INVESTOR REPORT December 31, 2015

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DEFINITIONS

In this document:

- "Company" means LOXAM S.A.S., and "we", "us", "our" and "our group" refer to LOXAM S.A.S. and its consolidated subsidiaries, unless the context requires otherwise;
- "Income from ordinary operations" means operating income plus certains items disclosed separately under "other operating income and expense", including a limited number of items, unusual, abnormal, and uncommon, with significant amounts. These items are disclosed separately in the income statement to make it easier to appreciate the Group's current operating performance;
- "EBITDA" means in IFRS income from operating income plus depreciation and amortization of fixed assets; "EBITDA" means under French GAAP operating income plus depreciation of fixed assets;
- "Adjusted EBITDA" means, under French GAAP, EBITDA plus certain costs that we do not consider to be representative of the results of our ongoing business operations, particularly costs associated with putting in place new financings;
- "Free cash flow" means EBITDA (before capital gains on fleet disposals) plus the proceeds from disposals of fixed assets less the following: (i) gross capital expenditures, (ii) finance income and expense (excluding non cash expense or income), (iii) income taxes (excluding deferred taxes), (iv) increases in working capital requirement and (v) miscellaneous items.
- "Gross book value" means the total acquisition cost of the fleet equipment;
- "Gross debt" means loans and debt owed to credit institutions, bonds, lease liabilities, bank *overdrafts and other financial debt, plus accrued interest on debt* excluding derivative instruments on the balance sheet;
- "Net debt" means gross debt less cash and cash equivalents (cash plus marketable investment securities), less cash management assets;
- "Like-for-like" means changes in revenue for the period indicated compared to the prior comparable period, excluding changes in the scope of consolidation;

NOTICE

All financial information in this report relating to the financial year have been prepared in accordance with IFRS and are presented in million of euros. This financial information has been subject to an audit by our statutory auditors. All financial information in this report relating to the quarters have been prepared in accordance with French GAAP and have not been subject to an audit by our staturory auditors

In this document, we use certain non-GAAP measures, such as EBITDA, adjusted EBITDA, free cash flow or net debt, as we believe they and similar measures are widely used by certain investors as supplemental measures of performance and liquidity. These non-GAAP measures may not be comparable to other similarly titled measures of other companies and may have limitations as analytical tools. Non-GAAP measures such as EBITDA, adjusted EBITDA, free cash flow and net debt are not measurements of our performance or liquidity under IFRS or French GAAP and should not be considered to be alternatives to operating income or any other performance measures derived in accordance with IFRS or French GAAP. They should not be considered to be alternatives to cash flows from operating, investing or financing activities as a measure of our liquidity as derived in accordance with IFRS.

Rounding adjustments have been made in calculating some of the financial and other information included in this document. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Change in accounting policy

Loxam has adopted International Financial Reporting Standard “IFRS” as accounting standard for its 2015 financial statements. Loxam also prepared restated financial statements for 2014 and 2013 to provide historical comparable data. Loxam’s auditors have audited the 2015 accounts under IFRS standard. Loxam will report future quarterly performance under IFRS and will also provide restated historical quarterly performance under IFRS.

The following discussion and analysis is based on, and should be read in conjunction with, our audited annual consolidated financial statements included elsewhere in this report.

This document contains certain statements that are forward-looking. These statements refer in particular to the Company's forecasts, projections, future events, trends or objectives that are naturally subject to risks and contingencies that may lead to actual results materially differing from those explicitly or implicitly included in these statements. Such forward-looking statements are not guarantees of future performance. The Company, as well as its affiliates, directors, advisors, employees and representatives, expressly disclaim any liability whatsoever for such forward-looking statements. The Company does not undertake to update or revise the forward-looking statements that may be presented in this document to reflect new information, future events or for any other reason and any opinion expressed in this document is subject to change without notice.

This document does not constitute, or form part of, an offer or invitation to sell or purchase, or any solicitation of any offer to purchase or subscribe for, any securities of the Company in any jurisdiction whatsoever. This document shall not form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

CONSOLIDATED FINANCIAL STATEMENTS SUMMARY

Consolidated Income Statement *(in millions of euros)*	**Year ended December 31, 2014**	**2015**
Revenue	**812.3**	**838.2**
Other operating income	50.6	57.4
Purchases consumed	(92.1)	(92.0)
Personnel expenses	(215.5)	(224.6)
Other operating expenses	(284.2)	(286.4)
Taxes and duties	(14.7)	(15.5)
Depreciation and amortization	(164.3)	(187.3)
Income from ordinary operations	**92.1**	**90.0**
Other operating income and expense	(2.6)	0.1
Operating income	**89.5**	**90.0**
Financial income and expense	(66.9)	(66.6)
Results of associates	-	(0.4)
Income tax	(10.9)	(15.3)
Consolidated net income	**11.7**	**7.7**
Non controlling interests	(0.1)	(0.3)
Net income, group share	**11.8**	**8.0**

Consolidated balance sheet	**As of**	
(in millions of euros)	**December 31, 2014**	**December 31, 2015**
Intangible assets and goodwill	951.6	983.0
Tangible assets	534.2	560.1
Investments in equity-accounted companies	-	8.5
Other financial assets	6.0	9.4
Deferred tax assets	9.0	8.6
Non-current assets	**1,500.9**	**1,569.6**
Inventories	17.2	18.4
Trade and other receivables	185.5	206.4
Other current assets	32.6	25.6
Financial assets related to cash management	5.0	-
Cash and cash equivalents	139.4	158.2
Current assets	**379.7**	**408.6**
TOTAL ASSETS	**1,880.7**	**1,978.2**
Shareholders' equity	**543.9**	**547.2**
Provisions for employees benefits	15.1	15.0
Deferred tax liabilities	24.3	21.9
Loans and financial debt – long term portion	1,045.2	1,109.0
Derivatives	11.8	9.5
Non-current liabilities	**1,096.4**	**1,155.5**
Provisions	5.6	7.1
Loans and financial debt – current portion	51.2	73.7
Supplier and other payables	90.1	89.4
Other current liabilities	93.5	105.4
Current liabilities	**240.4**	**275.5**
TOTAL EQUITY AND LIABILITIES	**1,880.7**	**1,978.2**

Consolidated condensed cash-flow statement	**Year ended December 31,**	
(in millions of euros)	**2014**	**2015**
Cash flow from operations	155.4	153.3
Cash flow from investing activities	(255.0)	(217.3)
Cash flow from financing activities	104.3	77.7
Change in cash and cash equivalents	**4.8**	**13.7**
Cash and cash equivalents at the end of the period (1)	**144.3**	**158.0**

Note : (1) Including bank overdraft and financial assets relating to cash management.

BUSINESS

Overview

We are a leading European equipment rental group for the construction, industry, public works and events sectors. Our activity is split in three business divisions:

- Generalist France division, which includes equipment for earth moving (backhoes and loaders), aerial work (booms and scissors), handling (forklifts and tele-handlers), compaction (compactors and rollers), and building (concrete mixers and saws), as well as hand tools such as power drills, chainsaws and jackhammers. As of December 31, 2015, our Generalist network included 454 branches. Our Generalist network trades under the LOXAM Rental brand;
- Specialist France division, which includes high-access equipment, modular shelters, large compressors and generators, heavy compaction equipment, suspended platforms and scaffolding. As of December 31, 2015, our specialist network in France includes 69 branches. We rent specialist equipment in France under several specific brands, such as LOXAM Access, LOXAM Lev, LOXAM Module, LOXAM Power, LOXAM Laho TEC, LOXAM TP and LOXAM Event;
- International division, which comprises our specialist and Generalist equipment offerings in 11 other countries outside of France (Denmark, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg, Morocco and Norway) with a network of 145 branches as of December 31, 2015. We have been present in Brazil since April 2015 through our 25% stake in Degraus, a Brazilian equipment rental company that operates a network of 20 branches.

We rent over 1,000 different types of equipment and tools. We also provide services such as transportation, refueling, damage waiver and retail consumable products to complement and support our rental business. As of December 31, 2015, our rental fleet exceeded 200,000 pieces of equipment (excluding accessories) with a gross book value of €1.8 billion.

As of December 31, 2015, we had the largest rental network in Europe with 668 branches, of which 523 were located in France. On October 30, 2015, we completed the Hertz Equipment Acquisition, which allowed us to add 60 branches in France and two in Spain.

We generated revenue of €838.3 million and EBITDA of €277.2 million for the year ended December 31, 2015, representing an EBITDA margin of 33.1%. In 2015, 61.1% of our revenue was generated from our Generalist France division, 17.2% by our specialist France division and 21.7% by our International division.

As of December 31, 2015, we had the largest rental network in Europe with 668 branches, of which 523 were located in France. Our branches are deeply embedded in the local markets in which they operate, and we emphasize building and maintaining close relationships with clients at the local level. Our decentralized business model allows us to adapt our equipment fleet at the branch level in order to meet our clients' needs in various markets, offering them a value-added alternative to owning and maintaining equipment in-house. Our dense network in France allows us to meet customer demand by moving equipment across branches.

