



*In re American Tire Distributors, Inc., et al.*  
Case No. 24-12391

United States Bankruptcy Court for the  
District of Delaware

The Honorable Judge Craig T. Goldblatt

First Day Hearing  
October 24, 2024



# ***In re American Tire Distributors, Inc., et al.***

## **Road Map**

- Business Overview
- Corporate and Capital Structure
- Key Players
- Events Leading to Chapter 11
- The Road Ahead
- Hearing Agenda





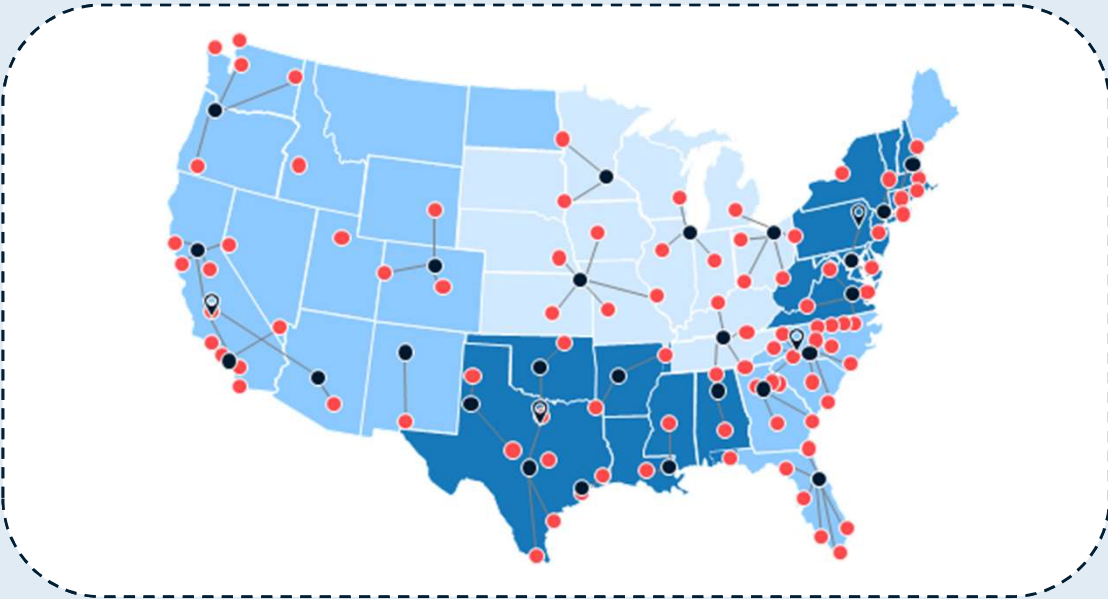


# Business Overview



# The Debtors' Business and Corporate History

- American Tire Distributors, Inc. and its affiliates (collectively, "ATD" or the "Debtors") is the nation's largest distributor of replacement tires
- 80,000 customers with ~50,000 types of stock-keeping units ("SKUs") consisting of tires, wheels, and related tools and accessories
- Established in 1935 as Heafner Tire, a single tire mold recapper and gas station in Lincolnton, North Carolina
- ATD grew by acquisition, expanding regionally through the southeastern United States 1985-1997, acquired by private equity in 1999 and expanded nationally



ATD's "Hub-and-Spoke" Distribution System

## Products and Services:



### Third-Party Tires

Tires from non-ATD manufacturers



### Exclusive Tires

Tires from brands ATD owns or controls



### Non-Tire Products

Complimentary product offerings



### Value-Added Services

Various B2B services to aid end customer



### Franchise Program

Providing marketing support to qualified retailers



# Business Operations

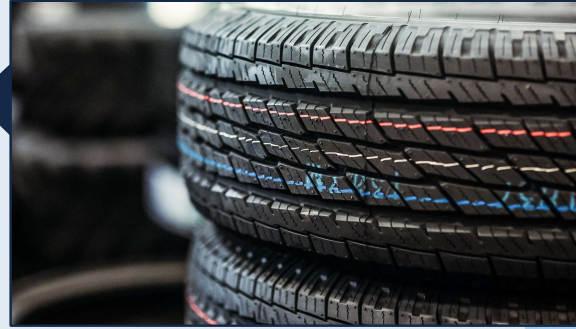
**\$5.71 billion** total revenue in 2023

Over **4,500** total employees

## Sourcing and Procurement

The Debtors purchase tires from leading manufacturers including **Michelin, Continental, and Kumho**, among others.

