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**To the bondholders in:**

**ISIN: NO 001071950.3 - “FRN Personalhuset AS Senior Secured Callable Bond Issue 2014/2019”**

Oslo, 20 September 2016

## Summons to Bondholders’ Meeting

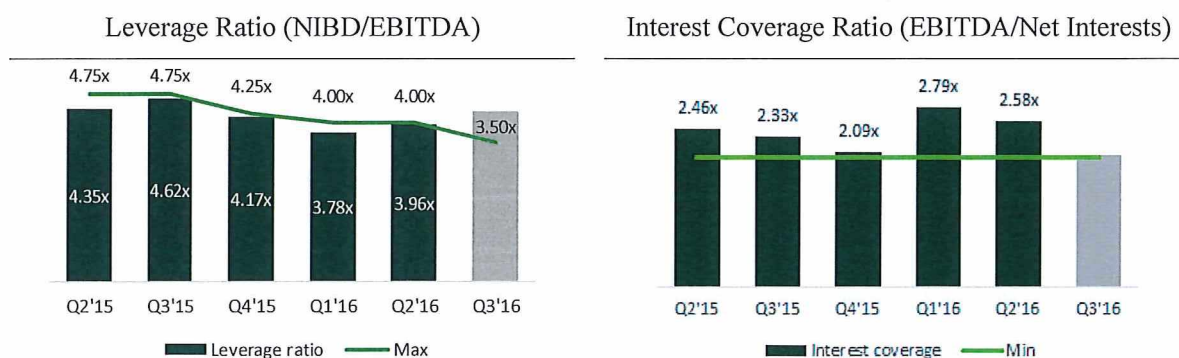
Nordic Trustee ASA acts as trustee (the “Trustee”) for the holders of the Bonds (the “**Bondholders**”) in the above mentioned bond issue with ISIN NO 001071950.3 (the “**Bond Issue**”) issued by Personalhuset AS (the “**Issuer**” or the “**Company**”).

All capitalized terms used herein shall have the meaning assigned to them in the bond agreement dated 11 September 2014, made between the Trustee and the Issuer (the “**Bond Agreement**”), unless otherwise stated herein. References to Clauses and paragraphs are references to Clauses and paragraphs of 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.*

## 1 BACKGROUND

Following a period with continuously challenging staffing market in Norway, the Company’s margins have been negatively affected over some time as approx. 60% of the Company’s revenues derive from the Norwegian market. Combined with step-downs in the Leverage Ratio thresholds, the Company expects to be in breach with this covenant from 30 September 2016. The Interest Coverage Ratio may also be difficult to meet in 3Q16 and 4Q16. In addition to its operations in Norway, Personalhuset’s business comprises operations in Sweden, Denmark and Finland. Below is an overview of the covenant levels for the Leverage Ratio and Interest Coverage Ratio for the last quarters.



The European staffing industry follows the economical up and downturns in the various countries. All countries fell with more than 20% during the financial crises in 2009, followed by a strong growth in 2010/2011. The Norwegian staffing market developed significantly worse from 2013 to 2016 compared to all other countries, mainly due to the lower oil prices. In the declining Norwegian staffing market, a tough competition on retaining and winning customers has significantly affected both contract margins and earnings. On the positive side, Personalhuset is outperforming its main Norwegian competitors due to business mix, efficiency in operations and strong cost control. Looking outside Norway, the overall markets in Sweden, Denmark and Finland experienced growth in 2015 and 2016.

