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## **Airopack Technology Group AG announces a comprehensive recapitalisation plan with a fully underwritten €117m rights offering, significant debt reduction and maturity extension of remaining indebtedness to 2022, and a new governance structure**

- Comprehensive recapitalisation plan to strengthen Airopack’s balance sheet
- €117m Rights Offering, with existing shareholders entitled to receive subscription rights pro-rata to their existing shareholdings
- Rights offer fully underwritten by funds managed by affiliates of Apollo Global Management
- Short term liquidity bridge of €25m to finance Airopack’s working capital until completion of recapitalisation
- Significant reduction in term debt from €127m to €51m and extension of maturities to 2022 upon completion of Rights Offering
- Quint Kelders has decided to step down as CEO; continues serving as a member of Airopack's Board of Directors and as a strategic advisor
- Antoine Kohler, Chairman of the Board of Directors, is taking over as interim CEO; new CEO already identified

**Baar, 30 November 2018** – Airopack Technology Group AG (“Airopack”), manufacturer of Planet Friendly Aerosols, today announces a comprehensive recapitalisation programme to restructure its debt and strengthen the Company’s balance sheet (the “Recapitalisation”). Airopack plans to raise approximately €117 million gross proceeds via a discounted rights offering (the “Rights Offering”) currently expected to take place in the first half-year 2019. Shareholders will receive tradable subscription rights, and Apollo Funds will also exercise their current existing warrants prior to the Rights Offering. Shares for which rights have not been validly exercised in the Rights Offering will be subscribed for in full by funds managed by affiliates of Apollo Global Management, LLC (“Apollo Funds”). As part of the proposed Recapitalisation, the transaction further includes a new liquidity bridge of €25m, which will be provided by Apollo Funds in two tranches and will be repaid using proceeds from the Rights Offering. In addition, Apollo Funds will extend the maturity of €5m of super senior debt provided in August 2018 with terms in line with the new liquidity bridge to further enhance liquidity.

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Under the terms of the agreement reached today, Apollo Funds will be assured of controlling, through a voting agreement with Q-Invest (the holding vehicle for the shares directly owned by Quint Kelders), at least 50% plus one share of the outstanding share capital after the conclusion of the Rights Offering. The Company and Apollo Funds intend that this will be achieved through on-market purchases of rights during the rights trading period. To the extent that Apollo Funds do not have control over the requisite number of shares after that period, Airopack will issue, upon conclusion of the Rights Offering, up to a maximum of approximately 10 million shares to Apollo Funds via a private placement at CHF1.50 per share, a price broadly consistent with the implied Theoretical Ex Rights Price following the exercise of the Apollo Funds warrants and rights issue, based on the closing of Airopack's share price on 29 November 2018. The ultimate number of shares issued to Apollo Funds under the private placement, if any, will depend on a number of factors, including the extent to which current shareholders participate in the Rights Offering, how many rights Apollo Funds acquires during the rights trading period, and the prevailing foreign exchange rate at the time. However, Airopack will only issue as many shares as are required to provide Apollo Funds voting control over 50% plus one share of the enlarged share capital.

Quint Kelders, Co-Founder, Board member as well as major shareholder and Chief Executive Officer (CEO) of Airopack has decided to hand over his CEO responsibilities and will continue to provide his expertise through his position on Airopack's Board of Directors and as strategic advisor to the Company for a period of one year.

Antoine Kohler, Chairman of the Board of Directors, said: "As the Co-Founder and Chief Executive Officer, Quint Kelders has developed and led the Company in the past 15 years and has, together with his team, built Airopack into a globally well respected, recognized and unique, Planet Friendly Aerosol company. Thanks to him we are proud to have many long-standing strategic relationships with major consumer goods customers. We sincerely thank Quint for his deep commitment over these many years, which has always been exemplary and very impressive and we are looking forward to continuing working with him."