ATD's proprietary **Hercules®** brand tires are sourced from China and other Asia-Pacific countries.



## Distribution System



**1,500 Delivery Vehicles**



**115+ Distribution Centers**



**47 states**



**90,000+ Products Offered**



## Customer Base

Over **80,000 customers** throughout North America

Comprised of **six core customer segments**:

- Independent tire retailers
- Mass merchandisers
- Warehouse clubs
- Tire manufacturer-owned stores
- Car dealerships
- Web-based marketers



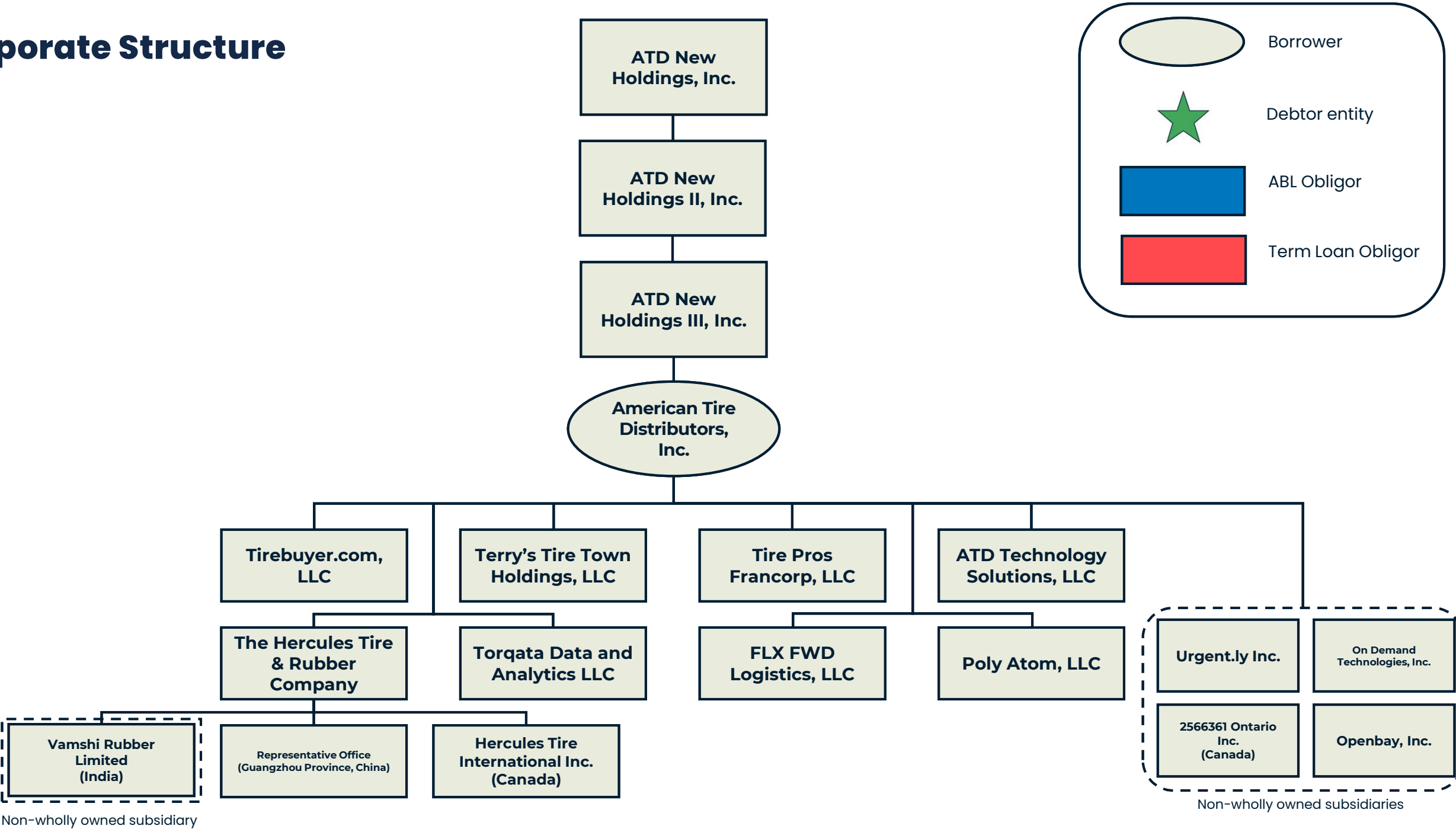




# **Corporate and Capital Structure**

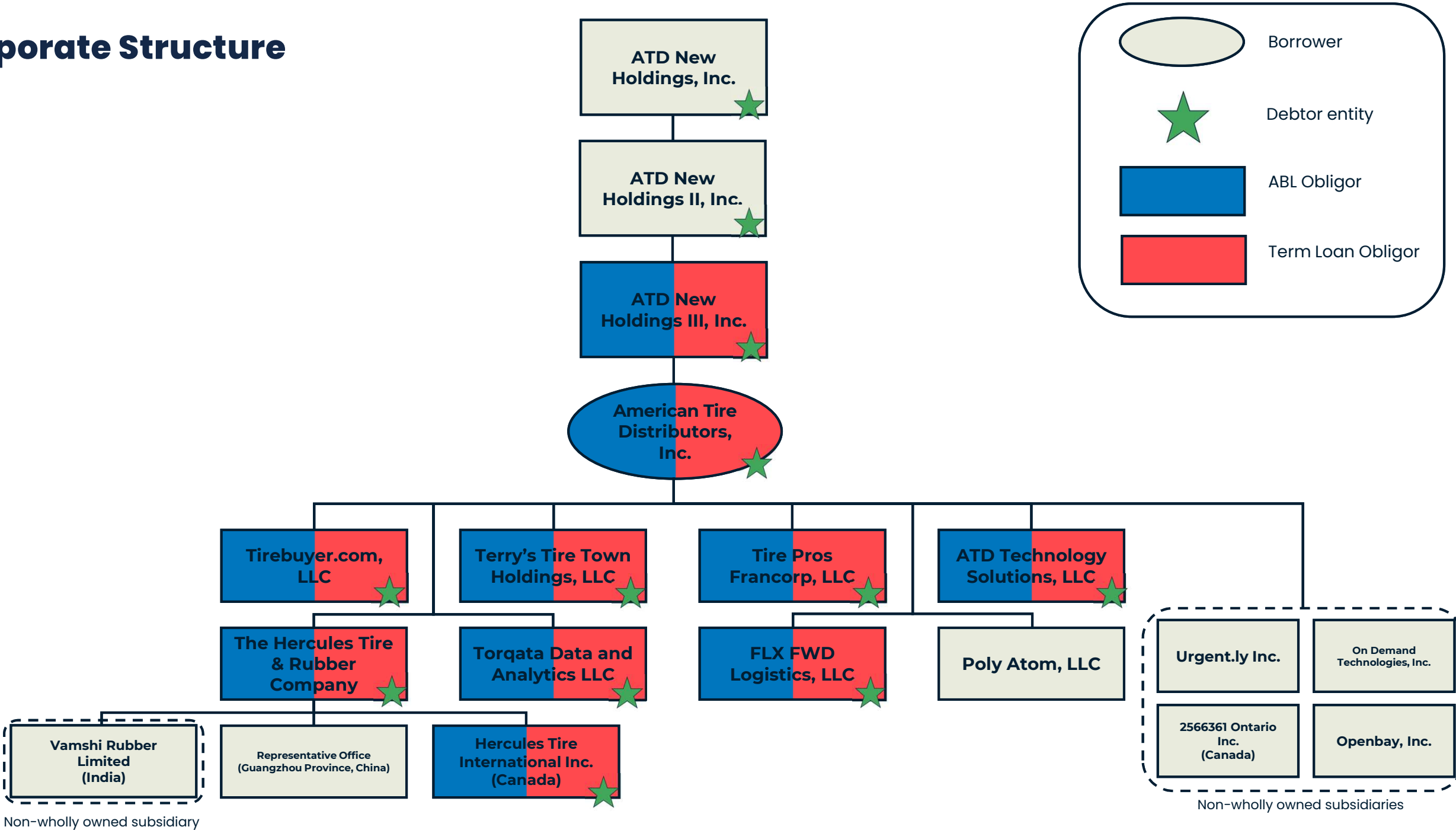


# Corporate Structure





# Corporate Structure





# Prepetition Capital Structure and Trade Debt

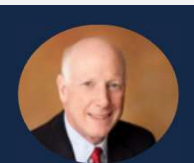
Funded Debt	Maturity	Approximate Principal	Approximate Accrued Interest	Approximate Applicable Premium	Approximate Total Claim Amount
Prepetition Revolving Credit Facility	October 22, 2026	\$708.6 million	\$2.3 million	N/A	\$710.9 million
Prepetition FILO Facility	October 22, 2026	\$100.0 million	\$0.2 million	N/A	\$100.2 million
2024 Delayed Draw FILO Loans	October 22, 2026	\$75.0 million	\$2.0 million	\$15.1 million	\$92.0 million
Prepetition Term Loan Facility	October 22, 2028	\$975 million	\$31.3 million	N/A	\$1,006.3 million
Total Funded Debt Obligations:		\$1,858.6 million	\$35.8 million	\$15.1 million	\$1,909.4 million
Tire Vendor Trade Debt					~ \$564.4 million
Other Trade Debt					~\$127.2 million
Total Trade Debt Obligations:					\$691.6 million



