

# Gruppo **TREVI**

## APPROVAL OF THE AGREEMENTS RELATING TO THE FINANCIAL RESTRUCTURING AND CAPITAL STRENGTHENING TRANSACTION

### APPROVAL OF THE RECAPITALIZATION IN EXECUTION OF THE DELEGATION PURSUANT TO ARTICLE 2443 OF THE ITALIAN CIVIL CODE THROUGH:

- A RIGHTS OFFERING FOR EURO 130 MILLION;
- A CAPITAL INCREASE RESERVED TO THE LENDERS FOR A MAXIMUM AMOUNT OF EURO 63.1 MILLION, TO BE SUBSCRIBED THROUGH A DEBT-EQUITY SWAP;
- A CAPITAL INCREASE FOR APPROXIMATELY EURO 20 MILLION DEDICATED TO THE ISSUANCE OF LOYALTY WARRANTS

### APPROVAL OF THE SHARES GROUPING PROPOSAL

**Milan, July 17, 2019** – The Board of Directors of Trevi - Finanziaria Industriale S.p.A. ("**Trevifin**" or the "**Company**") - reconvened today, as resolved by the previous Board on July 15, (see, in this respect, the previous press release of 16 July 2019, available on the website [www.trevifin.com](http://www.trevifin.com), section "*Investor Relations / Press Releases*") – has approved the resolutions relating to the capital strengthening and debt restructuring transaction of the Trevi Group, as illustrated below.

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#### 1. Approval of the debt restructuring agreement and of the other agreements relating to the financial restructuring

The Board of Directors, considering the advanced state of negotiations with the financing banks and of the approval processes of the competent bodies of the banks, has authorized, through a majority decision, the execution of the debt restructuring agreement (the "**Restructuring Agreement**") pursuant to Article 182 *bis* of the Italian Bankruptcy Law ("**IBL**"), as well as the other agreements which shall regulate the debt restructuring and capital strengthening transaction, including the investment agreement by which the shareholders FSI Investimenti S.p.A. ("**FSII**") and Polaris Capital Management LLC ("**Polaris**") will be required to undertake irrevocable commitments to the underwriting of the capital increase (the "**Investment Agreement**").

The Restructuring Agreement, which shall be executed by Trevifin, as well as by the subsidiaries Trevi S.p.A. and Soilmec S.p.A., which will be filing the applications for the homologation pursuant to Article 182 *bis* of the IBL, as well as by a large number of banks, regulates the main contents of the financial restructuring and debt restructuring transaction, which are substantially in line with what has been previously disclosed to the market (see, *inter alia*, the May 8, 2019 press release, under [www.trevifin.com](http://www.trevifin.com), section "*Investor Relations/Press Releases*"), *i.e.*:

- a capital increase by means of a rights issue to shareholders for an amount of Euro 130 million, entirely guaranteed, in part (up to approx. Euro 77.4 million), by the shareholders FSII and Polaris

on the basis of the commitments to be undertaken by these latter in the Investment Agreement and, for the residual part, by the financial lenders which will commit to a debt to equity swap with a conversion ratio of 4.5:1;

- a capital increase reserved to the financial lenders, for a minimum amount of approx. Euro 10.6 million and for a maximum amount of Euro 63.1 million – depending on the amount of the rights issue at the previous point which is not subscribed by the shareholders and/or by the market at the outcome of the rights offering, and which will therefore have to be subscribed by the lenders - to be subscribed also through debt to equity swap, it being understood that the maximum amount of the receivables to be used by the banks (taking account also of the receivables utilised as part of the subscription to the rights offering) shall not in any case exceed the amount of approximately Euro 284 million;
- an additional capital increase, up to a maximum amount of approx. Euro 20 million, reserved to the Company shareholders as resulting before the ex-rights date, dedicated the issuance of European-type listed “loyalty warrants” (please to Paragraph 2 below);
- the use of the net proceeds deriving from the disposal of the companies operating in the Oil&Gas sector in favour of MEIL (as defined below) for the repayment of the financial indebtedness of such companies, subject to the assumption of such indebtedness by Trevifin immediately prior to the closing of the sale transaction, it being understood that the residual portion of the debt which will not be repaid through the use of the net proceeds shall be rescheduled by the Company in line with the reinstated debt;
- the making available of a new finance for an amount of Euro 41 million (or, if lower, the difference between Euro 130 million and the amount of the capital increase actually subscribed by the shareholders and/or by the market);
- the confirmation of the existing credit facilities, both cash and bonding lines, and the granting of new bonding facilities in order to support of the business plan for a maximum total amount of approx. Euro 200 million; e
- the granting of a portion of portion of the new finance (both cash and bonding lines) also during the interim period between the date of the filing and the date of the homologation of the Restructuring Agreement pursuant to Article 182 *bis* of the IBL, subject to the obtaining of authorisation from the competent Court.