Competitive Strengths

We believe that the following competitive strengths have been instrumental in our success and provide the foundation for our future growth:

European market leader with dense local network and strong brand recognition

We believe we are the largest equipment rental service provider in Europe based on 2015 revenue, with operations across 11 European countries. We also have operations in Morocco and a presence in Brazil through our minority ownership share in Degraus, a Brazilian rental company. In France, our largest market, we are the leading industry participant, with a national market share of 18% in 2014 (assuming a total market size of €3.6 billion as calculated by the European Rental Association), and we believe that we are consistently one of the two largest players in most of the regions and metropolitan areas where we are active. As of December 31, 2015, our network included 454 generalist branches and 69 specialist branches in France, as well 145 branches in 11 other countries. The density of our network allows us to maintain close relationships with clients at the local level, which we see as an important competitive advantage in understanding our clients' needs and winning profitable business.

The Loxam brand benefits from strong recognition in France. We believe that many of our professional customers consider Loxam to be a trusted partner in their day-to-day operations, principally as a result of our reliability in terms of service and fleet availability across a wide range of products. Our portfolio of clients in our Generalist France business included approximately 92,000 customers as of December 31, 2015. Our RentalMan platform allows us to set up a national account for each entity and for each branch.

Acceleration of international development in recent years

On the back of our strong national market leadership position in France, we started to expand across Europe in 1996. We are currently active in 11 European countries and in Morocco. In Denmark, the Netherlands, Belgium and Switzerland, we believe we were the number two player in terms of revenue in 2014. Our position was strengthened in Denmark in 2014 thanks to our acquisition of Dansk Lift. We also reinforced our market position in the Netherlands through our acquisition of Workx in July 2014. We entered Brazil since April 2015 through our 25% stake in Degraus, a Brazilian equipment rental company that operates a network of 20 branches. In June 2015, our subsidiary in Morocco acquired Maroc Elevation, a Moroccan company specializing in access equipment. In addition, in October 2015 we acquired the French and Spanish businesses of Hertz Equipment Rental Company. We believe that these acquisitions will strengthen our image in these markets and contribute to our brand recognition. We believe we are the only rental group to operate through a portfolio of generalist and specialist brands on this scale in several countries.

Our network of branches in our International division increased from 88 branches as of December 31, 2012 to 145 branches as of December 31, 2015. This growth has been driven by the acquisitions mentioned above, as well as organic developments in our international markets. As a result of this growth, the revenue generated from our International division increased from €118.9 million for the year ended December 31, 2012 to €182.1 million for year ended December 31, 2015. The percentage of our revenue generated by our International division has increased from 14.4% of our total revenue in 2012 to 21.7% of our total revenue in 2015.

Diversified business model

Our business model and size result in a significant diversification in terms of offering, customers, end markets and regions.

With a total of over 200,000 machines, representing a gross book value of €1.8 billion at the end of 2015, we believe we offer the largest fleet on the European market by gross book value. Our fleet potentially addresses a full range of client needs for earth moving, aerial work, handling, compaction, energy, modular and building equipment, including both generalist and specialist equipment. Our fleet is continuously evolving as we seek to meet the demands of increasingly sophisticated technical aspects of our clients' operations and pursue opportunities to target new sectors. Our expanding product offering allows us to act as a one-stop shop with full and comprehensive rental solutions and to diversify our client portfolio. In 2015, our capital expenditures decreased by 47% year-over-year to €124 million. The estimated replacement value of our fleet amounted to €2.0 billion (excluding Hertz) million as of December 30, 2015.

Our broad and diversified customer base (representing approximately 150,000 customers across all divisions as of December 31, 2015) includes construction, industrial and specialist customers, from small business and craftsmen to large international groups. Most of our largest customers operate multiple divisions, which results in a large portion of our business being carried out directly between our local branches and the local divisions or subsidiaries of larger groups, which further increases our level of customer diversification. Our top ten customers at a group level (excluding Hertz), all of which operate in the civil engineering, construction or utilities sectors, accounted for approximately 20% of our revenue for 2015 compared to 27% in 2013. We have also diversified our revenue across industries. Revenue generated outside of the construction and civil engineering sectors accounted for 40% of our 2015 revenue, an increase from 31% in 2011. Typically, the selection of a rental equipment provider is made locally by the construction site supervisor, and we believe the key factors in this decision are proximity, product offering and reliability. Our key clients show significant loyalty and generate significant recurring revenue. While there is some variability in the composition of our customer base, the same ten clients have comprised our ten largest customers in France, our largest market, in every fiscal year since 2007.

Our diversified end market exposure spans from residential and commercial construction sectors to public infrastructure and we are increasingly expanding into industry, municipal projects, as well as events and media, whether to support their day-to-day activities or occasional needs. Approximately 60% of our 2015 revenue was generated from the construction and civil engineering sectors in 2015, while 40% was generated from other end-markets. The largest of these other end markets was the industrial sector, which generated 10% of our revenue in 2015.

The significant density of our network and large number of customers we serve limit the impact of localized economic fluctuations in certain end-markets or geographies and reduces our dependence on any particular customer or group of customers

Strong financial track record

We operate in a cyclical industry and, as a result, we have gained a significant amount of experience in managing risks and tracking signs of market slowdown and recovery.

We continuously monitor market indicators such as GDP growth and construction activity, as well as information generated from our local branch network and our strong customer relationships, to gain insight on future short- and medium-term demand for our services. This allows us to adjust our operating cost structure in a timely manner in reaction to changes in the industry, as demonstrated by our high level of profitability, with annual Adjusted EBITDA margins ranging between 30% and 36% since 2006.

Our EBITDA margin was 35.4% for the Generalist France division in 2015 and has consistently been above 30% since 2006. In 2015, the EBITDA margin for the Specialist France division was 33.2%. Margins for this division have ranged between 32% to 39% since 2006.

For our International division, the EBITDA margin was 25.2% in 2015. EBITDA margins for our International division have historically been lower than in France because we have pursued an active growth strategy through branch openings and acquisitions and also because of the impact of local headquarters costs on networks with a lower density of branches.

Our understanding of the business cycles affecting our industry and a close monitoring of our own set of key internal indicators, such as the age and utilization rates of the different products in our fleet, also allow us to make appropriate decisions with respect to our capital expenditure programs.

In a growth cycle, we use free cash flow to invest in our rental fleet to enhance our product offering and expand into new products and markets. It is our view that larger market participants such as Loxam are well positioned to take advantage of the return to growth in the rental market while maintaining a strong financial position. In a downturn, we tend to right-size our business, reduce capital expenditure and apply cash flow to pay down debt. Investment in the fleet can be quickly limited to a strict minimum by our management and we have no long-term engagements in respect of capital expenditure. Following the onset of the global financial crisis, we significantly reduced our investments in new equipment and increased our asset sales, primarily during the 2009 fiscal year, when our investments were only €28.1 million, a fraction of our normal level of investments. In contrast, we increased our new fleet investments in 2013 and 2014 in an effort to diversify and rejuvenate our fleet in France, and to sustain the organic growth of our International division.

We believe that our focus on quickly adjusting our operating costs and our fleet to market conditions is a competitive advantage. We have been able to maintain a high level of profitability throughout the business cycles, while maintaining an active and modern fleet.

Flexibility and responsiveness of our network

Our reactivity and flexibility is driven by our dense branch network, which is supported by a well-trained and motivated workforce, a standardized premium rental equipment fleet and an optimized IT system.

The capacity to anticipate and adapt to changes in market environment is an important part of our business culture. Our branches are deeply embedded in local markets in which they operate, and we emphasize building and maintaining close relationships with clients at the local level to better anticipate their needs. Our business model combines a centrally-determined investment budget with large autonomy for regional and branch managers in spending their respective budget allocations, which allows us to adapt our equipment fleet at the branch level to accurately address local demand.

Branches serve as a continuous source of information by reporting the latest market opportunities and seamlessly feed information up to the rest of the organization.

We operate a high-quality and well-invested fleet that has the breadth to meet the specific and complex needs of our most demanding customers. Across our rental fleet, we aim to obtain standardized equipment from our suppliers by providing them with uniform specifications, according to our high standards. A standardized fleet lowers maintenance costs and reduces training time for our staff. It also makes it easier to share spare parts between branches and transfer equipment from one branch to another, resulting in greater fleet utilization.

To improve the efficiency of our French generalist network, all branches have been operating under the Loxam Rental brand since January 2014. In order to optimize our network, we have streamlined and simplified the management of our operations. For example, in 2014 we merged 50 branches in our generalist network in order to adapt to the downturn in the French construction market. We continued these operations in 2015 by merging 31 branches, including 21 in France and 10 in our International division.

Our network is well-managed through close quality control of our branches, optimized IT systems and strong reporting tools, allowing information sharing and internal benchmarking and resulting in a highly dynamic and flexible network. We monitor the quality of our branches through regular audits (both internal and external). In order to support our network and preserve its quality and dynamism, we provide our employees with different types of comprehensive internal training across all levels and divisions to foster the development of multiple skill sets, resulting in a more efficient utilization of our employees.

In 2015, we completed the roll-out of a group-wide integrated ERP system based on the RentalMan platform, which is a dedicated, unified and multilingual rental system that links all aspects of our fleet management and back office in real time. We have access to immediate information that allows us to redeploy assets within our network to areas where the level of demand is higher and to maximize our utilization rates.

In addition, we have deployed a new customer relationship management (CRM) system, a valuable commercial tool based on the Salesforce platform that helps us serve our customers more efficiently.

Our IT system also tracks maintenance and certification requirements, credit management and supplier e-invoicing.