# Key Players



# Officers



**Michael Feder**  
*Interim Chief Executive Officer*

- **Over 35 years of experience in the credit and financial services industries.**
- **Over 20 years with AlixPartners**
- **Founder, Stratford Partners Inc., 1986**
- **Held several executive and finance level positions at North American Car Corporation and Wilson Sporting Goods**
- **Joined ATD in 2024**



**Josh Lewis**  
*Chief Financial Officer*

- **Multiple years of experience in the complex financial industry.**
- **Formerly worked as Vice President for AlixPartners and served as the Director of Corporate Strategy and Transformation at ATD**
- **Joined ATD in 2021**



**Jim Bienias**  
*Chief Restructuring Officer*

- **Managing Director with AlixPartners**
- **More than 20 years of experience serving as an advisor or interim officer for large and middle-market clients**
- **Graduated from the University of Michigan, Ross School of Business with MBA**
- **Joined ATD in 2024**



**Robert Toms, IV**  
*Vice President & Secretary*

- **Years of experience as a litigation counsel at Ingersoll Rand.**
- **Significant familiarity with ATD as Assistant Corporate and Senior Corporate Counsel**
- **Joined ATD in 2016**



# Special Committee



James Micali  
*Independent Director*

- **Over 16 years of experience in the complex capital and financial services industries, working as a Senior Advisor to Azalea Fund III.**
- **Held executive level positions including Chairman and President of Michelin North America, Inc. for 12 years.**



