



**Q4 2020 Preview and Overview of Amend
and Extend Exchange Offer**

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Q4 2020 Trading Preview

Q4 20 Financial Preview

Continued recovery into Q4 20, substantially outperforming Q4 19 profitability

(8%)
YoY sales growth
(consolidated)

- Expected Q4 20 Consolidated revenue of €151m
- Top-line growth in Rugs (+1%) and Residential (+10%), while Commercial (-25%) still impacted by COVID-19 slowdowns

+41%
YoY Adjusted EBITDA growth

- Expected Q4 20 Consolidated Adjusted EBITDA of €28m
- Adjusted EBITDA growth driven by margin improvement from 12% to 18%:
 - Positive and recurring NEXT contribution
 - Continued fixed expense savings
 - Low raw material price environment

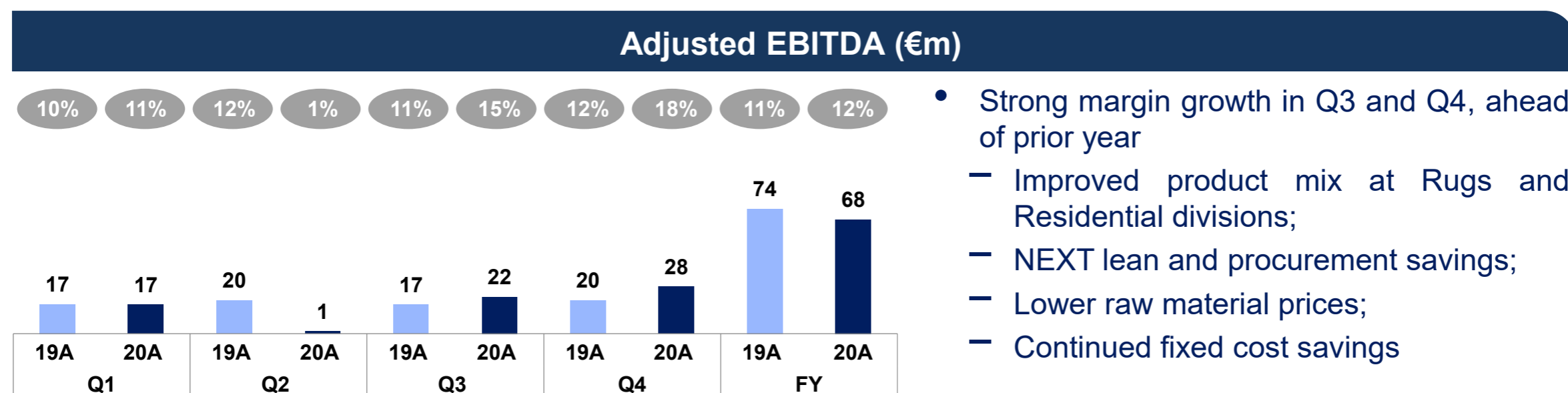
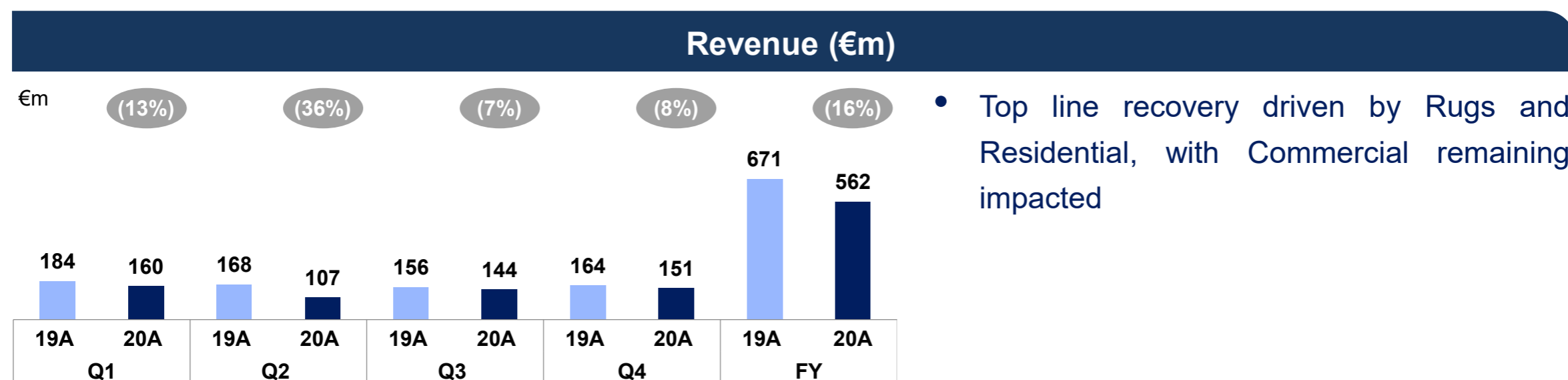
4.2x
Leverage
Excluding IFRS16
(on a like-for-like basis)

