

CreditRiskMonitor's warning of Neiman Marcus Group LTD LLC's ("Neiman Marcus") bankruptcy risk was determined by a combination of factors:

| | |
|--|--------|
| Monthly Average FRISK® Score | Page 2 |
| The FRISK® Score Components | 3 |
| Management Discussion and Analysis | 4 |
| Company Report Detail | 5 |
| FRISK® Deep Dive and Other Events | 6 |
| FRISK® Stress Index | 7 |
| Peer Analysis on Alternate Suppliers and Customers | 8 |
| Quarterly Performance Ratios | 9 |
| Quarterly Leverage Ratios | 10 |
| Quarterly Liquidity Ratios and Rates of Return | 11 |
| Year-over-Year Statement of Cash Flows | 12 |
| News Alerts: A Timeline of Concerning News Items | 13 |
| ----- | |
| About This Report/Contact CreditRiskMonitor® | 14 |

MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Neiman Marcus Group LTD LLC for more than a year. We issued a special High Risk Report, dated Jan. 8, 2018 and [in-depth analysis](#) published Feb. 5, 2019, as conditions continued to deteriorate and become more troubling.

The company ultimately filed for bankruptcy on May 7, 2020.

Proposed unregistered offering of second lien notes to pay down term loans as well as fees and expenses on other debts.

Bond trustee and private equity firm sued over alleged illegal asset transfer of Mytheresa, which would reduce available collateral.

After no longer filing with the SEC, or "going dark," sources indicated that total EBITDA declined by 13% year-over-year.

| Business Name | 2019 | | | | | | | | 2020 | | | |
|-----------------------------|------|---|---|---|---|---|---|---|------|---|---|---|
| | M | J | J | A | S | O | N | D | J | F | M | A |
| Neiman Marcus Group LTD LLC | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Third quarter net sales declined 9%, EBIT fell by 20%, and net losses expanded by about 57% year-over-year.

Would permanently close all off-price retail stores and coronavirus would cause remaining locations to be shut effective immediately.

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

| FRISK® Score | BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE | |
|--------------|--|--------|
| | FROM | TO |
| 10 | 0.00x | 0.12x |
| 9 | 0.12x | 0.27x |
| 8 | 0.27x | 0.34x |
| 7 | 0.34x | 0.55x |
| 6 | 0.55x | 0.87x |
| 5 | 0.87x | 1.40x |
| 4 | 1.40x | 2.10x |
| 3 | 2.10x | 4.00x |
| 2 | 4.00x | 9.99x |
| 1 | 9.99x | 50.00x |

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Making misleading or fraudulent statements in an MD&A is against the law – and Sarbanes-Oxley subjects CEOs and CFOs to heavy fines or even jail time for doing so. A vital feature of the CreditRiskMonitor service is the ability to quickly access a Company’s Management Discussion and Analysis (MD&A) history. Let it sink in: there are no two people in the world with better knowledge of a company’s liquidity risk than the CEO and CFO. More than any credit manager. More than any trade group. And they’re personally liable if they’re lying.

According to the Financial Accounting Standards Board (FASB), “MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed.”

You MUST understand trends, commitments, demands and uncertainties likely to result in a material change in Liquidity and Capital Resources, like if they can continue as a going concern. If you don't, you need help.

Report

- Overview
- Company News
- Risk Ratings
- Important Information
- Annual Financials
- Year/Year Interim
- Sequential Quarters
- Liquidity (MD&A)**
- SEC Filings
- Peer Analysis
- Payments
- Public Filings
- General Info
- Access History
- Credit Limit
- Update Portfolio
- Print/Save Report
- Currency Converter
- Send This to a Colleague