Patrick Bartels  
*Independent Director*

- **20 years of experience in the complex financial industry.**
- **Prior to founding Redan Advisors LLC, Mr. Bartels served as senior investor in complex financial restructurings.**
- **Has served as a director on numerous of directors, including those of Noble Drilling, Sungard Availability Services, Hexion, Parker Drilling, Vanguard Natural Resources, and Arch Resources.**



Roger Meltzer  
*Independent Director*

- **More than 40 years of experience practicing corporate and securities law.**
- **Has served as a director on numerous boards of directors, including those of Nordic Aviation Capital's subsidiaries, Lionheart Capital III, Lionheart Capital IV, Aearo Holding, Careismatic Brands, and Cyxtera Technologies.**



# Proposed Advisors to the Debtors

KIRKLAND & ELLIS

Proposed Counsel

Moelis

Proposed  
Investment Banker

AlixPartners

Proposed  
Restructuring Advisor



Proposed Delaware Counsel



Proposed Claims &  
Noticing Agent



# Key Lender Groups

- Akin Gump and Perella Weinberg represent an ad hoc group of lenders with cross-holdings under the Company’s Term Loan Facility and 2024 Delayed Draw FILO Facility (issued under the Prepetition ABL Facility).
  - The Ad Hoc Group holds approximately 90% of the outstanding Prepetition Term Loan Claims and 100% of the outstanding Delayed Draw FILO Term Loan Claims.
- Otterbourg and PKF Clearthinking represent Wells Fargo, as agent under the Debtors’ prepetition ABL Facility.



