Reorg Credit Intelligence – 8/16/2021

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**After June Refinancing Transactions Reduce Secured Leverage,
Carrols Restores Significant Secured Debt Capacity Under Its Credit Agreement,
Declares Special Cash Dividend Payable in Q3**

Chart

Carrols Restaurant Group, Inc.

(USD $ Millions)	7/4/21 Amount	8/12/21 Price[1]	8/12/21 Mkt. Val	Maturity	Rate[2]	EBITDA Multiple Book	EBITDA Multiple Mkt
$175mm Revolver	$ 46	-	$ 46	1/29/26	L+3.25%		
$425mm Term Loan B	$ 174	99	$ 172	4/30/26	L+3.25%		
Finance Leases	$ 1	-	$ 1	Varies	Varies		
Total Secured Debt	**$ 221**		**$ 220**			1.82x	1.80x
5.875% Senior Unsecured Notes due 2029	$ 300	95	$ 285	7/1/29	5.875%		
Total Debt	**$ 521**		**$ 505**			4.28x	4.14x
Cash & Equivalents	$ 56		$ 56				
Net Debt	**$ 465**		**$ 448**			3.82x	3.68x

LTM implied Covenant EBITDA[3]	$122
Revolver Commitments	$ 175
Less: Borrowings	$ 46
Less: Letters of Credit	$ 9
Availability	$ 120
Plus: Cash & Equivalents	$ 56
Total Liquidity	**$ 176**

Financial Data	
LTM Cash from Operations	$83
LTM Capital Expenditures	$50
LTM Free Cash Flow	$32
LTM Cash Interest Expense	$24
Cash Interest Coverage	5.06x
Secured Net Leverage	1.36x
Total Net Leverage	3.82x

Notes

(1) Pricing according to Solve Advisors.

(2) Pursuant to a 4/6/21 amendment to the credit agreement, the revolver was upsized to $175mm (from $146mm) and the revolver's interest rate was changed to L+3.25% (from a variable margin that increased semi-annually).

(3) According to the company's annual and quarterly financial reports, LTM adjusted EBITDA as of 7/4/21 was approx. $116.6mm. However, in a quarterly earnings report, the company reported total net leverage and secured net leverage (in each case as defined in its bank debt credit agreement) of 3.82x and 1.36x, respectively, implying LTM covenant adjusted EBITDA of approx. $122mm as of 7/4/21.

Carrols Restaurant Group Inc. is one of the largest restaurant companies as well as the largest Burger King franchisee in the United States. As of July 4, 2021, the company operated, as franchisee, 1,027 Burger King restaurants in 23 states and 65 Popeyes restaurants in seven states. On June 23, 2020, the company incurred $75 million of incremental term loans under its senior credit facility (increasing the aggregate outstanding term loan balance to $497 million), and on April 6, 2021, it upsized its revolver to $175 million (from $146 million). To view the Carrols Restaurant capital structure as well as our Americas Covenants team's coverage of thousands of other stressed and distressed debt situations including the Carrols Restaurant refinancing situation click through here.

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