

Issuer Comment: ISS' B2 rating and positive outlook are unaffected by G4S' announcement of termination of proposed acquisition

Global Credit Research - 01 Nov 2011

Moody's Investors Service said today that the ratings and positive outlook of ISS A/S ("ISS") (B2, positive) remain unchanged following the announcement of termination of proposed acquisition of ISS by G4S plc ("G4S") (unrated).

Today, G4S and FX Invest II S.a.r.l., which is indirectly owned by funds advised by EQT Partners and by GS Capital Partners, have together agreed to terminate their Share Purchase Agreement pursuant to G4S's proposed acquisition of ISS A/S for approximately GBP5.2 billion.

Despite strong rationale for combining G4S and ISS the shareholders of G4S would not support the acquisition, due to the size and perceived complexity of the deal in current macroeconomic environment. ISS does not expect to incur material costs as a result of the termination of the proposed acquisition.

The outlook on the ratings remains positive reflecting the underlying credit profile of ISS and the strength of current trading.

In the six months to June 2011, the company reported sales of around DKK38.6 billion, up 7% compared to previous year thanks to new contract wins, roll out of large IFS (Integrated Facility Services) contracts and strong momentum in emerging markets. Operating margin before other items was reported at 5.1%, slightly below 5.2% during comparable period in 2010. The operating margin is expected to improve in the latter part of the year thanks to further divestment of non core activities in Europe, turnaround in France and the increased contribution from emerging markets which display higher margins.

ISS Global A/S, based in Copenhagen, Denmark, is the fully owned subsidiary of ISS A/S and one of the leading facility services providers in the world.

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