

# **ORCHESTRA**<sup>®</sup>

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On 26 June 2018

## **ORCHESTRA PREMAMAN ANNOUNCES THE ENTERING INTO AN AGREEMENT WITH ITS MAIN FINANCIAL CREDITORS IN ORDER TO RESTRUCTURE ITS INDEBTEDNESS**

The main terms of this restructuring may be summed up as follows:

- Extension until July 2020 and, subject to certain conditions, until July 2021 of the majority of bank lines of the Orchestra Group of a total amount of 209.2 million euros.
- In case of extension until July 2021 of the majority of bank lines of the Orchestra Group, extension for one year of the maturity of 100 million euros of bond indebtedness.
- Implementation at the latest on 30 November 2019 of a share capital increase with preferential subscription rights for a minimum amount of 28.5 million euros. Yeled Invest procures that this capital increase shall be subscribed for such amount, notably by way of set-off against its current account receivable of an amount of 19 million euros.
- Possibility for Orchestra-Prémaman to raise an additional financing for an amount of 30 million euros with a 23 month maturity.

Such restructuring proves the full confidence of the main shareholder and the creditors of the Orchestra Group and will give it the financial means for its development.

Following discussions with the main financial creditors of the Orchestra Prémaman group (the “**Orchestra Group**”) under the aegis of Selarl FHB, represented by Maître Hélène Bourbouloux and Maître Jean-François Blanc, as *ad hoc* agents and then conciliators, Orchestra Prémaman announces the entering into of:

- a conciliation protocol dated 13 June 2018 with the Orchestra Group's bank creditors under the syndicated credit agreement and bilateral credit agreements, for which Orchestra Prémaman will seek the approval of the Montpellier Commercial Court in accordance with the provisions of articles L. 611-8 II and R. 611-40 et seq. of the Commercial Code (the “**Orchestra Protocol**”), the entry into force of which is subject to the conditions precedent described below; and
- a binding term sheet dated 13 June 2018 materializing the agreement between Orchestra Prémaman and holders of Bonds representing (i) more than 30% of the amount of the 2020 Bonds and (ii) all of the amount of the Euro PP 2021 Bonds and the Euro PP 2022 Bonds (these terms being defined hereafter) on the terms and conditions of the restructuring of the bond indebtedness, these holders of Bonds having undertaken to vote in favor of such restructuring and of the operations provided for by the Orchestra Protocol at the general meetings of holders of Bonds to be convened by Orchestra Prémaman (the “**Bond Term Sheet**”).

Furthermore, Yeled Invest, the majority shareholder of Orchestra Prémaman, and its financial creditors have entered into a conciliation protocol on 26 June 2018, for which Yeled Invest will seek the approval of the Montpellier Commercial Court in accordance with the provisions of articles L. 611-8 II and R. 611-40 et seq. of the Commercial Code (the “**Yeled Protocol**”).

Pierre Mestre, President of the board of directors of Orchestra Prémaman, said: *"I am delighted with the confidence of our financial partners. It is a positive signal for the business which now allows us to conduct the transformation of the Orchestra Group."*

Thomas Hamelle, CEO of Orchestra Prémaman, said: *"this restructuring comes at a key moment for Orchestra. In a context where the distribution and textile markets rapidly evolve, we will be able to invest more in digital and logistics facilities, upgrading and extension of our retail outlets as well as support to our franchisees and affiliates in such evolution. The Orchestra Group remains focused on improving our customers' satisfaction while enrolling new members in our Club, and on improving their loyalty by offering them more advantages and services."*

## **I. RESTRUCTURING OF THE FINANCIAL INDEBTEDNESS OF ORCHESTRA PREMAMAN AND ADDITIONAL FINANCING**

As a reminder, the main financial indebtedness of the Orchestra Group was the following:

(a) Pursuant to the Syndicated Credit Agreement:

- 62.4 million euros of credit lines; and
- 68.5 million euros of guarantees (*engagements par signature*);

(b) Pursuant to bilateral bank indebtedness, including with foreign banks:

- 13.0 million euros of credit lines, commercial paper and overdraft facilities;
- 52.5 million euros or guarantees (*engagements par signature*) and import documentary credit;
- 16.5 million euros of discount lines (*escompte*);
- 7.1 million euros of medium/long term loans;

(c) Pursuant to Bonds:

- 20 million euros under the 2020 Bonds;
- 41.5 million euros under the Euro PP 2021 Bonds;
- 38.5 million euros under the Euro PP 2022 Bonds.

