

**ADVEO GROUP INTERNATIONAL, S.A.** (hereinafter referred to as "the Company"), in accordance with the provisions of article 228 of Royal Legislative Decree 4/2015, dated 23 October, which enacts the consolidated text of the Securities Market Act, hereby announces the following

## RELEVANT FACT

Within the process of obtaining new financing for the ADVEO Group, which has been timely reported, being the last relevant fact published for that purpose on June 14, 2018 (No. 266817), the Board of Directors, in coordination with the banks signatory of the syndicated loan, has agreed to sign an exclusivity agreement in the terms of the binding offer presented by one of the investors. It is one of the leading investment firms in the world and has more than \$ 1.0 trillion in assets under management. This offer would imply the entry of 33 million euros of immediate liquidity, and the modification of the terms of the current bank financing, by means of the scheme described in the attached document.

With this milestone, a process of documentation and authorizations will begin, which will be extended, indicatively, until July 27, when the operation would materialize. At that time, ADVEO Board of Directors would close the financing process, so that the Group would have sufficient liquidity to resume the normal pace of operations and continue to comply with its Strategic Plan.

In order to approve the terms of the agreement, a meeting of ADVEO Board of Directors has been scheduled in order to convene an Extraordinary General Shareholders Meeting that will take place at the end of July 2018.

In Madrid, on June 26, 2018

**SPANISH SECURITIES MARKET COMMISSION**  
MADRID

# ADVEO: New financing scheme

Annex to the Relevant Fact  
Madrid, June 26, 2018

[www.adveo.com](http://www.adveo.com)



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# Background (I)

## 2015-2017 Period

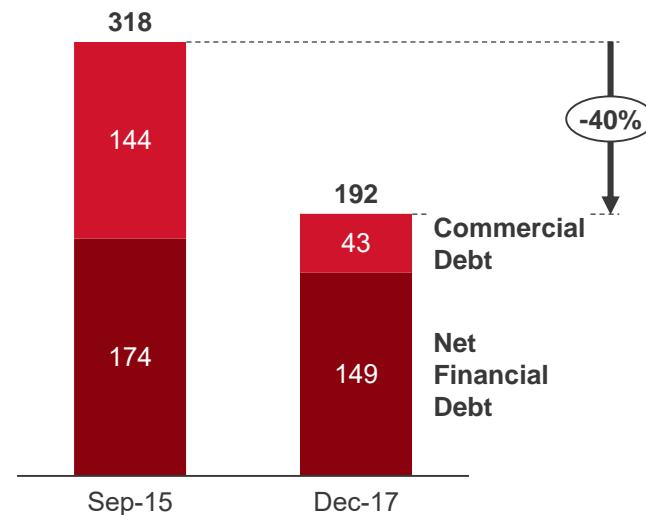
- Adveo Group International, S.A. (hereinafter "AGI") started in September 2015 from a total net debt of € 318 millions (x14 EBITDA).
- The reduction of the debt has been one of the main objectives of the new management team incorporated at the end of 2015, for which different actions were carried out, among them, a capital increase, the repositioning in certain channels of the EOS business (Westcoast deal), the optimization of the working capital levels and the disinvestment of some real estate assets.
- As a continuation, during the period from March to October 2017, a restructuring of the existing debt was carried out with the different entities, standardizing conditions, renewing and extending the credit limits available up to an amount of € 159.7 million, and with different amortization tranches.
- In this agreement it was not possible to complete the closure of an additional tranche of new money proposed by the company, of € 25 million, which would have allowed to provide ADVEO with the necessary structure, and therefore solve the stock availability problems that day today are weighing the company's results.

# Background (and II)

## Search for additional financing

- The debt, after completing the previous process, at the end of 2017 was € 192 million (€ 149 million net financial debt and € 43 million commercial debt), which is therefore € 126 million lower than the one existing in September 2015.
- ADVEO, in coordination with the signatory bank of the syndicated financing, commissioned the Houlihan Lokey Investment Bank at the end of 2017, the start-up of a process to complete the necessary structure.
- In recent months, several investors have been contacted, having explored different types of operations. The deadline for receipt of binding offers was successfully closed on June 14, 2018.

- ✓ Operational improvements
- ✓ Capital Increase
- ✓ EOS repositioning
- ✓ Divestment assets



# Deal Structure

## New financial partner

- The Board of Directors of ADVEO, together with the syndicated signatory bank, has agreed to sign an exclusivity agreement in the terms of the binding offer submitted by submitted by a new investor ("New Investor"), one of the leading firms in the world and has more than \$ 1.0 trillion in assets under management, as the most suitable for the incorporation of new money in a way that would allow the company, once materialized, to recover the optimum levels of operations and continue with the execution of its Strategic Plan 2017-2020.
- This offer would imply the funding of € 33 million of immediate liquidity, and the modification of the terms of the current bank financing, through the structure described next.