Neiman Marcus Group LLC

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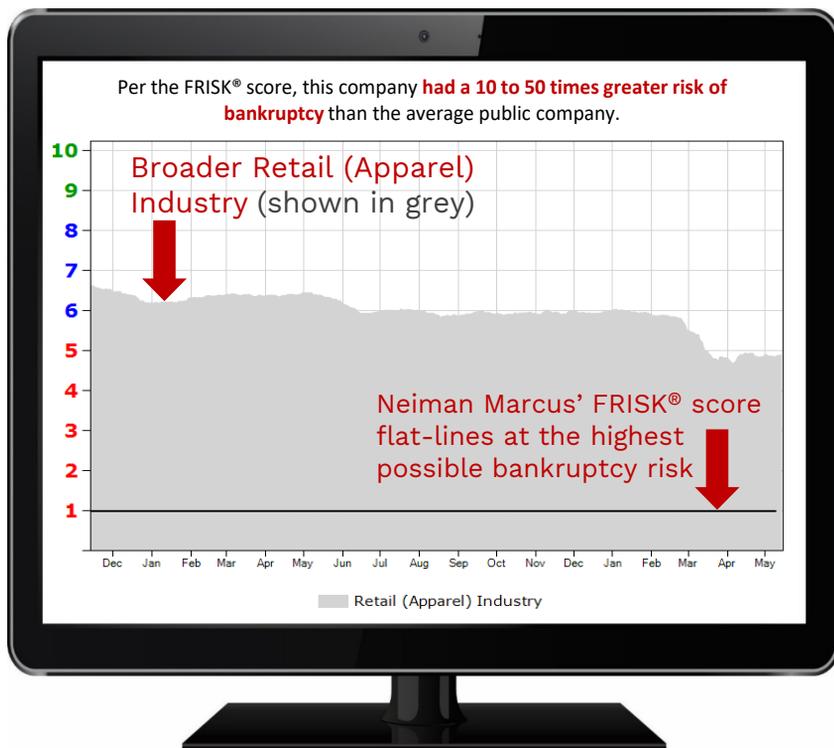
Filed for Bankruptcy on 5/7/2020
This company ceased filing statements with the SEC on 6/21/2019.
Case #20-32519 , filed in the U.S. Bankruptcy Court for the Southern District of Texas
Mytheresa is not a part of the Chapter 11 proceedings and will continue to operate independently.
This is a Subsidiary, click [here](#) for the Parent Company

Management Discussion and Analysis History

Net cash used for our operating activities of \$135.4 million in year-to-date fiscal 2019 increased by \$348.1 million from net cash provided by operating activities of \$212.8 million in year-to-date fiscal 2018. This increase in net cash used for our operating activities was due primarily to (i) higher cash interest requirements due primarily to cash requirements for our Asset-Based Revolving Credit Facility, the Existing Term Loans and \$2,248.5 million of Extended Term Loans, (ii) higher cash interest requirements due primarily to cash requirements for our Asset-Based Revolving Credit Facility, the Existing Term Loans and \$2,248.5 million of Extended Term Loans, (iii) higher cash interest requirements due primarily to cash requirements for our Asset-Based Revolving Credit Facility, the Existing Term Loans and \$2,248.5 million of Extended Term Loans, and (iv) higher cash interest requirements due primarily to cash requirements for our Asset-Based Revolving Credit Facility, the Existing Term Loans and \$2,248.5 million of Extended Term Loans.

Prior to going dark, the MD&A provided several disclosures of increased cash usage, multiple layers to its debt stack, and that its protective interest rate swaps would expire in late 2020. Contact your account manager to discuss these important red flags.

FRISK® DEEP DIVE AND OTHER EVENTS



The FRISK® score relative to the broader Retail (Apparel) industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

In early February 2019, CreditRiskMonitor advised that trade creditors should be prepared for a potential bankruptcy restructuring. In addition to the FRISK® score warning, another key consideration was the company's weak trailing 12-month interest coverage ratio at a troubling 0.8x, after including its allocated expenditures for store remodeling and development at Hudson Yards in New York City.

Over the remaining span of 2019 and 2020, the company's negative and restrictive covenants disallowed for any additional borrowings. Rapidly burning through cash, unable to access equity, and receiving creditor pressures from the potential asset transfer of Mytheresa, Neiman Marcus had no meaningful options left available to sustain liquidity.

By March 2020, the coronavirus pandemic led management to close its entire store base. This unforeseen event deepened its ongoing cash flow deficit and consequently forced the company into default and a bankruptcy restructuring by May.

