

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee AS

To the bondholders in:

**ISIN: NO 0010713274 - Havyard Group ASA 14/20 - Senior Unsecured Bond Loan**

Oslo, 2 July 2019

## **Summons to Bondholders' Meeting**

### **1. INTRODUCTION**

Nordic Trustee AS (the "**Bond Trustee**") is appointed as bond trustee for the bond issue with ISIN NO 0010713274 (the "**Bonds**") issued by Havyard Group ASA ("**Havyard**" or the "**Issuer**") pursuant to the terms of the bond agreement dated 11 June 2014 with respect to the Bonds, as amended by an Amendment Agreement no. 1 dated 30 June 2016, an Amendment Agreement no. 2 dated 30 March 2017 and an Amendment Agreement no. 3 dated 27 December 2018 (together the "**Bond Agreement**") between Havyard as the bond issuer and the Bond Trustee (on behalf of itself and the holders from time to time of the Bonds (the "**Bondholders**")).

Capitalised terms used herein and not defined shall have the meaning assigned to such terms in the Bond Agreement.

*The information in this summons regarding the Issuer and market conditions are provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.*

### **2. BACKGROUND**

The Issuer has approached the Bondholders to discuss certain amendments to the Bond Agreement.

Reference is made to the update on financial situation dated 21 March 2019 and published on Stamdata 22 March 2019 and further described in the 2018 Annual Report. The severe downturn in the oil service industry over the past few years resulted in a ripple effect in the yard industry with significantly lower activity levels in general. The activity level has been increasing, but improvement in profitability is yet to follow. More specifically, the Issuer has experienced cost overruns related to two larger prototype projects (NB131 French Pelagic and NB135 Sølvrans), which contracts were signed with low margins at the bottom of the cycle. Other projects are showing good progress. Provisions for the cost overruns and other impairments have resulted in the Issuer being in breach of covenants in terms of equity and working capital as per financial reporting for 2018.

On this background the Issuer has requested a waiver from the financial covenants of the Bond Agreement until 31 December 2019, to provide time to seek and implement solutions with its stakeholders and to have the sufficient liquidity to be able to redeem the Bond Loan in full.

In the wake of the reported deviations on 21 March 2019, the Issuer has been evaluating several strategic alternatives together with its advisors. The first, and most significant step identified has been to sell the Issuer's 75% ownership in the subsidiary MMC First Process ("MMCFP"). On 6 June 2019 the Issuer announced that they have signed a share purchase agreement with a consortium regarding the sale of MMCFP (the "Transaction"). The Transaction is based on a total valuation of MMCFP to NOK 310 million, which upon completion will provide substantial liquidity for the Issuer in the amount of NOK 225 million. The Transaction remains, among other things, subject to a confirmatory due diligence, and clearance from the Norwegian Competition Authority ("NCA"), with target completion 10 July 2019, but with the possibility that a full filing to the NCA will delay this until Q4/2019.

In parallel, the Issuer has been engaged in active and constructive dialogue with its senior lenders. This has resulted in several amendments to the existing bank facilities as well as construction loan commitments for the next five newbuilding vessels (NB141-145), providing stability and transparency going forward.

The sale of MMCFP in combination with the bank amendment agreement will result in a significantly improved balance sheet for the Issuer. Thus, the Issuer expect to be able to redeem the Bond Loan in full through utilization of the call option within 31 December 2019 (the "Redemption Date"). If the Bonds for whatever reason are not redeemed within the Redemption Date, the Issuer offers to pay a redemption penalty fee escalating from 2.5% to 10% from the Redemption Date to the Maturity Date, depending on when the actual redemption takes place.

The terms and conditions for the requested amendments to the Bond Agreement are further set out in Section 3 (*The Proposal*) below.

### 3. THE PROPOSAL

Based on the above background, the Issuer proposes that the Bondholders adopt the following proposal (the "**Amendment**"):

The Bondholders approve that:

1. the Bond Agreement Clause 13.5 (*Financial Covenants*) shall be waived from and including 31.12.2018 to and including 31.12.2019.
2. Should the Bond Loan not have been redeemed by 31.12.2019, the financial covenants shall be amended to be equal to those of the amended bank loans, as follows:

Financial covenants to be waived until 1.10.19. Thereafter the following financial covenants shall apply to Havvyard Group ASA:		
	Equity:	Working Capital:
<b>From and including 1.10.19 to and including 31.12.19:</b>	NOK 350 million	NOK 75 million
<b>From and including 1.1.20 to and including 31.3.20:</b>	NOK 350 million	NOK 95 million
<b>From and including 1.4.20 to and including 30.9.20</b>	NOK 350 million	NOK 115 million

<b>From and including 1.10.20 to and including 31.12.20:</b>	NOK 350 million	NOK 125 million
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When calculating Working Capital, the existing Bond Loan shall be calculated as long term debt irrespective of the due date.