The main terms and conditions of the restructuring of Orchestra Prémaman's financial indebtedness and of the additional financing are the following:

(1) Restructuring of bank indebtedness

- the restructuring of existing bank indebtedness under the Syndicated Credit Agreement and the Initial Bilateral Credit Agreements, as set forth below:
  - extension of the final expiry date by two years from the date on which the judgment of the Montpellier Commercial Court approving the Orchestra Protocol in accordance with the provisions of Article L. 611-8 II and Article R. 611-40 of the French Commercial Code shall be notified to Orchestra Prémaman by the clerk's office or conciliators, to occur no later than 15 September 2018 (the "**Approval Date**"), i.e. until July 2020;
  - additional automatic one-year extension of the final expiry date (i.e. three years from the Approval Date), subject to compliance with certain conditions as of 28 February 2020<sup>1</sup>;
  - waiver of breaches of financial covenants until the test date of 28 February 2020;

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- no occurrence of a payment default or major default pursuant to the new bilateralized credit agreements or the new bilateral credit agreements;
- the effective repayment or reduction of the credit lines up to a total amount of 7.5 million euros, on the fifteenth day of the twenty-fourth month as from the Approval Date;
- compliance with the following financial ratios:
  - leverage ratio (net financial debt / EBITDA) lower than or equal to 3.00x;
  - gearing ratio (net financial debt / equity) lower than or equal to 1.34x;
  - cash balance, after certain adjustments, higher than or equal to 20 million euros;
  - inventory ratio (gross inventory before accounting depreciation / sales) lower than 36%;
- inventory reduction higher than or equal to 55 million euros, compared to the situation as at 28 February 2018 in the audited consolidated accounts of Orchestra Prémaman before provision, as published by Orchestra Prémaman; and
- disclosure of certain financial and accounting information to the banks for information purposes.

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- payment of a waiver fee of 0.50% of the authorizations granted by the banks, i.e. a total amount of 1.1 million euros;
  - addition of a case of mandatory total early repayment, in the event that the Mestre family and any company in which it directly or indirectly holds more than 50% of the voting rights cease to directly or indirectly hold control of Orchestra Prémaman within the meaning of Article L. 233-3 of the French Commercial Code;
  - increased periodic reporting obligations of the bank creditors, it being specified that Orchestra-Prémaman will disclose any information relevant for the market in accordance with its permanent and periodic information obligations; and
  - an increase in certain margins and commissions, i.e. an annual financial expense increased of c. 2.3 million euros (assuming all lines would be effectively drawn up).
- the agreement of Orchestra Prémaman and the current syndicated banks to put an end to the syndication in the context of the Syndicated Credit Agreement. Each current syndicated bank will become a bilateral creditor but will remain held bilaterally by the terms and conditions of the Syndicated Credit Agreement as amended and reiterated in accordance with the terms of the Orchestra Protocol in the new bilateralized credit agreements;

(2) Restructuring of the bond indebtedness

- restructuring of existing bond indebtedness in accordance with the following main terms and conditions:
- payment to each bondholder of a waiver fee equal to 0.30% of the amount of the Bonds held by such bondholder, i.e. a total amount of 0.3 million euros;
  - extension by one year of the maturity date of the Bonds subject to the one-year extension of the bank debt maturity under the conditions described above. A payment schedule of bank and bond indebtedness after restructuring is set forth in Appendix to this press release ;
  - as from the date of signature of the legal documentation necessary for the implementation of the restructuring (the "**Completion Date**") and subject to any subsequent reduction in the interest rate, the interest rate applicable to each Bond will be as follows:
    - for the 2020 Bonds: annual rate of 5.25%, against 4.75% per year prior to the Completion Date;
    - for Euro PP 2021 Bonds: annual rate of 4.531%, against 4.031% per year before the Completion Date;
    - for Euro PP 2022 Bonds: annual rate of 4.840%, against 4.340% per year before the Completion Date