The agreement contains certain clauses that shall be immediately effective at the signing date, such as those concerning the obligations undertaken by the financing banks not to initiate actions against the Company and the other Group companies until the closing of the transaction; however, most of the undertakings of the banks are subject, as is usual in this kind of transaction, to certain conditions precedent, including:

- (i) the decree for the homologation of the Restructuring Agreement becomes irrevocable;
- (ii) issuance by CONSOB of the acknowledgement and/or confirmation that the capital increase is subject to the exemption from the obligation to launch a takeover bid pursuant to Articles 106, paragraph 5, letter a) of Legislative Decree 58/1998 1999 and 49, paragraph 1, letter b) No. 1 of Consob Regulation No. 11971 of May 14, 1999;
- (iii) the authorisation by CONSOB to issue of the prospectus relating to the capital increase;

- (iv) the approval of certain resolutions by the Shareholders' Meeting in ordinary and extraordinary session, including: (a) approval of the financial statements relating to the years 2017 and 2018; (b) the appointment of a new Board of Directors and a new Board of Statutory Auditors of the Company in compliance with the Restructuring Agreement and the Investment Agreement; and (c) the acknowledgement that the actions and measures provided under the Restructuring Agreement and, in particular, the capital increase, will allow to cover the losses and recapitalize the Company in accordance with Article 2447 of the Civil Code; and
- (v) the closing of the sale of Drillmec S.p.A., Petreven S.p.A. and the other group companies of the Oil&Gas division in favour of the Indian group headed by Megha Engineering & Infrastructures Ltd (“MEIL”) (see press release of July 16, 2019, available on the website [www.trevifin.com](http://www.trevifin.com), “Investor Relations/Press Release” section) (the “Oil&Gas Disposal”), with evidence of, *inter alia*, the payment of the relevant purchase price by MEIL.

The conditions precedent shall be satisfied by no later than December 31, 2019, it being understood that such term will automatically be extended until February 28, 2020 in the case any oppositions are filed against the homologation and/or the relevant decree. This deadline may also be extended with the consent of all of the financial lenders.

The Restructuring Agreement assumes also the prior or simultaneous execution both of the Investment Agreement, in which the shareholders FSII and Polaris will undertake the relevant commitment to underwrite the capital increase, and the share and purchase agreement relating to the Oil&Gas Disposal. In addition, together with the execution of the Restructuring Agreement, the execution of other agreements with certain financial creditors which have agreed to the financial restructuring at conditions different from those set out in the main agreement, which shall also be subject to the homologation of the Court.

Also on the basis of the information available concerning the dates scheduled for the approval by the competent bodies of the banks, the Restructuring Agreement is expected to be executed and filed with the competent Court within the first ten days of August.

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The financial restructuring under the Restructuring Agreement is aimed at rescuing the Trevi Group, through the rebalancing of its financial and equity situation and the consequent overcoming of the current crisis and the uncertainties regarding the going concern, and is also aimed at allowing the Trevi Group to return to pre-crisis revenue and margin levels, through the achievement of the targets set out in the Business Plan. In particular, it is expected that, through implementing the transaction and the granting of the financial resources set out under the agreement relating to the finance restructuring, the Company by financial year 2020 shall be in a position to reach consolidated financial ratios which reflect a sustainable and recovered financial and equity situation.

In particular, starting from financial year 2020, it is expected that the Group will achieve a consolidated net financial debt and EBITDA ratio of approx. 3x and of a consolidated net financial debt and net equity ratio of approx. 1.2x, in line with the main market competitors.

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## 2. Approval of delegated capital increase pursuant to Article 2443 of the Italian Civil Code

Pursuant to the delegation granted by the Shareholders' Meeting on July 30, 2018 (see press release of July 30, 2018, available on the website [www.trevifin.com](http://www.trevifin.com), “Investor Relations/Press Release” section) (the

“Oil&Gas Disposal”), the Board of Directors, having acknowledged *inter alia* the report on the issue price of the shares drafted by KPMG S.p.A., approved through a majority decision:

