

## Edcon in talks to defer \$110m coupon payment

Edcon is in talks with creditors to defer R1.6bn of interest payments to December to boost its liquidity, it said on Friday.

By [Tiisetso Mntsoeneng](#) 15 Apr 2016



Image credit: Robbie Tshabalala

Source: [BDive](#)

Taken private in a highly leveraged buyout by Bain Capital in 2007, the country's biggest clothing retailer said about 73% of holders of a 2018 bond denominated in dollars and euros supported the plan.

Edcon needs the backing of at least 75% of the holders of R617m and \$250m of bonds, which carry a 9.5 coupon, to extend the suspension to all holders.

"The cash-pay interest deferral will enhance the liquidity position of the group," Edcon said. The coupon payment was due in April.

The retailer has been grappling with an over-leveraged capital structure for several years, after ruptures in credit business in 2014 coincided with an economic slowdown and weak consumer spending in SA.

A €425m bond — originally pitched in late 2013 as a bridge to an initial public offering — was written down last year in a distressed exchange offer that reduced the company's debt pile by R4.5bn and its interest payments by R1bn.

But the weaker rand currency, which has tumbled by 40% against the dollar since late 2014, has strained Edcon's ability to pay down its debt denominated in euros and dollars.

*Reuters*

**Source:** Business Day

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