- waiver of the breach of financial covenants at the test date of 28 February 2018, and no test of financial covenants at the test date of 28 February 2019. All ratios will be tested again at the test date of 28 February 2020 on the basis of the 2019 consolidated financial statements;
- as from the test date of 28 February 2020 and for the following test dates: Level of Available Liquid Assets (*Niveau de Liquidité Disponible*, as such term is defined in the respective terms and conditions of Euro PP 2021 Bonds and Euro PP 2022 Bonds) adjusted downwards to 20 million euros, and Gearing Ratio (*Ratio de Gearing*, as such term is defined in the respective terms and conditions of the Bonds) adjusted upwards to 134%;
- deferment of the payment of 85% of the interest due on each of the Bonds for the year 2018, which will be paid on the fifteenth day of the thirtieth month from the Approval Date, the balance of interest for the year 2018 and all interest for subsequent years being paid on their scheduled due dates;
- for Euro PP 2021 Bonds and Euro PP 2022 Bonds: increased periodic information obligations of the holders, it being specified that Orchestra-Prémaman will disclose any information relevant for the market in accordance with its permanent and periodic information obligations;

(3) Commitments of the main shareholder

- a commitment by Yeled Invest to (i) hold a subordinated shareholder's current account receivable of 19 million euros at the latest one business day before the Approval Date, including 10.5 million euros which were contributed after the opening of the *mandat ad hoc* procedure, and (ii) to ensure that an additional 9.5 million euros be contributed to Orchestra Prémaman no later than 31 October 2019, in the form of a subordinated shareholder's current account advance or a capital increase;
- a commitment by Orchestra Prémaman to settle, no later than 30 November 2019, one or more capital increases with preferential subscription rights for a gross minimum total amount of 28.5 million euros (premium included) (the "**Capital Increase**");
- a commitment from Yeled Invest to procure that the subscription to the Capital Increase is guaranteed up to 28.5 million euros (including by way of set-off with all or part of its shareholder's current account receivable), it being specified that the portion of the Capital Increase exceeding the irreducible subscription of Yeled Invest may be subscribed by the other shareholders and/or any third party having purchased preferential subscription rights or having agreed to guarantee all or part of the Capital Increase (including Mr. Pierre Mestre and/or any company controlled by him (within the meaning of Article L. 233-3 of the French Commercial Code));

(4) Dividends

- a prohibition of any distribution of dividends and any repayment of current account receivables held by Yeled Invest during a two (2) year period as from the Approval Date



(except to subscribe to the Capital increase by way of set-off against receivables). After such period and subject to compliance with certain conditions, Orchestra Prémaman may repay current account receivables to Yeled Invest and/or pay dividends up to a maximum amount of 5 million euros.

(5) Additional financing

- Possibility for Orchestra-Prémaman to raise an additional financing for an amount of 30 million euros, with 23 month maturity. Discussions are ongoing with several institutions to obtain such additional financing.

For the purposes of this press release:

**"Bonds"** means, together, the 2020 Bonds, the Euro PP 2021 Bonds and the Euro PP 2022 Bonds.

**"Euro PP 2021 Bonds"** means the bonds issued by Orchestra Prémaman on 22 July 2015 and 5 October 2015 for a total amount of 41.5 million euros bearing interest at 4.031% per year and maturing on 22 July 2021, the terms and conditions of which were amended on 14 February 2018.

**"Euro PP 2022 Bonds"** means the bonds issued by Orchestra Prémaman on 5 October 2015 in the amount of 38.5 million euros bearing interest at 4.340% per year and maturing on 22 July 2022, the terms and conditions of which were modified on 14 February 2018.