Effects of unrealized agio in "normal" hedging shall be excluded when calculating financial covenants.

3. Should the Bond Loan not have been redeemed by 31.12.2019, the principal shall increase as follows:
  - a. Redemption on or between 01.01.2020 and 12.03.2020: 102,5%
  - b. Redemption on or between 13.03.2020 and 12.06.2020: 105%
  - c. On the due date 13.06.2020: 110%
4. the Bond Agreement is amended to reflect the amendments described herein, with no other amendments than as set out specifically herein and otherwise as necessary to fully implement these amendments.

It is proposed that a resolution comprising the following elements (the "**Proposal**") be passed by the Bondholders, to:

- (i) approve the Amendment as described herein;
- (ii) approve the entering into of an Amendment Agreement no. 4 to implement the Amendment; and
- (iii) authorise and instruct the Bond Trustee to do all things and take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Amendment, including, without limitation, negotiating and approving the final terms of, and entering into, an Amendment Agreement no. 4 and any and all documentation and agreements deemed necessary or desirable by the Bond Trustee in relation thereto.

#### 4. EVALUATION OF THE PROPOSAL (NON-RELIANCE)

The Proposal is put forward to the Bondholders without further evaluation or recommendation from the Bond Trustee, and the Bond Trustee emphasizes that each Bondholder should cast its vote in the Bondholders' Meeting based on its own evaluation of the Proposal. Nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly. The Bond Trustee urges each Bondholder to seek advice in order to evaluate the Proposal.

#### 5. FURTHER INFORMATION

The Issuer has engaged Fearnley Securities AS as the Issuer's financial advisor (the "**Advisor**") with respect to the Proposal. Accordingly, Bondholders may contact the Advisor or the Issuer using the details set out below for further information.

The Advisor is acting solely for the Issuer and no-one else in connection with the Proposal. No due diligence investigations have been carried out by the Advisor with respect to the Issuer and the Advisor expressly disclaims any and all liability whatsoever in connection with the Proposal (including but not limited to the information contained herein).

For more detailed information, please contact:

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This summons is for information purposes only and is neither an offer to sell nor a solicitation of an offer to buy any security. No recommendation is being made as to whether holders of the Bonds should consent to the Proposal. The solicitation of consents is not being made in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such solicitation under applicable securities or "blue sky" laws.

## 6. BONDHOLDERS' MEETING

Bondholders are hereby summoned to a Bondholders' Meeting:

**Time:** 16 July 2019 at 13:00 hours (Oslo time),  
**Place:** The premises of Nordic Trustee AS,  
Kronprinsesse Märthas plass 1, 0160 Oslo, 7th floor

### Agenda:

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of Proposal:

**It is proposed that the Bondholders' Meeting resolve the following:**

*"The Bondholders' Meeting approves the Proposal as described in section 3 of the summons to this Bondholders' Meeting.*

*The Bond Trustee is hereby authorized to take the relevant steps on behalf of the Bondholders in connection with the implementation of the Proposal, including without limitation to prepare, finalize and enter into the necessary amendment agreements and other documentation deemed appropriate and take such further actions which are necessary to execute the Proposal."*

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the Bondholders' Meeting must vote in favour of the resolution. In order to have a quorum, at least 50% of the Voting Bonds must be represented at the Bondholders' Meeting.

If the Proposal is not adopted, the Bond Agreement will remain unchanged.

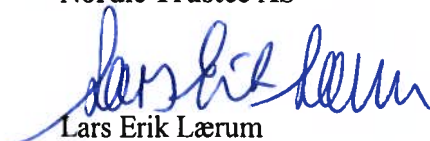
Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the Bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the Bonds, (ii) the aggregate nominal amount of the Bonds and (iii) the account number in VPS on which the Bonds are registered.)

The individual Bondholder may authorise the Nordic Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Nordic Trustee to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post to [mail@nordictrustee.com](mailto:mail@nordictrustee.com), +47 22 87 94 10, or Nordic Trustee AS, PO Box 1470 Vika, 0116 Oslo, Norway).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail within 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely  
**Nordic Trustee AS**



Lars Erik Lærum

Enclosed: Bondholder's Form