Quint Kelders added: "It has been a great pleasure and honour for me to lead Airopack as its Co-Founder, shareholder and as CEO. The decision to step down as CEO was not an easy one. Airopack and all its stakeholders deserve a healthy and sustainable future which now will become possible with a strengthened capital base and a better balance sheet. I am convinced that the contribution to this solution made by my wife and myself as shareholders to enable this recapitalisation, which is strongly supported by Q-Invest, will give Airopack the scope to exploit its full business potential. The team working for me and my family for more than 15 years has done an amazing job in bringing Airopack to where it is as a technology today, and we have a great future ahead. I am extremely thankful to have been part of this amazing team for so many years and I look forward to continuing as a Board member and strategic advisor."

In addition, Robert Seminara, Head of Apollo Europe, said: "We are excited to finance the next stage of Airopack's expansion. We thank Quint for his contributions to date in taking the Company to its current phase. We look forward to partnering with the new management team and its employee base to support continued innovation and growth at Airopack."

The Company has already identified and is in final contract negotiations with a new CEO who is expected to start in the first quarter of 2019. Until his arrival, Antoine Kohler, Chairman of the Board of Directors, will act as CEO ad interim. Additional management resources, including the COO André de Oliveira, are in place to ensure a smooth transition period.

The planned Recapitalisation is expected to provide Airopack with the liquidity required to continue operating efficiently, including a normalisation of its trade debt, until the Rights Offering is completed. After completion of the Rights Offering, Airopack is expected to have a flexible and deleveraged balance sheet and the operational

flexibility necessary to deliver its medium-term goal of a run rate volume of 300 million Airopack dispensers annually in the existing facilities by 2020.

### **Background to the Rights Offering and process**

As outlined in the half year results statement on 30 September 2018, the Company initiated discussions with its main lenders and its two largest shareholders on a comprehensive refinancing solution that would be in the best interest of the Company and its shareholders, and address the continuing financing needs of the Company. As part of this process, the Board launched a refinancing process to review and secure a broad range of comprehensive refinancing and additional liquidity solutions with Airopack's main shareholders and main lenders, as well as new parties. The Company also explored and discussed potential solutions with a number of third party financing providers. No binding agreements have been reached with any of these parties during this timeframe. The solution announced today is the result of several weeks of discussions between the company, Apollo Funds and Q-Invest to reach a consensual solution that is in the best interest of both the Company and its various stakeholders.

### **Transaction structuring, voting agreement and use of funds**

Airopack plans to raise total gross proceeds of approximately €119 million by way of an exercise of warrants currently held by Apollo Funds and a discounted Rights Offering.

The Board of Directors expects to convene an Extraordinary General Meeting ("EGM") to be held in February 2019 to approve a capital reduction of the nominal value of Airopack's registered shares from CHF5 per share to a nominal value of CHF1 per share. Following the completion of the capital reduction procedures, Apollo Funds will exercise 2,843,596 warrants that they currently own at the new nominal value of CHF 1 per share. Following the exercise of their warrants, Apollo Funds will then control approximately 32% of the enlarged share capital of Airopack.

To implement the Rights Offering and the refinancing plan, Airopack's Board of Directors has further decided to propose to its shareholders an ordinary capital increase in the context of Airopack's 2019 Annual General Meeting ("AGM") which is expected to be held in April 2019. The capital increase shall be executed by way of a discounted rights offering following the AGM. Assuming the approval of the proposed capital increase by the AGM, the new shares will be offered to the existing Airopack shareholders through subscription rights and accordingly, the preemptive rights of existing shareholders will be respected. It is currently expected that Airopack's Board of Directors will propose to issue approximately 132 million shares in the context of this ordinary capital increase. In the Rights Offering, shareholders are expected to be able to subscribe for new shares at the reduced nominal value of the shares (i.e. CHF1 per share), such that the gross proceeds amount to approximately €117 million. The final number of shares to be issued and the subscription ratio will be determined immediately prior to the AGM.

The proceeds of the Rights Offering will be used to repay an amount of existing senior debt such that the Company will retain approximately €51 million of term debt post-closing (approximately €127m currently outstanding). Further proceeds will be used to repay the liquidity bridge including accrued interest, Apollo Funds' current super senior debt including accrued interest, costs related to this transaction, operational payables that are currently overdue, and fund cash on balance sheet to allow the business to operate efficiently going forward.