Despite the sharp competition in the market, Personalhuset has managed to maintain positive margins at levels well above its peers. However, declining volumes and pressure on contract margins have resulted in a decline in EBITDA over the last couple of years, mainly attributable to Norway and to a certain extent to Denmark. Below is an overview of the profitability over the last couple of years in the countries in which the Company operates:

- Norway: Declining market trend impacting both revenues and margins mainly within temporary staffing and HRC (offshore). The decline in temporary staffing revenues is closely linked to the general softening of the economy, while the decline in HRC (offshore) is related to the negative development in the oil and offshore industry.
- Sweden: Growth from Healthcare and Söder & CO increases EBITDA, offset by higher cost level. Several initiatives were initiated in the end of 2015 to reduce cost going forward.
- Denmark: Decrease in healthcare demand negatively effecting EBITDA.
- Finland: Year over year increase in revenue positively effecting EBITDA. Being in a challenger-position in the market, the Company has been able to grow despite unfavourable market conditions.

The Company is focused on future revenue growth, improved contract margins and operational cost cutting. Over the last year, the following initiatives have been completed and initiated:

- Reduced opex, including organizational changes which have reduced cost per employee.
- In April 2016, the Company completed a strategic acquisition of the Swedish staffing company Söder & Co. Personalhuset acquired 29.1 % of the outstanding shares, representing 54.65 % of the voting shares. Söder & Co is a significant player in the Swedish staffing industry with revenues of more than SEK 200 million in 2014 and NOK 281 million in 2015. Söder & Co is represented in the most important areas in Sweden and their contribution has expanded the footprint of Personalhuset significantly.
- Personalhuset will continue to be selective on contracts and avoid loss making prestige clients, and increase niche footprint in high margin markets such as Healthcare, Outplacement and Search & Selection. The company will also continue its focus within smaller regional markets.
- Introducing “PSG Academy” securing competencies and selling skills for employees at all levels in the organization in order to increase the sales volume.
- Training and improved processes have been started to increase activity per employee.

As a part of the weaker revenues and expected covenant breach, the Company raised NOK 15 million of new cash equity in June 2016, and is now contemplating to raise another NOK 35 million of new cash equity, subject to bondholders accepting the proposed amendments below (the “**Equity Issue**”). The main shareholder Hospitality Invest AS is committed to provide the entire amount under this new equity, but all shareholders will be invited to participate on a pro rata basis.

The Company’s liquidity is good, with NOK 103 million of cash as of 2Q16 on a consolidated basis.

## 2 PROPOSAL AND RATIONALE

In accordance with Clause 16.2.1 of the Bond Agreement, the Issuer has approached the Bond Trustee to convene a Bondholders' Meeting in order to obtain the Bondholders' approval to the proposed amendments to the Bond Agreement as described below, pursuant to the authority given to the Bondholders' Meeting under Clause 16.3 of the Bond Agreement.

The Issuer proposes the changes to the Bond Agreement are further detailed in Appendix 1 hereto (the "Proposal"). The Proposal may be summarized as follows:

### 2.1 Amend the financial covenants in clause 13.5 as follows:

- The Leverage Ratio is proposed to be amended from 3.50x from and including 3Q16 as of today to the following minimum thresholds:

From and including:	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18→
Leverage Ratio (new)	4.75x	4.50x	4.25x	4.25x	4.00x	3.75x	3.5x

- The Interest Coverage Ratio is proposed to be reduced from minimum 2.00x to minimum 1.85x from and including 3Q16 to and including 31 December 2016. From and including 1 January 2017 the Interest Coverage Ratio shall again be minimum 2.0x.

#### *Rationale:*

*By issuing NOK 35 million of new equity, the Issuer will strengthen its balance sheet considerably, and it sends a strong signal in terms of the shareholders' willingness to support the Issuer. In addition to the Equity Issue, the new amortization profile, reduced distribution allowances and the targeted cost cutting and other initiatives described herein will strengthen the Issuer creditworthiness.*

*More flexibility on the financial covenants is however needed as the staffing market in Norway is expected to remain somewhat challenging into 2017. It is important for the Issuer's day to day business to avoid noise with respect to the covenant situation, and potential repeating covenant breaches are obviously unfortunate. The new covenant levels will allow the Issuer to operate within reasonable limits at the same time as the Bondholders' position is protected. The Company is confident that this is a temporary issue and that it will be within the original covenants at the end of the amendment periods.*

### 2.2 Stricter distribution limitations

No Distributions shall be allowed until 31 December 2017. Thereafter, the Issuer may distribute the lower of (i) maximum 30% of previous year's net profit and (ii) NOK 5 million.

