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OPERATOR: Welcome to the ISS Investor Call. At this time all participants are in a listen only mode. Later we will conduct a question and answer session. Please note that this conference is being recorded. Your conference will begin momentarily. A short corporate movie will be played now and afterwards we will hand over to ISS IR Martin Kjaer Hansen. Please go ahead, Martin.

[short corporate movie presentation]

MARTIN KJAER HANSEN: Ladies and gentlemen welcome to the investor call and presentation for the full year results 2012. Please be aware that our announcement and the report as well as the slides used for this call can be found on the website, where the webcast will also be available following the call.

I would like to draw your attention to slide 2 regarding the forward looking statements.

If you turn to slide 3 you'll find the agenda for this call. We'll go through a few key events for 2012 as well as give you a business update. Following this we'll go through the annual results, including capital structure, as well as give further details on the refinancing launch this Monday. We'll conclude with an outlook for 2013 followed by a Q&A session.

With me today I have Group CEO, Jeff Gravenhorst, Group CFO, Henrik Andersen, and Group Treasurer, Barbara Plucnar Jensen, who will take you through the presentation.  I will therefore give my word to Group CEO, Jeff Gravenhorst, on the key events and business update.

JEFF GRAVENHORST:  Thank you, Martin, and good afternoon to everybody and welcome to the (inaudible) for 2012.

Please turn to slide 5.  We start with the key events for 2012 for us.  Overall there's no doubt that 2012 was an extremely eventful year for ISS.  First of all we're working in the macro economic conditions which are a little bit of a mixed bag throughout the world.  Despite that we have been able to generate a very stable result both on the top and the bottom line for the organisation.  We've had some very good breakthrough on the IFS organisation but, most importantly, when you look at 2012, our transformation of the business has continued in both (inaudible) and operational ways that we set forward when we started the year.

The key point here is that we continue to become stronger in our emerging market that it takes a bigger portion of our business.  We wanted to become even better at the broader service palette of our products that we can service IFS integrated (inaudible) services, ie all the services needed to run facilities for our customers. This means that we have moved further away from being the original (inaudible) company in Northern Europe back in the 1990s.

This has made us a stronger organisation which also led to that we've had two new investors coming into the family.  (inaudible) and (inaudible) came in, made an investment mid-year, or around August this year, invested around €500 million into IFS, basically to support the strategy and path that we're on.

On this strategic review and on this strategic path obviously we're also focusing our business even harder so during the year we have identified further businesses which we should enhance, and that means of course entering into more strategic partnerships with our customers but also businesses where we are not the right owners.  Most importantly, by divesting some of those businesses, we will further focus our efforts on the business. That is (inaudible) our customers. On the side of that also it will lead to some deleveraging from selling off some of our non-core activity.

We will therefore expect to sell to the net proceeds of at least DKK2 billion in 2013 in our focus on streamlining further our business in 2013.

(inaudible) our biggest success for the year has been the ground breaking contracts with (inaudible) and (inaudible), both them are operating now, and we of course delivering the result to our customers.

These are all the overall key events for 2012.

If I can ask you to turn to page 7. With this transformation in mind ISS today is a global leader in (inaudible) services. We are present in more than 90% of the world's GDP, with the right services to be able to service international, regional as well as local customers in most of the world.

If you turn to page 8 obviously we have a very strong foundation in our developed markets. This is the market that represents about 80% of our turnover but is a little bit smaller than the year before because the emerging markets has actually grown more than the developed market. We have maintained a 0%, or flat, growth in this region and, because it is such a mixed bag, that is actually quite a good result overall.

We've had very good growth in some of our countries like Italy, Norway, Turkey and the UK, just to mention a few of them but, at the same time, we also have to admit the southern European part is suffering. So we have decided deliberately to exit some of the either loss making contracts or contracts where it is very difficult to get paid from our customers, particularly in Greece, some contracts in Spain and that of course has also led to some significant negative growth in particularly Greece but also negative growth in Spain and Portugal.

