

Neiman Marcus Capital Structure 29 July 2017 (USDm)										
Instrument	Coupon	Face Amt Out	Market Amt	Price	Yield	Maturity	Face Leverage	Market Leverage	NTM Face Leverage	NTM Market Leverage
USD 900m ABL ¹	Libor+ 1.25%-1.75%	263	263	100	2.7%	25 Oct 2018	0.6x	0.6x	0.7x	0.7x
Senior Secured Term Loan ²	L+ 3.25%-4.00%	2,840	2,272	80	12.6%	25 Oct 2020	7.1x	5.8x	8.0x	6.5x
2028 Debentures ²	7.125%	125	81	65	13.5%	1 Jun 2028	7.4x	6.0x	8.3x	6.7x
Secured Debt		3,228	2,616				7.4x	6.0x	8.3x	6.7x
Cash Pay Notes	8%	960	576	58	25.5%	15 Oct 2021	11.0x	8.1x	12.3x	9.0x
PIK Toggle Notes ³	8.75%/9.5%	600	318	53	27.1%	15 Oct 2021	11.0x	8.1x	12.3x	9.0x
Consolidated Debt		4,788	3,510				11.0x	8.1x	12.3x	9.0x
Cash		49	49							
Net Debt		4,739	3,461				10.9x	8.0x	12.2x	8.9x
LTM Adjusted EBITDA to 4Q17	434									
Est. Adjusted EBITDA to 4Q18	390									

- 1) Deutsche Bank is the agent. Secured by a first lien claim on cash, inventory and receivables. Availability at 29 July 2017 was USD 635m. If availability falls below 10% of the borrowing base, the company is subject to a minimum fixed charge coverage.
- 2) The Term Loan is secured by all tangible and intangible assets not pledged to the ABL, including owned stores. Eight store locations jointly secure the Term Loan and the 2028 debentures.
- 3) The company elected to pay the coupon due 15 April 2018 as a PIK.

OVERVIEW

With Neiman Marcus heading into the parts of its fiscal year that are key to its business—the fall fashion and holiday seasons—the next two quarters are crucial to assessing if the company is reaching a point where it will stop seeing declines in adjusted EBITDA and start to plateau. For the full fiscal year 2017 ended July 2017, adjusted EBITDA was USD 434m, a decrease of 26% from USD 585m in fiscal 2016. Of the USD 434m, the company generated 58% in 1H17, the period that ended on 28 January 2017. If Neiman can start to reflect some positive trends, the next two quarters offer an opportunity to rebuild its business. However, we are not sold on that possibility. While same store sales were flat in 4Q17, the first non-negative quarter in almost two years, inventory levels rose 2.6% year-over-year. That rise could be a sign that management expects a big pick-up in sales and is building toward an expected gain. Or, it can once again be an inhibitor of the company's ability to maintain gross margins, as it has to clear inventory at low markdowns. Until we see successive quarters of improvement, we remain skeptical. Our forecast for FY 2018, the year that will end in July 2018, is for a further reduction in adjusted EBITDA to USD 390m.

Management has said that there have been some positive signs in the business, such as online sales, which increased 9.1% on a comp basis in 4Q17. That business is becoming a bigger component of the

company and now represents one-third of revenue. But while the 9.1% comp reads well, the underlying question we have is how much of that increase was the result of aggressively pushing its clearance items. The company did see a slight rise in the gross profit rate in 4Q17 to 27.9% from 27.5%, but that is still well below where it was two years ago, and against an SG&A level that rose 9% YoY in 4Q17, so it isn't enough to turn any gains made, no matter how slight, into improved cash flow.

Neiman has taken steps to offset the decline in adjusted EBITDA by cutting capital expenditure budgets and electing to pay the next PIK Toggle interest payment as a PIK. In FY 2017, interest and capex were a combined USD 483m. With a planned cut in net capex to USD 165m, as well as a cumulative USD 43m of cash interest saved from the PIK payment starting in 2Q18, the company is positioned to save a cumulative USD 156m. Even if it performs to our FY 2018 forecast of USD 390m, the company should be able to generate positive FCF.