FRISK® STRESS INDEX

| # | Business Name | Country | Current FRISK® score |
|----|--|---------------|----------------------|
| 1 | J.C. Penney Company Inc HIGH RISK REPORT! IN-DEPTH ANALYSIS! | United States | 1 |
| 2 | Grupo Famsa SAB de CV | Mexico | 1 |
| 3 | Yi Hua Holdings Ltd | China | 1 |
| 4 | Neiman Marcus Group LTD LLC HIGH RISK REPORT! | United States | 1 |
| 5 | Daiwa Co., Ltd. | Japan | 2 |
| 6 | T.O. Holdings Co Ltd | Japan | 2 |
| 7 | Changchun Sinoenergy Corp | China | 1 |
| 8 | Nanjing Central Emporium Co., Ltd. | China | 1 |
| 9 | Hamashbir 365 Holdings Ltd | Israel | 1 |
| 10 | Harbin Churin Group Jointstock Co., Ltd. | China | 2 |

FRISK® Stress Index - SIC classification: Department stores

See COVID-19 Impact on Frisk Scores around the world...

Primary industry codes only Primary and secondary industry codes

Businesses From: **CLEAR**

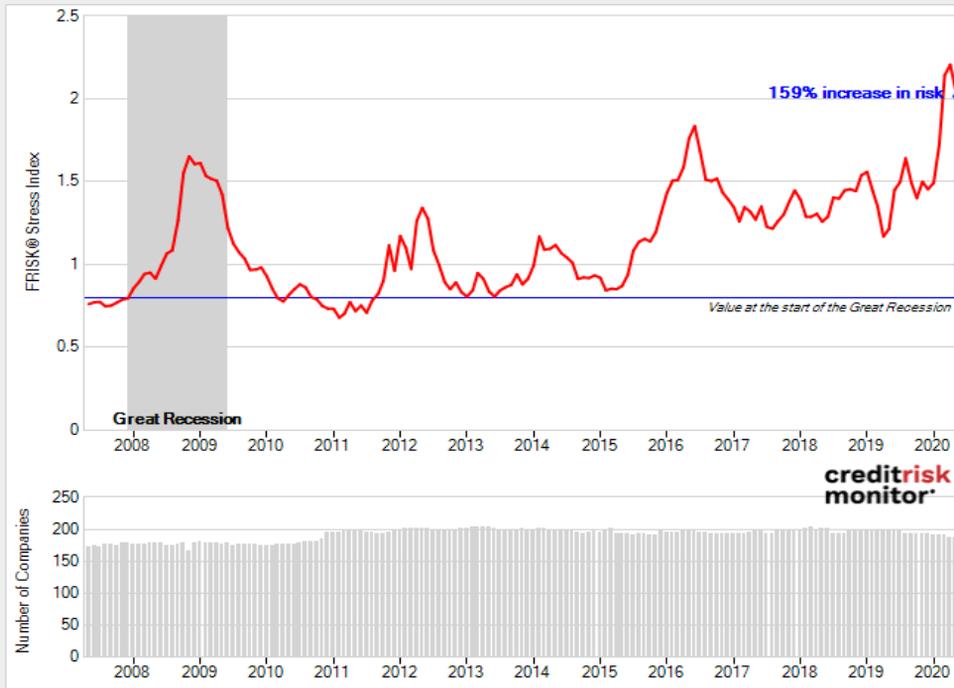
In Industry:

Country:

UPDATE RESULTS

Scale:

Total Companies in all months **276**



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 5311 (Department Stores) has increased 159% since 2007. Neiman Marcus was among the weakest names in the industry as evidenced by its FRISK® score of 1.

[Request a Personalized Demo](#)

