Lecta S.A.
société anonyme
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27 November 2019

Lecta S.A. receives overwhelming support from financial stakeholders for proposed Recapitalisation transaction

This press release relates to the disclosure of information that qualified, or may have qualified, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

On 1 November 2019, Lecta S.A. ("**Lecta**", and together with its subsidiaries, the "**Group**") announced that a majority of holders of its 2022 and 2023 Senior Secured Notes (together, the "**Existing Notes**", and holders thereof the "**Noteholders**"), holders of the majority of the debt under its revolving credit facility (the "**RCF**") and the Group executed a lock-up agreement (the "**Lock-up Agreement**"), pursuant to which those parties agree to support the implementation of a comprehensive recapitalisation transaction, initially announced on 24 September 2019 (the "**Recapitalisation**").

Lecta is pleased to announce that it has now received consents to the Lock-up Agreement from (i) 83% of the aggregate outstanding principal amount under the Existing Notes and (ii) 69% of the outstanding principal amount under the RCF. These consents exceed the thresholds required under the Lock-up Agreement. Accordingly, as contemplated under the Lock-up Agreement, Lecta will now seek to effect the Recapitalisation via an English scheme of arrangement relating to the Existing Notes (the "**Scheme**") once certain other conditions to launch the Scheme have been achieved.

Lecta Executive Chairman Andrea Minguzzi said:
"We are very pleased that Lecta has achieved such overwhelming support from its financial stakeholders to move towards implementation of the proposed Recapitalisation. This marks an important step for the Group towards achieving a sustainable long-term solution. Additionally, the significantly de-levered capital structure and new liquidity will facilitate the Group's ongoing transformation towards a specialty paper company. The management team is looking forward to working with the new shareholders to ensure that the Group fulfils its full potential."

Lecta CEO Eduardo Querol said:
"Achieving such a significant level of support from our financial stakeholders for the proposed Recapitalisation is a milestone in ensuring the continuation of business as usual for the Group. The Recapitalisation will provide Lecta with a stable financial footing and enable the management team to focus on working with our suppliers to continue delivering best in class paper products to our customers. We are excited by the Group's prospects and look forward to welcoming the new shareholders on board."

The Recapitalisation will result in:

- the existing €65 million RCF being fully repaid, and new super senior facilities in an amount of €115 million being made available to the Group following the consummation of the Recapitalisation;
- the cancellation of €600 million Existing Notes in exchange for (i) €200 million of new senior secured notes ("**New Senior Notes**"), (ii) €100 million of new junior unsecured notes that will sit outside the consolidation perimeter ("**Junior Notes**") and (iii) 100% equity ownership (the "**New Equity**") in the Group pursuant to the sale of Sub Lecta S.A. to a new holding company structure wholly controlled by the Noteholders (the "**New Group**"); and
- Noteholders that consent by no later than 5:00pm (London time) on 29 November 2019 receiving a consent fee, which will consist of a proportionate entitlement of all the consenting Noteholders to 5% of the Junior Notes and 5% of the New Equity to be issued in connection with the Recapitalisation.

The parties to the Lock-Up Agreement have undertaken to support the Recapitalisation and in particular to:

- take all actions which are necessary in order to support, facilitate, implement, consummate or otherwise give effect to all or any part of the Recapitalisation;
- forbear from taking any enforcement action whilst the Recapitalisation is being implemented; and
- amend and waive certain provisions of the Existing Notes and the RCF in order to give effect to the implementation of the Recapitalisation.

For further details on the terms of the Recapitalisation, please refer to the announcement dated 1 November 2019.

The Group will continue working with its financial stakeholders to implement the Recapitalisation and expects to complete the Recapitalisation in Q1 2020. Further announcements and updates in relation to the Recapitalisation will be provided in due course.

Questions about the Recapitalisation and details of how to accede to the Lock-up Agreement should be directed to Lucid Issuer Services Limited ("**Lucid**") at the telephone numbers and addresses listed below. **All holders of the Existing Notes are eligible to participate in the Lock-up Agreement. We encourage all Noteholders that have not yet signed the Lock-up Agreement and wish to support the Recapitalisation to complete and execute an accession deed to the Lock-up Agreement in their capacity as Noteholder and provide evidence of their beneficial holdings to Lucid as soon as possible and by no later than 5:00pm (London time) on 29 November 2019. All Noteholders acceding to the Lock-up Agreement by no later than 5:00pm (London time) on 29 November 2019 will be entitled to a consent fee (further details of which are set out in the Lock-up Agreement).** All documentation relating to Lock-up Agreement, together with any updates, are available on the dedicated website: https://www.lucid-is.com/lecta/

For additional information, Noteholders are encouraged to get in touch with the Ad Hoc Group via their financial advisor Houlihan Lokey (StarlingHL@hl.com).

Calculation Agent Contact Details

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