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Balta Group NV Takes First Steps Towards Reducing Its Financing Cost

Sint-Baafs-Vijve, Belgium (18 July 2017) – Balta Group NV (“Balta” or the “Company”), a global leader in decorative rugs and European leader in residential and commercial carpets, today announced an update on its post-IPO capital structure.

Highlights:

- Completed intended post-IPO debt repayment, thereby significantly reducing our Net Debt/Pro Forma Adjusted EBITDA¹ to 2.5x down from 3.9x as of March 31, 2017
- Renegotiated and obtained more favourable commercial terms in respect of our European revolving credit facility, including a reduction of the margin from the original 3.75% p.a. in August 2015 to an average margin of below 1.80% p.a. at current leverage, and at the same time increased the facility to €68 million from €45 million
- Intention to redeem €7.8 million of Senior Secured Notes (as defined below) on 28 July 2017 thereby reducing our net annualized interest expense by €0.6 million

Balta successfully completed the envisaged repayment of debt using the net proceeds from the primary tranche of its Initial Public Offering. The debt that has been repaid includes: (i) \$44.3 million acquired via the acquisition of the Bentley group of companies comprised of (1) partial repayment of a revolving credit loan including accrued interest, (2) full repayment of a term loan including accrued interest; (ii) full repayment of the Senior Term Loan (including accrued interest) in the amount of €75.9 million; and (iii) partial repayment of €21.2 million of the Senior Secured Notes (including accrued interest) in the amount of €21.7 million. The debt repayment has resulted in a significant deleveraging of the Company, reducing the Net Debt/Pro Forma Adjusted EBITDA ratio to 2.5x, down from 3.9x as of March 31, 2017.

Balta announced today that it has renegotiated and obtained more favourable commercial terms in respect of its European super senior revolving credit facility, including a reduction of the margin from the original 3.75% p.a. in August 2015 to an average margin below 1.80% p.a. at current leverage, and at the same time increased the facility from €45 million to €68 million.

“The increased credit facility will further enhance our liquidity profile and give us additional flexibility to support our growth plans. We are pleased with the amended terms of the facility, which demonstrates our ability to reduce our average interest cost due to our improved financial profile, and appreciate the support and confidence of the financial institutions involved in our credit facility”, said Tom Gysens, chief financial officer of Balta.

¹ Calculated based on the Group’s pro forma Adjusted EBITDA of €99.0 million for the twelve months ended March 31, 2017. Pro Forma Adjusted EBITDA refers to operating profit / (loss) adjusted for depreciation and amortization, impairments and write-offs, results from acquisitions and disposals, gain from discontinued operations, legal costs and integration and restructuring expenses, pro forma for the acquisition of BPS Parent Inc., and its subsidiaries, as if such acquisition had taken place at the beginning of the period.



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In addition, the Company announced today that it has delivered a notice of redemption to the holders of its Senior Secured Notes in the aggregate principal amount of €7.8 million, after which €261.0 million will remain outstanding. In doing so, the Company will have fully utilized the option to redeem in aggregate €29.0 million before August 3, 2017 at a redemption price of 103%. The repayment will further reduce the average interest cost of the company by €0.6 million on an annual basis, at a one-off cost of €0.2 million.

The 7.750% Senior Secured Notes due 2022 (the “**Senior Secured Notes**”) were issued by Balta for a total amount of €290 million in August 2015. Since then the yield on the Senior Secured Notes has materially improved with a YTW of 2.8% and a trading value of 109.4 as of July 14, 2017. This evolution, combined with redemption options available under the current bond documentation encourages the Company to continue evaluating further actions to reduce its financing costs going forward.

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About Balta

Balta is a leading manufacturer of textile floor coverings, selling to over 135 countries worldwide. The Balta divisions are Balta Rugs (woven area rugs), Balta Residential Carpets & Tiles (under the brands Balta and ITC), Balta Commercial Carpets & Tiles (under the brands modulyss, Arc Edition and Bentley), and Balta Non-Woven (under the brand Captiqs). With the addition of Bentley, Balta employs over 3,600 FTEs in 9 manufacturing sites and in distribution centres in Belgium, Turkey and the United States.

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