€247m
Net Debt
(excl. IFRS16, incl. accrued interest)

- Continued leverage reduction from 5.9x in Q2 20 and 4.7x in Q3 20
- Reported net debt excludes €36m impact from IFRS16
- Net debt before the impact of IFRS16 down from H1 20, as result of strong cash generation through working capital reduction and strong quarterly Adjusted EBITDA in Q3 and Q4

FY20 Financial Progression

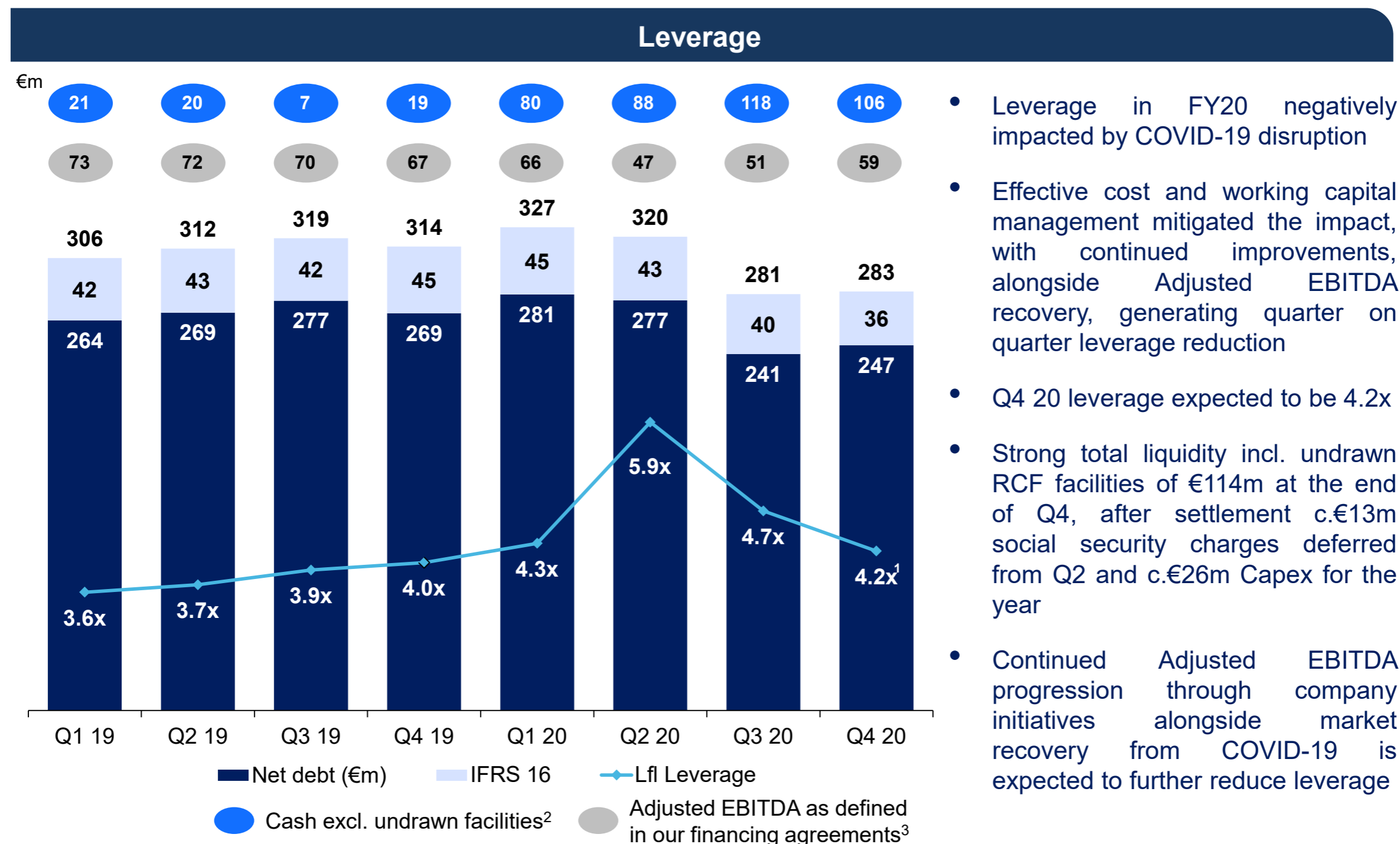
Performance rebounding strongly into Q3 and Q4 20, post COVID-19 disruption