This is of course because a lot of our customers are Greece or (inaudible). Most of our (inaudible) is still commercial so with this in mind it is a very, very strong path we have and we've also been able to maintain our good margins in this region.

If we turn to page 9 obviously the emerging market we're still having very good growth in this region. This is now 21% of our total turnover and it represents double digit organic growth again this year.

More than half of our employees are represented in this region, now 54%, almost 287,000 people. This represents also the opportunity for the future because the salaries in these regions are significantly lower than they are in the developed market but we are representing services delivered by almost 290,000 people which is a good platform to grow on in the future, and particularly also as salaries increase in these regions more than they grow in the developed market.

So still very good opportunities on this market side in the emerging markets and we're very happy with that going forward as well.

Now on page 10 the reason for this growth is the factor in Europe but also the high growth in the emerging markets is based around our unique value proposition and our (inaudible). It is important to remember that the transformation that we're on is in a number of areas. One, we wanted to expand our presence in emerging markets and, two, we wanted to change the way that the buildings around, and the facilities around, the world are serviced within this industry.

On the left hand side on page 7 you'll see the self-delivery model which is really the way that ISS works. The way we deliver our services to our customers we do it with our own people so the self-delivery part is a key differentiator to most of our competitors, particularly in the global scale, but also from the regional and sometimes also from the national perspective.

The reason why it's so important for us to deliver the services ourselves is deeply embedded in the value proposition and the demand from the customers. The customers actually demand that we take care of our facilities in a good way. That means a way where we can manage the risk on the customers' behalf and a way where we can protect their brand when we service them day in and day out. It is our people working on the customer side, it is our people in the canteen, it is our people doing the catering services, (inaudible) the cleaning services etc and we need to make sure that this is done in a way that protects the customers' facilities but also their brand.

In doing so the customer asked us for consistent delivery. We have to deliver the services in the same way day in and day out, and we have to do it in a flexible way. This can only be done when you really manage the labour force on site.

This is done by our common development programme, our common incentive programmes and our common incentive systems to make sure that we meet the customers' demand. This is why this is such an important (inaudible) for ISS. This is the reason why we have 540,000 odd people working for ISS on a global scale. This gives us the added benefit of being able to give them one point of contact and thereby the convenient solution that the customers are asking for. In one particular case we have a (inaudible) with 4,000 sub suppliers servicing throughout Europe. This today is one such supplier. Obviously much more convenient, much more consistent and a much more flexible solution that the customer wanted and at the same time protecting their brand from a blue chip delivery like us.

The success of this we can see on page 11. This is the integrated, the ultimate product, now consists of more than a fifth of what we do today. We have had, over the last few years, an enormous growth in the service sector, ie that means the integrated facility servicing offering where we provide all of the services to the customer as, for example, on the new contract for Barclays (inaudible).

The annual growth has been 16% a year for the last few years and actually most of this, overall, is again growth because this is not something you can acquire. If we look at it, in Europe, this is also a growth engine and this is why Europe is still a very interesting market from our perspective because there is a big potential to continue on the IFS delivery to our customers both in countries and throughout the region. As we can see, this has had an organic growth in Europe over the last few years from 2006 to 2012 of about 13%. It's the same trend for the rest of the Euro so it's good growth potential and we're harvesting on that new product that we (inaudible).

If we turn to page 12 the other transformation that we have embarked upon is to have a segmented approach, that means that we want to deliver these integrated services to selected business segments and we now have a very, very strong presence within the banking environment, both globally, regionally and locally. We also have in the industry and the food sector and within public and health care. These are the focus areas that we are really making sure that we can deliver the customer demand and (inaudible) to our customers.

On top of that global account has been the heart of our strategy. We wanted to win these global, enter in, develop a new market that the market has never seen before, ie self-delivery for global accounts throughout the world. This is now 5% of our turnover at the end of 2012 but obviously with the win and the start of the Barclays and the (inaudible) at the end of 2012 this will continue to grow also during the first part of 2013 and continue throughout the year.