The company has liquidity, and with the cuts to CAPEX and the PIK, the ability to generate positive cash flow. However, it will be a challenge to deleverage—even without adding the PIK debt—unless it can improve its sales performance at a rate that outpaces the rise in overhead. While we are somewhat more optimistic about revenue trends, we are not convinced the company can win back customers who are growing more acclimated looking elsewhere.

BUSINESS DESCRIPTION

Neiman Marcus Group LTD LLC is a luxury fashion retailer with store and online operations conducted under several trade names. The most prominent part of the business is the 42 full-line Neiman Marcus stores. In New York City, Neiman Marcus operates its two stores under the Bergdorf Goodman brand. The company also operates 38 Last Call outlet stores and the Mytheresa.com luxury online business out of Germany. In September 2013, private equity firms TPG and Warburg Pincus sold Neiman Marcus to Ares Management and the Canada Pension Plan Investment Board for USD 6bn. Based on EBITDA (unadjusted) through July 2013, the purchase price multiple was approximately 9.5x.

USD m	FY 15	FY 16	FY 17
Revenue	5,095	4,949	4,706
Adj. EBITDA	711	585	434
Adj. EBITDA Margin	14.0%	11.8%	9.2%
Interest	(266)	(269)	(278)
Capex	(270)	(301)	(205)
Levered FCF	175	15	(49)

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FORECAST AND LIQUIDITY:

Adjusted EBITDA Forecast (USDm)					
Fiscal Quarter	1Q	2Q	3Q	4Q	FY
Month Quarter Ends	October	January	April	July	FY
FY 2014	193	192	194	119	698
FY 2015	194	206	203	108	711
FY 2016	164	183	173	65	585
FY 2017	123	127	136	48	434
\$ Change '16/'15	(30)	(23)	(30)	(43)	(126)
% Change '16/'15	-15.5%	-11.2%	-14.8%	-39.8%	-17.7%
\$ Change '17/'16	(41)	(56)	(37)	(17)	(151)
% Change '17/'16	-25.0%	-30.6%	-21.4%	-26.2%	-25.8%
FY 2017 DW Base Forecast as of 2 December 2016					
DW Base Forecast	139	163	147	39	488
DW Forecast LTM Adjusted EBITDA	560	540	514	488	
FY 2017 - Actual	123	127	136	48	434
Actual LTM Adjusted EBITDA	544	488	451	434	
LTM-Variance to DW Forecast	(16)	(52)	(63)	(54)	
LTM % Variance to DW Forecast	-2.9%	-9.6%	-12.3%	-11.1%	
FY 2018 Forecast					
DW Base Forecast YoY Change	-12.5%	-10.0%	-10.0%	-5.0%	
FY 2018 DW Base Forecast	108	114	122	46	390
DW Forecast LTM Adjusted EBITDA	419	406	392	390	

Liquidity (USD m)	
Cash	49
Revolver Availability	635
Total Liquidity at 29 July 2017	684

Liquidity 12-Month Forecast	
Total Liquidity	684
DW Estimated 2018 Adjusted EBITDA	390
FY 2018 Net Capex Guidance	(165)
LTM Cash Interest	(272)
Addback for PIK Toggle PIK Election	43
Amortization of Term Loan	(29)
Total Estimated 12-Month Liquidity Forecast	651

The view we have taken with forecasting Neiman Marcus results is an expectation of maintaining the status quo, until the company shows that something has changed to alter the persistent negative direction. What we have seen for the last several years are declines in same store sales due to shifts in consumer purchasing patterns, gross profit margins that have eroded as a function of lower sales volume and inventory levels that are not coming down at a rate faster than sales are falling. The company is through the process of implementing its new NMG One inventory management system, so there may be some room to reduce overhead. But with the company still experiencing the same challenges in reaching consumers, we remain negative on the direction of the business. At FYE16, the year that ended in July 2016, total revenue

declined on a comp basis by 4.1%; however, inventory only declined by 2.6%. With inventory levels remaining elevated relative to sales, it wasn't a surprise that the gross profit margin declined to 32.9% in FY16 from 35.1% in FY15. Despite some optimism by management expressed on their 4Q17 earnings call, the situation remains not that different from a year ago. Same store sales for FY17 decreased by 5.2%—though they were almost flat for 4Q17—while inventory levels actually rose by 2.6% YoY. The gross margin rate for FY17 decreased to 31.6% from the 32.9% level a year ago.