**"Initial Bilateral Credit Agreements"** means the agreement relating to bilateral lines of credit (credit lines, medium-term loans, commitments by signature, discount) granted by the bilateral banks of Orchestra Prémaman, which have either been documented in writing or have not been formalized in writing, for a total principal amount of 67.1 million euros.

**"Syndicated Credit Agreement"** means the term revolving multi-currency credit agreement (in French) for an initial principal amount of 177 million euros of 6 May 2013, as amended and restated on 10 July 2015 and 21 December 2015, entered into notably between Orchestra Prémaman and the current syndicated banks.

**"2020 Bonds"** means the bonds governed by Belgian law and issued by Orchestra Prémaman on 4 November 2014 in the amount of 20 million euros bearing interest at 6.25% per year and maturing on 6 November 2020.

## II. RESTRUCTURING OF THE FINANCIAL INDEBTEDNESS OF YELED INVEST

Yeled Invest, majority shareholder of Orchestra-Prémaman, and its financial creditors entered into the Yeled Protocol on 26 June 2018, in the context of the restructuring of Yeled Invest financial indebtedness.

It is recalled that, on 15 February 2017, Yeled Invest entered into an agreement for the issuance of bonds repayable in existing shares of Orchestra-Prémaman (the **"ORA"**) with CM-CIC Investissement SCR, for an issue price per bond of 13.50 euros and a gross total issue amount of

30 million euros. The ORA are repayable in 2.222.222 existing shares of Orchestra-Prémaman held by Yeled Invest.

The provisions of the Yeled Protocol which affect Orchestra-Prémaman are summarized as follows:

- Three clear business days after the date of settlement and delivery of the Capital Increase: conversion of an ORA claim of 26.5 million euros into existing Orchestra-Prémaman shares, according to an exchange ratio of 10 euros per share, corresponding to the delivery by Yeled Invest of 2.650.000 Orchestra-Prémaman shares to CM-CIC Investissement SCR.
- Three clear business days after the date of settlement and delivery of the Capital Increase: repayment of the outstanding ORA claim balance, for an amount of c. 3.8 million euros (including principal and interest), in existing Orchestra-Prémaman shares according to an exchange ratio corresponding to the price per share issued in the context of the Capital Increase, and up to an aggregate ownership by CM-CIC Investissement SCR of 16.3% of the share capital post Capital Increase.
  - If such repayment of the ORA claim leads to CM-CIC Investissement SCR holding, directly or indirectly, less than 16.3% of Orchestra-Prémaman share capital, CM-CIC Investissement SCR will have (as an exception to the standstill undertaking described thereafter) the right to purchase additional Orchestra-Prémaman shares from Yeled Invest or from Mr. Mestre (who undertake to deliver such shares, each in proportion to its holding in Orchestra-Prémaman), up to an aggregate ownership by CM-CIC Investissement SCR of 16.3% of the share capital (post Capital Increase), at a price per share equal to the price per share issued in the context of the Capital Increase;
  - If the 16.3% cap is reached without the entire ORA claim being converted, the maturity for the non-converted ORA claim portion will be postponed to 15 February 2022 (with interests still accruing on such portion).
- Two additional events of default resulting in the principal and interests of any remaining ORA claim to become immediately payable in cash, following notification of such event of default and failure of a prior mediation during 30 calendar days at most, and as long as CM-CIC Investissement SCR's claim has not been fully repaid:
  - Lack of implementation of the Capital Increase by 31 December 2019 for a total amount of 28.5 million euros (including premium);
  - Failure or delay from Yeled Invest to deliver the Orchestra-Prémaman shares to CM-CIC Investissement SCR in accordance with the above terms.
- End of the concerted action (*action de concert*) between Yeled Invest and CM-CIC Investissement SCR upon delivery of the Orchestra Prémaman shares by Yeled Invest to CM-CIC Investissement SCR, in accordance with the Yeled Protocol. Such end of the concerted action will be disclosed to the market in accordance with article L. 233-11 of the Commercial Code.

