

10.2.e

Van: 10.2.e
Verzonden: dinsdag 31 maart 2020 17:39
Aan: 10.2.e @minbuza.nl
 10.2.e @minbuza.nl
Onderwerp: Voorbereiding Hema
Bijlagen: Voorzet toetsingskader overheidssteun_EZK.docx; gespreksvoorbereiding 1 april.docx
Urgentie: Hoog
Opvolgingsvlag: Opvolgen
Vlagstatus: Voltooid

Hi allen,

Bijgaand de voorbereiding voor Focco, inclusief een eerste concept voor een afwegingskader voor overheidssteun aan bedrijven en sectoren.

NB – Dit kader is opgesteld vanuit EZK (AEP met input van TOP) en ook binnen EZK nog niet hoog-ambtelijk afgestemd. Andere departementen gaan er nu mee aan de slag m.o.o. bespreking in de vijfhoek van 9 april.

@ 10. : er is een parkeerplaats voor je gereserveerd.

En voor de volledigheid:

- 10.2.e @minezk.nl
- 10.2.e @minbuza.nl (voor nu ...)
- 10.2.e @minfin.nl
- 10.2.e @minezk.nl

Tot morgen! 10.2.

Van: 10.2.e
Verzonden: dinsdag 31 maart 2020 11:12
Aan: 10.2.e @minbuza.nl 10.2.e @minbuza.nl
Onderwerp: HEMA

Moody's somberder over HEMA

ANP
 28-03-2020
 ANP Economie
 ANP
 28-03-2020
 ANP Economie

Kredietbeoordelaar Moody's is somberder geworden over het vermogen van winkelketen HEMA om zijn schulden te kunnen betalen. Het ratingbureau wijst naar de sluiting van veel winkels als gevolg van het coronavirus, wat gevolgen zal hebben voor de omzet en winst van de warenhuisketen. Bovendien had HEMA al niet zo veel geld om klappen mee op te vangen.

Behalve de afgenomen vraag speelden eerder al de productieproblemen in China, waar HEMA ongeveer een derde van zijn producten vandaan haalt, een rol. Bovendien heeft HEMA hoge schulden. Moody's is bang dat

het bedrijf zijn schulden niet meer kan voldoen als de situatie verder verslechtert of lang op het huidige niveau blijft. Mogelijk zal HEMA zijn schulden moeten proberen te saneren.

Moody's verlaagde zijn rating naar Caa-3, van Caa-1. Dat betekent dat een lening aan HEMA als risicovoller wordt gezien. De vooruitblik houdt de kredietbeoordelaar op negatief. Mogelijk volgt er dus nog een verdere afwaardering.

Rating Action:

Moody's downgrades Hema's corporate family rating to Caa1; negative outlook

02 Dec 2019



Paris, December 02, 2019 -- Moody's Investors Service ("Moody's") has today downgraded to Caa1 from B3 the Corporate Family Rating (CFR) of Dutch retailer Hema B.V. (Hema or the company). Concurrently, the rating agency has downgraded Hema's probability of default rating (PDR) to Caa1-PD from B3-PD. Moody's has also downgraded to B3 from B2 the EUR600 million senior secured floating rate notes due 2022 issued by HEMA Bondco I B.V. and to Caa3 from Caa2 the EUR 150 million senior unsecured notes due 2023 issued by HEMA Bondco II B.V.. The outlook on Hema, Hema Bondco I B.V. and Hema Bondco II B.V. all ratings remains negative.

"Our decision to downgrade Hema's ratings reflects our view that Hema's financial performance and credit metrics will remain under pressure over the next 12 to 18 months. At this stage it's unclear if, and when the strategic initiatives the company are implementing will improve profitability. In the meantime, competition is intense and we expect the retail environment to remain challenging," says Francesco Bozzano, a Moody's Assistant Vice President - Analyst and lead analyst for Hema.

RATINGS RATIONALE

Today's downgrade reflects Moody's expectation that Hema's credit metrics will remain weaker than the levels appropriate for a B3 CFR during the next 12-18 months. After weak results during the fiscal year ended 3 February 2019 (fiscal 2018), and only a modest improvement in profitability in the first half of fiscal 2019, Hema still faces challenges to contain cost inflation and in turn reverse the deterioration in credit metrics.