Experienced and proven management team

Our senior management team is led by Mr. Gérard Déprez, our president and CEO and controlling shareholder, who has 28 years of experience with Loxam. The members of our management committee have significant industry experience.

Our management team has experienced several economic cycles of expansion and downturn in our industry and has proven its ability to consistently maintain strong financial performance and protect cash flow generation. Our top management is supported by divisional and regional managers in an organizational structure that empowers middle management and keeps bureaucratic processes at a minimum. This encourages strong commitment and entrepreneurial spirit across the Company and ensures lean corporate functions.

Our shareholders include 3i and Pragma, who have a strong expertise in the rental industry stemming from previous investment in the sector. 3i and Pragma participate actively in our strategic decisions through their representatives on our Strategic Committee.

Our Strategy

We intend to pursue the following key elements of our business strategy:

Continuously refine our network coverage to capture profitable growth

We will continue to focus on generating profitable growth through the optimization of our branch network at the local, national and international levels.

We aim to defend our national leadership position in France on the back of strong market shares in all the local markets in which we are active. We continue to monitor the efficiency of our network of 523 branches in France through regular reviews of the profitability of each individual branch and the utilization rates of our fleet. Based on a certain number of key indicators relating to our network and our fleet, as well as our expectations of future local market conditions, we adjust our coverage and product offering accordingly. We are able to open new branches in dynamic areas while reducing our presence where demand is weaker. For example, in France we completed 50 branch consolidations in 2014. We also opened 14 new branches in 2014, including five in our Generalist France division, and acquired 11 branches from Phocomex, a French rental company based near Marseille that had filed for bankruptcy earlier in 2014. In 2015, we opened 11 branches, including three in our Generalist France division, closed six branches and conducted 31 mergers of branches as part of the optimizing of our network. Among the branch mergers, 21 took place in France as we continued to consolidate the network following the Phocomex acquisition. We consider most of the costs associated with branch openings and closings to be part of our normal activities and therefore typically include them in our operating costs. In 2014 the restructuring of our Generalist network generated a higher level of restructuring costs classified as non-operating costs than we typically have incurred historically, but the total amount was still limited to only €1.6 million.

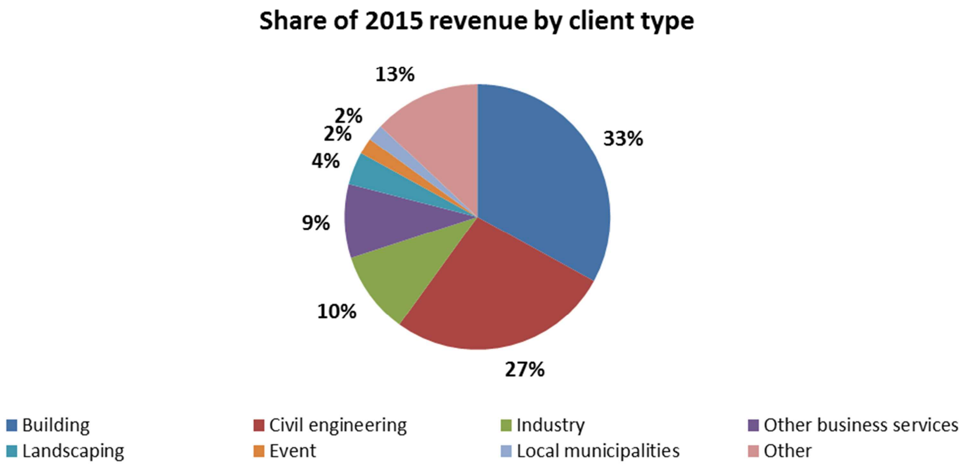
To complement our organic growth, we will continue our selective acquisition strategy. Since the beginning of 2013, we have acquired approximately 130 branches through external acquisitions. We acquired Dansk Lift in December 2013, with six branches in Denmark, four branches in Norway and one branch in Sweden (which we subsequently closed in November 2015), and €18.8 million of revenue in 2013. In July 2014, we acquired Workx in the Netherlands, which has a network of 42 branches and had revenue of €34.0 million in 2013. In November 2014 we acquired two branches in Spain and in December we acquired most of the remaining assets of Phocomex, which added 11 branches to our French Generalist network. Since April 2015, we have been present in Brazil through our 25% stake in Degraus, a Brazilian equipment rental company that operates a network of 20 branches. In June 2015, our subsidiary in Morocco acquired Maroc Elevation, a Moroccan company specializing in access equipment. In August 2015 we acquired the modular building rental business of OBM Construction, consisting of one branch in France. In October 2015, we acquired the French and Spanish businesses of Hertz Equipment Rental Company, which included 60 branches in France and two in Spain. Through our acquisition strategy, we seek to strengthen our leading market position, increase the density of our network and reach a critical size to run profitable operations at a local level. We believe the fragmentation in the market will allow us to complete acquisitions at attractive prices and act as a market consolidator going forward, particularly during downturns.

Further diversify our end markets

We will continue our strategy of diversifying our end-markets. For example, we have strengthened our focus on renovation, which is less cyclical than the overall new construction market, and we have also reduced the share of our business generated from civil engineering. We have increased as well our exposure to other end-markets, such as manufacturing, local authorities, event organizers, landscaping, retail, petro-chemical, training, demolition and facilities management. The customers in these sectors often have higher expectations in terms of quality of service (24 hours a day/7 days a week), which helps us maintain a high standard of service and equipment quality across our business. We are also seeking to target additional client categories, such as small and medium enterprises (SME) or craftsmen who need smaller equipment.

We are also broadening our customer base through the development of partnerships with major do-it-yourself retail chains, sometimes based on a co-branding model. We already have co-branding partnerships in place with Leroy Merlin, Bricoman and Weldom, three French do-it-yourself chains. We also continue to open shops in Paris branded Loxam City to offer our customers proximity to their sites in places where traffic conditions are critical. We opened three new Loxam City branches in Paris in 2014, and had a total of nine branches as of December 31, 2015.

The following chart show the percentage of our revenue generated by client category for 2015 and shows that the percentage of our revenue generated from the construction industry amounts to 66% in 2015.



Managing lifecycle and performances of our rental equipment

We will continue to actively monitor the size, quality, age, composition and efficiency of our rental fleet. We are committed to the disciplined management of our fleet to optimize utilization and profitability through the following strategies:

- Leveraging our scale to negotiate fleet purchase prices and develop customized services and bespoke equipment addressing our requirements in terms of quality, safety and low maintenance costs. In addition, our long-lasting relationship with key equipment suppliers will allow us to obtain useful information on new product innovations and assess market demand.

- Using our comprehensive information systems to increase our utilization rate and yield; we will continue redeploying assets within our branch network, optimizing pricing, adjusting our fleet mix on a real time basis and maintaining fleet quality and diversification; we will focus our primary investments in the most active markets where our fleet has a higher utilization rate and where we expect stronger market trends.
- Continuing a rigorous maintenance program by tracking the servicing history of each piece of equipment.
- Seeking to remove older or idle equipment from our fleet at optimal times, and rejuvenating our fleet so as to be well positioned to serve customers and meet higher demands as a result of a strengthening market.
- Optimizing recycling of equipment through repair and salvage is an integral part of our approach. Fleet equipment that leaves our active rental fleet at the end of its lifecycle is sent to a reprocessing facility near Alençon. This facility evaluates the equipment and helps us to determine whether to sell such equipment to third parties or to recycle it for spare parts for our fleet. These recycling efforts allow us to take advantage of lower costs for certain replacement parts for our rental fleet.

Continue to adapt our financial discipline to business cycles

Our management's experience in equipment rental gives us a long-term vision of cyclicality in the construction and public works industries and thus of demand for our equipment. Our diversified and flexible business model enables us to maintain high Adjusted EBITDA margins and quickly adjust our capital expenditure investments to demand in order to protect cash flow generation. This strategy relies on strong financial discipline implemented across our platform, and the cash flows we generated during the downturn are evidence of our success in relying on this discipline in the past.

We plan to continue using this experience to help us identify the inflection points in the business cycle, when we must decide whether to reduce capital investments and apply cash to debt repayment or make further expenses to meet growing market demand. Our approach helps us to avoid either excess fixed costs related to over-investment when demand drops or lost revenue opportunities and customer dissatisfaction due to under-investment when demand picks up. We intend to continue managing our operations with a clear focus on Adjusted EBITDA and cash flow growth to fund our future investments and service our debt.

Maintain our commitment to innovation, quality, sustainability and corporate and social responsibility

We intend to remain at the forefront of innovation in the industry and leverage our reputation for quality, safety, reliability and environmental commitment, as evidenced by our ISO 9001, ISO 14001, MASE and VCA certifications.

We continually strive to offer the best level of safety to users of our equipment, and as such we endeavor to work only with well-known manufacturers. Our long-standing relationships and cooperation with our suppliers makes us well positioned to highlight difficulties in the use of equipment or safety issues and thereby improve machine design standards. By accounting for market changes, feedback from users in the field and changes to regulations, we strive to ensure that the equipment we offer our customers is increasingly reliable and practicable.

We also endeavor to train our employees throughout their careers. The Loxam School in Bagneux, near Paris, has been open to our French employees across our divisions and has offered sessions to both beginners and experienced staff since 2008. The aim of the Loxam School is to improve the key skills of our employees. Training is provided by experienced professionals from our network. They deal with a variety of fields including knowledge of equipment, safety, environment (waste processing, energy savings, etc.) sales skills and team management, among others.