This gives us big portfolios with big clients and therefore a strong portfolio business where we have recurring business day in and day out, which is the reason for the stability of our company.

If you turn to page 13 this transformation can only be done because we have excellent services within the different service pillars. The heritage that we have with cleaning 50% of our business is a very strong excellent pillar of ISS. We also build on excellence in our property services, building services and technical services (inaudible) but also (inaudible) for the big banks and other clients.

Catering services is also a stronghold now of ISS and we have a strong excellence service (inaudible). Support services like front of house or portering services for hospitals are a very key excellent part of our service delivery. Security goes with that and the ability to manage the services and integrate them into one solution is key.

So, overall, the transformation has continued in 2012, proven by the fact that we have won two of the contracts in the industry in the year and we are delivering them and we have satisfied customers on them, but also the fact that we have now been endorsed by two new investors coming in and buying into this strategy.

Now this turns into some annual results and I will turn over to Henrik, the CFO, to go through the numbers for 2012.

HENRIK ANDERSEN: Thank you, Jeff, and we'll definitely do that. If you turn to slide 15 we will quickly run through the summary as you are fully aware and appreciate (inaudible).

If we look at the first which is the organic growth the organic growth for the year ended at 1.7% for the year, slightly higher in Q4 with 1.9% with some of the contracts referred to in Jeff's introduction going live.

We have seen that Western Europe, Latin America and Asia delivered positive organic growth in 2012 over the year and again, especially in Asia, we have seen a double digit organic growth but we'll come back to that a little later.

We also have to appreciate that 2012, from a macro economic point, has been, and still is, a difficult world out there and therefore we have seen that the conditions in certain European countries have required that we take action on, especially contract portfolios but also payment terms.

That has led to us exiting some of these contracts but also the macro economic conditions have led to (inaudible) have delayed or extended to future quarters and maybe 2013.

If we look at the operating margin the margin came in at 5.6%. 5.6% for the full year is slightly lower than what it was in 2011 where we ended at 5.7%, however we did well in Q4.  We improved slightly compared with the first nine months and therefore we are, in Q4, unchanged compared with Q4 2011.

We reached operating profits at 4,411,000,000 which is actually the highest level in the history of ISS.

The other thing that has been one of our key priorities throughout 2012 - and of course remains under the current conditions - is the cash conversion.  We know that the world has had a very tough year in payment and securing liquidity not only in Europe but globally.  We (inaudible) a cash conversion of 103 in 2013 compared with 93 in 2011.  This is a thank you to the huge work that has been going on in all our countries and all our operations and also thanks for enormous back up from customers that have been paying on time is a significant part of achieving 103.

We can see that we, during that year, been able to also reduce (inaudible) slightly but we are still not there and that is still a focus area going forward as well.

If we flip to slide 16 we'll shortly touch on the revenue growth by region where we illustrate, first of all, Western Europe where you will see that we had organic growth of 1% but we also see there that part of our divestment strategy in Western Europe and Nordic, that is where you will see the divestments coming through in 2012 with our (inaudible) divestments done in the second half of 2011 and some of them also done in 2012.  Respectively in Western Europe and Nordic 2% and 3%.

A small negative organic growth in Nordic (inaudible) with two of the countries, Sweden and Denmark, were negative and Norway and Finland were positive.  I would say a little mix in the Nordic but just around the zero, but overall again a year that was in the nature of (inaudible) where we were slightly lower in (inaudible) in the Nordic area and we exited a few contracts around.

When it comes to Asia you will see we have an organic growth for the year of 15% which is very pleasing to see and it is spread over all our countries in Asia so they have done really well.

In terms of specific we are around zero and we came in and you will see, for the ones who follow the quarterly, we ended the year slightly better than where we were mid year and you also appreciate we had the weather conditions that influenced us negatively in the first half of the year in (inaudible).

