

CASE STUDY



Background

Allied Carpets, the UK's second largest carpet and flooring retailer, had made significant losses for more than five years, was burdened with a significant number of underperforming stores and was carrying a high central cost base.

Following the decision of its french owners to cease funding the increasing losses and to exit the UK market, the company was offered for sale. However, the historic losses and the level of funding required made the business an unattractive prospect for trade buyers. With no offers on the table and insufficient cash to cover the upcoming rent quarter, it was highly likely that the business would cease trading with the loss of all jobs and the failure to fulfil customer orders.

Hilco Capital's role

- Acquired the business and assets out of administration
- Provided a substantial working capital facility
- Senior Hilco team put in place to design and implement financial and operational restructuring
- Hilco Property led landlord negotiations to obtain lease assignments, rent concessions and resites
- Hilco Property recruited concession partners to use surplus space in larger stores
- Retail team designed new store format and project managed rollout
- Introduced new range plan and POS system
- Refreshed branding and developed new marketing campaign to reposition the brand away from discounters

Results

- Rescued 55 stores
- Preserved 600 jobs
- Protected all customer deposits and fulfilled all outstanding orders
- Fulfilled all outstanding insurance claim orders
- Increased like-for-like retail sales
- Separated retail business and insurance inspections division to create two new standalone businesses
- Recruited new, highly experienced CEO to operate standalone retail business
- Onward sale of the retail business to its management team achieved

Key facts

55
flooring stores

£194m
turnover

2009
acquired from
administrator

100%
pre-administration
deposits honoured

600
jobs preserved