In October 2015, we became a member of the UN Global Compact programme, the world's largest corporate sustainability initiative. We issued our first Corporate Social Responsibility brochure, “Responsible Rental,” in 2014 providing information about our corporate responsibility initiatives. In December 2015 Loxam underwent an audit of its corporate and social responsibility actions according the guidelines of the ISO 26000:2010 standard. We have been rewarded in France with a performance rating of level 3 (on a scale of 5) in the ISO 26000:2010 standard, which demonstrates our level of commitment and maturity with regards to our corporate and social responsibility.

History and Development

Our company was founded in 1967 in Hennebont (Brittany), France under the name “SAM Location.” Since our creation we have been a generalist equipment rental company. In the early 2000s we decided to create a specialist network to address the growing demand from our customers in France for specialist equipment (such as access equipment, power equipment, assembled modular shelters, heavy earthmoving equipment, and more recently, events and scaffolding). Around the same time, we began our international expansion through a combination of acquisitions and new branch openings. These three principle areas of our group’s development are further described below.

Our company was the subject of a management buy-out starting in 1994 following the acquisition of our main shareholder by Holderbank, a building materials company, which had decided to exit the equipment rental sector in order to refocus on its core business. In 2011, the private equity investors 3i and Pragma took a minority stake in Loxam. As of the date of this offering memorandum, management owns approximately 87.7% of Loxam’s shares and 3i and Pragma together own 12.3%.

Generalist market expansion

We began expanding nationally in France almost 20 years ago, both organically and through a number of small and large strategic acquisitions. We opened our 100th branch in 1991. In 2004, we acquired

Loueurs de France, an equipment rental company focused on the construction and civil engineering sectors with approximately 50 branches concentrated in Paris and in northern and southeastern France. In 2007 we acquired Laho, which was at the time a major general construction equipment rental firm in France with a similar range of equipment. Laho's approximately 120 branches across France significantly increased the size our network. In September 2011, we strengthened our presence in the Eastern part of France with the acquisition of Locarest. Until January 1, 2014, we operated branches under the Loueurs de France, Laho and Locarest names. Since the beginning of 2014 we have combined our networks into a single organization, operating under the Loxam Rental name. In December 2014, we acquired most of the assets of Phocomex, a French rental company based near Marseilles which had filed earlier in the year for bankruptcy. In October 2015, the Hertz Equipment acquisition expanded our Generalist network in France by 60 branches. As of December 31, 2015, our Generalist network in France had 454 branches.

Specialization to meet client needs

We began developing activities in specialist markets as early as the 1980s in order to address our clients' needs for large quantities of specific equipment, such as access equipment, or very specialized needs, such as high access with operators, assembled modular constructions, temperature control, high end power and large capacity compressors, which we believed presented targeted opportunities for growth. In 1988, we acquired LMI (since named Loxam Power), which specializes in air compressors and generators. In 2001, we solidified this segment by establishing three business units to address the increasing demand for specialist equipment: Loxam Access, which specializes in powered-access equipment, Loxam TP, which specializes in heavy equipment for civil engineering and demolition, and Loxam Module, which specializes in modular shelters. We further extended our reach in the Specialist segment in recent years through targeted acquisitions, such as LEV (a specialist in access equipment with and without operators) in 2008. Our specialist branches are located in France and also in other geographical markets. As of December 31, 2015, we had 69 specialist branches located in France.

International development

We established our international presence in 1996 with the acquisition of two branches in Switzerland. In 1999 and 2000, we expanded through acquisitions in generalist and specialist rental markets in Belgium, Germany, the United Kingdom and Ireland. In 2002, we opened operations in Spain under the name Loxam Alquiler. In 2007, we became an important participant in the Denmark equipment rental market with the acquisition of DNE/JJ operating in approximately 15 locations. In 2010, we expanded our presence in Belgium with the acquisition of Locamachine. We opened our first branch outside of Europe in 2011 with the launch of our operations in Morocco in partnership with Stockvis, a Moroccan industrial group. In December 2013 we acquired Dansk Lift, operator of 6 branches in Denmark and, under the Safelift name, four branches in Norway and one branch in Sweden. On April 14, 2015, we acquired 25% of shares of Degraus, which operates 20 branches in Brazil, primarily located in Sao Paolo state. This acquisition enables us to enter a new market that has long-term development potential with limited capital expenditure, as well as to gain expertise in the market through partnership with an established market participant. On June 30, 2015, our 51% owned subsidiary in Morocco, Atlas Rental, acquired 100% of the shares of Maroc Elevation, a Moroccan company operating two branches and specializing in access equipment. On October 30, 2015, we completed the Hertz Equipment Acquisition. As of December 31, 2015, we had 145 generalist and specialist branches in our International network.

Products and Services

Our business is organized into three divisions:

- Generalist France division, which comprises our generalist rental operations in France;
- Specialist France division, which comprises our specialist rental operations in France; and
- International division, which is composed of our generalist and specialist rental operations in 11 countries other than France.

In each of our divisions, our principal activity is equipment rental, which accounted for approximately 70% of total revenue in 2015. We also provide rental services (approximately 24% of total revenue in 2015), such as transportation of equipment and assembly related to modular rentals, that complement and support our rental offerings and, to a lesser extent, engage in retail activity at our branches (approximately 6% of total revenue in 2015).

We offer over 1,000 different types of equipment and tools for rent. Most of our rentals are short-term (often less than one week), although we are also expanding our offerings under longer-term rental contracts. For example, our “mini-leases” (one to three years) offer clients the ability to personalize equipment and use it for a longer period while having us handle maintenance and repair.

Generalist France

Our generalist offering in France is focused on equipment principally used in construction and civil engineering projects. These projects encompass a wide range of activities, including new buildings in the residential, industrial, commercial and governmental sectors, renovation, utilities, roadwork and infrastructure. We also provide equipment for general industrial, landscaping and other activities. Since January 1, 2014, we rent generalist equipment solely under the Loxam Rental brand. Our main product lines include:

- earth moving equipment, including backhoes, loaders, dumpers and excavators, which are designed for digging, lifting, loading and moving material and are frequently used in construction and civil engineering projects;
- aerial work platforms, including booms, scissors and vehicle-mounted platforms, which are mechanical elevation equipment used in various activities, including general industrial and service works and facility management;
- handling equipment, such as forklifts and telehandlers, which are used to lift and transport materials and are often used in the construction, manufacturing and warehousing industries;
- compaction equipment, including compactors, rammers and rollers, which are used to compact soil, gravel, concrete or asphalt in the construction of roads and foundations or to reduce the size of waste material;

- energy equipment, including compressors and generators, which are used to power machinery or construction sites;
- building equipment, such as concrete mixers and saws; and
- other equipment, including scaffolding, trucks, pumps, site surveillance systems, traffic management equipment and hand-operated tools such as power drills, chainsaws, and jackhammers, among others, mainly used in construction and renovation projects.

Specialist France

Our specialist equipment offerings in France serve specific client needs in terms of performance (such as power or reach) or quantity of equipment. Our different lines of specialist equipment are marketed and rented through dedicated subsidiaries and business units, as described below:

- powered-access elevation equipment, with or without operators, rented by Loxam Access and Loxam LEV, includes truck-mounted booms, telescopic and articulated booms and other platforms for reaching significant heights, used in construction, landscaping, events and by utilities and media customers;
- modular shelters, rented by Loxam Module, include portable accommodation, workspaces and containers, often used on major construction or civil engineering sites, for special events, for schools, administrative offices and for other applications;
- large compressors, generators and temperature control units, rented by Loxam Power, include air compressors used to provide power to construction machinery and electrical generators that convert mechanical energy into electrical energy to power heavy machinery or to provide electricity where the grid is not available, as well as welding and pumping equipment;
- heavy civil engineering equipment, rented by Loxam TP, is used for excavating, grading and compacting, principally for earthworks, road and railway construction, landscaping and demolition;
- equipment such as forklifts, super-silent generators and platforms, rented by Loxam Event for use in the production and logistical coordination of cultural, sporting and public events, concerts, exhibitions and television productions, and
- temporary suspended platforms, mobile and fixed scaffolding, modular portable formwork and lifting equipment, rented by Laho TEC.

We continue to add new products to our rental catalogue, including temperature controls and cooling equipment, deconstruction equipment and accessories, bi-energy equipment (such as excavators and access equipment) and site elevators, reflecting our ongoing innovation and response to customer needs.

International

In addition to our generalist and specialist offerings in France, we offer equipment rental in Denmark, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg, Norway and Morocco. Since April 2015 we have been present in Brazil through our 25% stake in Degraus, a Brazilian equipment rental company that operates a network of 20 branches. We believe we were the number two player in terms of revenue in 2015 in Denmark, the Netherlands, Belgium and Switzerland, and we believe we were in the top three in Luxembourg, Spain, and Morocco, in the top five in Spain and Ireland and in the top ten in Britain.

Internationally, we are principally focused on generalist equipment used in construction and civil engineering projects, which we rent mainly through our Loxam Rental brand. We also offer specialist equipment in certain international markets, including: powered-access elevation equipment in Ireland, Luxembourg, the Netherlands, the United Kingdom, Denmark and Switzerland through our Loxam Access brand; modular shelters in Belgium and Denmark through our Loxam Module brand; and compressors, generators and temperature control units in the Netherlands through our Loxam Power brand.

