LSF9 Balta Issuer S.A.
(*société anonyme*)
33, rue du Puits Romain
L - 8070 Bertrange
R.C.S. (Luxembourg): B 198 084
(the **Issuer**)

NOTICE

relating to the series of notes

LSFBaltaIssuer 7,75% 15/09/2022 Reg S	**with ISIN XS1265917481; and**
LSFBaltaIssuer 7,75% 15/09/2022 Rule 144A	**with ISIN XS1265968633;**

issued by the Issuer pursuant to the indenture dated as of 3 August 2015 (as amended or supplemented from time to time, the **Indenture**) among, *inter alios*, the Issuer, the Guarantors named therein and U.S. Bank Trustees Limited as Trustee and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange pursuant to its €290,000,000 7.75% Senior Secured Notes due 2022 prospectus dated 14 August 2015.

The Balta Group announces agreement to acquire Bentley Mills, Inc.

LSF9 Balta Issuer S.A. (the "Company"), an entity indirectly controlled by Lone Star Fund IX, today announces that it has entered into an agreement to acquire Bentley Mills, Inc. ("Bentley"), a leading provider of premium specified carpet tile and broadloom carpets for commercial interiors, subject to financing. Bentley is a leading player in the US premium commercial tiles and broadloom market serving diverse end markets with a balanced geographic mix across the US. Bentley has witnessed strong revenue growth over the last three years, complemented by EBITDA margin improvements driven by cost improvements and efficiencies, operational leverage and strategic repositioning. The Company is currently in discussions with lenders to obtain the necessary financing through a new senior term loan, which would be on substantially similar documentation terms to the Company's existing 7.75% senior secured notes due 2022.

Below is included certain financial information for the Company and Bentley on a standalone basis and pro forma for the acquisition of Bentley, as if this had occurred at the beginning of the relevant period. Where pro forma financial information is presented by segment, Bentley's contribution is included in the Company's "Commercial Carpet & Tiles" segment.

For the year ended December 31, 2016

	Year ended December 31, 2016		
	Balta	Bentley	Pro forma for Bentley acquisition
	(€ millions, unless otherwise stated)		
Revenue	**557.7**	**110.7**	**668.3**
Adjusted EBITDA[(1)]	**81.4**	**16.0**	**97.4**
Adjusted EBITDA[(1)] Margin (% revenue)	**14.6%**	**14.5%**	**14.6%**
Maintenance capex[(2)]	(22.2)	(3.5)	(25.7)
Efficiency and growth capex	(15.8)	(4.0)	(19.8)
Total capex	**(38.0)**	**(7.5)**	**(45.5)**

(1) Adjusted EBITDA refers to operating profit / (loss) adjusted for depreciation and amortization, impairments and write-offs, results from acquisitions and disposals, gain from discontinued operations, legal costs and integration and restructuring expenses.

(2) Excludes the proceeds from disposals. Includes investment in buildings, health, safety and environmental requirements, information technology and samples.

Pro forma revenue by segment and geography

	Year ended December 31, 2016			
	Rugs	Residential Carpet & Tiles	Commercial Carpet & Tiles	Total[(1)]
	(% pro forma revenue)			
UK and Ireland	5%	54%	5%	22%
Rest of Europe	50%	38%	32%	42%
North America	33%	1%	58%	28%
Rest of World	12%	8%	5%	8%

(1) Total also includes the Non-Woven division.

Pro forma Adjusted EBITDA by segment

	Year ended December 31, 2016			
	Rugs	Residential Carpet & Tiles	Commercial Carpet & Tiles	Total[(1)]
	(€ millions, unless otherwise stated)			
Pro forma Adjusted EBITDA[(2)]	38.0	28.4	28.1	97.4
Pro forma Adjusted EBITDA[(2)] Margin (% revenue)	18%	12%	15%	14.6%
% of Total Pro forma Adjusted EBITDA[(2)]	39%	29%	29%[(3)]	100%

(1) Includes the Non-Woven division, which accounted for €2.9 million, or 3.0%, of Balta's pro forma Adjusted EBITDA in 2016. In 2016, approximately 48% of Non-Woven volumes were for captive use.

(2) Pro forma Adjusted EBITDA refers to operating profit / (loss) adjusted for depreciation and amortization, impairments and write-offs, results from acquisitions and disposals, gain from discontinued operations, legal costs and integration and restructuring expenses, pro forma for the Bentley acquisition, as if this had occurred at the beginning of the period.

(3) This percentage includes 13% in the European Union and 16% in the United States (which reflects Bentley's contribution).