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The maturity on the remaining senior debt will be extended to June 2022, while the maturity on the remaining super senior debt facilities is intended to be extended to February 2022, subject to certain conditions.

Apollo Funds have also agreed to provide a new liquidity bridge of €25 million, which shall be repaid with proceeds from the Rights Offering. The new liquidity provided will enable the Company to continue operating efficiently until the completion of the Rights Offering. In addition, the Company has agreed with Rabobank to enter into a new factoring facility.

Apollo Funds and Q-Invest have separately entered into a voting arrangement whereby Q-Invest commits to vote shares representing approximately 23% of the current undiluted share capital<sup>1</sup> at the instruction of Apollo Funds, but only insofar (and for so long) as required to cause Apollo Funds to control 50% plus one share of the voting shares in Airopack after the Rights Offering has been completed. For the shares owned directly by Q-Invest, Q-Invest has also committed to sell to Apollo Funds the rights attached to its current shareholding.

In the event that, following the completion of the Rights Offering, Apollo Funds do not control (including those shares outlined in the preceding paragraph) at least 50% plus one share, then there shall be a further capital increase, executed by way of a private placement at CHF1.50 per share to Apollo Funds, of as many shares as are required for them to control 50% plus one share of the enlarged share capital. Therefore, as part of the AGM, Airopack's Board of Directors will also propose a second ordinary capital increase of up to approximately 10 million shares, which will be conditional on Apollo Funds not reaching the 50% plus one share threshold as described above.

As part of the consensual solution, Airopack's lenders have also agreed to waive the covenants for the third quarter of 2018, and have agreed new covenants with Airopack to reflect management's latest expectation for Q4 2018 and the first half of 2019.

The Recapitalisation is conditional on shareholders' approval of the capital reduction and the share capital increases in the course of the EGM and the AGM, respectively, and certain conditions relating to the Super Senior debt.

### **Corporate governance changes**

Antoine Kohler, Chairman of the Board of Directors, is taking over the CEO responsibilities on an ad interim basis until the new CEO will join the Company in the first quarter 2019.

The Board of Directors of Airopack is planned, from the completion of the Rights Offering, to contain three directors nominated by Apollo Funds, one by Q-Invest and one independent non-executive director.

### **Financial outlook**

Airopack has continued to grow sales in the second half of 2018 and so far has made further progress with multiple key prospective customers in the personal and home care markets in Europe, Asia and the United States. Management intends to perform essential maintenance works in December alongside a reinvigoration of the workforce, which combined will lead to lower than usual output levels for that month. The Board of Directors and the management team expect that the new proceeds from the liquidity bridge and ultimately from the Rights

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<sup>1</sup> Current undiluted share capital of 19,945,372 registered shares as of 29 November 2018

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Offering will allow the Company to return to a more normal level of working capital. This, combined with the continued improvements in operating performance in the Airopack factory, should enable the business to continue its impressive growth and reach EBITDA breakeven levels in the first half of 2019.

**For more information:**

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Airopack Technology Group AG is a leading developer and supplier of mechanical and pressure-controlled dispensing packaging technologies and systems for manufacturers and suppliers of cosmetics, body care, pharmaceutical and food products. The revolutionary and worldwide and solely by ATG patented Airopack® technology offers a safe, all-plastic pressurized dispenser that is environmentally and planet friendly

Airopack Technology Group operates a Airopack Ready to Fill manufacturing facility in Waalwijk, The Netherlands and a Full-Service Filling operation in Heist-op-den-Berg Belgium (Airosolutions) as well as a manufacturing plant for filling equipment in Houten, The Netherlands (Airofiller Equipment Solutions). The Global Research and Development Team, the Airopack Global Management and Customer Service Organisation are located in Waalwijk, The Netherlands.

The shares of the company are listed on the Swiss Reporting Standard of the SIX Swiss Exchange since 2010. (Ticker: AIRN / ISIN: CH0242606942).

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

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