While the company did report flat comps for 4Q17, and the gross profit margin rose slightly, we are concerned that the rise in inventory will work against Neiman as it

Review DW 2017 Budget versus Actual:

When we developed our FY17 forecast for adjusted EBITDA, it was prior to the release of 1Q17 results. We assessed the probability of whether FY17 would look like the first nine months of FY16, when adjusted EBITDA declined by 14%, or like 4Q16 when it declined by 39.8%. For us, it wasn't a question of not expecting a decline, but how many additional quarters of negative YoY results would occur before the company would reach a plateau point. The key challenge we saw with trying to reverse the slide was that inventory levels were not falling as fast as revenue. At 4Q16, for example, total sales declined by 3.3%, but inventory only decreased by 2.6%. For FY16, the gross profit margin fell by 230bps over FY15, a sign that the company was having a hard time clearing its inventory – even at steeper discounts. We viewed that at best, the rate of decline in FY17, for each quarter, would match the respective decline in FY16. Our expectation was a full-year decline of 17%. In actuality, the YoY decline was 25.8%. The company does have some expenses tied to its new inventory management system NMG One that cycle out in FY 2018, but the inventory/sales situation looks as it did a year ago.

tries to at least reach a performance plateau. We think Neiman is a long way from reversing a YoY decline in adjusted EBITDA that dates back to the quarter that ended in July 2015. In our base forecast for 2018, we assume the company will start to slow the rate of erosion, but we haven't seen tangible signs that it can slow it to less than a 10% YoY decrease.

One measure we like to evaluate with retailers is the ratio of SG&A dollars to gross profit dollars. In FY16, that level was 68.8%, while in 2017, it rose to 75.9%. To the extent that the company can improve gross profit generation, to have that progress flow to improved cash flow will require that it outpace what has been rising SG&A levels.

PEER COMPS AND RECOVERY VALUE ESTIMATES:

In evaluating Neiman Marcus against its peer group, it would be difficult to support its debt at a multiple relative to even the highest peer valuation. Ares and the Canada Pension Plan Investment Board acquired the company in July of 2013 at an EV multiple of 9.5x the unadjusted

EBITDA. The company does have liquidity, and it does have asset value, so there is a basis to recut the capital structure through an exchange transaction that de-leverages the balance sheet. The company does have the ability to buy itself time, and it is not facing a maturity,

other than a well-covered ABL, until 25 October 2020.

COMPS, USD m												
Company	Net Debt	Market Cap	Enterprise Value	LTM EBITDA	EBITDA Multiple	EBITDA Margin	NTM EBITDA	NTM EBITDA Multiple	LTM Revenue	Revenue Multiple	NTM Revenue	NTM Revenue Multiple
Macy's Inc.	5,534	6,442	11,976	2,659	4.5x	10.6%	2,802	4.3x	25,031	0.5x	24,519	0.5x
Nordstrom, Inc.	1,821	7,007	8,828	1,689	5.2x	11.3%	1,645	5.4x	15,005	0.6x	15,327	0.6x
J.C. Penney	3,994	1,122	5,116	891	5.7x	7.1%	1,008	5.1x	12,486	0.4x	12,263	0.4x
Dillard's Inc	683	1,577	2,260	507	4.5x	8.0%	474	4.8x	6,307	0.4x	6,143	0.4x
Peer Average					5.0x			4.9x		0.5x		0.5x
Neiman Marcus Valuation	4,739		4,739	434	10.9x	9.2%	390	12.2x	4,706	1.0x		

