Reorg Credit Intelligence – 5/24/2021

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Shoe Zone Remains in Rental Term Talks With Landlords After Missed Payments, in Discussion With Suppliers on Delivery Disruption Amid Falling Revenue

Chart

Shoe Zone PLC				
	04/03/2021			EBITDA Multiple
(GBO in Millions)	Amount	Maturity	Rate	Book
£15M CLBILS Bank Loan [1]	10.4	2023	1.72%	
£3M Overdraft Facility	-			
Total Debt	10.4			
Lease Liabilities	55.7			
Total Lease Liabilities	55.7			
Total Debt	66.1			
Less: Cash and Equivalents	(14.5)			
Net Debt	51.6			
Operating Metrics				
LTM Reorg EBITDA	17.1			
Liquidity				
RCF Commitments	3.0			
Plus: Cash and Equivalents	14.5			
Total Liquidity	17.5			

Notes:
Reorg EBITDA is Reorg's calculated cash EBITDA is calculated as loss from operations plus depreciation, fixed asset impairment and losses on disposals of PP&E, right of use asset profit on disposals, depreciation and impairment and pension contributions paid.
1. The loan is repayable over 36 monthly payments of £194,000. Loan is subject to an initial interest rate of 1.22% over base increasing to 1.72% over base rate in May 2021.

U.K. retailer Shoe Zone is in negotiations with its landlords to secure better terms after it failed to meet its rental payments. The company is also in talks with its suppliers after experiencing supply disruption due to container shortages and the Suez Canal obstruction in March. The company has suffered from declining revenue as a result of the Covid-19 crisis and related lockdowns. In 2020, it raised debt for the first time in 15 years with a £15 million Covid?19 Large Business Interruption Loan Scheme (CLBILS) facility from NatWest. The loan requires the group to comply with certain financial covenants. To read our EMEA Middle Market team's analysis of Shoe Zone PLC click through here: https://reorg.com/new-coverage-shoe-zone-remains-in-rental-term-talks-with-landlords-after-missed-payments-in-discussion-with-suppliers-on-delivery-disruption-amid-falling-revenue/

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