Counsel for the ABL Agent



Financial Advisor for  
the ABL Agent



Counsel for the Ad Hoc  
Group of Lenders



Financial Advisor for the Ad  
Hoc Group



Counsel for the  
Term Loan Agent



# Events Leading to Chapter 11



## Where We Started:

### Exited Chapter 11 in 2018:

- ATD emerged from chapter 11 in 2018, after a seventy-six day case with a significantly deleveraged balance sheet.

### Pandemic Effects:

- In the beginning of the pandemic, supply chain constraints led to constriction in the supply of newer model cars, driving consumers to purchase used cars at higher prices.
- A short-term boom for used cars and car parts, bolstered ATD's revenue as sales sharply increased.
- In addition to the increase in demand for the ATD's products, inflated prices allowed ATD to sell its pre-existing inventory for increased margins.
- At around this time, ATD expanded beyond their existing business and invested in other automotive adjacencies, such as the its data and analytics business and tirebuyer.com

Extra! Extra!



**The used car boom is one of the hottest, and trickiest, coronavirus markets for consumers**

**The New York Times**

*Looking to Buy a Used Car in the Pandemic? So Is Everyone Else*



# Refinancing and Sale of National Tire Distributors

**ATD Successfully Closes Lending and Debt Refinancing, Signaling Strengthened Financial Position and Performance**



American Tire Distributors Completes Sale of National Tire Distributors to Groupe Touchette Inc.

## 2021 Refinancing Transaction

- In late 2021, ATD consummated a refinancing transaction which amended and extended its ABL Facility with an expanded \$1.2 billion line of credit maturing in five years, and a new term loan maturing in seven years.
- Proceeds from the issuance were used to pay down and retire ATD's existing term and ABL facilities, reducing ATD's near term capital costs and improving ATD's near term liquidity position.

## Refocus on Core Competencies:

- In early 2022, ATD began to shed non-core assets, pivot away from auto adjacencies, and to refocus on ATD's core competencies and serving its customers in the United States.
- In connection with these efforts, in September 2022, ATD consummated the sale of its major Canadian business, National Tire Distributors.



# Market Headwinds

## Macroeconomics Conditions:

- Ultimately, the benefits of many of ATD's adjacent investments have failed to materialize.
- Responding to underperformance, ATD has been working to refocus ATD's business on the Debtors' institutional knowledge and core competencies.

## Poor Economic Conditions:

- Global inflationary trends have driven up sourcing and operational costs for the Debtors causing decreased profitability on per-unit sales.
- Over time, the number of car models in circulation has increased and there has been a trend toward using a greater number of tires and other parts, increasing the number of SKUs ATD must hold in inventory.
- Consumer demand for tier 4 tires has increased, with ATD's products historically being concentrated in other tiers.
- ATD's business model has been negatively effected as more tire manufacturers and tire retailers directly negotiate supply contracts, limiting the profit ATD might yield in an open market.





# Prepetition Efforts to Address Liquidity

- In light of the liquidity challenges caused by market headwinds and the other issues described herein, the Debtors explored strategic alternatives, including an investment in or sale of some or all of its business.
- The Debtors solicited interest from a number of potential purchasers, generating market awareness and interest in the Debtors' assets.
- Concurrently with the marketing process, and while the Debtors continued to negotiate strategic alternatives, the Debtors took various steps to improve operations.
- On June 28, 2024, a prospective purchaser (the "Potential Buyer") submitted a non-binding letter of intent ("NLOI") that required the Debtors to proceed on an exclusive basis with the Potential Buyer.
- In July 2024, the Debtors executed an amendment to their prepetition ABL credit agreement to infuse \$75 million in the form of a delayed draw "first-in last-out" facility to allow time to bridge to a potential sale transaction.
- On August 27, 2024, the Debtors received a letter from the Potential Buyer informing the Debtors that the Potential Buyer was unwilling to go forward on the terms set forth in the NLOI, but would be willing to defer termination of the NLOI for 30 days to continue discussions on other terms.
  - On September 26, 2024, the Debtors received a second letter from the Potential Buyer reiterating its unwillingness to go forward on the terms set forth in the NLOI.
- On October 4, 2024, following the breakdown of negotiations with the Potential Buyer, the Debtors established a special committee of disinterested directors. The special committee was authorized to negotiate a restructuring, reorganization, or other transaction.
- On October 9, 2024, the Debtors, in consultation with their investment advisor, determined it was in the Debtors' best interests to terminate the NLOI and reopen the marketing process to pursue a value-maximizing sale of the Debtors' business.
- On October 22, 2024, the Debtors entered into a restructuring support agreement to generate support from the Debtors' prepetition lenders for postpetition financing and a path to a sale of all or substantially all of the Debtors' assets.