Hema's gross leverage (Moody's-adjusted) remains above 7.0x and adjusted interest coverage (Moody's Adjusted EBIT/Interest Expense) has declined to less than 1x. The rating agency also expects continued challenging trading conditions over the next 12 to 18 months owing to intense competition, slow economic growth and high cost inflation, which will keep pressure on Hema's earnings and cash flows in the coming quarters.

The Caa1 CFR incorporates Moody's expectation that Hema will successfully repay or convert to equity the outstanding pay-in-kind (PIK) toggle notes of EUR40 million plus capitalized interest at AMEH XXVI B.V., its parent company, well ahead of its maturity in June 2020, simplifying the capital structure of the group. Despite the expected repayment of the PIK, Hema's capital structure remains highly leveraged and the company has relatively limited time to improve its performance before the next debt maturing in December 2021, when the EUR80 million super-senior Revolving Credit Facility will be due.

On a more positive note, Hema's recent strategic partnerships with grocery retailers such as Jumbo in the Netherlands and Franprix in France should improve the company's like-for-like sales growth in the next 12 to 18 months and the recent renegotiation of the CLA agreement should to some extent ease the pressure on margins over the next 12-18 months so that EBITDA will not reduce further from current levels.

The company's liquidity remains weak. With a cash balance of EUR41.8 million in the first half of fiscal 2019 and ongoing negative free cash flow, the company's liquidity profile is viewed as stretched and Moody's anticipates that the company will be increasingly reliant on its available credit facilities. The company currently has access to a EUR80 million super-senior Revolving Credit Facility, of which EUR17 million was available as of the first half of fiscal 2019 and to a EUR10 million undrawn bank credit facility. The company's cash flows are seasonal and the end of the first half of the fiscal year cash on balance sheet is typically at the low point. Moody's expects that the company will improve its liquidity, albeit remaining weak, in the second half of fiscal 2019 through positive working capital movement and higher funds from operation compared to the first half of the year.

STRUCTURAL CONSIDERATIONS

The Caa1-PD PDR, in line with the CFR, reflects Moody's assumption of a 50% Loss Given Default, typical for essentially all-bond-secured capital structures with a single springing covenant under the RCF with significant headroom. The EUR 600 million senior

secured notes are rated B3, one notch above the CFR, reflecting their more senior ranking in the waterfall and the buffer provided by the EUR150 million senior unsecured notes. The Caa3 rating on the EUR 150 million senior unsecured notes reflects their subordinated position in the capital structure, with the EUR600 million senior secured notes and EUR80 million RCF contractually ranking senior to them.

RATIONALE FOR THE NEGATIVE OUTLOOK

The negative outlook reflects Moody's expectations that Hema's earnings and liquidity will remain under pressure over the next 12 to 18 months and the increasing refinancing risk associated with the company's debt facilities.

The outlook could be stabilized if there is evidence of a sustainable recovery in earnings and improvement in the company's free cash flow and liquidity, which are currently weak, and if the company successfully refinances its debt facilities.

WHAT COULD CHANGE THE RATING UP/DOWN

Upward pressure on the rating is unlikely in the short term, but could arise if the company successfully refinances its debt facilities and achieves a sustainable recovery in profitability, leading to Moody's-adjusted gross leverage sustainably to less than 7.0x and interest coverage sustainably above 1.0x.

Downward pressure on the ratings could arise if (i) liquidity diminishes from current levels and the RCF becomes current without a clear sight to refinancing; (ii) Hema's operating performance weakens further; (iii) if the company does not deleverage from its current levels.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Retail Industry published in May 2018. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

COMPANY PROFILE

Hema is a general merchandise retailer, operating a network of 762 stores as of the beginning of February 2019, principally in Benelux (645), France (75), Germany (19), Spain (nine) and the UK (10). In 2018, Hema generated net sales of EUR1,269.9 million and adjusted EBITDA of EUR111.7 million. On November 29, 2018, Ramphastos Investments, a Dutch private equity company, acquired Hema from Lion Capital.

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