

Morrisons beats Asda-owning billionaire Issa brothers to rescue McColl's and save all 16,000 jobs

Morrisons is to rescue collapsed retailer McColl's after the supermarket giant beat a rival bid from the billionaire owners of Asda and save all 16,000 jobs.

The convenience chain [signalled its intension to file for administration on Friday](#) in a move which plunged the future of its 1,100 shops and 16,000 staff into doubt.

Final bids were submitted ahead of the 6pm deadline on Sunday by EG Group, the retail giant owned by the Issa brothers and TDR Capital, and Morrisons.

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The offer from Blackburn-headquartered EG Group, whose brands also include LEON, Cooplands and Euro Garages, included keeping 6,000 jobs and all of McColl's stores open.

It was [reported this morning](#) that EG had bowed to pressure to look after McColl's pension liabilities, in a move that would have meant that its 2,000 members would avoid a cut of up to 20% to their promised pensions over their lifetimes.

Trustees for the McColl's pension schemes had also called on the Business Secretary Kwasi Kwarteng to do whatever he can to ensure pension scheme members are well protected.

The successful deal from Morrisons comes after i early approaches had reportedly been rejected by lenders who preferred EG's offer to instantly repay more than £160m in

debts from McColl's.

It is believed that Morrisons has now said it will also repay the lenders in cash.

In a statement issued on Friday, McColl's said: "Further to the announcement on 3 May 2022, the company's senior lenders have this morning declined to further extend the waiver of the company's banking covenants, which has now expired.

"Whilst the constructive discussions with the company's key wholesale supplier to find a solution with them to the company's funding issues and create a stable platform going forward had made significant progress, the lenders made clear that they were not satisfied that such discussions would reach an outcome acceptable to them."

McColl's also said on Friday PwC intended to "implement a sale of the business to a third-party purchaser as soon as possible".

The retailer added: "Accordingly, the directors of the company and of each of Martin McColl Limited, Clark Retail Limited, Dillons Stores Limited, Smile Stores Limited, Charnwait Management Limited and Martin Retail Group Limited have resolved to file documents at Court today to appoint Mark James Tobias Banfield, Robert Nicholas Lewis and Rachael Maria Wilkinson of PwC as administrators of the company and of the named subsidiaries.

"That application is expected to be approved by the Court over the course of the day.

"The group has requested that the listing of its ordinary shares be suspended with immediate effect."

McColl's has struggled financially in recent years after witnessing soaring costs due to supply chain disruption, inflation and its large debt burden.

On Thursday evening, McColl's had said it was in talks over "potential financing solutions" to resolve its funding issues.

Shares in McColl's were suspended earlier this week after the company delayed the publication of its latest financial results due to its financing talks.

BusinessLive has approached Morrisons and EG Group for comment.

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