Moody's withdraws all its ratings on Edcon

By Colleen Goko

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Moody's Investors Service has joined other rating agencies and withdrawn all of its ratings on Edcon. Earlier this month S&P Global also announced that it had withdrawn its ratings on Edcon, after downgrading the group's long-term corporate credit rating to default.

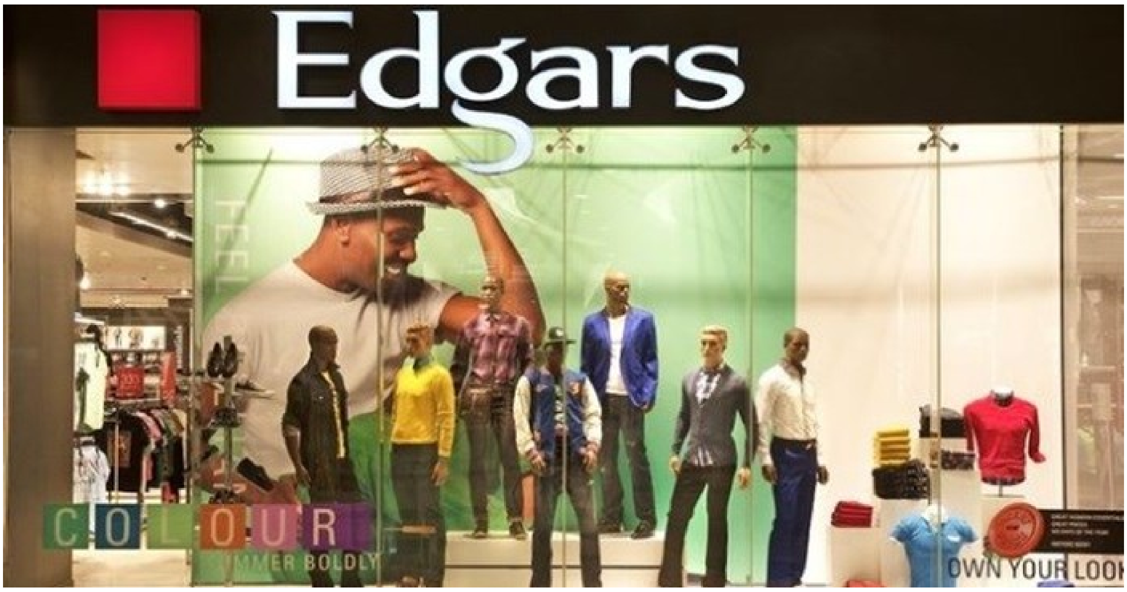

Image via *Business Day*

In a statement released on Monday, Moody's said Edcon's capital restructuring would short investors on what the company had initially promised them.

"Edcon announced that it had finalised the changes to the group's organisational structure and restructuring of its debt obligations, effective February 1. The capital restructuring, under Moody's definitions, is considered a distressed exchange and an effective default on the company's rated debt instruments as it represents a diminished financial obligation relative to the previous agreements," Moody's said.

In December 2016, SA's largest non-food retailer launched a compromise sanction process - which was the last hurdle in the restructuring of the group. The process involved going to senior lenders and asking them to accept a shareholding in the company in exchange for a reduction in the debt owed to them.

Edcon was drowning in debt totalling about R29bn.

In February 2017 Edcon announced that the restructure was complete and that it was officially under the ownership of its creditors. The retailer's new major shareholder group comprises banking and investment firms such as Harvard Pensions Fund, Barclays Africa and FirstRand. Singapore-based Franklin Templeton is the largest shareholder.

The company's debt now stands at R7bn.

Source: BDpro