Q4 20 figures presented show preliminary flash results prepared by Balta Group to represent the latest estimate of company performance – subject to audit review

Q4 20 Leverage expected to be 4.2x, excluding IFRS16

Strong liquidity and reducing leverage through effective WC management and Adjusted EBITDA growth



- Leverage in FY20 negatively impacted by COVID-19 disruption
- Effective cost and working capital management mitigated the impact, with continued improvements, alongside Adjusted EBITDA recovery, generating quarter on quarter leverage reduction
- Q4 20 leverage expected to be 4.2x
- Strong total liquidity incl. undrawn RCF facilities of €114m at the end of Q4, after settlement c.€13m social security charges deferred from Q2 and c.€26m Capex for the year
- Continued Adjusted EBITDA progression through company initiatives alongside market recovery from COVID-19 is expected to further reduce leverage

Note: Debt figures include accrued interest (€5m as of Dec-20), numbers may not add up due to rounding

¹ Leverage ratios based on latest estimate of FY20 Adj. EBITDA excl. IFRS16 of €59m – subject to audit review

² €106m cash, €7m undrawn RCF as of Dec-20, RCF remained fully undrawn during FY19

³ Adjusted EBITDA excl. IFRS16 impact

Further financial information regarding the exchange offer, the company's pro forma capitalization giving effect to the exchange offer and information on its strategies and forecasts are set forth in the exchange offer information pack separately made available by the company



Exchange Offer
7.75% Senior Secured Notes, due 2022

Introduction to Exchange Offer

We are pleased to launch an exchange offer for the 7.75% Senior Secured Notes, due 2022 (“SSNs”)

Key Features

- Exchange offer with choice between two options;
 - I. Exchange all SSNs for equivalent face value of new notes due 31 December 2024 (“New Notes”); or
 - II. Exchange SSNs for a portion of €39.2m cash allocated pro rata to SSNs selecting this option at a price of €980 cash for each €1,000 principal SSNs tendered, with remainder of SSNs exchanged for New Notes at full face value¹⁾
- European SSRCF maturity to amend from June 2022 to June 2024 in accordance with its terms
- 0.75% fee for all consenting SSNs exchanged for New Notes under either option (but not SSNs that receive cash), of which 0.5% ‘early bird’
- 1% PIK uplift in coupon for New Notes, increasing to 3% from March 2024
- Call at 102 only in the case of a refinancing in the first 6 months, then par call, then 102 call premium for any repayment from March 2023 until maturity
- Enhanced security package and documentary protection for New Notes

Attractive offer which benefits both SSNs and the company

- Effective extension of maturities from September 2022 to December 2024
- Runway for company to continue to recover post COVID-19 and grow value for all stakeholders

