S&P Global Ratings

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Research Update:

Research Update: Loomis AB 'BBB' Ratings Affirmed On Announced Acquisition; Outlook Stable

May 8, 2026

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Rating Action Overview

- On May 4, 2026, Loomis AB announced it had entered a tender offer agreement with CVC Capital Partners and other minority shareholders to acquire Hermes Transportes Blindados, a Peru-based cash and valuables management company, for an enterprise value of approximately SEK4.0 billion. The acquisition is due to close in third-quarter 2026.
- The fully debt-funded acquisition will temporarily increase leverage, with S&P Global Ratings-adjusted debt to EBITDA expected to rise to about 2.1x in 2026 from 1.7x in 2025, and funds from operations (FFO) to debt falling to 35% from 40% in 2025.
- Nevertheless, we anticipate gradual deleveraging in the following years thanks to growing EBITDA and the company's commitment to restoring credit metrics.
- Therefore, we affirmed our 'BBB' issuer credit and issue ratings on the company and its debt.
- The stable outlook reflects our forecast that S&P Global Ratings-adjusted leverage will return below 2x and FFO to debt recover to above 40% over the next two years, supported by the integration of Hermes, strong free operating cash flow (FOCF) and supportive financial policy, despite tighter headroom following the acquisition.

Rating Action Rationale

The debt-funded acquisition of Hermes will temporarily weaken Loomis' credit metrics and reduce the headroom for the 'BBB' rating. We expect Loomis to finance the Swedish krona (SEK) 4.0 billion [approx. €370 million] acquisition with debt, with a committed bridge facility in place that we anticipate will be subsequently refinanced in the bond market. We expect the company's S&P Global Ratings-adjusted debt to EBITDA to increase to 2.1x in 2026, up from 1.7x in 2025, and FFO to debt to decline to about 35% from 40.5% the year before. While leverage will rise above our downside thresholds for the rating, we forecast that the company will generate sufficient earnings and cash flow to restore metrics to levels more commensurate with the rating within the two years following the transaction's close. Specifically, we forecast adjusted leverage will improve to 1.9x in 2027 and 1.7x in 2028 and FFO to debt will recover to above 40%, driven by organic growth of 4%-5% per year, EBITDA margin expansion, and the full-year contribution of acquisitions. We think Loomis' capital allocation policy further supports our projected deleveraging. While the company will likely pursue further mergers and acquisitions (M&A) and announced an extraordinary dividend in 2026, we understand that share buybacks will remain on hold until company-reported leverage is below 2.0x, and it remains committed to preserving the investment-grade rating. Nevertheless, these metrics leave little room for operational underperformance or more material debt-funded acquisitions or shareholder distributions.

The addition of Hermes is aligned with Loomis' strategic priorities and will moderately strengthen its position as a leading cash management service provider. The company's business profile is supported by its leading market position and strong brand reputation. The acquisition will enhance Loomis' scope and geographic diversity, allowing it to enter a new Latin American country as a leading player. We expect Hermes' operations to be accretive to the group's EBITDA margin and generate synergies through a combined client base and cross-selling opportunities. Still, we don't anticipate these benefits will materially alter Loomis' competitive position relative to peers.

Loomis has a track record of consistent organic growth and expanding margins that we expect to continue. While it reported broadly flat revenue of SEK30 billion in 2025 owing to material currency headwinds, adjusting for currency changes, it saw an uplift of 6%. In first-quarter 2026, it was even more pronounced as the currency-adjusted growth was 9.3%, of which organic growth was 5.9% and contributions from acquisitions was 3.4%, alongside reported operating margin expansion of 30 basis points to 12.9% for the rolling 12 months. The strong results are underpinned by solid demand in its international and foreign exchange, gold, and services business lines in Europe and Latin America; and automated solutions and international business lines in the U.S. We project that Loomis' revenue base will temporarily decline by 2.5% in 2026, on account of negative exchange rate effects, headwinds in the ATM business line, and only half of Hermes' revenue being consolidated. In 2027, we expect it to increase by about 15%, and its S&P Global Ratings-adjusted EBITDA margin to expand 80 basis points to 21.8%, underpinned by the full consolidation of Hermes and other acquisitions factored in our base-case scenario, volume growth, and restructuring initiatives to optimize operations. Thanks to the strong EBITDA growth and moderate capital expenditure at 4.5%-5.0% of revenues, we expect FOCF to exceed SEK3.5 billion per year over the next two years.