# Deal Structure

## Debt tranches

- The debt would be structured in three sections according to the following scheme:

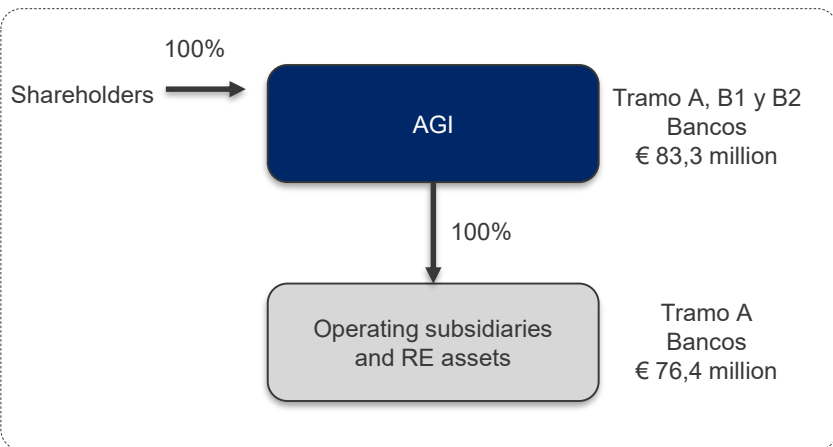
New Money – New Investor	Senior Debt - Banks	Debt without recourse to the new operating perimeter - Banks
<ul style="list-style-type: none"><li>– Contribution of € 33.0 million of Super Senior financing</li><li>– Maturity of 3 years and amortization bullet</li><li>– Guarantees of first rank over assets and shares, as well as in first rank over collection rights not assigned</li></ul>	<ul style="list-style-type: none"><li>– € 68.3 million, with two bullet tranches:<ul style="list-style-type: none"><li>• Tranche A: Eur 10.5 million, 4.5 years</li><li>• Tranche B: Eur 57,8 million, 5.0 years, lower in rank to the previous</li></ul></li><li>– Same guarantees as new money, but in second rank</li></ul>	<ul style="list-style-type: none"><li>– € 91.4 million</li></ul>

Tranches of the new operating perimeter

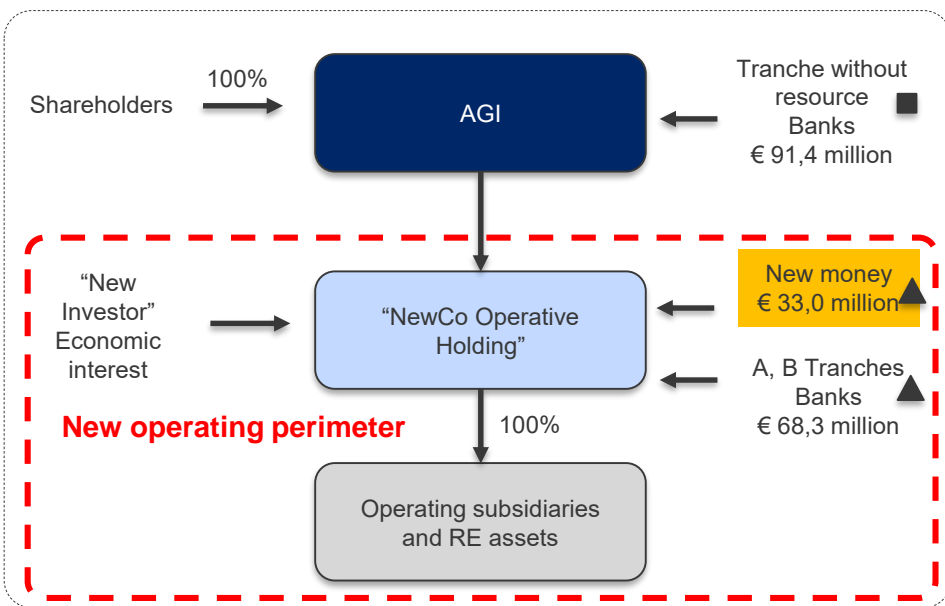
# Deal Structure

## Financial debt tranches and new corporate structure

### Current situation (Dec 31st 2017)



### Post-deal situation (Illustrative)



# Deal Structure

## New corporate structure

- The new operating company would be born with an injection of funds of € 33 million, a bank debt of € 68 million and would have all the property assets of ADVEO, valued at approximately EUR 40 million, for its divestment in the short and medium term
- The cash flows generated in the NewCo would be protected and could not go up to AGI except in the amounts necessary to meet the current expenses of this
- Only once certain periods of leverage are reached, the generated funds could go back to AGI
- The investment would have a share in the goodwill of the eventual sale of the NewCo, or AGI, depending on compliance with certain financial milestones



# Benefits of the deal for the Group



**End the ADVEO financing process**



**Improve the liquidity and solvency position in the Group**



**Thanks to the injection of funds and the creation of a new operating perimeter with a bank debt lower by € 91 million to the current one, the development of the Strategic Plan is assured**

# Glossary

## Alternative performance measure

According to the Guidelines on Alternative Performance Measures (APM) published by the European Securities and Markets Authority (ESMA) in October 2015, we attach a glossary of terms and definitions used in this document:

- **EBITDA** Earnings before interest, tax, depreciation, amortizations and exceptionals
- **Cash & Equivalents** Cash and Short-term financial investments (loans and deposits)
- **Total Net Debt** Total Gross Debt - Cash & Equivalents
- **Net Financial Debt** Total Net Debt – Commercial Debt
- **Commercial Debt** Sum of debt from Contracts of financial confirming (Supply Chain) and Discount of customers (Factoring with and without Resource)
- **PIK (Payment in Kind)** debt whose principal and interest (which accrue periodically) are paid at maturity
- **PIYC (Pay if you Can)** borrowers pay interest only if certain conditions are met
- **Bullet** Payment of the total debt at maturity, both in capital and interest

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