For the twelve months ended September 30, 2016

	Twelve months ended September 30, 2016		
	Balta	Bentley	Pro forma for Bentley acquisition
		(€ millions)	
Revenue	**564.6**	**109.9**	**674.4**
Adjusted EBITDA[(1)]	**80.4**	**15.3**	**95.7**
Maintenance capex[(2)]	(22.3)	–	(22.3)
Efficiency and growth capex	(17.6)	–	(17.6)
Bentley capex	–	(6.7)	(6.7)
Total capex[(3)]	**(39.8)**	**(6.7)**	**(46.5)**
Change in working capital[(4)]	(13.5)	1.8	(11.7)
Taxes	(1.3)	(2.1)	(3.4)
Cash flow for debt service (pre-exceptionals)	**25.8**	**8.4**	**34.1**

(1) Adjusted EBITDA refers to operating profit / (loss) adjusted for depreciation and amortization, impairments and write-offs, results from acquisitions and disposals, gain from discontinued operations, legal costs and integration and restructuring expenses.

(2) Excludes the proceeds from disposals. Includes investment in buildings, health, safety and environmental requirements, information technology and samples.

(3) Excludes proceeds from disposals of assets.

(4) The negative movement in working capital includes €10 million of transaction fees incurred over the course of 2015 as part of the sale of the Group to Lone Star (but paid in the fourth quarter of 2015 and in the first quarter of 2016).

For the years ended December 31, 2014, 2015 and 2016

Free cash flow / cash conversion (Balta standalone)

	Year ended December 31,		
	2014	2015	2016
	(€ millions, unless otherwise stated)		
Operating FCF[(1)]	37.5	37.8	34.1
Cash conversion[(2)]			
Including growth capex (% Adjusted EBITDA)	58%	50%	42%
Excluding growth capex (% Adjusted EBITDA)	73%	72%	61%
Net working capital (% revenue)	16.2%	13.7%	14.3%

(1) Operating FCF is defined as Adjusted EBITDA, less gross capex (excluding proceeds from disposals, but including investment in additional yarn manufacturing capacity in Turkey) and change in working capital.

(2) Cash conversion is defined as Operating FCF (including or excluding growth capex, as indicated) divided by Adjusted EBITDA.

Other information

- For the year ended December 31, 2016, 39% of Balta's pro forma Adjusted EBITDA was attributable to decoration, 46% was attributable to renovation and refurbishment and 12% was attributable to new construction. Balta's non-woven division accounted for the remaining 3% of Balta's pro forma Adjusted EBITDA.

- From 2014 to 2016, Balta had a standalone revenue CAGR of 3.1% on a constant currency basis.

- Bentley has approximately €41 million of indebtedness outstanding under its bank loan facility, which is expected to be rolled over in the acquisition.

Overall, the Balta Group is strengthening its market position organically and is considering various opportunities in the M&A markets and the capital markets to finance its growth, which may include public or private equity or debt capital markets. However, other than with respect to the Bentley Mills acquisition announced today, no definitive decision has been taken as to whether to proceed with any transaction.

The Balta Group is a leading global manufacturer of decorative rugs and a European leader in broadloom and carpet tiles.

Lone Star Fund IX constitutes one of the most recently established opportunity funds sponsored by the principals of Lone Star, a leading private equity firm that invests globally in real estate, equity, credit and other financial assets and operating companies with affiliate offices in North America, Western Europe and Asia.

Tom Debusschere,

CEO Balta Group

Dated 10 March 2017

The Investor Relations team is responsible for arranging for the release of this announcement on behalf of the Balta Group. For enquiries please contact Investor.Relations@baltagroup.com.

Important Regulatory Notice

This press release is for informational purposes only and does not constitute a prospectus or an offer to sell or issue or the solicitation of an offer to buy or subscribe for any securities in the Gramd Duchy of Luxembourg, the United States or any other jurisdiction. This announcement contains inside information.

Certain financial data included in this press release are "non-IFRS financial measures." These non-IFRS financial measures may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although Balta believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures or any ratios included in this presentation.

The financial information included in this press release includes preliminary figures that have not been subject to an audit or review by any independent auditor in accordance with any generally accepted auditing standards. This presentation also includes certain unaudited pro forma consolidated financial information. The unaudited pro forma adjustments are based upon available information and certain assumptions that Balta management believes to be reasonable. Neither the assumptions underlying the pro forma adjustments nor the resulting unaudited pro forma combined financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

This press release may include projections and other "forward-looking" statements within the meaning of applicable securities laws. Any such projections or statements reflect the current views of the issuer about further events and financial performance. No assurances can be given that such events or performance will occur as projected and actual results may differ materially from these projections.