# The Road Ahead

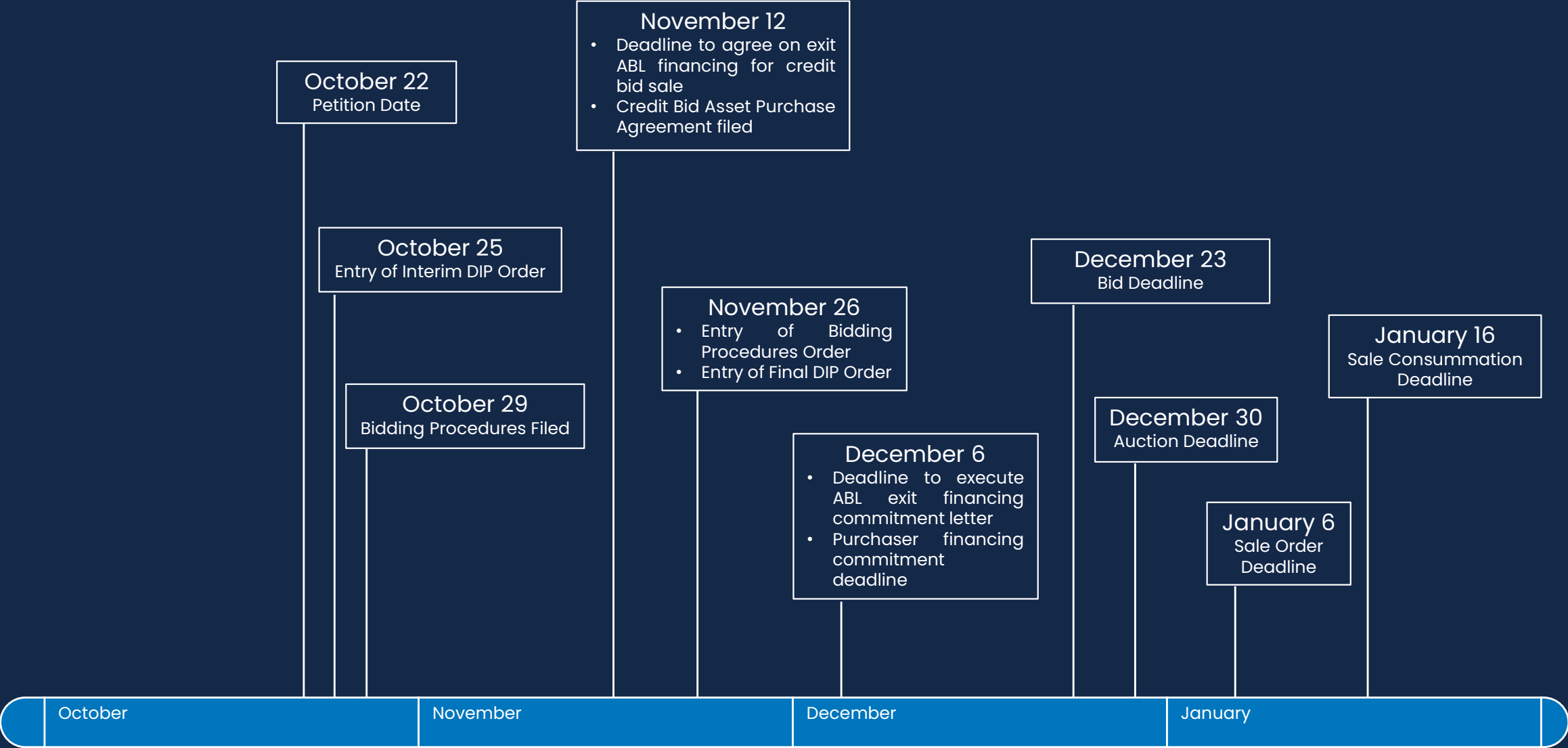


## Restructuring Support Agreement

- On the Petition Date, the Debtors signed a Restructuring Support Agreement (“RSA”) with the Ad Hoc Group.
- The RSA contemplates:
  - an infusion of liquidity necessary to finance an in-court sale and marketing process;
  - agreement around key terms to be embedded in a stalking horse APA for the purchase of the Company’s business as a going concern via a credit bid; and
  - an outline of a potential chapter 11 wind-down plan.
- The Company will continue to solicit and negotiate potential purchasers.
- While the RSA contemplates a potential chapter 11 wind-down plan, the overall structure and most key plan provisions remain subject to negotiation and consent of the Ad Hoc Group.



# Key Case Milestones





# DIP Financing

The Ad Hoc Group and ABL Lenders have agreed to provide two DIP financing facilities:

## DIP Term Loan Facility

- \$250 million senior secured delayed draw new money term loan facility
- Initial draw of \$125 million upon entry of interim DIP order; final draw of \$125 million upon entry of final DIP order
- 3:1 Roll up of existing Term Loans to New Money Term Loans funded by DIP Lenders applicable to New Money Term Loans actually funded
- Full roll up of existing 2024 Delayed Draw FILO Loans upon entry of interim DIP order

## DIP ABL Facility

- \$1.1 billion senior secured revolving credit facility
- \$100 million of Original FILO Term Loans
- Creeping roll up of prepetition ABL on dollar-for-dollar basis during the interim period
- Full roll-up upon entry of final DIP order



# Lien Priorities of Prepetition Debt

Lender Key	DIP ABL Lenders
	DIP Term Lenders
	Non-Participating Term Lender; DIP Term Lenders' Non-Rolled Up Term Loans

Pre-DIP Lien Priorities			
Priority	Term Loan Collateral		ABL Collateral