Our liquidity assessment remains strong, despite the bridge facility's short-term nature. Loomis has secured a committed bridge facility and our base-case scenario incorporates the bridge facility's refinancing on the bond market. However, a delay in refinancing could prompt us to revise downward our liquidity assessment to adequate from strong. Also, there are upcoming debt maturities in 2026 and 2027, but the company's substantial cash balance provides ample capacity to manage these.

Outlook

The stable outlook reflects our expectation that Loomis expanding EBITDA base, strong cash flow and supportive capital allocation policy, will drive deleveraging below 2x and FFO to debt increasing to above 40% over the next two years following closing of the acquisition.

Downside scenario

We could lower the ratings if Loomis' debt to EBITDA remains above 2x for a prolonged period or FFO to debt fails to recover to 40% or above. This could occur if:

- The group undertakes a more aggressive financial policy returning cash to shareholders or pursues more debt-financed acquisitions than we expect; or
- It underperforms our forecast because of operational missteps, weaker-than-expected outsourcing trends, more-pronounced decline in usage of cash, or adverse foreign currency movements.

Upside scenario

We could consider raising the rating if Loomis significantly and profitably enhanced its scale and diversified away from its traditional cash logistics business in mature countries, where payment methods could undergo transformation. We could also consider an upgrade if the company adopted a financial policy that supports FFO to debt above 55% and debt to EBITDA of about 1.5x sustainably.

Company Description

Loomis AB, headquartered in Stockholm, is one of the world's leading cash and valuables management companies. The company is involved in distribution, handling, storage, and recycling of cash and other valuables for financial institutions, central banks, and retailers. It also provides automated cash management products to retailers and an end-to-end payment service that manages all types of payments in one system, called Loomis Pay. The company organizes its business into three segments: Europe and Latin America (contributing 47.6% of revenue in 2025), U.S. (51.7%), and SME/Pay (0.7%). Loomis Pay was renamed Loomis SME/Pay in 2025 to reflect the focus on solutions to small and medium-sized enterprises.

Loomis has been listed on the OMX Nasdaq in Stockholm since 2008, following the split from Securitas AB in 2008. The company is present in more than 25 countries and generated SEK30.4 billion in revenue in 2025. Its company-reported EBITDA was SEK6.1 billion.

Our Base-Case Scenario

Assumptions

- U.S. GDP growth of 2% in 2026 and 1.9% 2027; and eurozone GDP growth of 1.2% in 2026 and 1.4% in 2027. Although cash circulation and management are linked to GDP growth, the company's revenue growth is also affected by the penetration of cash management services and price increases. Therefore, we expect organic revenue growth to outpace GDP growth.
- A revenue decline of about 2.5% in 2026 and growth of 15% in 2027, based on organic growth of about 1% in 2026 and 5% in 2027. This will be underpinned by continued growth in automated products, and more outsourcing of cash management, partly offset by contraction in the ATM business. We assume the krona will strengthen against major currencies, which will depress revenue growth about 6% in 2026, while acquisitions will contribute 2% in 2026 and 9% in 2027.
- S&P Global Ratings-adjusted EBITDA margin to increase by about 20 basis points to 21.2% in 2026 due to the Hermes acquisition, which we expect to be margin accretive and offset the M&A and restructuring related costs. We expect S&P Global Ratings-adjusted EBITDA margin to

improve to 21.8% in 2027 as M&A from the previous years are integrated successfully and M&A costs reduce.

- Capital expenditure (capex) of SEK1.3 billion-SEK1.7 billion in both 2026 and 2027 (4.5%-5.0% of revenue).
- Shareholder returns of SEK1.37 billion in 2026 and SEK1.1 billion in 2027, and no share repurchases.
- Annual spending on acquisitions of about SEK4.07 billion in 2026 and SEK2.01 billion in 2027, including deferred acquisition payments.