Then we go to Latin America.  It is worth observing here that we have Latin America which is on 7% and that is a very deliberate exercise from us where we have taken the growth and just slowed it down a bit because we really wanted to focus on what was and what is our business platform in Latin America and how that business platform can be strengthened going forward.  They achieved 7% which is pleasing under the circumstances and we are tracking that closely.

In North America we have had a slight negative of 3% and again there we have started to win large contracts (inaudible) but I will also say, in 2012, we had some (inaudible) disappearing out of our North American portfolio so we realised a slower organic growth there, but that also comes on the back of 2011 where we started large contracts in North America overall.

In Eastern Europe we are small negative on organic growth but I think Eastern Europe has done well and they are mobilising a couple of contracts in the fourth quarter which we will see coming towards 2013 as well so Eastern Europe did reasonably well and especially also they were in difficult macro economic conditions part of Eastern Europe.

Overall for the group you will see we realised 1.7% organic growth, we had overall divestments of 2% and we had currency effect of 2% which, all in all, gave us a growth of 2.3%.

We go to the margin.  I will say (inaudible) are here.  We went forward in Western Europe from 5.8% to 6.1%.  That is covering a number of countries that went forward and also one or two countries that went backwards but, again, Western Europe made progress and we were quite pleased with that.  If we see Nordic we went backwards with 3 tenths between 11 and 12 and some of that covered over that we also were hit by some austerity measures in the Nordic region we have covered in previous quarters.

When we look at Asia we were slightly lower. In Asia we are still seeing very good growth. Some of that growth comes that we might have timing gaps in (inaudible) minimum wage increases etc. We are still very positive (inaudible) and if we see a 7.7% margin in Asia it goes without saying that is very margin (inaudible) for the group to continue the growth in Asia.

When it comes to Pacific we have spoken about that in previous quarters as well. Slightly below in Pacific; 5.2%. It's basically we were hit by the weather in 2012. We had some changes to the workers (inaudible) and then we also, as we are saying in the annual report, had one or two contracts where we have been working hard to bring the profitability in line with expectations during the year.

In Latin America I would say we have had a low and, to some extent, lower than expected fourth quarter where we have adjusted our business platform in Latin America so Latin America comes in at 2.4% versus 5.9% but, as I said on the organic growth, a pure reflection of, then we are changing our business platform there and slowing the growth down in Latin America.

In North America very good progress, 3.4% to 4.3%, so in some ways you can see the progress that was done in North America on the back of large contracts starting in 2011 which is the right development and we are quite pleased with that.

Eastern Europe slightly backwards with a tenth but I will say here Eastern Europe you know we're starting some contracts and, again in Eastern Europe, they have done, on average, quite well in 2012.

When it comes to corporate costs we mentioned earlier that we have done a cost exercise and we are very cautious around our costs in the current climate and that led to our corporate costs going from 0.6% to 0.5% and overall that supported also that we stayed at a margin of 5.6% for the year.

If you then turn to slide 18 I want to highlight here - which I think is quite impressive to see - that the overall picture for where is the cash conversion coming and what are the contributors to the cash conversion when we look at the global picture for ISS. You will find here, when you look across all the regions, that all regions have done exceptionally well in 2012 where it's ranging right from somewhere around 94, which is probably North America, which is pretty good, but also coming up and knocking on 107 and 104 in respectively Eastern Europe and Nordic. We are very pleased with this because it shows that it's diligence that's working and the working capital and the management of debtors has really been a key focus for everyone around the world, which is a testament to what we'll achieve in 2012.

With that in mind I would just like to pass over to Barbara who will go through the capital structure and some words around the refinancing as well. Barbara.

BARBARA PLUCNAR JENSEN: Thank you very much, Henrik. If I may draw your attention to slide 10 this is a picture which is many words in itself. As Jeff started to mention it has been an eventful year with the contracts and the investments from the two new owners.

What you can see is that we have now managed to get the leverage of the company significantly down compared to where we have been in previous years. At the end of 2012 we had a leverage below five times and an absolute net debt of almost DKK26 billion.