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

| Peer Group: 734 | | Ranking Within Peer Group | Number Of Peers Ranked | Company Value | Peer Group Range | | |
|--|-----|---------------------------|------------------------|---------------|------------------|-------------|------|
| | | | | | Low | Median | High |
| Credit Ratings | | | | | | | |
| Z-Score | 184 | 247 | 0.34 | -27.26 | 1.68 | 48.73 | |
| Performance ratios: | | | | | | | |
| Net Sales (Thousands of U.S. Dollars) | 14 | 21 | 1,057,240 | 5,771 | 1,497,935 | 123,925,000 | |
| Gross Margin % Of Sales | 86 | 253 | 35.85 | -760.00 | 28.52 | 99.25 | |
| Gross Margin % Of Sales -- TTM | 107 | 273 | 32.72 | -161.90 | 28.57 | 99.23 | |
| SGA % Of Sales | 162 | 252 | 24.46 | 2.42 | 20.74 | 42,940.00 | |
| SGA % Of Sales -- TTM | 174 | 273 | 24.01 | 2.32 | 21.08 | 35,942.86 | |
| Operating Margin % Of Sales | 144 | 258 | 2.00 | 16.160.00 | 1.72 | 120.00 | |
| Operating Margin % Of Sales -- TTM | 205 | 277 | | | | | |
| EBITDA Margin Of Sales | 43 | 112 | | | | | |
| EBITDA Margin Of Sales -- TTM | 93 | 175 | | | | | |
| Net Profit Margin % Of Sales | 223 | 258 | | | | | |
| Net Profit Margin % Of Sales -- TTM | 242 | 277 | | | | | |
| Pre-tax Income % Of Sales | 225 | 258 | | | | | |
| Effective Tax Rate | 178 | 254 | | | | | |
| Depreciation % Of Prop/Plant/Equipment | 139 | 186 | | | | | |
| Capital Expense % Of Prop/Plant/Equipment | 140 | 210 | | | | | |
| Interest Coverage | 82 | 102 | 1.43 | -21.11 | 6.27 | 622.90 | |
| Interest Coverage -- TTM | 144 | 172 | 1.24 | -149.08 | 7.53 | 1,656.67 | |
| Liquidity ratios: | | | | | | | |
| Cash Ratio | 247 | 269 | | | | | |
| Quick Ratio | 235 | 256 | | | | | |
| Current Ratio | 45 | 269 | | | | | |
| Efficiency ratios: | | | | | | | |
| Accounts Receivable Turnover | 47 | 258 | | | | | |
| Days Sales Outstanding | 64 | 258 | | | | | |
| % of Inventory Financed by Vendors | 219 | 242 | | | | | |
| % of Inventory Financed by Vendors -- TTM | 221 | 245 | | | | | |
| Inventory Turnover | 195 | 266 | 2.63 | 0.00 | 5.38 | 720.61 | |
| Inventory Turnover -- TTM | 210 | 268 | 2.84 | 0.00 | 5.61 | 437.82 | |
| Days Sales in Inventory | 195 | 245 | 138.86 | 0.51 | 60.23 | 5,258.43 | |
| Inventory to Working Capital | 89 | 265 | 1.55 | -18.87 | 0.07 | 64.70 | |
| Accounts Payable Turnover | 36 | 250 | 10.96 | 0.00 | 6.03 | 892.34 | |
| Accounts Payable Turnover -- TTM | 38 | 252 | 10.93 | 0.00 | 6.01 | 646.69 | |
| Leverage & debt coverage: | | | | | | | |
| Total Debt to Equity Ratio | 257 | 260 | 13.10 | 0.00 | 0.69 | 329.63 | |
| Debt to Tangible Equity Ratio | | 247 | | 0.00 | 0.80 | 122.04 | |
| Total Debt to Assets Ratio | 257 | 264 | 0.67 | 0.00 | 0.26 | 1.33 | |
| Short-Term Debt % of Total Debt | 6 | 253 | 0.60 | 0.00 | 34.94 | 100.00 | |
| Short-Term Debt % of Working Capital | 26 | 262 | 4.28 | -3,490.16 | 0.39 | 5,995.54 | |
| Liabilities to Net Worth Ratio | | 253 | | 0.02 | 1.68 | 153.58 | |
| Total Liabilities to Equity Ratio | 261 | 266 | 18.52 | 0.02 | 1.55 | 500.98 | |
| TTM EBITDA to Total Debt | 134 | 167 | 0.08 | -1.89 | 0.21 | 494.89 | |
| Net Debt to TTM EBITDA | 137 | 150 | 12.30 | -11.18 | 2.69 | 1,358.66 | |
| Green - Ranked in Upper Quartile of Peer Group White - Ranked in the Middle Two Quartiles of Peer Group Red - Ranked in Lower Quartile of Peer Group Orange - Confidential Grey - Data is Not Available | | | | | | | |
| TTM = trailing 12 months N/A = Not Available | | | | | | | |

| Rank | Company Name |
|------|--------------------|
| 1 | Vera Bradley, Inc. |
| 2 | Ralph Lauren Corp |
| 3 | Buckle Inc |
| 4 | Cato Corp |

| Rank | Company Name |
|------|--|
| 1 | RTW Retailwinds Inc |
| 2 | J.Jill Inc |
| 3 | Francesca's Holdings Corp |
| 4 | Grupo Palacio de Hierro S.A.B. de C.V. |