- Yeled Invest undertakes to do its best efforts (without performance requirement (*obligation de résultat*)) so that the Capital Increase is realized in one occurrence for a total minimum amount of 28.5 million euros (premium included) and at the latest on 31 December 2018.
- CM-CIC Investissement SCR (who declared that it does not hold any security or financial instrument of Orchestra-Prémaman) undertakes not to trade on Orchestra-Prémaman's share capital or securities and in particular not to directly or indirectly purchase any share or security of Orchestra-Prémaman (including derivatives in relation with Orchestra-Prémaman securities), from 26 June 2018 to the date which is three clear business days from the date of settlement and delivery of the Capital Increase. After expiry of this period, CM-CIC Investissement SCR will be free to trade on Orchestra-Prémaman securities, without any applicable cap. However, if several capital increases of Orchestra Prémaman are required to reach the minimum amount of 28.5 million euros (including premium) and such capital increases have not been realized on 31 December 2018, the standstill undertaking set forth above will remain valid up to 31 December 2018 and, as soon as a first capital increase of Orchestra Prémaman has occurred, CM-CIC Investissement SCR may, from 1 January 2019, sell its shares of Orchestra Prémaman and purchase or subscribe such shares again up to an aggregate ownership by CM-CIC Investissement SCR of 16.3% of the share capital of Orchestra Prémaman (the "**Capped Intervention**"). The Capped Intervention undertaking from CM-CIC Investissement SCR will terminate in any event on the nearest of the two following dates: (i) three clear business days following a capital increase which, in aggregate with the previous capital increases, allows to raise a minimum amount of 28.5 million euros (premium included) and (ii) 31 December 2019.
- After occurrence of the ORA repayment as described above, Yeled Invest undertakes to hold more than 51% of the share capital of Orchestra Prémaman (excluding treasury shares as at 31 May 2018). This percentage may decrease proportionally to 43% of the share capital of Orchestra Prémaman in case of exercise of the over-allotment option.
- Following the Capital Increase, Yeled Invest and its majority shareholder undertake to have Yeled Invest holds at least 35% of the share capital and 40% of the voting rights).
- In any event, prior to any transaction which may dilute the ownership of Yeled Invest in Orchestra Prémaman (other than the transactions referred to above in connection with the repayment of the ORA), Yeled Invest and its majority shareholder undertake to meet with some creditors (other than CM-CIC Investissement SCR) and to seek with them a reasonable solution in order to decrease any potential dilution of Yeled Invest as shareholder of Orchestra Prémaman.

### III. NEXT STEPS

Orchestra Prémaman will convene the general meetings of holders of Bonds in order to (i) approve the terms and conditions of Orchestra Prémaman's debt restructuring in accordance with the Bond Term Sheet, and (ii) approve the transactions provided for by the Orchestra Protocol.

Orchestra Prémaman will then seek the homologation of the Orchestra Protocol by the Montpellier Commercial Court in accordance with the provisions of Articles L. 611-8 II and R. 611-40 *et seq.* of



the French Commercial Code, as from the fulfilment of the conditions precedent indicated above. It is recalled that the approval of the Orchestra Protocol shall occur on 31 July 2018 at the latest.

### ***Forward-Looking Statements***

This release may contain forward-looking statements, including, without limitation, statements about the Orchestra Prémaman's plans, strategies and prospects. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, Orchestra Prémaman's actual results may differ materially from those that were expected. Orchestra Prémaman based these forward-looking statements on its current assumptions, expectations and projections about future events. Although Orchestra Prémaman believes that the expectations reflected in these forward-looking statements are reasonable, it is very difficult to predict the impact of known factors and it is impossible for us to anticipate all factors that could affect our proposed results. All forward-looking statements are based upon information available to Orchestra Prémaman as of the date of this release. Important factors that could cause actual results to differ materially from management's expectations include, but are not limited to, the ability to consummate the restructuring plan provided for by the Orchestra Protocol and Term Sheet Additional Financing; potential adverse effects on Orchestra Prémaman's liquid assets or results of operations; increased costs to execute the restructuring, effects on market price of Orchestra Prémaman's common stock and on Orchestra Prémaman's ability to access the capital markets, and the risks set forth in Orchestra Prémaman's periodic reports and registration statements filed with the AMF. Investors are cautioned not to place undue reliance on such forward-looking statements.