The focus and the transformation that we are going through will also continue to prioritise the deleveraging where we have a lot of initiatives that we have within the company aiming to bring the deleverage further down.

When you look at what we did in 2012 that will keep improving also the absolute debt levels going forward. A good example is taking out the senior notes that we did in December 2012 where just the interest cost on that note alone amounted to DKK430 million per year which will further accelerate the deleveraging of the company going forward.

On slide 21 we wanted to give you some highlights in terms of the refinancing that we announced on Monday this week, 4 March. What we're aiming to do is to amend and extend the existing credit facilities and the main purpose of this amendment and extension of the facilities is to extend the maturity of our credit facilities by an additional three years.

We have introduced a number of amendments that should increase the operating and refinancing flexibility of the company and, furthermore, also build in flexibility in order to support the divestments of non-core activities in order to use the disposal procedure(?) towards the most expensive part of our debt.

Finally, as (inaudible) financing we are looking at, in the end, when we are done with the amend and extend, we will have five year facilities in place. We also want to ensure that the facilities have sufficient flexibility to last through and post a potential IPO.

In parallel with the amend and extend we also have put in place a transaction where we want to refinance the second (inaudible) facility that we have today which currently sits at €600 billion. We want to refinance this facility with new senior term loans which will be part of the existing senior facilities agreement. The maturity of those new term loans will be aligned with the existing area and extended term loans, hence running to 2018 and, more specifically, to April.

In the process we have now got an affirmation by the rating agencies of our corporate credit rating where Standard & Poor's have us rated with a -BB and positive outlook and Moody's has put us on B1 but with a positive outlook now. For the first time we have actually made sure that we also have assigned ratings to the senior secured credit facilities which is -BB like the corporate credit rating from Standard & Poor's and a BA3 rating from Moody's.

All in all, following the development in 2012, making sure that we can continue the transformation that Jeff has been talking about and Henrik has proven with the numbers for 2012, we believe that the initiative we have now raised with the refinancing will support that we can continue the journey that we're on.

If you turn to slide 22 you will be able to see the breakdown of the actual facilities that we have in place today. The capital structure that you see in details here is on a carrying amount basis so, all in all, you can see that currently we have total senior debt of €16 billion, which is €500 million less than what we had last year, and then overall total net debt is down €4 billion compared to 2011 numbers where we're now just below €26 billion.

The overall leverage, as mentioned, is now below the five times and this is also something that we envisage going forward.

The major event that we saw during the course of 2012 was repayment of debt, first and foremost, following the investment from (inaudible) where we addressed the senior notes but also addressing the scheduled repayments that we had throughout the year in 2012.

Furthermore the strong focus we've had on cash flow and cash performance will also continue to improve the overall structure.

On slide 23 this is a snapshot of where the maturity profile was sitting at the end of 2012 so just going through the details here you can see that in 2013 what we have ahead of us here is the remaining non-roll tranches that we will repay via the operational cash flow. In 2014 and 2015 you have the dark blue bars which consist of the senior secured facilities that we just discussed. The DKK824 million that you see in the light blue bar is the MTMs(?) and those we will leave in place until maturity.

Securitisation, just as we've done before, this has been rolled at a yearly basis and is also something that we expect but, as mentioned regarding the refinancing, the orange bar is the second lean(?) which we will intend to refinance in the process that we have launched.

For further details on the refinancing there are a few highlights mentioned in the appendix so you can have a look there for the key points in the refinancing.

As mentioned, with the initiatives we have now put in place we want to make sure that we can continue to focus and support the operational performance of the business and what we envisage on this for 2013 I will go through on the following slide.

JEFF GRAVENHORST: Thank you, Barbara. Thank you, Henrik.