Neiman Marcus demonstrated bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Posted net sales declines year-over-year and recurring net losses

Poor interest coverage ratio and high cash burn rate

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended | 13 weeks 4/27/2019 | 13 weeks 1/26/2019 | 13 weeks 10/27/2018 | 13 weeks 7/28/2018 | 13 weeks 4/28/2018 |
|-----------------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| Net Sales \$ | \$1,057,240 | \$1,394,120 | \$1,104,391 | \$1,132,943 | \$1,166,270 |
| % change | -24.16% | 26.23% | -2.52% | -2.86% | -21.94% |
| Gross Margin \$ | \$378,983 | \$435,573 | \$404,155 | \$315,504 | \$419,679 |
| % change | -12.99% | 7.77% | 28.10% | -24.82% | -11.11% |
| % of sales | 35.85% | 31.24% | 36.60% | 27.85% | 35.98% |
| change as % of incremental sales | n/m | 10.84% | n/m | n/m | n/m |
| SG&A \$ | \$258,608 | \$309,223 | \$276,761 | \$281,316 | \$280,223 |
| % change | -16.37% | 11.73% | -1.62% | 0.39% | -12.95% |
| % of sales | 24.46% | 22.18% | 25.06% | 24.83% | 24.03% |
| change as % of incremental sales | n/m | 11.20% | n/m | n/m | n/m |
| Operating margin \$ | \$41,211 | \$43,490 | \$43,487 | (\$44,568) | \$51,117 |
| % change | -5.24% | 0.01% | 197.57% | -187.19% | -14.67% |
| % of sales | 3.90% | 3.12% | 3.94% | -3.93% | 4.38% |
| change as % of incremental sales | n/m | 0.00% | n/m | n/m | n/m |
| EBITDA \$ | \$119,211 | \$119,204 | \$122,589 | \$37,476 | \$134,264 |
| % change | 0.01% | -2.76% | 227.11% | -72.09% | -5.90% |
| % of sales | 11.28% | 8.55% | 11.10% | 3.31% | 11.51% |
| change as % of incremental sales | n/m | -1.17% | n/m | n/m | n/m |
| EBIT \$ | \$40,338 | \$42,118 | \$41,990 | (\$45,449) | \$50,653 |
| % change | -4.23% | 0.30% | 192.39% | -189.73% | -13.92% |
| % of sales | 3.82% | 3.02% | 3.80% | -4.01% | 4.34% |
| change as % of incremental sales | n/m | 0.04% | n/m | n/m | n/m |
| Pre-tax income \$ | (\$42,798) | (\$38,816) | (\$37,935) | (\$121,711) | (\$26,997) |
| % change | -10.26% | -2.32% | 68.83% | -350.83% | -57.81% |
| % of sales | -4.05% | -2.78% | -3.43% | -10.74% | -2.31% |
| change as % of incremental sales | n/m | -0.30% | n/m | n/m | n/m |
| Net income (loss) \$ | (\$31,183) | (\$29,006) | (\$28,171) | (\$75,303) | (\$19,881) |
| % change | -7.51% | -2.96% | 62.59% | -278.77% | -105.34% |
| % of sales | -2.95% | -2.08% | -2.55% | -6.65% | -1.70% |
| change as % of incremental sales | n/m | -0.29% | n/m | n/m | n/m |
| Tax expense \$ | (\$11,615) | (\$9,810) | (\$9,764) | (\$41,008) | (\$7,118) |
| Effective tax rate | 27.14% | 25.27% | 25.74% | 33.69% | 26.36% |
| Depreciation expense \$ | \$55,986 | \$53,930 | \$56,815 | \$58,729 | \$59,309 |
| % of sales | 5.30% | 3.87% | 5.14% | 5.18% | 5.09% |
| % of capital expenses | 116.02% | 116.08% | 151.08% | 90.57% | 134.92% |
| % of PP&E, net (annualized) | 14.57% | 13.99% | 14.60% | 14.98% | 15.19% |
| Capital expenditures \$ | \$48,254 | \$46,461 | \$37,605 | \$64,842 | \$43,958 |
| % change | 3.86% | 23.55% | -42.01% | 47.51% | 6.86% |
| % of PP&E, net (annualized) | 12.56% | 12.05% | 9.66% | 16.54% | 11.26% |
| % of working capital (annualized) | 32.12% | 32.90% | 28.19% | 51.41% | 32.86% |
| Interest coverage ratio | 1.43 | 1.47 | 1.53 | 0.49 | 1.73 |
| % change | -2.65% | -3.97% | 212.13% | -71.58% | -7.96% |
| Free cash flow \$ | (\$158,372) | \$106,666 | (\$215,979) | \$19,605 | (\$26,737) |
| % change | -248.47% | 149.39% | -1,201.65% | 173.33% | -112.64% |
| Source: | 10-Q | 10-Q | 10-Q | 10-K | 10-Q |
| | 6/11/2019 | 3/12/2019 | 12/6/2018 | 9/18/2018 | 6/11/2019 |