Rental services and retail

In all three of our divisions, we offer a variety of services that complement and support our rental offerings. Rental services, which accounted for approximately 24% of total revenue in 2015, include transportation of equipment to a site and assembly, damage waivers, which act like a product warranty against theft and breakage, rebilling of other services such as equipment maintenance and fuel. Our rental services activity supports our core rental business and is not a separate division.

We also sell supplies, work site accessories and tools at our branches, including replacement parts, safety equipment and cleaning tools used by our end-customers. Retail activity accounted for approximately 6% of total revenue in 2015.

Customers

We have a broad customer base of approximately 150,000 clients across all divisions, ranging from individuals to large international companies. Our customers operate in many sectors, including residential, industrial, commercial and governmental construction, civil engineering such as transportation and infrastructure, utilities, building renovation, distribution, logistics, retail, environmental, events and media. A significant portion of our customers are large construction and civil engineering groups with national operations. These customers operate through a large number of divisions with whom our relationships are established locally at the branch level by our branch managers and sales executives (and supported by key accounts managers at our headquarters), providing multiple entry points in our contacts with customers and contributing to the diversification and stability of our customer base. In 2015, construction and civil engineering customers represented approximately 33% and 27% of our sales in France, respectively.

Our network of branches and our specialist equipment offerings enable us to provide tailored and attentive service to local and regional customers, while our developed full-service infrastructure allows us to effectively service large national and international customers. Our largest customers include Bouygues and Eiffage. These large and diversified groups are significant operators in the construction and civil engineering sectors, as well as in road building, industrial maintenance and electrical works. They operate through hundreds of companies whom we serve through our network of 482 branches in France. Our top ten customers in France, all of which operate in the civil engineering, construction or utilities sectors, accounted for approximately 25% of our revenue in France (excluding Hertz) for 2015 and no single customer on a group basis accounted for more than 8% of our revenue in 2015. In 2015, as a result of our diversification efforts, we have continued to reduce the percentage of our revenue generated by our top ten customers and we continue to develop our base of smaller customers, including small- and medium-sized enterprises (SMEs) and craftsmen.

With our largest customers, we negotiate framework agreements establishing pricing policies for our equipment. These agreements typically have a duration of 12 months but do not include exclusivity or volume commitments. Smaller and more localized customers are typically subject to our standard terms and conditions. While rental rates and pricing guidelines are established centrally, branches negotiate directly with their customers and generally have flexibility to make certain price adjustments as needed.

We monitor counterparty risk, particularly in respect of our smaller customers, and are attentive to signs of liquidity problems among our customers so that we can react quickly if needed. This policy has helped us to maintain a bad debt ratio of less than 1% of our revenue in 2015.

Sales and Marketing

We have a strong sales and marketing organization, which we believe allows us to expand our customer base and maintain loyalty with existing customers. Our sales and marketing organization operates at three levels: (i) locally, at the branch level; (ii) regionally, through commercial managers operating under the regional managers; and (iii) centrally, through our dedicated sales and marketing team. Branch managers and regional commercial managers develop relationships with local customers and assist them in planning their equipment and rental requirements, while our centralized sales and marketing team works with our largest customers and targets new customers to identify their needs and propose comprehensive solutions. In addition, we maintain an in-house call center staffed only with experienced sales staff, providing additional points of contact for our customers.

To stay informed about local markets, sales agents track rental opportunities in the area through industry reports and local contacts. In addition, our specialist branches, due to the nature of the equipment they supply, are often in contact with customers at the early phases of large construction or civil engineering projects, which we believe creates opportunities for cross-selling and cross-promotion that also benefit our generalist branches. We also offer training programs for our customers at all of our branches, which we believe improves customer satisfaction and loyalty.

We have also implemented marketing and service initiatives at a centralized level to prioritize strong relationships with our customers. These initiatives include:

- LoxCall, our dedicated call center that provides a 24/7 one-stop service to clients by phone and coordinates order fulfillment through our branches, with guaranteed equipment availability. This service is targeted to our larger clients that need to source equipment in a number of locations and prefer centralized handling of their accounts;
- Loxam Drive, a service that allows customers to use our website to reserve any piece equipment in our catalog, to be collected at the branch of the customer’s choice within 24 hours;
- LoxForce, our new customer relationship management platform based on the Salesforce platform, which will allow us to know our customers better and respond to their needs;

- loyalty programs, including our specialty programs such as Loxam Club, which targets SMEs, and Loxcity, which targets public authorities;
- Loxam Global Solutions, a turn-key solution for major civil engineering and industrial sites, which can provide for a dedicated fleet of equipment, an on-site branch and optimized local service; and
- Loxam app for iPhone that allows customers to geo-locate the branch closest to them, request a quote and book equipment from their phones.

We also leverage our quality, safety and environmental certifications, including ISO 14001 for environmental commitment, ISO 9001 for product quality and MASE for employee safety, which we believe are factors used by some of our larger customers in selecting their rental partners. In October 2015, we became a member of the UN Global Compact programme, the world's largest corporate sustainability initiative.

We have also issued a brochure called “Responsible Rental” providing information about our corporate responsibility initiatives.

Rental Fleet

We have a well-maintained fleet consisting of over 200,000 pieces of equipment (excluding accessories) as of December 31, 2015, with approximately 128,000 pieces of equipment in our Generalist France division, approximately 23,000 in our Specialist France division and approximately 52,000 in our International division. We strive to offer a large variety of equipment and we believe that our rental fleet is one of the most extensive fleets in the European market, representing over 1,000 different types of generalist and specialist equipment and tools. All of the equipment in our fleet is branded and painted in Loxam colors or those of the relevant business unit. As of December 31, 2015, our fleet had a gross book value of €1.8 billion, of which Generalist France accounted for €1,033 million, Specialist France accounted for €310 million and International accounted for €423 million.

Our combined fleet is composed of the following principal equipment ranges and equipment types:

- earth moving: excavators, backhoes, loaders, dumpers;
- aerial work platforms: booms, scissors, van mount, truck mount;
- handling: forklifts and tele-handlers;
- compaction: compactors, rammers, rollers;
- energy: compressors, generators, coolers, heaters;
- modular: modular spaces, containers, sanitaries; and
- building and other: concrete mixers, scaffolding, pumps, tools and other equipment, such as trucks and traffic management.

Together, earth moving and aerial work platform equipment represented approximately 52% of our 2014 rental revenue while the remainder was divided among handling, compaction, energy, modular, building and other equipment.

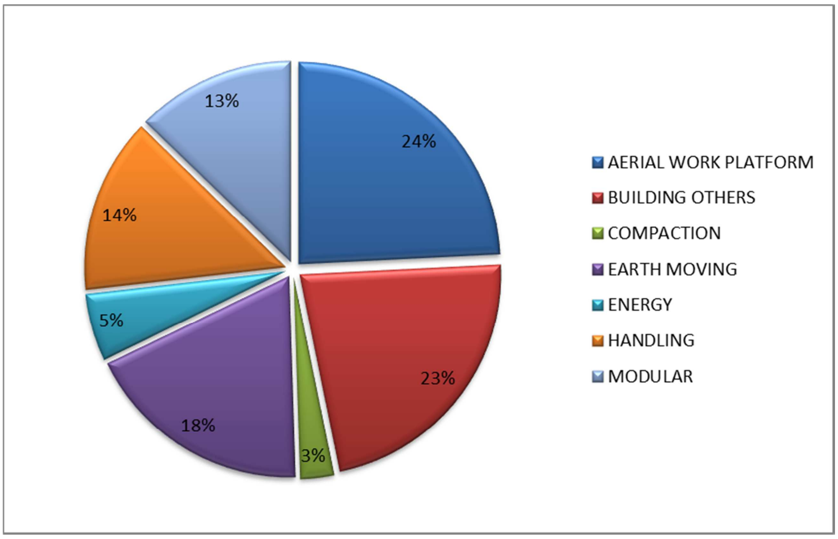
Fleet management

Our approach with respect to fleet management is to provide regional and branch managers with wide autonomy to develop their business and manage their own equipment with the objective of maximizing its own profitability, but with central fleet managers able to monitor and assist in fleet management across branches and regions and to ensure overall efficiency. Managers of our generalist branches are encouraged to maintain and rent a diverse and balanced portfolio. Large customer orders may require cooperation among branches to provide the quantities required, but equipment is not pooled at the regional or group level. If a branch is unable to answer its own demand for a major construction site, for example, it notifies the regional manager. The regional manager then decides whether to temporarily grant equipment to other branches. If the request is approved, the regional manager notifies the branches concerned and the relevant equipment is transferred from one branch to the other for the required duration. We believe this approach helps to ensure that each branch acts as its own profit center.

Our budget for fleet investment is established annually by management, which sets out the group's orientation in terms of capital expenditure for the year. The investment budget is then allocated by region. Each branch manager gives his or her equipment needs (the number and types of machines) for the coming year to the regional manager. Regional managers, in consultation with branch managers, set commercial objectives and adapt the requests to the budget, allowing them to respond to trends at the local level. The consolidated requests are given to group management for review, which makes any required adjustments and delivers approvals to the regional managers. Purchase orders are then centralized and new equipment is delivered directly to the branches.