	LTM Adj EBITDA At Peer Average EV	NTM Adj EBITDA At Peer Average EV	
Adjusted EBITDA	434	390	
Peer Valuation	<u>5.0x</u>	<u>5.0x</u>	
Valuation	2,162	1,943	
Claim Pool			
Secured Claims			
USD 900m ABL	263	263	
Less Cash	(49)	(49)	
Total ABL Claim	214	214	
Additional Secured Claims			
Senior Secured Term Loan	2,840	2,840	
2028 Debentures	<u>125</u>	<u>125</u>	
Additional Secured Claims	2,965	2,965	
Total Secured Claims	3,179	3,179	
Unsecured Claims			
Cash Pay Notes	960	960	
PIK Toggle Notes	<u>600</u>	<u>600</u>	
Total Unsecured Claims	1,560	1,560	
Total Claims	4,739	4,739	
Estimated Recovery			
Value available to ABL Claim	2,162	1,943	
ABL Claim	214	214	
Recovery for Additional Secured Claims	100.0%	100.0%	
Value available to Additional Secured Claims	1,948	1,729	
Additional Secured Claims	2,965	2,965	
Recovery for Secured Claims	65.7%	58.3%	
Residual Value for Unsecured Claims			
Unsecured Claims	1,560	1,560	
Value available to Unsecured Claims	0.0%	0.0%	
Summary Recoveries			Trading Price
USD 900m ABL	100.0%	100.0%	100
Senior Secured Term Loan	65.7%	58.3%	80
2028 Debentures	65.7%	58.3%	65
Cash Pay Notes	0.0%	0.0%	60
PIK Toggle Notes	0.0%	0.0%	53

Source: Debtwire and SEC documents

ASSET VALUE RECOVERY ESTIMATES:

We have evaluated the support for the debt of NMG on an asset basis, though we do not expect the company to liquidate. There are no publicly available valuations for its

owned real estate or the value of the IP. But using book value and the carrying value of the trademarks and favorable leases, we have assumed realizable values. With the

disruption to brick-and-mortar retail, but a NMG portfolio in top retail markets, we recognize there is the potential for a significant variance to our real estate value estimate.

Liquidation Value (USDm)		
	Scenario No. 3	
	Liquidation Value	
Value of Working Capital	821	
Value of Fixed Assets	1,088	
Value of Intangible Assets	1,437	
Claim Pool		
Secured Claims		
USD 900m ABL	263	
Less Cash	(49)	
Total ABL Claim	214	
Additional Secured Claims		
Senior Secured Term Loan	2,840	
2028 Debentures	125	
Additional Secured Claims	2,965	
Total Secured Claims	3,179	
Unsecured Claims		
Cash Pay Notes	960	
PIK Toggle Notes	600	
Total Unsecured Claims	1,560	
Total Claims	4,739	
Estimated Recovery		
Value of Working Capital	821	
ABL Claim	214	
Recovery for ABL	100.0%	
Residual WC Value to Term Loan	607	
Value of Intangibles	1,437	
Recovery Value to Term Loan	2,044	
Total Term Loan	2,840	
Remaining Claim Term Loan	796	
Value of Fixed Assets	1,088	
Remaining Claim Term Loan	796	
2028 Debentures	125	
Residual For Unsecured Claims	167	
Recovery for Secured Claims	100.0%	
Residual Value for Unsecured Claims	167	
Unsecured Claims	1,560	
Value Available to Unsecured Claims	10.7%	
Summary Recoveries		Trading Price
USD 900m ABL	100.0%	100
Senior Secured Term Loan	100.0%	80
2028 Debentures	100.0%	65
Cash Pay Notes	10.7%	60
PIK Toggle Notes	10.7%	53

ASSET VALUE RECOVERY—SUPPORTING DETAIL:

Liquidation Valuation (USDm)			
	Gross Value	Realizable Value Assumption	Net Value
Working Capital			
Credit Card Receivables	39	85%	33
Inventory at Annual Low Point	1,213	65%	788
Total Working Capital Value			821
Fixed Assets			
Gross Land, Buildings and Improvements	1,280	85%	1,088
Intangibles			
Tradenames	1,499	40%	600
Favorable Leases	930	90%	837
Total Value of Intangibles			1,437
Total Asset Value			3,346

In Actual Square Footage	Number of Store Locations	Gross Sq Footage
Owned - Collateral Term Loan	16	2,048,000
Owned - Mortgaged TL and 2028s	8	1,170,000
Total Owned Stores	24	3,218,000
DCs, Support and Office Space		1,480,000
Total Owned Real Estate		4,698,000
Leased - Department Stores	20	2,721,000
Leased - Last Call Stores and Other	38	972,000
Leased DC Support and Office Space		1,638,000
Total Leased Space	82	5,331,000
Total Operated Real Estate		10,029,000

Lien Priorities:

ABL: Secured by a first priority interest in inventory, cash and credit card receivables. The ABL facility has a second-lien interest in substantially all other tangible and intangible assets, including a significant portion of the company's owned real property and equipment.