1	Prepetition Term Loan	Prepetition 2024 Delayed Draw FILO	Prepetition ABL
2	Prepetition ABL		Prepetition 2024 Delayed Draw FILO
3	--		Prepetition Term Loan
4	--		Tire Vendor Liens



Post-DIP Lien Priorities			
Priority	Term Loan Collateral		ABL Collateral
1	Carve Out		Carve Out
2	Permitted Liens		Permitted Liens
3	New Money DIP Term Loan		DIP ABL
4	2024 FILO Roll-Up	Term Loan Roll-Up	ABL Adequate Protection
5	Term Loan Adequate Protection		Prepetition ABL
6	Prepetition Term Loan		2024 FILO Roll-Up
7	DIP ABL		New Money DIP Term Loan
8	ABL Adequate Protection		Term Loan Roll-Up
9	Prepetition ABL		Term Loan Adequate Protection
10	--		Prepetition Term Loan
11	--		Tire Vendor Adequate Protection
12	--		Tire Vendor Liens





# Hearing Agenda



# Debtors' Proposed Hearing Agenda

	Pleadings	Docket No.
1	Joint Administration Motion	Docket No. 2
2	Claims Agent Retention	Docket No. 4
3	Creditor Matrix	Docket No. 3
4	NOL Motion	Docket No. 5
5	Cash Management Motion	Docket No. 11
6	Taxes Motion	Docket No. 6
7	Utilities Motion	Docket No. 7
8	Critical Vendors Motion	Docket No. 9
9	Customer Programs Motion	Docket No. 12
10	Wages Motion	Docket No. 10
11	Insurance Motion	Docket No. 8
12	DIP Motion	Docket No. 13



## Evidentiary Support

Declarations	Docket No.
Declaration Of Ronald J. Bienias, Chief Restructuring Officer of American Tire Distributors, Inc., In Support of the Debtors' Chapter 11 Petitions and First Day Motions	Docket No. 15
Declaration Of Ronald J. Bienias in Support of the Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief	Docket No. 17
Declaration of Rachel Murray in Support of the Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief	Docket No. 18

Affidavits of Service	Docket No.
Affidavit of Service of Edward A. Calderon	Docket No. 68



# ATD

American Tire Distributors  
[atd.com](http://atd.com)