Our approach to fleet management assumes the replacement of a fleet item upon the expiration of its useful rental life, which is usually when it is obsolete or no longer capable of generating revenue in excess of maintenance costs. Most of the equipment in our fleet is depreciated on a straight-line five-year basis. Our fleet equipment is almost always fully depreciated when we dispose of it. The disposal of a piece of equipment from the fleet is a technical decision made by a technical manager at the regional level. We have established metrics and guidelines for each category of equipment that help determine the desired replacement cycle. Most metrics are based on repair costs relative to rental income, utilization rate and age. We determine whether to use equipment that has been removed from our fleet for parts, sell it for scrap or sell it at auction. We take measures to ensure that sales of our used equipment are made to buyers outside of our principal markets to avoid reducing demand for rentals in the areas where we operate. We do not sell our fleet equipment under other circumstances, except for modular equipment, which, due to the long-term nature of the rental, is sometimes purchased by customers at the end of the rental contract.

The following chart provides a breakdown of our fleet capital expenditures in 2015:



We monitor fleet utilization and other metrics to measure branch performance and maintain appropriate inventory levels and to manage fleet allocation across our networks as well as capital expenditures. Our ERP RentalMan platform, which has been customized to enhance our operating efficiency and equipment turnover rate by providing real time access to inventory data, enables us to track the location and availability of our equipment at our branches.

Maintenance and daily checks of equipment in the fleet are performed at each branch. Minor repairs and parts replacement, such as windshields, tires and hydraulic fittings, are outsourced to approved specialized suppliers, while major repairs are performed by manufacturer-approved dealers.

Suppliers

We purchase the equipment in our rental fleet from large, recognized original equipment manufacturers who we believe have the best product quality and support, and we typically choose to work with two or three manufacturers per equipment range. We have no long-term agreements with our fleet suppliers and no volume commitments or exclusivity clauses apply to these relationships. Furthermore, we typically bundle our purchases and solicit bids through a tender process with selected manufacturers. We believe this policy towards our fleet suppliers allows us to apply competitive pressure and optimize the prices we pay for our fleet equipment. We also work in cooperation with our suppliers to adapt our fleet equipment to client needs and limit maintenance costs. We remove all manufacturers' branding from our equipment and paint it according to our corporate colors, under which it will be offered to customers. In 2015 our four largest fleet suppliers were Manitou, JLG, JCB, and Haulotte, and they accounted for approximately 27% of our equipment purchases.

We also purchase goods and services, principally non-fleet vehicles and equipment, fuel, lubricants, insurance and transportation, as well as the goods sold in our retail activities, from a number of third-party suppliers. Our arrangements with service suppliers are typically governed by two- or three-year framework agreements.

Our Network of Branches

As of December 31, 2015, we had a network of 668 branches, primarily located in Western Europe. The table below shows the number of branches we operate in each country :

	Number of branches as of December 31, 2015
Country	
France	523
Denmark	25
Belgium	14
Germany	14
The Netherlands	49
United Kingdom	11
Spain	14
Switzerland	7
Ireland	2
Luxembourg	1
Morocco	4
Norway	4
Total	**668**

Our business model combines a centrally-determined strategy, budget and back-office with wide autonomy for regional and branch managers to develop their business and spend their budget allocation, which allows us to adapt at the local level to meet our clients' needs in different markets. Each branch manages its own fleet, budget and financial reporting and is responsible for bringing in business by developing local relationships and monitoring local construction sites. Branches serve as a continuous source of information about the latest market opportunities, such as planned construction projects, allowing us to offer our services early and to the right client. A typical branch includes a branch manager, a rental consultant, a sales representative, one or more mechanics and one or more drivers. At the regional level, technical managers, commercial managers and administrative managers support the branches in their region, under the oversight of a regional manager. Our branches are deeply embedded in the local markets in which they operate, and we emphasize building and maintaining close relationships with clients at the local level. Our decentralized business model allows us to adapt our equipment fleet at the branch level in order to meet our clients' needs in various markets, offering them a value-added alternative to owning and maintaining equipment in-house. Our dense network in France allows us to meet customer demand by moving equipment across branches.

Our branch network is dynamic, and in any given year we both open and close a number of branches. The decision to open a branch is driven by our analysis of the interaction of the proposed branch with our existing network, the conditions in the local market and the competition in that market. Whether we open a new branch or acquire an existing network depends on the level of saturation in that market and whether acquisitions can provide us a level of penetration that would take too long to develop organically. Branches may be merged or closed based on the market environment (if, for example, a large construction project concludes or an industrial site closes) or excess proximity to another branch following an acquisition. Closures have also resulted from the consolidation of branches as part of the merger of our Generalist France networks under the Loxam rental brand, which continued in 2015, as well as consolidations of the network as a result of the Phocomex acquisition. We may also relocate branches in light of the development of cities, the evolution of infrastructure or to optimize our geographical coverage.

We conduct periodic network optimization plans to enhance profitability. For example, in 2015, we opened 11 branches, closed six branches and conducted 31 mergers of branches as part of the streamlining of our network. Among the branch mergers, 21 took place in France as we consolidated the network following the Phocomex acquisition. Since January 1, 2014, the Generalist France division is operated under a single brand, Loxam Rental, to capitalize on the stronger brand of our portfolio. We believe this consolidation should generate revenue synergies through better coordination of commercial activities and capital expenditures, enable the pooling of resources, and improved exchanges of staff and equipment among branches, generate savings in back office and marketing costs, and enhance our branch positioning. Following the acquisition of Hertz Equipment in France and Spain at the end of 2015, the Hertz brand will disappear in the course of H1 2016.

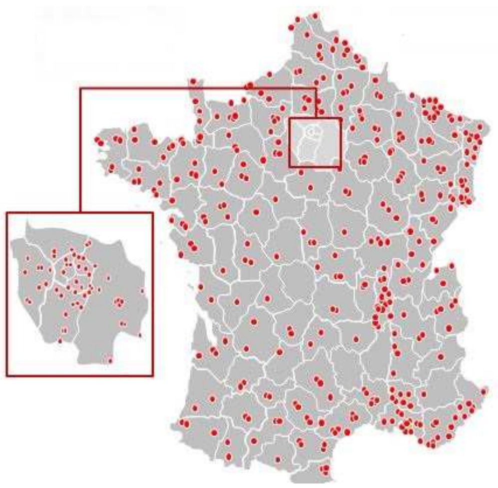
Branches in France and International Branches

Most of our branches are located in France. Of our 523 branches in France as of December 31, 2015, 454 were Generalist branches and 69 were Specialist branches. Most of our branches are located in industrial zones in or near medium and large metropolitan areas. Our broad geographical coverage in France reduces our exposure to regional variations in economic activity.

Our Generalist branches in France operate under the Loxam Rental name. Our Specialist branches operate under the names Loxam Access (38 branches), Loxam Power (10 branches), Loxam Module (9 branches), Laho TEC (7 branches), Loxam TP (4 branches) and Loxam LEV (1 branch).

In Denmark, the Benelux and Switzerland, where we operate dense networks, we compete at a national level and enjoy strong competitive positioning. In other countries we generally compete at the regional level. Our International branches operate under the Loxam name.

The maps below show the locations of the branches in our Generalist France division and the markets in which we are present:



* Note: We are present in Brazil through a minority ownership stake in Degraus.

Loxam City

In 2011, we opened Loxam City, the first store in our urban branch initiative, in Paris. Loxam City offers a wide range of immediately available and easily transportable generalist equipment, such as portable power tools that are often used in urban construction, renovation and other projects. Loxam City also provides service and support, including advice and solutions to tackle specific urban construction site challenges, and is adapted in terms of location, selection and operating hours to the needs of smaller customers, including craftsmen and individuals. As at December 31, 2015, we had 9 Loxam City branches in Paris.

Branch ownership and leasing

We lease the vast majority of our facilities in order to maintain flexibility in growing and developing our network and to be able to respond to demographic and other changes in the areas where we operate and the customers we serve. As of December 31, 2015, we owned the premises of approximately 10% of our branches, which were owned by companies we acquired, and leased the rest. Most of these leases provide for standard terms and renewal options.

Most of our French branches are leased pursuant to "commercial leases" (baux commerciaux) which grant significant rights under French law to lessees compared to leases in many other jurisdictions, in particular the lessee's right of renewal, which the lessor can avoid only by indemnifying the lessee. Most of these commercial leases are for nine-year terms (the statutory minimum) and provide termination rights for the tenant at the end of each three-year period upon six-months' prior notice. The rent paid under most of our commercial lease agreements is a fixed sum which is annually reviewed relative to national rental indices. In addition, in accordance with applicable regulations governing commercial leases, commercial rents can be adjusted upon the renewal of the lease in certain cases, and if not mutually agreed, may be determined by a competent court. In the year ended December 31, 2015, our real estate rental expense was €44 million, compared to €45 million for the corresponding period in 2014.

In other countries, our leases generally provide for standard terms under the relevant national laws and regulations. We tend to negotiate these leases with a view towards maintaining a certain level of flexibility so that we can fine tune our network as needed from time to time. Generally, rent adjustment upon renewal of our leases is based on market value.

Administrative premises

In addition to the branches in our rental network, we lease a small number of premises for administrative and logistics purposes. Our corporate headquarters are located in Paris, France.