Term Loan: Secured by a first lien on substantially all of the tangible and intangible assets, which includes substantially all of the owned real property, with the exception of a second lien on assets that secure the ABL. Eight locations jointly secure the term loans and the 2028 debentures.

2028 Debentures: Secured jointly by eight locations that secure the term loans and the 2028 debentures.

Working Capital Summary (USDm)											
Fiscal Period:	FY15	FY16	FY17	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Period Ended:	1-Aug-15	30-Jul-16	29-Jul-17	31-Oct-15	30-Jan-16	30-Apr-16	30-Jul-16	29-Oct-16	28-Jan-17	29-Apr-17	29-Jul-17
Total Revenue	5,095	4,949	4,706	1,165	1,487	1,169	1,128	1,079	1,396	1,111	1,120
Credit Card Receivables	30	38	39	40	40	52	38	40	50	49	39
Merchandise Inventories	1,155	1,125	1,154	1,350	1,166	1,201	1,125	1,325	1,213	1,231	1,154
Prepaid and Other Current Assets	96	108	137	129	128	152	108	122	117	156	137
Accounts Payable	343	318	317	323	288	265	318	347	384	214	317
Accrued Liabilities	493	493	457	469	526	487	493	485	510	441	457
Ratio Analysis											
Inventory as % of Merchandise Sales	22.7%	22.7%	24.5%	115.9%	78.4%	102.7%	99.7%	122.8%	86.9%	110.8%	103.0%
Payable as % of Inventory	29.7%	28.3%	27.5%	23.9%	24.7%	22.1%	28.3%	26.2%	31.7%	17.4%	27.5%
Y/Y Change											
Merchandise Inventories	7.9%	-2.6%	2.6%	5.4%	4.9%	2.4%	-2.6%	-1.9%	4.0%	2.5%	2.6%
Accounts Payable	-8.5%	-7.3%	-0.3%	-13.4%	-6.2%	-5.4%	-7.3%	7.4%	33.3%	-19.2%	-0.3%
Availability											
ABL Usage	130	165	263	340	165	265	165	355	170	435	263
Borrowing Availability	645	645	635	470	645	545	645	455	638	373	635
ABL as % of Inventory	11.3%	14.7%	22.8%	25.2%	14.2%	22.1%	14.7%	26.8%	14.0%	35.3%	22.8%
WC	445	460	556	727	520	653	460	655	486	781	556
WC Change	58	15	96	282	(207)	133	(193)	195	(169)	295	(225)
Performance Metrics											
Total Merchandise Sales % Change	5.3%	-2.9%	-4.9%	-1.8%	-2.3%	-4.2%	-3.3%	-7.4%	-6.1%	-5.0%	-0.7%
Same Store Sales % Change	3.9%	-4.1%	-5.2%	-5.6%	-2.4%	-5.0%	-4.1%	-8.0%	-6.8%	-4.9%	-0.5%
Gross Profit Margin	35.1%	32.9%	31.6%	36.8%	31.0%	36.4%	27.5%	35.1%	29.7%	34.2%	27.9%
YoY Change In GPM	2.2%	-2.3%	-1.3%	-1.8%	-2.0%	-1.7%	-3.6%	-1.7%	-1.3%	-2.2%	0.5%
SG&A \$/Gross Profit \$	65.0%	68.8%	75.9%	66.4%	65.5%	64.6%	82.6%	72.8%	74.4%	69.7%	89.1%
Store Count											
Neiman Marcus/Bergdorf Full-line Stores	43	44	44	43	43	44	44	44	44	44	44
Last Call	43	42	38	43	42	42	42	42	41	41	38

