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LECTA

11 May 2020

Press release - Lecta Group Proposed Recapitalisation

On 4 February 2020, Lecta Limited (the "**Company**") and its subsidiaries (together, the "**Group**") completed the restructuring of the Group's balance sheet (the "**Restructuring**"), which included the equitization of 50 per cent. of the Group's €600m Senior Secured Notes and the issuance of €100m of subordinated unsecured PIK notes due 2028 (the "**Junior Notes**") and €200m floating rate senior secured notes due 2025 ("**Existing SSNs**"). The Restructuring also included the refinancing of €65m of Super Senior RCF with a new €115m Super Senior Facility ("**New SSFA**") and simultaneously, the Group secured new factoring lines in France and Spain.

While the Restructuring resulted in a significant deleveraging and the simultaneous provision of new liquidity, the Group has been recently impacted by the COVID-19 lockdown and tighter working capital terms. In this context, the Group has applied extensive operational actions to mitigate the impact of COVID-19 and preserve liquidity. In parallel, the Company has been in discussions with its existing securityholders and relationship banks regarding a possible transaction (the "**Transaction**") expected to comprise the following:

- a €150m liquidity injection, €100m of which would result from a €50m share capital increase by the Company ("**New Shares**") and €50m[1] from an issuance of new senior secured notes due 2025 ("**New SSNs**"), and €50m[2] from Spanish banks under COVID-19 related government aid schemes; and
- the cancellation in full of the €100m Junior Notes to further strengthen the balance sheet.

In addition, the Group has proposed to its banks (and completion of the Transaction is conditional upon, among other things) the replacement of short term uncommitted confirming lines with long dated committed lines, which will provide additional stability to working capital management, and the removal of the €115m New SSFA covenants during the next 24 months. The annex to this announcement further outlines the key expected terms of the Transaction.

The implementation of the Transaction will require securityholders to grant a number of approvals and consents. In this respect, the Company has already received binding commitments from certain securityholders in excess of the threshold necessary to support the implementation of the Transaction. Furthermore, the Company has received an underwriting proposal from funds managed and or advised by Apollo, Cheyne Capital and Tikehau Capital (the "**G3**") and certain additional securityholders to fully underwrite the issue of New Shares and New SSNs as part of the Transaction. As part of the Transaction, it is expected that existing securityholders will be allowed to pre-emptively participate in the New Shares and New SSNs based on their pro rata entitlements (and can further apply for excess New Shares and New SSNs not otherwise taken up by other

1 Anticipated to have a 10 per cent. original issue discount for a total face value of €55.5m.

2 €30m already formalized and an additional €20m has received final committee approval subject to the Transaction being implemented.

existing securityholders).

The Company strongly believes that the Transaction will allow it to not only overcome the challenges presented by the COVID-19 pandemic, but also to continue its transformation and emerge with a solid liquidity position and healthy balance sheet, including by:

- significantly improving the Group's liquidity profile;
- reducing the Group's net leverage;
- having clear support from existing securityholders (together with a proposal from the G3 and certain other securityholders to fully underwrite the issue of New Shares and New SSNs);
- containing additional support from working capital providers, with access to government-supported financing in France and Italy also currently under discussion; and
- increasing the Group's flexibility, with the covenant holiday removing any potential risk of default and committed supply chain lines providing significant stability.

A further announcement in respect of the Transaction will be made in due course. This communication is made by Denis Cramazou in his capacity as Lecta Group controller. If you have any queries relating to this announcement, please contact Denis Cramazou at dcramazou@lecta.com.

Key Considerations

New Shares	▪ Amount: €50m ordinary shares ▪ Ownership: 72.5% of fully diluted post issuance equity for subscribers
New SSNs	▪ Amount: €55.5m ▪ OID: 10% ▪ Coupon: Euribor (subject to a zero floor) + 7% ▪ Ranking: *Pari passu* to Existing SSNs ▪ Maturity: Same as Existing SSNs (2025) ▪ New Warrants: 7.5% of pro forma equity at exit will be attached to the New SSNs which can be traded separately after 12 months from issuance (i.e. stapled for first 12 months) ▪ All other terms and conditions as per current Existing SSNs
Junior Notes	▪ Full write down and cancellation of €100m Junior Notes
New State Guaranteed Term Loan	▪ €10m term loan with 3-year maturity and 4.5% interest ▪ €40m term loan with 4-year maturity and 3.5% interest
Amendments to New SSFA	▪ Minimum Liquidity and Minimum EBITDA Covenant Holiday for 24 months
Fees	▪ Holders who confirmed underwriting commitment by April 29th, 2020 5:30pm UK time to receive a participation fee of 6% (in aggregate) of fully diluted equity ▪ G3 leading the Transaction to receive a fee of 4% (in aggregate) of fully diluted equity