#### **Contacts**

ACTIFIN – Stéphane RUIZ – 01 56 88 11 15 – [sruiz@actifin.fr](mailto:sruiz@actifin.fr)  
ACTIFIN – Victoire DEMEESTERE – 01 56 88 11 24 – [vdemeestere@actifin.fr](mailto:vdemeestere@actifin.fr)

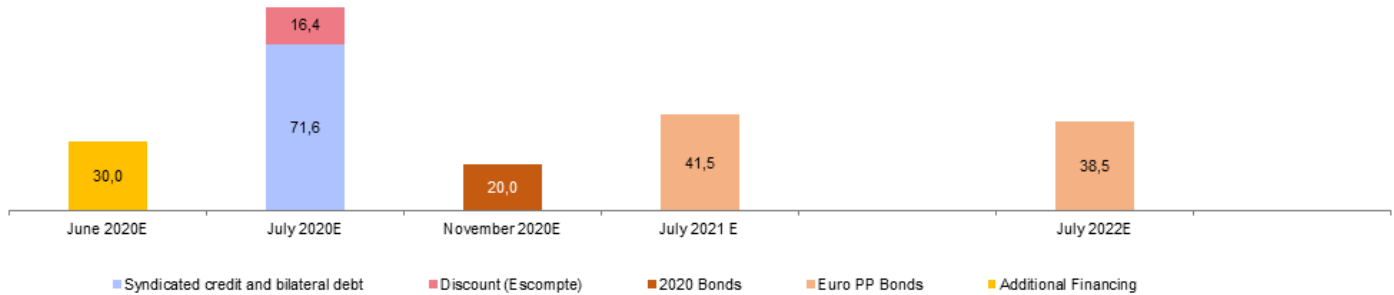
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Siège social : ZAC Saint-Antoine - 200 avenue des Tamaris - 34130 Saint-Aunès  
RCS MONTPELLIER 398 471 565

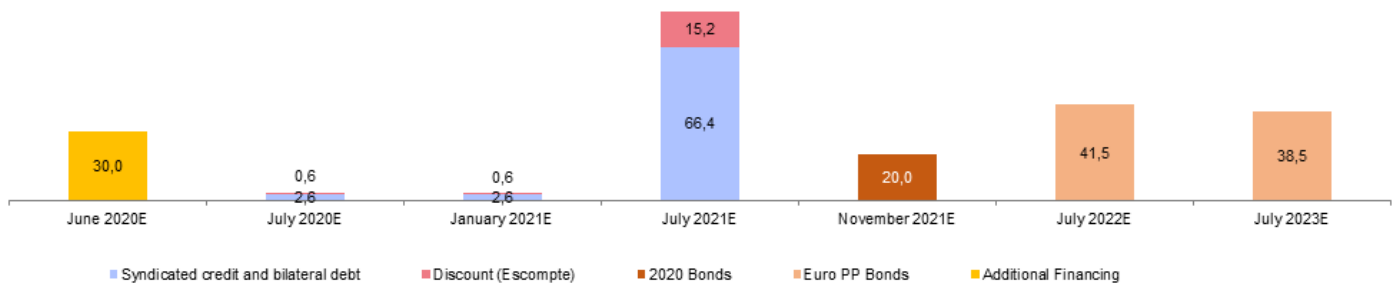
## Appendix

### Payment schedule of bank and bond indebtedness after restructuring

#### Payment schedule of principal – Restructuring with 2-year extension



#### Payment schedule of principal – Restructuring with 3-year extension



NB: amortization in July 2020 and July 2021 above corresponding to an estimate of the split among the beneficiary banks (total amount of 7.5 million euros for each payment, to be treated, at the option of each such beneficiary banks, as amortization and/or reduction of the authorized amount of the lines).