Turning to page 25 obviously 2012 was a year of transformation but also a year where we continued to see some macro economic challenges, particularly in Europe and (inaudible) Europe. On the outlook for 2013 basically it's a little bit in the same tune. We will continue the transformation of ISS towards the emerging markets and towards the larger (inaudible) contracts in country, in region and globally. We will definitely focus on getting the big ticket items up and running in a stable way which we're very well placed to do right now (inaudible) and we'll continue the path to grow on the global accounts' potential in the marketplace. However we also still see that there will be a mixed bag of global macro economics so Europe will continue to (inaudible) somewhat but particularly also Southern Europe. We don't see a quick turnaround there. We do see uncertainties around austerity measures and also about growth potential in Europe.

With that in mind our focus and our expectations for 2013, with a start up of the big contracts as well in mind, we expect to be around 3% organic growth for 2013. Our margins, particularly with a little bit of (inaudible) in the macro economic to be difficult, we expect to see around the same level as 2012. (inaudible) will continue to be very, very focused on collecting our cash and it is important for us that it is under good conditions that we take on new contracts so that we can continue to collect the cash and we expect that to be above the 90%, as mentioned here on the slide.

WIth that, thank you very much for listening in to the performance of 2012 and the outlook for 2013 and we will turn it over to the Q&A.

OPERATOR: Thank you. We will now begin the question and answer session. If you have a question please press zero then one on your touchtone phone. If you wish to be removed from the queue please press zero then two. If you are using a speakerphone you may need to pick up the handset first before pressing the numbers. Once again, if you have a question please press zero then one on your touchtone phone. Mr Mitch Resnick from Hermes has a question. Please go ahead, sir.

MITCH RESNICK: Hi. I've got a couple actually. On the outlook you guys ended the year with a little less than 2% organic growth for 2012 but you'd started out the year hoping to achieve between 4% and 6%. I wonder if you can talk us through how you get to the 2% in 2013 and your degree of confidence that you can actually deliver that?

JEFF GRAVENHORST: The key point is, yes, we ended up the year with a 1.7% organic growth for 2012. The biggest question is the macro economic development in Europe. What we've seen over the last few years has been a little bit of a mixed bag. Obviously we're helped by the (inaudible) contracts that start on 1 January. We also had a good pipeline on new larger contracts. I do also see that there is cost cutting going on in Europe which will also lower the (inaudible) somewhat. We need to see, following the macro economics, whether the customers are going to invest in new projects and that means what Henrik was talking about. We expect some of that to come back in the latter part of 2013. We do have some expectations here that we'll see more (inaudible). That apart we have the start of two big contracts at the beginning of the year so that's basically what (inaudible).

MITCH RESNICK: Okay. Then on the margin side the growth in emerging markets, particularly Latin America, is very strong but there's been a lot of margin give back. I realise your guidance is not margined but is there anything more that you can do in those jurisdictions to get the operating margins to rebound?

JEFF GRAVENHORST: On the emerging markets, particularly in Latin America, we have made some investments. We also got out of some contracts that impacted the margin in 2012. We do expect that margin to increase in 2013 but we are in the guidance here, also again, we know that there are certain areas where the labour reforms - it can be both on extra salaries or different social reforms etc - gives us a little bit of prudency and say we will expect the margin to be flat but we'll work very hard on everything we do to improve it.

I do believe that the macro economics give us some challenges. Spain is a good example of that where we have seen different rules on disabled people, for example, that we use also in our business, which is good from our perspective but definitely it gives us different value(?) levels.

This is a challenge we work with. Of course we then have to improve our efficiencies and we have to pass on (inaudible) to the customers. We put up all of these (inaudible) into the same basket so the (inaudible) picture of Europe (inaudible) around the same level despite increasing margin in (inaudible).

MITCH RESNICK: Okay. Just a couple of questions on the capital structure, particularly as related to 16s. Is there anything which is in the amend and extend that would preclude you from doing a senior (inaudible) bond to manage the 16, or is it something you fully expect to redeem with an IPO?