Key metrics

Loomis AB--Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028	Dec-31-2029
(Mil. SEK)	2022a	2023a	2024a	2025a	2026e	2027f	2028f	2029f
Revenue	25,315	28,707	30,442	30,427	29,679	34,009	35,163	36,437
Gross profit	8,784	9,635	11,051	11,940	11,709	13,601	14,384	14,937
EBITDA (reported)	4,893	5,525	6,136	6,392	6,297	7,399	7,973	8,293
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--	--
Plus/(less): Other	9	6	27	(7)	7	7	7	7
EBITDA	4,902	5,531	6,163	6,385	6,304	7,406	7,980	8,300
Less: Cash interest paid	(379)	(626)	(813)	(757)	(676)	(757)	(778)	(701)
Less: Cash taxes paid	(592)	(622)	(482)	(1,255)	(887)	(1,152)	(1,307)	(1,400)
Plus/(less): Other	--	--	--	--	--	--	--	--
Funds from operations (FFO)	3,931	4,283	4,868	4,373	4,741	5,497	5,895	6,199
EBIT	2,624	2,840	3,127	3,411	3,402	4,114	4,590	4,784
Interest expense	293	593	744	659	691	771	791	715
Cash flow from operations (CFO)	3,645	5,077	5,749	4,609	4,802	5,525	5,970	6,260
Capital expenditure (capex)	1,426	1,957	1,665	1,406	1,307	1,652	1,676	1,731
Free operating cash flow (FOCF)	2,219	3,120	4,084	3,203	3,495	3,873	4,294	4,529
Dividends	628	853	880	959	1,370	1,015	1,321	1,415
Share repurchases (reported)	600	200	800	600	--	--	800	800
Discretionary cash flow (DCF)	991	2,067	2,404	1,644	2,125	2,858	2,173	2,315
Debt (reported)	6,033	7,448	7,083	6,864	10,713	12,682	12,682	9,646
Plus: Lease liabilities debt	3,866	4,854	6,687	6,371	6,406	6,487	6,571	6,656

Loomis AB--Forecast summary

Plus: Pension and other postretirement debt	250	295	282	272	272	272	272	272
Less: Accessible cash and liquid Investments	(2,336)	(2,491)	(3,075)	(2,853)	(3,317)	(4,598)	(5,187)	(2,871)
Plus/(less): Other	(84)	4	(24)	154	(664)	(596)	(596)	(596)
Debt	7,729	10,110	10,953	10,808	13,410	14,247	13,742	13,107
Equity	12,465	12,679	13,631	12,001	12,463	13,647	14,025	14,488
FOCF (adjusted for lease capex)	908	1,147	1,457	1,163	2,020	2,260	2,626	2,850
Interest expense (reported)	292	577	728	644	676	756	776	700
Capex (reported)	1,426	1,957	1,665	1,406	1,307	1,652	1,676	1,731
Cash and short-term investments (reported)	6,217	7,709	9,165	7,507	7,972	9,253	9,842	7,526
Adjusted ratios								
Debt/EBITDA (x)	1.6	1.8	1.8	1.7	2.1	1.9	1.7	1.6
FFO/debt (%)	50.9	42.4	44.4	40.5	35.4	38.6	42.9	47.3
FFO cash interest coverage (x)	11.4	7.8	7.0	6.8	8.0	8.3	8.6	9.8
EBITDA interest coverage (x)	16.7	9.3	8.3	9.7	9.1	9.6	10.1	11.6
CFO/debt (%)	47.2	50.2	52.5	42.6	35.8	38.8	43.4	47.8
FOCF/debt (%)	28.7	30.9	37.3	29.6	26.1	27.2	31.2	34.6
DCF/debt (%)	12.8	20.4	21.9	15.2	15.8	20.1	15.8	17.7
Lease capex-adjusted FOCF/debt (%)	11.7	11.3	13.3	10.8	15.1	15.9	19.1	21.7
Annual revenue growth (%)	28.4	13.4	6.0	(0.0)	(2.5)	14.6	3.4	3.6
Gross margin (%)	34.7	33.6	36.3	39.2	39.5	40.0	40.9	41.0
EBITDA margin (%)	19.4	19.3	20.2	21.0	21.2	21.8	22.7	22.8
Return on capital (%)	14.0	13.2	13.2	14.4	14.0	15.3	16.5	17.3
Return on total assets (%)	8.9	8.4	8.2	8.8	8.7	9.6	10.2	10.9
EBITDA/cash interest (x)	12.9	8.8	7.6	8.4	9.3	9.8	10.3	11.8
EBIT interest coverage (x)	9.0	4.8	4.2	5.2	4.9	5.3	5.8	6.7
Debt/debt and equity (%)	38.3	44.4	44.6	47.4	51.8	51.1	49.5	47.5
Debt fixed-charge coverage (x)	16.7	9.3	8.3	9.7	8.0	9.4	10.1	11.6