Employees

As of December 31, 2015 we had 5,046 employees (including apprentices and trainees), nearly all of which were salaried personnel. At this date, approximately 80% of our employees were based in France. Our employees perform the following functions, amongst others: sales operations, parts operations, rental operations, technical service and office and administrative support.

Developing quality rental equipment staff is one of our priorities and staff training plays a key role in ensuring a consistent customer experience across our branches and the adoption of common internal procedures. Our group-wide training center is available to all members of our staff and provides training in areas such as customer relations, sales methods, group processes, regulation, quality and environmental management, technical expertise and management.

Information Technology

Our IT strategy is designed to reinforce our overall business strategy, and in particular, to optimize the management of our fleet and improve synergies as we expand our network. Our IT team, which is centralized in Paris, maintains our hardware and services the software we use. We also use dedicated software such as Salesforce (CRM), Sidetrade (accounts management) and Kyriba (treasury management) for specific purposes and therefore work with external support teams provided by the publishers of these software.

We recently completed the implementation of an ERP (“Rentalman”) specialized in rental activity. RentalMan, published by Wynne Systems, is a dedicated, unified and multilingual rental system that links all aspects of our front and back office in real time and is one of the main software applications used by key players in the equipment rental industry. It is designed to support all of our business needs, other than finance. RentalMan supports in our operating efficiency and equipment turnover rate by providing real-time access to inventory data, including the availability and location of equipment. RentalMan also enables branch managers to access information on day-to-day performance, search the entire rental fleet for needed equipment, quickly determine the closest location equipment and arrange for delivery to customers’ work sites. We believe we are one of the only international equipment rental networks to have consolidated all of its branches across multiple countries under a unified platform.

We have taken steps to enhance the safety of our IT systems. We have a disaster recovery program to protect most of our operations and IT systems, including our ERP system, which includes duplicate synchronized back-ups of our servers hosted by a third party.

Intellectual Property

We use the trademark “Loxam”, which enjoys high brand recognition in France and other European countries, as our trading name wherever we are present. “Loxam” is protected in the countries where we do business, including France and the other members of the European Economic Community.

Environmental and Safety Matters

We are subject to comprehensive and frequently changing local, national and European Community-level laws and regulations, including those relating to discharges of substances to the air, water and land, the handling, storage, transportation, use and disposal of hazardous materials and wastes and the cleanup of properties affected by pollutants. Under these laws and regulations, we may be liable for, among other things, the cost of investigating and remediating contamination at our sites and fines and penalties for non-compliance. Our operations generally do not raise significant environmental risks, but we use hazardous materials to clean and maintain equipment and dispose of solid and hazardous waste and wastewater from equipment washing.

To our knowledge, there is no pending or likely remediation and compliance cost that could have a material adverse effect on our business. We cannot be certain, however, as to the potential financial impact on our business if new adverse environmental conditions are discovered or compliance or remediation costs are imposed that we do not currently anticipate.

We have obtained certifications under ISO 14001 for environmental commitment and MASE for employee safety. In October 2015, we became a member of the UN Global Compact programme, the world's largest corporate sustainability initiative. Following an in-depth audit among customers, suppliers, staff members and other stakeholders conducted in December 2015 by SGS, the world’s leading inspection and certification body, LOXAM’s corporate social and environmental responsibility policy has been rewarded in France with a performance rating of level 3 (on a scale of 5) in the ISO 26000:2010 standard

We have issued our first corporate and social responsibility report entitled “Responsible Rental” in 2014 in order to inform our staff and customers of our significant efforts in this regard.

Competition

Our main competitors include medium-sized and large regional and national, and to a certain extent, international equipment rental groups, but we also compete at a local level with smaller competitors, including those that operate just in a single location.

Competition in our business tends to be based primarily on geographic proximity and availability of equipment, as well as on equipment quality, price, quality of sales relationships, delivery times, quality of service and, for our largest clients, possession of relevant health and safety certifications. We believe our extensive network of branches in France and our decentralized approach give us an advantage over competitors. Our main competitor in France is Kiloutou, which has an estimated 13% market share and competes with us on a national scale. We also have a few regional competitors and many more local competitors.

Insurance

We maintain the types and amounts of insurance customary in our industry and countries of operation. Our group insurance policies, which may be supplemented locally in certain countries where we operate, comprise, in particular, our automotive fleet policy, civil liability policy, multi-risks industrial policy, direct or indirect loss crime and data policy and include coverage for, among other things, employee-related occupational accidents and injuries, property damage, fraud, theft of vandalism of equipment, machinery break-down, and damage and injury that could be caused to third parties by poorly-maintained equipment. We have also subscribed to directors and officers insurance. We consider our insurance coverage to be adequate both as to risks and amounts for our business. We have not had any material claims that were not covered under our insurance policies.

Legal Proceedings

We are party to certain pending legal proceedings arising in the ordinary course of business. We cannot estimate with certainty our ultimate legal and financial ability with respect to such pending matters. See “Risk Factors—Risks Related to our Business—We are exposed to various risks related to legal proceedings or claims that may exceed the level of our insurance coverage.” Based on our examination of these matters and the provisions we have made, we believe that any ultimate liability we may have for such matters will not have a material adverse effect on our business or financial condition.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with our consolidated financial statements and the notes thereto. Our financial statements included herein have been presented in euros and prepared in accordance with IFRS.

Overview

We generated revenue of €838.3 million in 2015, representing an increase of 3.2% compared to revenue of €812.3 million in 2014. On a like for like basis, revenue was flat in 2015 (-0.5%). As a consequence the growth was primarily the result of Workx acquired on 1st July 2014 which contributed over 12 months in 2015 and Hertz Equipment in France and Spain from 1st November 2015. Hertz Equipment added 60 branches to our network in France and 2 branches in Spain. Revenue at our Generalist France division decreased by 1.8% like-for-like. Revenue of our Specialist division increased by 0.9% and grew by 2.6% at our International division on a like-for-like basis. In 2015, 61% of our revenue was generated from our Generalist France division (down from 63% in 2014), 17% was generated from Specialist France division (down from 18% in 2014), with our International division contributing to 22% (up from 19% in 2014).

We generated an EBITDA of €277.3 million in 2015, representing a increase of 8.1% compared to an EBITDA of €256.5 million in 2014. Our EBITDA margin was 33.1% in 2015 compared to 31.6% in 2014. The increase in the EBITDA was driven up by underlying business thanks to cost reduction at the Generalist division as the EBITDA grew by 4.6% on a like for like basis with the contribution of the acquisitions for the rest.

Our operating income increased by 0.5% to €90.0 million in 2015 from €89.5 million in 2014. This increase was achieved despite higher depreciation charges which increased by 14.0% in 2015 to €187.3 million, following the higher level of capital expenditures spent in 2014.

Our net financial expense was stable at €66.6 million. The net interest cost grew by €12.0 million to €68.2 million in 2015 as a consequence of the refinancing of our financial debt through the issuance of €660 million notes in July 2014. On the other hand, other financial costs decreased by €12.4 million because in 2014 some provision was made to cover for the cost of derivative instruments and notably an €8.9 million provision to cover for the cost of interest rate swaps which had no use after the refinancing of July 2014.

Profit before tax increased by 3.5% to €23.4 million and our income tax grew by €4.4 million because of our increase in profitability of our business in France while our International business still recorded a loss before tax.

Taking into account all the elements described above, our consolidated net income decreased to €8.0 million in 2015 from €11.8 million in 2014.

Key Factors Affecting Results of Operations

Our results of operations are primarily affected by factors that impact the equipment rental industry generally, particularly cyclicality and economic conditions affecting the construction and civil engineering sectors, and our management of capital expenditures in response to changes in the cycle. Our results of operations can also be significantly affected in the short-term by one-time factors such as weather conditions in our principal market. Our results of operations are also affected by the expansion of our rental network through the opening and closing of branches and acquisitions. These factors are described in greater detail below.

Cyclicality and economic conditions

Demand for our products is dependent on the industries in which our customers operate, the general economy, the stability of the global credit markets and other factors. The construction and civil engineering sectors in France and in Europe generally, which are the primary markets for our rental equipment, are cyclical industries with activity levels that tend to increase during periods of economic growth and decline during economic downturns. Demand for our products is correlated to conditions in these industries and in the general economy.

Conditions in the construction and civil engineering markets have an impact on both the utilization rate of our equipment and on prices. As demand increases, utilization follows and we can then, subject to fixed pricing arrangements, choose to allocate equipment to customers who are willing to pay higher prices. When demand decreases, the opposite occurs, and we may reduce prices to preserve utilization levels. Demand can be affected by short-term factors that affect utilization rates and prices for a brief period, such as the adverse weather conditions, or by general economic trends that can have an impact (positive or negative) over a longer period. We seek to manage the impact of medium- and long-term trends through the adjustment of our investments in new equipment, increases or decreases in sales of our equipment, and the management of our branch network.

