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Window and Door Maker Jeld-Wen Deny Bankruptcy

Window and door manufacturer Jeld-Wen has denied the company is in financial distress and is about to file for bankruptcy. Market talk has it that the company is trying in vain to find buyers for \$575 million worth of bonds and are about to default on their debts. Such rumors have been heightened by the announcement that Onex Corporation, an asset management company based in Canada would be buying a controlling stake into Klamath Falls-based Jeld-Wen.

On August 1, Jeld-Wen made the announcement about Onex buying over 58% equity in the company. Since then, the CEO and CFO of Jeld-Wen, Rod Wendt and Neil Stuart have gone to major US cities looking for bond buyers. But in a seeming turnaround, on September 6 the company announced it was waiting until market conditions improved before proceeding with the deal with Onex. That sparked further speculation that the bond sale did not materialize and that Jeld-Wen is heading into the red.

A key negotiating point with Onex is the sale of the \$575 million bonds. The Oregonian newspaper, in its online edition September 2 said that “a takeover by Onex Corp., a Canadian private equity firm, appears in jeopardy,” and that “a bankruptcy by Jeld-Wen would be a stunning turn for the family-controlled company built by Dick Wendt.”

But such market talk has been strongly denied by Jeld-Wen. Its spokesperson, Teri Cline made an official statement on behalf of the company, “Jeld-Wen is not facing bankruptcy. The company has more than adequate cash and liquidity to conduct business as usual. Our revised agreement with Onex would reduce by about half our current level of debt. Jeld-Wen will manage its business for long-term growth and profitability, making adjustments to our capacities as necessary. The Wendt family put the interests of the company — its employees and other shareholders — ahead of their own desire for continued majority ownership because they believe Onex’ investment in Jeld-Wen will provide a strong financial footing for the future of the company.”

Being a maker of doors and windows, Jeld-Wen’s fortunes have long been linked to the construction industry. When the housing and construction market bottomed out in 2007, the company’s financial troubles began. The number of new houses built fell from a high of 2.15 million a year in 2005 to a paltry 600,000 last year. In the face of these statistics, Jeld-Wen’s business suffered. Between 2008 and 2010, the company had to lay off about 300 workers, bringing its total number of workers down from 1,500 to 1,200 today. Globally, the company shut down 21 of its plants and cut its workforce by a quarter as sales slumped from \$3.6 billion to \$3.1 billion worldwide.