Source: Debtwire and SEC documents

<i>USD millions</i>	Annual			Quarterly							
<i>Fiscal Period:</i>	FY15	FY16	FY17	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
<i>Period Ended:</i>	1-Aug-15	30-Jul-16	29-Jul-17	31-Oct-15	30-Jan-16	30-Apr-16	30-Jul-16	29-Oct-16	28-Jan-17	29-Apr-17	29-Jul-17
Income Statement											
Net Revenue	5,095	4,949	4,706	1,165	1,487	1,169	1,128	1,079	1,396	1,111	1,120
Cost of Sales	(3,306)	(3,323)	(3,220)	(736)	(1,026)	(743)	(818)	(700)	(982)	(731)	(807)
Gross Profit	1,789	1,626	1,486	429	461	426	310	379	414	380	313
Selling, General and Administrative	(1,162)	(1,118)	(1,128)	(285)	(302)	(275)	(256)	(276)	(308)	(265)	(279)
Income from Credit Card Program	53	61	61	13	16	15	17	14	17	15	15
Depreciation and Amortization	(323)	(338)	(331)	(85)	(82)	(87)	(84)	(85)	(84)	(81)	(81)
Other Expenses	(39)	(27)	(30)	(17)	(8)	1	(3)	(7)	(5)	(11)	(7)
Impairment Charges	0	(466)	(511)	0	0	0	(466)	0	(154)	-	(357)
Operating Earnings	318	(262)	(453)	55	85	80	(482)	25	(120)	38	(396)
Reported Adj. EBITDA	711	585	434	164	183	173	65	123	127	136	48
LTM Adj. EBITDA	711	585	434	681	658	628	585	544	488	451	434
Interest Expense	290	285	295	72	71	73	69	72	74	73	76
LTM Interest Expense	290	285	295	289	288	288	285	285	288	288	295
Net Income (Loss)	15	(406)	(532)	(10)	8	4	(408)	(24)	(117)	(25)	(366)
Balance Sheet											
<i>Current Assets</i>	Restated										
Cash and Equivalents	73	62	49	59	57	77	62	42	48	54	49
Credit Card Receivables	30	38	39	40	40	52	38	40	50	49	39
Merchandise Inventories	1,155	1,125	1,154	1,350	1,166	1,201	1,125	1,325	1,213	1,231	1,154
Prepaid Expenses and Other Current Assets	96	108	137	129	128	152	108	122	117	156	137
<i>Non-Current Assets</i>	1,354	1,333	1,379	1,578	1,391	1,482	1,333	1,529	1,428	1,490	1,379
PP&E, Net	1,478	1,588	1,587	1,504	1,533	1,548	1,588	1,607	1,601	1,601	1,587
Favorable Leases	1,040	985	931	1,027	1,013	999	985	972	957	944	931
Intangible Assets	4,831	4,332	3,781	4,815	4,797	4,792	4,332	4,321	4,147	4,136	3,781
Other Long-term Assets	17	17	25	135	132	124	17	36	23	27	25
Total Assets	8,720	8,255	7,703	9,059	8,866	8,945	8,255	8,465	8,156	8,198	7,703
<i>Current Liabilities</i>											
Accounts Payable	343	318	317	323	288	265	318	347	384	214	317
Accrued Liabilities	493	493	457	469	526	487	493	485	510	441	457
CPLTD	29	29	29	29	29	29	29	29	29	29	29
<i>Non-Current Liabilities</i>	865	840	803	821	843	781	840	861	923	684	803
Gross Debt	4,585	4,613	4,704	4,913	4,731	4,823	4,613	4,802	4,615	4,878	4,704
Net Debt	4,512	4,551	4,655	4,854	4,674	4,746	4,551	4,760	4,567	4,824	4,655
Other Long-term Liabilities	1,885	1,888	1,758	1,951	1,913	1,952	1,888	1,908	1,838	1,878	1,758
Total Liabilities	7,306	7,312	7,236	7,656	7,458	7,527	7,312	7,542	7,347	7,411	7,236
Shareholders' Equity	1,414	943	467	1,403	1,408	1,418	943	923	809	787	467
Total Liability and Shareholders' Equity	8,720	8,255	7,703	9,059	8,866	8,945	8,255	8,465	8,156	8,198	7,703

