

Toys 'R' Us files for bankruptcy

NEW YORK, US - Retailer Toys 'R' Us has filed for Chapter 11 bankruptcy protection in a US court, the company said, amid heavy debt and a tough environment for brick-and-mortar stores. The chain which sells toys and baby products in the United States as well 38 other countries and jurisdictions joins other traditional retailers that are struggling to compete with the likes of Amazon.



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The company will "restructure its outstanding debt and establish a sustainable capital structure that will enable it to invest in long-term growth and fuel its aspirations to bring play to kids everywhere and be a best friend to parents," Toys 'R' Us said in a statement late Monday. It noted that operations outside the US and Canada, "including its approximately 255 licensed stores and joint venture partnership in Asia", are not part of the bankruptcy proceedings.

"Together with our investors, our objective is to work with our debtholders and other creditors to restructure the \$5 billion of long-term debt on our balance sheet, which will provide us with greater financial flexibility to invest in our business, continue to improve the customer experience in our physical stores and online, and strengthen our competitive position in an increasingly challenging and rapidly changing retail marketplace worldwide," chairman and chief executive Dave Brandon said in the statement.

Various lenders including JPMorgan have agreed to infuse Toys 'R' Us more than \$3 billion which will "immediately improve the Company's financial health and support its ongoing operations during the court-supervised process."

The company's approximately 1,600 Toys 'R' Us and Babies 'R' Us stores around the world - "the vast majority of which are profitable" - will operate as usual, it said.

Source: AFP

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