JEFF GRAVENHORST: We have highlighted here and we also said we are asking for permission to use the disposal receipts going forward. That is going to be addressed and used to repay part of the 16s which we have saved, and it is addressing the more expensive part of our capital structure. We haven't considered anything else. We are asking for that. That is what is on our mind right now in terms of the refinancing.

MITCH RESNICK: Just to be clear, the 16 (inaudible) goes through an IPO?

JEFF GRAVENHORST: We can't say anything about that because an IPO timing is not timed and it's not scheduled so therefore whenever an IPO happens it shouldn't really be deferred(?) to that.

MITCH RESNICK: Okay. No plans for an unsecured …?

JEFF GRAVENHORST: No.

MITCH RESNICK: Okay.

BARBARA PLUCNAR JENSEN: What we address with the amend and extend in the refinancing right now is the senior facilities as well as the second lean and, as also mentioned, we retain further refinancing flexibility but it's important to state that these are the things that we focus on at this point of time.

MITCH RESNICK: Okay. All right. Thanks very much. That's all from me.

OPERATOR: Mr Christian Chilla from Aries Management has a question. Please go ahead, sir.

CHRISTIAN CHILLA: Hello gentlemen. Thank you very much for your presentation. I have a question around your IFS model and specifically if you first can tell me a little bit how your competitors are reacting in this space or if you are the only one that is competitive in a global market?

JEFF GRAVENHORST: Yes, I'd be very happy to do that. To just put it in perspective IFS means, from our perspective, integrated facility services where we're delivering catering, cleaning, property maintenance, security and (inaudible). That means we can take care of all the services in running a big building like a bank or a factory for that matter, other than the core of what the customer does.

Now the benefit of this is that we can put synergies in and thereby cost savings but it also means that all the people working the facilities are using their eyes and ears on following and servicing, as one stop shopping, the customer.

There are, obviously, local competitors in the various countries that are offering the same offering as we are. There are also some competitors who can do this on a regional level even though that's very few. When you go into the global environment then there is basically only one other competitor who can deliver integrated facility services on a global scale. So we are a couple of companies who can do it with self-delivery. The alternative to this is companies like (inaudible) Controls or (inaudible) which are more management companies but can manage the services but via delivery from a host of sub suppliers. The big difference is we do it with our employees, the other model does it with a lot of sub suppliers and thereby a different sort of certain value and delivery (inaudible).

That's the big difference. On a global scale we are a couple of companies that can actually do this. We are the ones with, in our mind, the broadest service offering that they (inaudible) and obviously, apart from that, there's not any global benefit from (inaudible).

CHRISTIAN CHILLA: Thanks. As a follow up do you then use these contracts to gain market share or are you effectively able to price them at a premium?

JEFF GRAVENHORST: It's not actually asking for a premium because it is utilising the synergies that you had the opportunity for synergies to share those with the customers. That's the reason why you have a value in price reduction to the customer. That's one part. They will typically see a saving.

We will also see that we get some of those synergies, otherwise it's not worthwhile. For us it is margin (inaudible). Should be. It's expensive to start up. Also when we guide for 2013 there are some start up costs and both parties (inaudible) but, overall, we see (inaudible) so it's gaining market share but it's also giving us (inaudible) longer term contracts so we can work year in year out on efficiency improvements, close(?) with the customer, where we share the benefits of that, and therefore gives us better margin on a longer (inaudible).

At the same time I remind you of the slide I just showed that we're growing this market with local, regional and global customers to the tune of 16% a year over the last five or six years and since we started. It is gaining market share but it's also improved the margins for the business overall.

CHRISTIAN CHILLA: I understand. Thanks. Then I have one more question on IFS and then I have one on capital structure if I may. On IFS can you let us know obviously last year you won those two big contracts, which is fantastic, but how many contracts were up for tender? If you can also let us know the pipeline outlook for these kinds of contracts for the coming year.