QUARTERLY LEVERAGE RATIOS

Unremitting negative tangible net worth over the last five fiscal quarters

Total debt to assets ratio steadily trended higher, indicating increased balance sheet risk

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended | 4/27/2019 | 1/26/2019 | 10/27/2018 | 7/28/2018 | 4/28/2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total debt \$ | \$4,940,915 | \$4,762,208 | \$4,857,893 | \$4,652,578 | \$4,666,996 |
| % change | 3.75% | -1.97% | 4.41% | -0.31% | 1.42% |
| Stockholders' equity \$ | \$377,061 | \$412,905 | \$448,751 | \$759,181 | \$829,386 |
| % change | -8.68% | -7.99% | -40.89% | -8.46% | -1.15% |
| Total debt to equity ratio | 13.10 | 11.53 | 10.83 | 6.13 | 5.63 |
| % change | 13.62% | 6.54% | 76.64% | 8.91% | 2.60% |
| Tangible net worth \$ | (\$3,969,080) | (\$3,956,138) | (\$3,943,787) | (\$3,859,991) | (\$3,825,285) |
| % change | -0.33% | -0.31% | -2.17% | -0.91% | 0.25% |
| Total assets \$ | \$7,359,000 | \$7,266,309 | \$7,462,477 | \$7,545,903 | \$7,649,220 |
| % change | 1.28% | -2.63% | -1.11% | -1.35% | 0.29% |
| Total debt to assets ratio | 0.67 | 0.66 | 0.65 | 0.62 | 0.61 |
| % change | 2.44% | 0.68% | 5.58% | 1.07% | 1.13% |
| Tangible assets \$ | \$3,012,859 | \$2,897,266 | \$3,069,939 | \$2,926,731 | \$2,994,549 |
| % change | 3.99% | -5.62% | 4.89% | -2.26% | 1.40% |
| Short-term debt \$ | \$29,426 | \$29,426 | \$29,426 | \$29,426 | \$29,426 |
| Short-term debt % of total debt | 0.60% | 0.62% | 0.61% | 0.63% | 0.63% |
| % change | -3.61% | 2.01% | -4.24% | 0.32% | -1.41% |
| Short-term debt % of working capital | 4.28% | 5.72% | 4.78% | 6.51% | 5.28% |
| % change | -25.04% | 19.45% | -26.48% | 23.14% | -7.80% |
| Total liabilities \$ | \$6,981,939 | \$6,853,404 | \$7,013,726 | \$6,786,722 | \$6,819,834 |
| % change | 1.88% | -2.29% | 3.34% | -0.49% | 0.47% |
| Total liabilities to equity ratio | 18.52 | 16.60 | 15.63 | 8.94 | 8.22 |
| % change | 11.56% | 6.20% | 74.84% | 8.72% | 1.64% |
| Total debt to EBITDA ratio (annualized) | 10.36 | 9.99 | 9.91 | 31.04 | 8.69 |
| % change | 3.75% | 0.81% | -68.08% | 257.16% | 7.77% |
| Source: | | | 10-Q 12/6/2018 | 10-K 9/18/2018 | 10-Q 6/6/2018 |

Double-digit total debt to EBITDA ratio commensurate with extremely speculative borrower

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Majority of working capital tied to merchandise inventory

