STANDARD & POOR'S
RATINGS SERVICES

RatingsDirect®

ISS Global Senior Secured Credit Facilities Assigned 'BB-' Issue, '3' Recovery Ratings

Primary Credit Analyst:
G.Andrew Stillman, CFA, London (44) 20-7176-7036; andrew_stillman@standardandpoors.com

Recovery Analyst:
Leandro De Torres Zabala, Madrid (34) 91-389-6965; leandro_detorreszabala@standardandpoors.com

LONDON (Standard & Poor's) March 4, 2013--Standard & Poor's Ratings Services said today that it assigned its 'BB-' issue rating to debt drawn under ISS Global A/S' existing senior secured facilities and to ISS Global's proposed additional €600 million (about Danish krone [DKK] 4.5 billion) term loan due 2018. The recovery rating on the existing senior secured facilities and the proposed additional term loan is '3', indicating our expectation of meaningful (50%-70%) recovery in the event of a payment default. ISS Global is a subsidiary of Denmark-based facilities provider ISS A/S (BB-/Positive/--).

At the same time, we affirmed our 'B' issue rating on ISS Global's €110.4 million 4.5% senior unsecured medium-term notes due 2014 and ISS' €581.5 million 8.875% subordinated notes due 2016. Our recovery rating on these notes remains unchanged at '6', indicating our expectation of negligible (0%-10%) recovery prospects.

The recovery rating of '3' on the senior credit facilities (including the existing term loans and the proposed term loan) is underpinned by ISS' good valuation, which is itself a function of the company's "strong" business risk profile. The recovery rating also reflects the senior facilities' security and the jurisdiction of Denmark, which we consider to be favourable to creditors. The recovery rating is constrained at '3', however, by the sizable level of first-lien debt, which somewhat dilutes overall recovery prospects for the senior facilities. The '6' recovery rating on the two classes of notes reflects these notes' structural and contractual subordination to the senior facilities.

1088985 | 301279659

ISS has initiated an extension-and-amendment request aimed at extending the maturity date of its revolving credit facility (RCF) and some term loans under the senior facilities agreement to 2017 and 2018 from 2014 and 2015, respectively, and at borrowing the proposed term loan under the senior facilities agreement. We understand that ISS will use the proceeds from the additional term loan to repay and cancel the DKK4.4 billion (about €600 million) second-lien facility. Following this transaction, the company's capital structure will be primarily composed of: the total DKK21 billion senior facilities; the DKK800 million senior unsecured medium-term notes due in 2014; the DKK4.4 billion subordinated notes due 2016; and a DKK3.0 billion securitization facility currently due in 2014.

We understand that the new term loan will become a tranche of the existing senior secured facilities agreement and will benefit from the same terms and conditions, including the same guarantee and predominantly the same security, as the existing term loans. The pari passu status of the new term loan with the existing term loans vis a vis the security will be established by the existing intercreditor agreement. We also believe that the security of the facilities is fairly comprehensive, including security over shares, receivables, intellectual property, and bank accounts in jurisdictions in which the guarantors are incorporated and a floating charge in subsidiaries in the U.K., the U.S., and Australia. The facilities also benefit from guarantees from the group's material operating subsidiaries and contain maintenance financial covenants.

RECOVERY ANALYSIS

In line with our methodology, we simulate a default scenario to assign recovery ratings to the debt instruments. We value ISS' business as a going concern, on the basis of what we see as ISS' good market position and valuable customer base. We project a hypothetical default in 2016, most likely triggered by high leverage and refinancing risk, combined with an inability to manage the cost base and deteriorating operating performance.

At the point of default, our stressed enterprise value amounts to about DKK17.7 billion, which is 6.5x our estimated EBITDA of DKK2.7 billion at the point of default. After deducting administrative expenses for the enforcement process and priority liabilities comprising pension liabilities, finance leases, and a securitization line, the residual value available amounts to about DKK12.5 billion. This residual value provides recovery in the 50%-70% range for the senior credit facilities (assuming a fully drawn RCF) and prepetition interest.

On the basis of our assumption that there would be no residual value available for unsecured and the subordinated creditors, coverage for this debt is in the 0%-10% range.

RELATED CRITERIA AND RESEARCH

All articles listed below are available on RatingsDirect on the Global Credit Portal.

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, Sept.

18, 2012
- Criteria Guidelines For Recovery Ratings On Global Industrials Issuers' Speculative-Grade Debt, Aug. 10, 2009
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

RATINGS LIST
New Ratings

ISS Global A/S		
Senior Secured	BB-	
Recovery Rating	3	

Ratings Affirmed

ISS Global A/S		
Senior Unsecured	B	B
Recovery Rating	6	6
ISS A/S		
Subordinated	B	B
Recovery Rating	6	6

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.