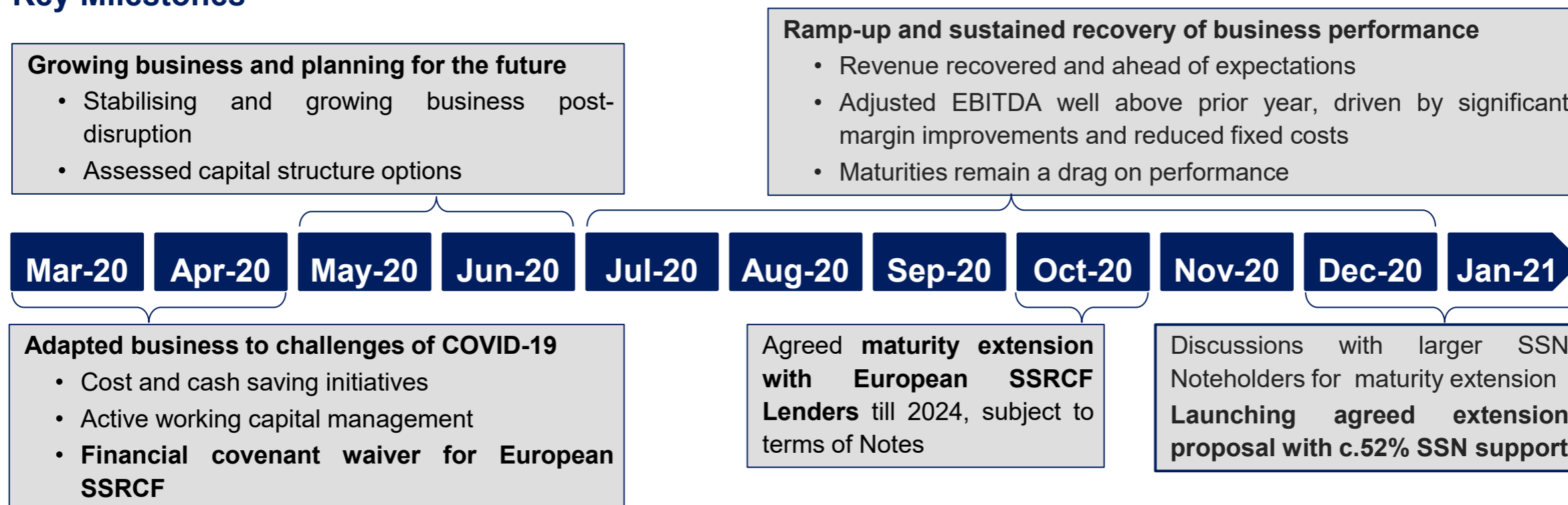
Commitments of c.52% SSNs received for Exchange Offer, selecting all-Note option

Consents received by 17th February 2021 will be eligible for 0.5% ‘early bird’ consent fee

Background to Exchange Offer

Maturity extension request follows months of re-building post COVID-19 disruption

Key Milestones



- COVID-19 impact well managed, but created a setback in performance and deleveraging trajectory
- Company's ability to stabilise, recover and grow has left it well placed to execute its growth plans, with €114m liquidity at Q4 20 providing stable platform
- Long-term performance expected to be strong as markets recover combined with strategic and operational initiatives providing continued de-leveraging
- Balta requires operational flexibility in terms of its Note maturity to de-risk the capital structure and focus on sustained recovery

Key Terms of Exchange Offer and Benefits

Proposed extension terms offers a mutually beneficial deal for Balta and Noteholders

Key Terms

- **New Note with revised maturity of 31 December 2024**
- Pro rata share of **cash out option at 98c¹⁾**
- **75bps** Consent Fee, of which **50bps** early bird fee
- **100bps** payment in kind increase in coupon; increasing to **300bps** PIK from March 2024
- **200bps** soft call premium for first 6 months. Thereafter par call until 15 March 2023, **200bps** call premium from 15 March 2023 to maturity
- Belgian Real estate valued at **€46m** provided as additional security to European SSRCF and Notes
- Documentation improvements for noteholders:
 - Negative pledge over remaining Belgian RE, except where required in support of strategic initiatives;
 - Removal of company's ability to designate restricted subsidiaries as unrestricted; and
 - Guarantor Coverage test to match European SSRCF

Key Benefits

- De-risk capital structure, focus on growth and refinancing
- Cash exit option for significant portion of Notes
- Enhanced returns for consenting SSNs
- Company incentivised to refinance ahead of maturity through escalating PIK and call premium structure
- Enhanced value provided to European SSRCF and Note security package
- Restricted potential for value-leakage from lender guarantor and security package

Successful Exchange offer would allow Balta to focus on continuing to deliver strong results while ensuring the Notes remain a well-performing credit

Timetable

20 business day duration of Exchange Offer

Key Dates

2 February 2021

Launch Exchange Offer

17 February 2021

Deadline for Early Consent Consideration

3 March 2021

Expiration of Exchange Offer

UK Scheme of Arrangement

UK Scheme of Arrangement to be launched if support of Noteholders representing at least 75% but less than 90% of outstanding SSNs received

Mid April

Convening hearing

Early May

Creditors' meeting

Mid May

Sanction hearing / scheme becomes effective

Further information

For any questions about the Exchange Offer, Consent Solicitation and Scheme Solicitation process, please contact Lucid Issuer Services Limited