Cash and quick ratios indicated liquidity deficiency

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended | 4/27/2019 | 1/26/2019 | 10/27/2018 | 7/28/2018 | 4/28/2018 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| Current assets \$ | \$1,438,371 | \$1,325,133 | \$1,481,895 | \$1,311,860 | \$1,383,007 |
| % change | 8.55% | -10.58% | 12.96% | -5.14% | 1.79% |
| % of short-term debt | 4,888.10% | 4,503.27% | 5,036.01% | 4,458.17% | 4,699.95% |
| Current liabilities \$ | \$751,438 | \$810,243 | \$866,882 | \$859,684 | \$826,193 |
| % change | -7.26% | -6.53% | 0.84% | 4.05% | -2.26% |
| Working capital \$ | \$686,933 | \$514,890 | \$615,013 | \$452,176 | \$556,814 |
| % change | 33.41% | -16.28% | 36.01% | -18.79% | 8.46% |
| % of sales (annualized) | 16.24% | 9.23% | 13.92% | 9.98% | 11.94% |
| Cash \$ | \$38,579 | \$41,338 | \$37,732 | \$38,510 | \$38,851 |
| % change | -6.67% | 9.56% | -2.02% | -0.88% | 8.56% |
| % of short-term debt | 131.11% | 140.48% | 128.23% | 130.87% | 132.03% |
| Cash ratio | 0.05 | 0.05 | 0.04 | 0.04 | 0.05 |
| % change | 0.59% | 17.24% | -2.90% | -4.68% | 11.11% |
| Quick assets \$ | \$90,447 | \$77,800 | \$86,974 | \$72,199 | \$91,450 |
| % change | 16.26% | -10.55% | 20.46% | -21.05% | 17.17% |
| % of short-term debt | 307.37% | 264.39% | 295.57% | 245.36% | 310.78% |
| Quick ratio | 0.12 | 0.10 | 0.10 | 0.08 | 0.11 |
| % change | 25.42% | -4.29% | 19.40% | -24.12% | 19.94% |
| Current ratio | 1.91 | 1.64 | 1.71 | 1.53 | 1.67 |
| % change | 17.04% | -4.33% | 12.02% | -8.84% | 4.15% |
| Source: | 10-Q | 10-Q | 10-Q | 10-K | 10-Q |
| | 6/11/2019 | 3/12/2019 | 12/6/2018 | 9/18/2018 | 6/6/2018 |

Unable to generate any positive returns

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended | 13 weeks 4/27/2019 | 13 weeks 1/26/2019 | 13 weeks 10/27/2018 | 13 weeks 7/28/2018 | 13 weeks 4/28/2018 |
|----------------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| Return on equity | -7.55% | -6.46% | -3.71% | -9.08% | -2.37% |
| % change | -16.84% | -74.19% | 59.13% | -283.16% | -102.87% |
| Return on total assets | -0.43% | -0.39% | -0.38% | -0.99% | -0.26% |
| % change | -8.25% | -4.93% | 62.12% | -280.75% | -105.40% |
| Return on tangible assets | -1.06% | -0.97% | -0.94% | -2.54% | -0.67% |
| % change | -8.54% | -3.47% | 63.06% | -280.48% | -105.47% |
| Source: | 10-Q | 10-Q | 10-Q | 10-K | 10-Q |
| | 6/11/2019 | 3/12/2019 | 12/6/2018 | 9/18/2018 | 6/11/2019 |

ANNUAL STATEMENT OF CASH FLOWS

Cash from operating activities turned negative

Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of U.S. Dollars)