Loomis AB--Forecast summary

Debt/debt and undepreciated equity (%)	38.3	44.4	44.6	47.4	51.8	51.1	49.5	47.5

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. SEK--Swedish krona.

Liquidity

We assess Loomis' liquidity as strong and forecast that sources will exceed uses by more than 1.5x over the next 12-24 months, despite significant debt maturities in 2026. In our view, the company has a prudent risk management policy, access to a commercial paper program of SEK3.0 billion, and well-established and solid relationships with banks.

Principal liquidity sources	Principal liquidity uses
• Liquid and available cash and cash equivalents of SEK2.85 billion as of Dec. 31, 2025; • Full availability under a revolving credit facility of approximately SEK4.5 billion as of Dec. 31, 2025; • Cash FFO of about SEK3.4 billion in 2026 and SEK4.1 billion in 2027; and • Bridge facility of about SEK4.0 billion to finance the acquisition of Hermes.	• SEK560 million bonds maturing in 2026 and the repayment of bridge facility and SEK1.0 billion in bonds due in 2027; • SEK95 million of term loan amortization in 2026 and SEK13 million in 2027; • Working capital investment of SEK510 million-SEK550 million in 2026 and 2027, including SEK500 million for intrayear working capital requirements; • Capex of SEK1.3 billion-SEK1.65 billion in 2026 and 2027; • Shareholder returns of about SEK1.34 billion in 2026 and SEK1.01 billion in 2027; and • SEK4.1 billion toward acquisitions in 2026 and SEK32 million in 2027, including Hermes and deferred acquisition payments.

Covenants

The bank debt is subject to a financial covenant, against which the company had ample headroom as of Dec. 31, 2025. We expect the company to maintain covenant headroom even if the EBITDA margin declines by 30% in 2026 and 2027.

Environmental, Social, And Governance

We consider environment, social, and governance factors neutral to our credit assessment of Loomis. We understand the company will continue to focus on emission and resource efficiency across its regions and look for electric or alternative, cleaner fuel in markets where possible, as well as continuing to source renewable fuels. Similarly, on the social side, we expect Loomis will continue to invest in training and development, particularly that related to employee health and safety. We view as positive management's deep expertise in the industry, but the company's focus on mature markets exposes it to greater risk of rapid transition to digital payment methods than its peers. Nevertheless, Loomis' strategic expansion in Latin America demonstrates adaptability to evolving industry trends.

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Issue Ratings--Subordination Risk Analysis

Capital structure

As of Dec. 31, 2025, Loomis' reported debt totaled SEK6.6 billion, all of which was senior unsecured and issued at the company level. This included:

- SEK1.6 billion medium-term notes (MTN); and
- SEK5.0 billion Euro MTN.

Analytical conclusions

We rate Loomis' senior unsecured notes 'BBB', in line with the issuer credit rating. This is because the company's debt is all unsecured and there are no elements of subordination risk in its capital structure.

Rating Component Scores

Component	
Foreign currency issuer credit rating	BBB/Stable/--
Local currency issuer credit rating	BBB/Stable/--
Business risk	Satisfactory
Country risk	Very low
Industry risk	Intermediate
Competitive position	Satisfactory
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	bbb-
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Positive (+1 notch)
Stand-alone credit profile	bbb

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024

- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings List

Ratings List	
Ratings Affirmed	
Loomis AB	
Issuer Credit Rating	BBB/Stable/--
Senior Unsecured	BBB