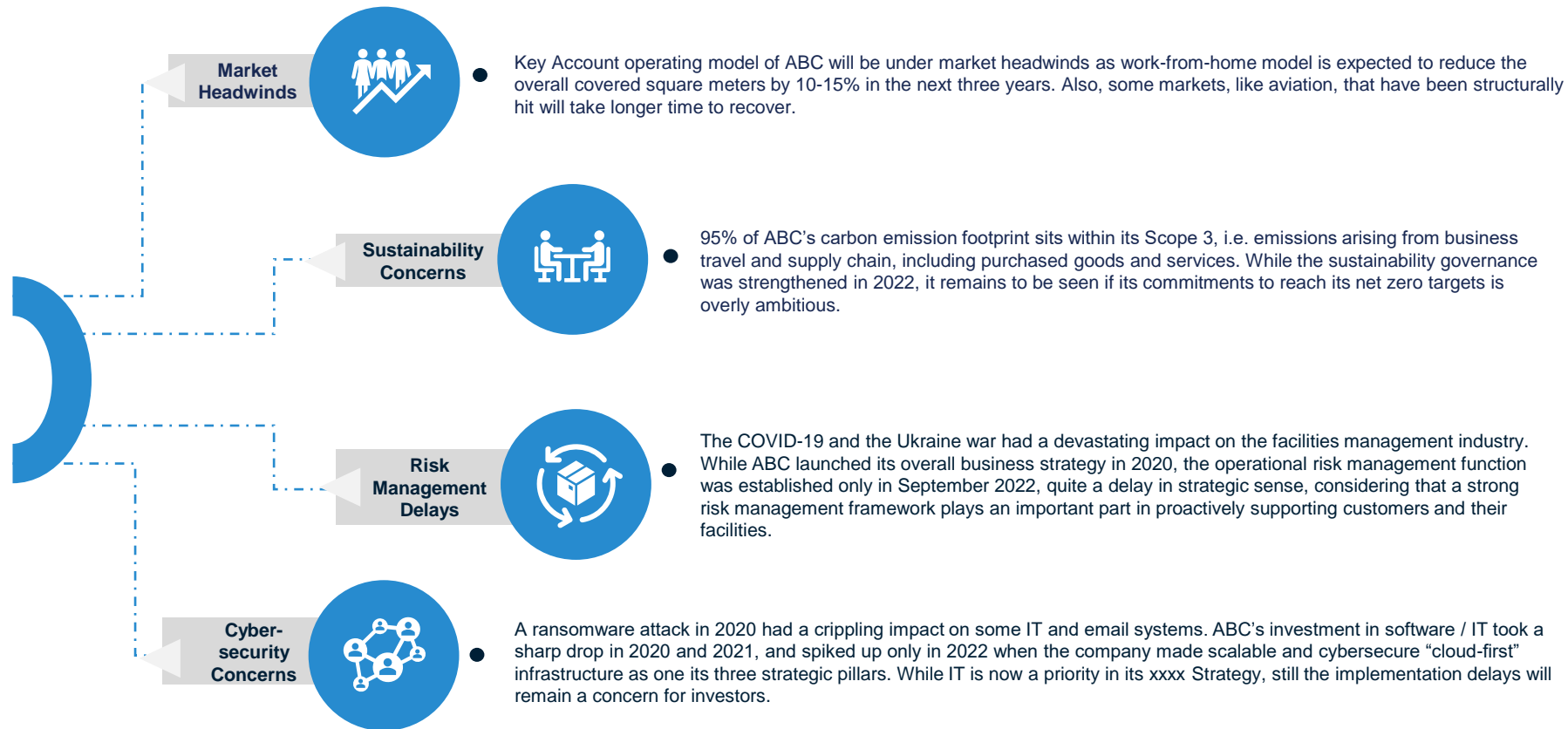
07

Key Conclusions

Strengths



Weaknesses



Recommendations

Strategic Areas To Explore

Rethinking Business Strategies

- ABC' business strategy revolves around supporting **Integrated Facilities Management (IFS)** and Key Accounts principles, with increasing focus on integrated contracts within its focus segments
- Big players in the industry are moving towards IFS, i.e. are moving on from the traditional facility management model, where majority of services were serviced via subcontractors, to IFS, where customers are provided a holistic solution

Scaling Service Products

- ABC' has established a **service product management model** to drive customer and enterprise outcomes, which has a significant potential in increasing productivity in daily office cleaning and other core services.
- Many FM players are also moving into scaling their service-based portfolio and are increasing their contract revenues and gaining the necessary competitive edge in the market.

Continuous Development of Tech-Backed Products

- ABC has launched a series of **tech-backed products** to supplement its services, like ABC Workplace App, Space Optimization with ABC Signal, The Food Place Concept, Pure Space, etc. This ecosystem creates value with scalable platforms and has a massive reach.
- FM players are moving on to innovative technology which has led to high customer retention rates and many smaller players are now scaling up and diversifying.

Appendix

Board of Directors – Brief Bio (1/2)

[illegible][illegible]

XXXXXXXXXXXXXXXXXXXX

Member of the Board











First elected in April 2020
Most recently elected in 2023

[illegible]

Board of Directors - Brief Bio (2/2)

XXXXXXXXXXXXXXXXXXXX
Member of the Board





First elected in July 2022 as employee representative
Not independent

[illegible]

XXXXXXXXXXXXX
Member of the Board







First elected in April 2023 as employee representative
Not independent

Executive Group Management - Brief Bio (1/2)

[illegible][illegible][illegible][illegible][illegible][illegible]

Executive Group Management - Brief Bio (2/2)

[illegible][illegible][illegible]

Early on, we have embraced new technologies to create a completely digital workplace where teams distributed around the world work seamlessly across the virtual & physical environment.

Our teams operate digitally as they would from the office. For us, geography is history!

Of course, we see the significance of the physical world we live in and the timeless charm and effectiveness of in-person meetings and we are glad to get on the road or meet at our offices to engage with our clients who prefer to do business in person.

Thank you

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