| Period Ended | 39 weeks 4/27/2019 | 39 weeks 4/28/2018 | 39 weeks 4/29/2017 | 39 weeks 4/30/2016 | 39 weeks 5/2/2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | | | | Reclassified | |
| | | | | 4/29/2017 | |
| Cash Flows from Operating Activities: | | | | | |
| Net income | (\$88,360) | \$326,434 | (\$165,456) | \$1,136 | \$47,831 |
| Depreciation/depletion | 236,558 | 253,738 | 267,286 | 271,582 | 262,446 |
| Deferred taxes | (974) | (418,611) | (99,880) | 15,785 | (49,207) |
| Non-cash Items | 3,200 | 43,735 | 156,850 | 3,354 | 18,576 |
| Changes in working capital | (285,789) | 7,469 | (228,938) | (144,275) | (156,833) |
| Total cash from operating activities | (135,365) | 212,765 | (70,138) | 147,582 | 122,813 |
| Cash Flows from Investing Activities: | | | | | |
| Capital expenditures | (132,320) | (109,754) | (161,486) | (231,993) | (183,016) |
| Other investing cash flow items, total | (17,200) | n/a | 0 | (896) | (181,727) |
| Total cash from investing activities | (149,520) | (109,754) | (161,486) | (232,889) | (364,743) |
| Cash Flows from Financing Activities: | | | | | |
| Financing cash flow items | (2,707) | (332) | (5,359) | 0 | (265) |
| Issuance/retirement of stock, net | (1,401) | (266) | n/a | n/a | n/a |
| Issuance/retirement of debt, net | 289,070 | (113,424) | 225,073 | 85,746 | 127,930 |
| Total cash from financing activities | 284,962 | (114,022) | 219,714 | 85,746 | 127,665 |
| Foreign exchange effects | (8) | 623 | 3,682 | 2,869 | n/a |
| Net change in cash | 69 | (10,388) | (8,228) | 3,308 | (114,265) |
| Net cash-beginning balance | 38,510 | 49,239 | 61,843 | 72,974 | 196,476 |
| Net cash-ending balance | \$38,579 | \$38,851 | \$53,615 | \$76,282 | \$82,211 |
| Supplemental Disclosures: | | | | | |
| Cash interest paid | \$261,509 | \$189,030 | \$245,130 | \$231,950 | n/a |
| Cash taxes paid, supplemental | (\$6,617) | (\$3,713) | (\$699) | (\$16,106) | n/a |
| Source: | 10-Q 6/11/2019 | 10-Q 6/6/2018 | 10-Q 6/13/2017 | 10-Q 6/13/2017 | 10-Q 6/12/2015 |

NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

| | | |
|---|---------------------------|---|
| <p>Moody's assigned a Caa2 rating to Neiman Marcus Group's senior secured term loan and Ca to its second and third lien notes; a transaction used to satisfy a distressed exchange.</p> | | |
| 05/20/2019 | Moody's Investors Service | Moody's assigns Caa2 to Neiman's proposed senior secured term loan |
| <p>Brick and mortar sales collapsed and online sales stagnated, two major blows to the prospects of a recovery. SG&A deleveraging and higher coupon payments added to the retailer's losses as well.</p> | | |
| 06/11/2019 | CRMZ News Service | Neiman Marcus posts a bigger loss and CEO 'not satisfied' with results |
| <p>Neiman Marcus announced the hiring of a new President and Chief Merchandising Officer, in the hopes of reinvigorating luxury merchandising offerings and the product mix.</p> | | |
| 09/03/2019 | CRMZ News Service | Neiman Marcus Appoints Lana Todorovich as President and Chief Merchandising Officer |
| <p>Neiman Marcus had planned to lay off 100 corporate staff from its Dallas, Texas headquarters to save on operating costs; announcements of operational restructurings are a common red flag.</p> | | |
| 11/14/2019 | CRMZ News Service | Neiman Marcus Axes Nearly 100 Jobs Amid Restructuring |
| <p>Despite reporting higher sales and expecting its cash position to improve, executive management disclosed in a private earnings call with creditors that operating margins had deteriorated even further.</p> | | |
| 12/18/2019 | CRMZ News Service | Neiman Marcus Earnings Fall, But Cash Position Stabilizes |
| <p>Mass store closures ensued following the outbreak of the coronavirus pandemic and Neiman decided to skip its interest payment to Marble Ridge Capital LP. The company also reportedly made bankruptcy preparations.</p> | | |
| 04/16/2020 | Reuters America | Luxury department store retailer Neiman Marcus Group skipped bond payment: letter |
| <p>Neiman Marcus entered into a restructuring support agreement with more than two-third of its lenders, aimed at reducing the company's unsustainable debt load. Creditors would agree to provide \$750 million as an exit package, with \$675 million classified as DIP financing.</p> | | |
| 05/07/2020 | Dow Jones & Company, Inc. | Neiman Marcus, the Retailer to the Rich, Stumbles Into Bankruptcy |

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