### 2.3 New amortization profile

As a part of the proposed structure, the Issuer shall on every quarterly Interest Payment Date from and including 11 March 2017 make a repayment of Bonds in an amount of NOK 5 million per Interest Payment Date. Such repayment shall be made on 100% of par value (plus accrued interests).

## **2.4 Amendment fee**

As compensation to the Bondholders, the Issuer offers the Bondholders a one-time amendment fee of 0.50% (flat) of the Face Value of the Bonds, payable to the Bondholders registered in the VPS end-of-business the date of the Bondholders' Meeting, within 10 Business Days after the Bondholders' Meeting, provided that the Bondholders' Meeting approves the proposed changes as set out in Clause 2 of this summons but regardless of being in compliance with the conditions described in Appendix 2.

## **2.5 Conditions Precedent**

The implementation of the Proposal will be subject to, inter alia, payment of the Equity Issue into the Issuer (which issue is expected to be completed two days following the Bondholders' Meeting), as well as other conditions as further described in Appendix 2.

## **2.6 Waiver request**

The Issuer asks that the Bondholders waive any and all breaches of the Bond Agreement occurring prior to or during the implementation of the Proposal.

# **3 EVALUATION OF THE PROPOSED AMENDMENTS**

## **3.1 The Issuer's evaluation**

In the Issuer's opinion, the proposed amendments, together with the Equity Issue, the new amortization profile, the stricter limitations on Distributions, the amendment fee and the above mentioned initiatives, will protect the Bondholders' position as creditor. The Issuer believes the Equity Issue, the waiver fee and the structural amendments together should be a fair compensation for the Bondholders to accept the Proposal.

The Issuer has engaged Pareto Securities AS as its financial advisor (the "**Advisor**") with respect to the Proposal. Accordingly, Bondholders may contact Pareto Securities AS Fixed Income Sales at +47 22 87 87 70 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 disclaim any and all liability whatsoever in connection with the Proposal (including but not limited to the information contained herein).

## **3.2 Support from the Bondholders**

Prior to this summons letter being distributed, the Issuer has informed the Bond Trustee that they have received support for the Proposal from a group of the largest Bondholders in the Bond Issue.

## **3.3 The Bond Trustee's disclaimer/non-reliance**

The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders from the Bond Trustee. Each Bondholder should independently evaluate the Proposal and vote accordingly.

*The information in this summons regarding the legal, operational and financial status of the Issuer is provided by the Issuer. The Bond Trustee expressly disclaims any and all liability whatsoever related to such information given from the Issuer.*

#### **4 BONDHOLDERS' MEETING**

To enable the Issuer to conduct the proposed change of the Bond Agreement, the Issuer has requested the Bond Trustee to summon a Bondholders' meeting to consider the approval of the proposed changes.

##### **Bondholders' meeting:**

Bondholders are hereby summoned to a Bondholders' meeting:

**Time:** 4 October 2016 at 13:00 hours (Oslo time),  
**Place:** The premises of Nordic Trustee ASA,  
 Haakon VII's gt 1, 0161 Oslo - 6<sup>th</sup> 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 approve the Proposal as described in section 2, including (for the avoidance of doubt) Appendix 1 and 2, of the Summons.*

*The Bondholders further authorise the Bond Trustee to enter into such agreements and documents, consent to such waivers and amendments, take any actions and do all such things on behalf of the Bondholders as may be necessary or desirable to support or give effect to the Proposal and the conditions for the Proposal, and/or the exercise of the Bond Trustee's discretion, including, without limitation, amending and/or waiving the terms of the Bond Agreement.*

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 5/10 of the voting Bonds must be represented at the 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).