- (i) an indivisible capital increase to be subscribed in cash, to be offered pre-emptively to the existing shareholders, for a total amount of Euro 130,000,000 including share premium, through the issue of a total 1,300,000,000 new ordinary shares, without nominal value and with the same rights as those currently in circulation (to be issued with full rights), at an issue price of Euro 0.0001 per share. The share capital increase shall be entirely guaranteed, up to approx. Euro 77.4 million, by the shareholders FSII and Polaris, who have assumed the relevant underwriting commitments under the Investment Agreement and, for the residual portion of approx. Euro 52.6 million by the financial lenders identified in the Restructuring Agreement, to be subscribed through a debt to equity swap mechanism identical to the one described in point (ii) below;
- (ii) an additional capital increase, of a maximum amount of Euro 63,137,242, partially indivisible for an amount of Euro 10,593,896, through the issue of a maximum 631,372,420,000 ordinary shares, without nominal value, with the same rights as those in currently circulation (to be issued with full rights), at an issue price per share of Euro 0.0001, to be offered to the financing banks identified in the Restructuring Agreement, thought exclusion of the pre-emptive right as per Article 2441, paragraph 5 of the Civil Code, to be subscribed through debt to equity swap, according to the terms set out in the Restructuring Agreement, pursuant to a conversion ratio of 4.5:1, *i.e.*, for example purposes only, Euro 4.5 of receivables shall be swapped in newly issued shares having a value (including share premium) of Euro 1; and
- (iii) the issuance of European-type listed “loyalty warrants” exercisable at maturity to be offered to existing shareholders as resulting on the ex-right date of the capital increase described in point (i) above, which shall give the right to the holders of the warrant to subscribe, on a pre-emptive basis, newly issued shares in cash at an issue price per share of Euro 0.00013, according to the ratio of 933 new shares for each warrant. The maturity of the warrants shall be at 5 years from the issue date. For the holders of warrants who will decide not to exchange the financial instrument between the sixth and sixtieth month (5 years) from the issue date, such holders shall have the right to subscribe 1 additional share for every 5 shares subscribed by means of the warrant, without further contribution and, therefore, with a corresponding reduction in the unitary price of the shares subscribed.

It has to be noted that, in case of approval of the shares grouping described under Paragraph 3 below, the numbers indicated at the previous points (i) to (iii) relating to the number of new shares and their issue price, shall be modified in accordance with the approved shares grouping number.

For further details and for the information set out by the Issuers’ Regulation, reference should be made to the report drawn up as per Annex 3/A, Schedule No. 2 and the above-stated Issuers’ Regulation which will be made available on the Company website [www.trevifin.com](http://www.trevifin.com).

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### 3. Shares grouping

In accordance with the agreements relating to the financial restructuring approved today, the Board of Directors also approved through a majority decision the proposal for a shares grouping, through a first grouping of shares according to un ratio of no. 1 ordinary share every no. 100 existing shares to be implemented before the execution of the rights offering, and a subsequent grouping to be implemented at the same ratio following the execution of the rights offering.

For further details and for the information set out by the Issuers' Regulation, reference should be made to the report drawn up as per Annex 3/A, Schedule No. 3 and the above-stated Issuers' Regulation will be made available on the Company website [www.trevifin.com](http://www.trevifin.com).

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#### 4. Updates regarding the matters as per Article 2447 of the Civil Code

With respect to the situation described under Article 2447 of the Italian Civil Code, the Board of Directors approved to include such resolution in the extraordinary section of the agenda of the Shareholders' Meeting called for September 23, 2019 in first call and, where required, for September 30, 2019, in second call, in line with the decision previously announced to the market (see the press release of April 1, 2019), in order to take the resolutions provided under Article 2447 of the Civil Code in the same shareholders called for the approval of the financial statements. The Board of Directors will approve in a future board meeting an updated economic and financial situation and the report required by Articles 125-ter CFA, 74 Issuers' Regulation and Annex 3/A, Schedule No. 5 to the same Issuers' Regulation, pursuant to Article 2447 of the Civil Code, in order to make available such documentation to the the public in accordance with applicable law.

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Finally, with respect to the request to call the Shareholders' Meeting for the revocation of the board of directors submitted by the shareholder Trevi Holding SE for June 23, 2019, the Board of Directors, after having concluded the relevant examination, through a majority decision, has considered that such request has been overcome by the call of the Shareholders' Meeting which shall renew the corporate bodies, which has already been called for September 23, 2019 in first call and, where required, for 30 September, in second call (see press release of July 15, 2019).

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#### About Trevi:

*Trevi Group is a worldwide leader in the field of soil engineering (special foundations, tunnel excavation, soil consolidation and the building and marketing of special rigs and equipment relevant to this engineering sector); the Group is also active in the drilling sector (oil, gas and water) both in the production of plant and the supply of services, and it also builds automated underground car parks. The Group was established in Cesena in 1957 and today has more than 30 branches and is present in over 80 countries. Its success is due to the vertical integration of the main divisions making up the Group: Trevi, the division that supplies special services in the field of soil engineering, Petreven, the oil drilling division of the Group, Soilmec, the division that produces and develops plant and machinery for soil engineering and Drillmec the division that produces and develops drilling rigs (oil, gas and water).*

*The parent company has been listed on the Milan stock exchange since July 1999.*

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