JEFF GRAVENHORST: There's actually quite a lot of interest in the large regional and international and global contracts. It's a market where you have to be a little bit careful because there are a lot of customers that are playing with the idea of consolidating procurement on a worldwide scale only to get cost synergy. We are very selective on what we deal with and what we bid on because it's not just a cost exercise. This is giving the client consistency across the world and it's giving them flexibility across the world but, above all, it gives them the (inaudible) which can set the brand of the customers so they don't run into stupid issues in facility services when they run their business in Latin America, Asia or even in Europe for that matter.

So it is very important for us that we don't just go out and bid for everything that's out there but selecting the customers that we want to deal with, the customers who believe in this as a long term solution, and therefore it's not that easy to say what are the number of tenders as opposed to the (inaudible).

We have to have a very high hit rate on these businesses and we do have that. But there are a lot of opportunities and therefore also good pipeline (inaudible) but the pipelines are in the 3 to 5 where you work on a (inaudible) basis and we need to win 2 or 3 out of that 5. That's the (inaudible).

CHRISTIAN CHILLA: Thanks. On capital structure you are obviously trying to refinance the second lean now. That comes in conjunction with the A&E. Would you consider the new term loan to be upsized if you don't achieve a sufficient amount of consent on the extension of the existing lenders?

JEFF GRAVENHORST: We have no comments to that.

CHRISTIAN CHILLA: Okay. Thank you very much.

OPERATOR: Carl Striker from Gugenheim Partners has a question. Please go ahead.

CARL STRIKER: Hi, thanks very much for taking the question. Could you give us some more colour on the operating margin in the Latin American segment? A lot of the weakness seems to have come in the fourth quarter. The second question is could you give some further colour on your existing hedging strategy and how you would see that going forward? Thanks.

JEFF GRAVENHORST: If I take the Latin American question first you are absolutely right; I think we've been a little bit light on it. In Latin America we've grown quite rapidly over the last few years, extremely quickly, and in this we have gained businesses where it hasn't really been that profitable. We've chosen to go out of some of those and streamlined the business significantly with that. We've taken some write downs on some of the customers and some of the (inaudible) commissions for that.

It's not an ongoing result from Q4 but it really is a structure change and a focus change going forward. It's a little bit a result of growing a little bit too fast in a couple of years and a little bit too opportunistic. Now we are focusing, as sharp as we are in Europe, on the key customers and customers that we want (inaudible).

That's the reason why. That's also why we will have higher earnings for 2013.

The question on the hedging policies in the company. No, we don't. We (inaudible). We don't intend to change any of the policies. We have increased our hedging on the interest towards the second half of 2012 so we've gone a little higher in fixed on the interest but we're also asking, as part of the refinancing, to (inaudible) because we believe that we need to match a little bit better what we see as our earnings coming in and therefore we are taking a dollar on our balance sheet as a financing (inaudible) refinancing.

CARL STRIKER: Okay. Great. I haven't had a chance to look at the hedging note in the financial statements. Does it give detail on the total notional amount hedged at present and the fixed rate and the maturities on the hedges at present so we can calculate the cash interest expense on a go forward basis? Will I see that information if I have a look?

JEFF GRAVENHORST: Yes, you will be able to see that in our annual report. I'm just finding you the note but it is in the notes. Coming to you here. It's in note 37 you will find all our liquidity and interest rate risks described. So there that should absolutely give you the details you're looking for.

CARL STRIKER: Great. Just to revisit, quickly, Latin America. Is 2.4% operating margin for the full year? Do you think that's reasonably reflective of what could be expected for 2013? The first nine months of the year were more like, say, a 4.5% margin and then the fourth quarter was very weak so on a go forward basis is that 2.4% reflective or more reflective?

JEFF GRAVENHORST: No. I think I've tried to clarify that. No, the 2.4% is a result of us taking us some hits in the year and deliberately exiting some segments and customers so we expect that to be higher for 2013.

CARL STRIKER: Great. Thank you very much.

OPERATOR: We have no further questions at this time. Please go ahead speakers.

MARTIN KJAER HANSEN: Ladies and gentlemen this concludes today's investor call. Thank you for participating. You may now disconnect.