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 (mail@nordictrustee.com) within 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely

**Nordic Trustee ASA**

A handwritten signature in blue ink, appearing to read "Mogens S. Brødrene", is written over the printed name of the Nordic Trustee.

Enclosed:

Appendix 1: Proposed changes to the Bond Agreement

Appendix 2: Conditions precedent

## APPENDIX 1: PROPOSED AMENDMENTS TO THE BOND AGREEMENT

*The Issuer proposes that Clause 10.1 of the Bond Agreement shall be amended and read as follows:*

### 10.1 Maturity

- 10.1.1 The Issuer shall, on each Interest Payment Date from and including 11 March 2017, make repayments of the Bonds in instalments of NOK 5 million.
- 10.1.2 Instalment payments will be made at a price equal to 100 per cent. of the Face Value and pro rata in accordance with the applicable regulations of the Securities Depository
- 10.1.3 Any remaining Outstanding Bonds will be redeemed in full on the Maturity Date at a price equal to 100 per cent. of the Face Value.

*The Issuer proposes that the special covenant under Sub-Clause 13.4 (d) of the Bond Agreement shall be amended and read as follows:*

#### (d) Distribution

During the period commencing on 1 September 2016 and ending on 31 December 2017 the Issuer shall not be permitted to make any Distributions. During the period commencing on 1 January 2018 and ending on the Maturity Date, the Issuer is permitted to make Distributions limited to the lower of (i) 30% of the Group's net profit on a consolidated basis for the previous financial year and (ii) NOK 5 million per year, provided always that immediately after such transaction the Issuer complies with the Financial Covenants in Clause 13.5 (as amended).

*The Issuer proposes that the financial covenants under Sub-Clauses 13.5 (a) and 13.5 (b) of the Bond Agreement shall be amended and read as follows:*

#### (a) Leverage Ratio

The Issuer shall ensure that the Group maintains a maximum Leverage Ratio as follows:

Relevant Period ending:	Leverage Ratio:
30 September 2016	4.75
31 December 2016	4.50
31 March 2017	4.25
30 June 2017	4.25
30 September 2017	4.00
31 December 2017	3.75
31 March 2018, and each Relevant Period thereafter	3.50

#### (b) Interest Cover Ratio

The Issuer shall, during the period commencing on 1 July 2016 and ending on 31 December 2016, ensure that the Group maintains an Interest Cover Ratio at least equal to 1.85. The Issuer shall, during the period commencing on 1 January 2017 and ending on the Maturity Date, ensure that the Group maintains an Interest Cover Ratio at least equal to 2.00.

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**APPENDIX 2: CONDITIONS PRECEDENT**

The entry into force of the proposed amendments to the Bond Agreement shall be subject to the Bond Trustee having received, or waived the right to receive, all the documents and other evidence listed below:

- a) a written Amendment Agreement, as customary on the Norwegian bond market, duly executed by the Issuer and the Bond Trustee on the behalf of the Bondholders;
- b) copies of (i) the Certificate of Incorporation or other similar official document for the Issuer, evidencing that it is validly registered and existing and (ii) the Articles of Association of the Issuer;
- c) a certified copy of a power of attorney from the Issuer to the relevant individuals for their execution of the Amendment Agreement or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute this Amendment;
- d) minutes from the Bondholders' Meeting evidencing the resolution of the Bondholders' Meeting to approve the proposed amendments to the Bond Agreement;
- e) certified copies of all necessary corporate resolutions of the Issuer to enter into this Amendment and to issue NOK 35 million of new equity;
- f) satisfactory written evidence that the Issuer has raised NOK 35 million of cash equity and that such equity has been paid in to the Issuer;
- g) any statements or legal opinions reasonably required by the Bond Trustee (including any capacity *corporate opinions for the Issuer and opinions related to the validity, perfection and enforceability* of this Amendment or the issuance of NOK 35 million of new equity).

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