<i>USD millions</i>	Annual				Quarterly						
<i>Fiscal Period:</i>	FY15	FY16	FY17	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
<i>Period Ended:</i>	1-Aug-15	30-Jul-16	29-Jul-17	31-Oct-15	30-Jan-16	30-Apr-16	30-Jul-16	29-Oct-16	28-Jan-17	29-Apr-17	29-Jul-17
Cash Flow Statement											
Adjusted EBITDA	711	585	434	164	183	173	65	123	127	136	48
Capital Expenditures	(270)	(301)	(205)	(75)	(79)	(78)	(69)	(65)	(49)	(47)	(44)
Total Interest Expense	(290)	(285)	(295)	(72)	(71)	(73)	(69)	(72)	(74)	(73)	(76)
Add-Back for PIK Interest	24	16	17	4	4	4	4	4	4	4	5
Free Cash Flow Levered	175	15	(49)	21	37	26	(69)	(10)	8	20	(67)
Net Cash from Operating Activities	229	310	147	(142)	260	32	160	(132)	248	(186)	217
Net Cash from Investing Activities	(452)	(302)	(205)	(75)	(80)	(78)	(69)	(65)	(48)	(49)	(43)
Net Cash from Financing Activities	100	(19)	45	203	(182)	66	(106)	177	(192)	241	(181)
Net Change in Cash	(123)	(11)	(13)	(14)	(2)	20	(15)	(20)	6	6	(7)
Cash at Beginning of the Period	196	73	62	73	60	57	77	62	43	50	56
Net Change in Cash	(123)	(11)	(13)	(14)	(2)	20	(15)	(20)	6	6	(7)
Cash at the End of the Period	73	62	49	60	57	77	62	43	50	56	49
Ratio Analysis											
Y/Y Total Revenue Growth	5.3%	-2.9%	-4.9%	-1.8%	-2.3%	-4.2%	-3.3%	-7.4%	-6.1%	-5.0%	-0.7%
Gross Margin Merchandise	35.1%	32.9%	31.6%	36.8%	31.0%	36.4%	27.5%	35.1%	29.7%	34.2%	27.9%
SG&A as % of Sales	22.8%	22.6%	24.0%	24.5%	20.3%	23.5%	22.7%	25.6%	22.1%	23.9%	24.9%
Rent Expense	117	119	116	28	30	27	34	27	29	27	33
Adj. EBITDA Margin	14.0%	11.8%	9.2%	14.1%	12.3%	14.8%	5.8%	11.4%	9.1%	12.2%	4.3%
Net Income Margin	0.3%	-8.2%	-11.3%	-0.9%	0.5%	0.3%	-36.2%	-2.2%	-8.4%	-2.3%	-32.7%
LTM Adj EBITDAR-CAPEX/LTM Cash Interest+ LTM Rent	1.5x	1.0x	0.9x	1.3x	1.2x	1.1x	1.0x	1.0x	0.9x	0.9x	0.9x
Total Debt / LTM Adj. EBITDA	6.4x	7.9x	10.8x	7.2x	7.2x	7.7x	7.9x	8.8x	9.5x	10.8x	10.8x
Net Debt / LTM Adj. EBITDA	6.3x	7.8x	10.7x	7.1x	7.1x	7.6x	7.8x	8.8x	9.4x	10.7x	10.7x
Adj. EBITDA / LTM Interest Expense	2.5x	2.1x	1.5x	2.4x	2.3x	2.2x	2.1x	1.9x	1.7x	1.6x	1.5x

INVOLVED PARTIES:

Involved Parties		
	Administrative Agent/Trustee	Largest Holders
USD 900m ABL	Deutsche Bank	Deutsche Bank Wells Fargo JP Morgan Chase Bank of America Royal Bank of Canada Sun Trust BMO Harris Bank Credit Suisse
Senior Secured Term Loan	Credit Suisse	Credit Suisse Capital Group Invesco Mass Mutual Franklin Resources Eaton Vance Dryden Senior Loan Fund Blue Mountain CLO
2028 Debentures	Bank of New York Mellon	Vanguard Group (52.85) Putnam Investments Blackrock Prudential Financial Torchmark Corp Liberty Mutual StanCorp Mortgage Goldman Sachs
8% Cash Pay Notes	US Bank NA	Southeastern Asset Management Allianz JP Morgan Chase Prudential Alliance Bernstein Blackrock Capital Group Lord Abbett
PIK Toggle Notes	US Bank NA	Southeastern Asset Management Capital Group JP Morgan Chase Schroeders State Street Putnam Investments Alliance Bernstein Legg Mason

Source: Company documents, SEC filings.

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