Attention: Sunjeeve Patel / Paul Kamminga

Address: Tankerton Works, 12 Argyle Walk, WC1H 8HA, London, UK

Telephone: +44 207 704 0880

Email: balta@lucid-is.com

For questions related to the terms of the Exchange Offer, please contact Moelis & Company:

Attention: Charles Noel-Johnson

Daniel Gibney

Email: Charles.Noel-Johnson@moelis.com

Daniel.Gibney@moelis.com

For other information, or questions for the company, please contact:

Maarten Van Hoecke

Corporate Finance & Investor Relations Director

Investor.Relations@baltagroup.com



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Supplementary Materials

Terms of Proposal

TERMS	COMMENTS
BORROWER	<ul style="list-style-type: none"> LSF9 Balta Issuer S.à r.l
INSTRUMENT	<ul style="list-style-type: none"> 7.75% Senior Secured Notes due 2022 (“SSNs”)
Exchange Offer	<ul style="list-style-type: none"> Choice between; i) Exchange all SSNs for equivalent face value of New Notes due 31 December 2024; or ii) Exchange SSNs for a portion of €39.2m cash allocated pro rata to SSNs selecting this option at a price of €980 cash for each €1,000 principal SSNs tendered, with remainder of SSNs exchanged for New Notes at full face value
CONSENT FEE	<ul style="list-style-type: none"> 0.75% payable by reference to the commitments of each Consenting Noteholder exchanged for New Notes of which 0.5% ‘early bird’. No fee payable in respect of SSNs exchanged for cash
NEW NOTES MARGIN	<ul style="list-style-type: none"> Increase to 8.75% total coupon, consisting of existing 7.75% cash coupon and 1% Payment In Kind until 15 March 2024 From 15 March 2024 increase to 10.75% total coupon, consisting of existing 7.75% cash coupon and 3% Payment In Kind
NEW NOTES CALL PREMIUM	<ul style="list-style-type: none"> 102 (2%) soft call premium for first 6 months (102 for a refinancing, 100 for all other redemptions) Thereafter, par call until 15 March 2023 102 (2%) call premium from 15 March 2023
MATURITY / TERMINATION DATE	<ul style="list-style-type: none"> Extension of the maturity date of the SSNs to 31 December 2024 for New Notes
NEW NOTES DOCUMENTATION AMENDMENTS	<ul style="list-style-type: none"> Removal of provision which allows the issuer to designate any restricted subsidiary to be an unrestricted subsidiary Guarantor coverage test to be inserted into indenture, and will be substantially the same as under European SSRFCF
SECURITY ENHANCEMENTS	<ul style="list-style-type: none"> Security over Waregem real estate and the remainder of Wielsbeke real estate to European SSRFCF lenders and Noteholders (may be released in support of strategic programmes); and Negative pledge over Belgian real estate subject to permitted purposes in support of the strategic objectives

Capitalization Table (Dec-20)

FACILITY	SIZE (€m)	COMMENTS
EUROPEAN SSRFCF	56	▪ Renegotiated in Sep-20, fully drawn
BENTLEY RCF	7	▪ €7m (\$9m) drawn, total facility size of €15m (\$18m)
SENIOR SECURED NOTES	235	▪ Subject to Amend and Extend Proposal
FINANCE LEASES & SLB	50	▪ Excludes €36m of IFRS16
TOTAL BALTA AND BENTLEY GROSS DEBT ¹	348	▪ Group Net Debt excluding IFRS16 of €36m and including accrued SSN interest of €5m
CASH ²	106	▪ Balta and Bentley Cash
NET DEBT ¹	247	▪ Group Net Debt excluding IFRS16 of €36m and including accrued SSN interest of €5m

METRICS

ADJUSTED EBITDA	68	▪ Based on latest estimate of FY20 performance – subject to audit review
LEVERAGE ^{1 3}	4.2x	▪ Group net leverage ratio based on latest estimate of FY20 Adjusted EBITDA excl. IFRS16

Note: Numbers may not add up due to rounding

¹ Includes accrued interest of €5m, excludes IFRS16 of €36m

² Excludes undrawn facilities

³ Based on latest estimate of FY20 Adjusted EBITDA excl. IFRS16 impact (as defined in our financing agreements) of €59m – subject to audit review