Reorg Credit Intelligence – 9/13/2021

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Papa John’s New Unsecured Notes Allow Considerable Additional Secured Debt; Leverage-Based Restricted Payments and Investment Baskets Accessible at Issuance With 2.5x, 2.75x Headroom

Chart

Papa John's International - Debt Structure

(in $ MMs)	6/27/21	Adj.	P.F.
Existing Term Loan	330		-
$400 Existing Revolving Facility	95		-
$600 Amended Revolving Facility	-		33
Total Secured Debt	**425**		**33**
New 2029 Senior Notes	**-**	**400**	**400**
Total Debt [1,2]	**425**	**8**	**433**
Less: Cash and equivalents [3]	96		96
Total Net Debt	**329**	**8**	**337**

(1) Excludes a $20mm revolving line of credit ($0 outstanding as of June 27), of Papa John's Marketing Fund Inc. ("PJMF"), secured on all of PMJF's assets. PJMF is not a "Subsidiary" under the 2029 Notes. PJMF is described as 'a consolidated nonstock corporation, designed to operate at break-even for the purpose of designing and administering advertising and promotional programs for all participating domestic restaurants." PJMF "funds its operations with ongoing financial support and contributions from the domestic restaurents… and does not have sufficient equity to fund its operations without these ongoing financial contributions."
(2) Also excludes $45.8mm of outstanding standby letters of credit. On August 31, 2021, approximately $43mm of such letters of credit were replaced with surety bonds.
(3) Includes $26.8mm of cash at PJMF (see Note 1).

Papa John’s International has announced the launch of $400 million of senior unsecured notes due 2029 (the “New Notes”), which are expected to price today, Thursday, Sept. 9. Proceeds of the New Notes will be used, together with borrowings under an amended revolving facility, to repay in full the company’s existing term loan and revolving credit facilities. Click through for our Americas Covenants team’s full analysis of the Papa John’s International primary analysis.

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