Investment in new equipment and asset sales

The management of our level of capital expenditure, by increasing or decreasing the amount of investment in our fleet, is an important factor in our results of operations and cash flow. Decisions about investment in new equipment are based on the condition and remaining useful life of our existing equipment as well as on our views of future demand. We sell assets in our fleet when we believe that these assets have reached the end of their useful life because they have become obsolete or when the cost of maintaining them in proper condition for customer use is too high. We also sell assets in our fleet before the end of their useful life if we believe a decline in demand in a given market is likely to last for a significant period of time. We believe that our experience in the rental equipment market allows us to recognize inflection points (the points at which demand is poised to level off or change direction) in the cycles affecting the construction and civil engineering sectors, so that we can increase investment just before the bottom of the cycle (before we expect demand to expand) and decrease investment just before the top of the cycle (before we expect demand to contract). We believe that our anticipation of trends in the construction and civil engineering cycle has helped us to control our levels of investment and related debt, and thus maintain strong levels of cash flow and positive net income during the periods under review.

The allocation of investments in our rental fleet is determined by the type of equipment and the requirements of our business units. Following the onset of the global financial crisis, we significantly reduced our investments in new equipment and increased our asset sales. Subsequently, we increased our fleet investments significantly in 2013 and in 2014 to diversify and rejuvenate our fleet and position our International businesses for a potential rebound in market demand in the coming years. We reduced our fleet capital expenditures in 2015 to €123.7 million compared with €233.8 million in 2014, primarily due to weak demand in the French market.

Changes in our rental network

Changes in the size of our rental network as a result of opening or acquiring new branches and closing existing ones can have a significant impact on our revenue from one period to the next. This change in scale affects the comparability of our results during those periods by increasing both revenue and expenses.

We adapt our network in line with changes in the cycle by expanding existing branches or opening new branches in areas that meet certain criteria in terms of size and client activity and closing or consolidating existing branches that are less profitable. Branch opening decisions are driven by factors such as the coordination of the overall network, the specificity of a particular market, the competitive environment and our development in the Specialist division. Decisions to close or consolidate branches are influenced by changes in the local market, for example due to the closing of a major construction or industrial site, or the proximity of branches whose clients could be served by a single location, which may occur as the result of an acquisition. In some cases we will relocate an existing branch to take advantage of changes in demographics, urban planning or infrastructure.

The following table shows the number of branches we have opened or acquired, and the number of branches we have closed or consolidated in the last two years.

	Branches opened or acquired		**Branches closed or consolidated**		**Total branches at period end**	
	France	**International**	**France**	**International**	**France**	**International**
2015	66	11	25	12	523	145
2014 (*)	21	59	51	1	482	146

* including Dansk Lift A/S, which had 6 branches in Denmark, 4 branches in Norway and 1 branch in Sweden.

Since January 1, 2014, our Generalist division has operated under a single brand, Loxam Rental, to capitalize on the strength of the Loxam brand. We believe this consolidation should generate cost and revenue synergies through better coordination of commercial activities and capital expenditures, enabling the pooling of resources, improved exchanges of staff and equipment among branches and savings in back-office and marketing costs and enhancing branch positioning. In 2015, we opened 11 branches, we closed 6 branches and we conducted 31 mergers of branches as part of the streamlining of our network. Among the branch mergers, 21 took place in France as we consolidated the network following the Phocomex acquisition. The Hertz Equipment Acquisition allowed us to add 60 new branches in France and two in Spain. As a result of the combined effects of this acquisition, the streamlining of our network and our branch openings we operated 668 branches as of December 31, 2015, compared to 628 as of December 31, 2014.

Operating Expenses

Our business, like that of all equipment rental groups, is capital-intensive with a relatively high level of fixed costs, principally related to the depreciation of our equipment fleet, as well as other operating expenses that are fixed for short or long periods of time, such as certain personnel charges and rent on real estate. The management of our costs is an important factor in our results of operations and cash flow. To the extent possible we seek to deploy our fleet so as to match increases and decreases in demand.

Acquisitions

We make acquisitions from time to time to take advantage of opportunities for consolidation, to increase the density of our network in our existing markets or to enter new geographical or specialist markets. During the periods under review, we made the following acquisitions :

- On 31st October, Loxam acquired Hertz Equipment French and Spanish business which operated 60 branches in France and 2 in Spain.
- On August 30, 2015 we acquired the modular building rental business of OBM Construction, consisting of one branch. This branch in now part of Loxam Module.
- On June 30, 2015, our 51%-owned subsidiary in Morocco, Atlas Rental, acquired 100% of the shares of Maroc Elevation, a Moroccan company specializing in access equipment and operating three branches. Maroc Elevation merged with Atlas Rental in October, 2015.
- On April 14, 2015, we acquired 25% of the shares of Degraus, a Brazilian equipment rental company that operates 20 branches in Brazil, primarily located in the state of Sao Paolo. This acquisition enabled us to enter a new market that we believe has long-term development potential. In connection with this acquisition, we have the right to increase our ownership stake in Degraus to a majority stake within three years either through an exclusive right of participation in capital increases at a price determined as a multiple of earnings or through a call option to purchase additional shares at a price determined by the parties or an independent appraisal, or a combination of the two. Following the fifth anniversary of our investment, we have the right to increase our stake to a substantial majority by purchasing shares of Degraus from other shareholders pursuant to another call option and we have agreed to purchase any and all outstanding shares that other shareholders wish to sell pursuant to a put option, in each case at a price determined by the parties or an independent appraisal. Our minority interest in Degraus is accounted for in our financial statements under the equity method.
- In December 2014, we acquired most of the assets of Phocomex, a French generalist rental company with a network predominantly in the South of France. This acquisition added 11 branches to our French generalist network.
- In November 2014, we acquired two branches in Spain, one from Levanor Maquinaria de Elevación and one from ND Maquinaria y Plataformas Elevadoras, respectively, which allowed us to diversify our access equipment portfolio.

- On July 4, 2014, we acquired Workx, a Dutch rental company with 42 branches and €34.0 million of revenue in 2013. We believe the acquisition of Workx enables us to strengthen our position in general plant rental and to become a leading equipment rental company in the Dutch market, as we will be able to offer our clients national coverage across the Netherlands.
- In December 2013, we acquired an 85% controlling interest in Dansk Lift, a Danish rental company with revenue totalling €18.8 million in 2013, including Dansk Lift A/S, operator of six branches in Denmark, Safelift AS, operator of four branches in Norway and Safelift AB, operator of one branch in Sweden. We acquired the remaining 15% interest in December 2014. In November 2015, we closed the branch in Malmö, Sweden.

Seasonality

Our revenue and operating income are significantly dependent on construction and civil engineering activity in the areas where our branches are located. Construction activity tends to decrease in the winter and during extended periods of inclement weather and increase in the summer and during extended periods of mild weather. This results in lower demand for our rental equipment in the first quarter on average compared to the rest of the year.

Explanation of Key Line Items from the Income Statement

The following is a summary description of certain line items from our income statement.

- ***Revenue*** includes the fees paid by customers to rent equipment and revenue from related services such as transportation, fuel, damage waivers and the cost of repair and maintenance services charged back to our customers, as well as the retail activities at our branches.
- ***Other operating income*** principally includes net capital gains on disposals of fleet assets and real estate rent paid by subtenants. Under French GAAP, other operating income also included write-backs of provisions on current assets (which mainly correspond to recoveries of written-down debt).
- ***Purchases consumed*** includes (1) the cost of goods purchased for resale in our retail activity, as well as the cost of fuel and maintenance parts that are rebilled to customers; and (2) the cost of parts used by the workshops in our branches to maintain our equipment.
- ***Personnel expenses*** relates primarily to the salaries, social security charges and profit sharing expenses for our employees.
- ***Other operating expenses*** include (1) external expenses that are directly related to our rental activity, such as transportation, subcontracted maintenance costs, re-rent (subleasing equipment from external renters to fill customer orders when there is not sufficient quantity at our branches) and costs associated with temporary workers; (2) external expenses related to the group, such as rent on real estate and related expenses, general administrative expenses (including insurance, advisory fees, communications and IT), advertising expenses and other management costs; and (3) losses on bad debts, net of change in provisions on current assets. Under French GAAP, our other operating expenses also included the costs associated with our financing transactions, such

bank commissions and fees, and the costs associated with our bond issuance realized in January 2013 and in July 2014.

- ***Taxes and duties*** relates mainly to property taxes and local taxes (including the CET or *Contribution Economique Territoriale* paid in France).
- ***Depreciation and amortization*** principally includes depreciation of fixed assets (fleet and non-fleet). Most of the equipment in our fleet is depreciated on a straight-line five-year basis. Under French GAAP, this item was named ***depreciation, amortization and provisions*** and also included provisions on current assets.
- ***Other operating income and expense*** includes a limited number of items, unusual, abnormal, and uncommon, with significant amounts, disclosed separately in the income statement to make it easier to appreciate the Group's current operating performance.
- ***Financial income*** primarily includes interest income on cash balances, while ***financial expense*** comprises interest charges on bank loans and bonds and hedging expenses. It also includes change in fair value of derivatives instruments (only in IFRS).
- ***Income tax*** consists of current and deferred taxes calculated in accordance with the relevant tax laws in force in the jurisdictions in which we operate. As of December 31, 2015, the corporate tax rate in France was 38%. We are also subject to tax rates in the other countries in which we operate, which ranged from 12.5% to 33.99% as of that date.
- ***Results of associates*** includes the result of companies accounted for by the equity method.
- ***Amortization or depreciation of goodwill and intangible assets*** consists, under French GAAP, of provisions for amortization of goodwill, depreciation of market share or other intangible assets related to impairment tests conducted on a yearly basis, and recognition of negative goodwill. This item doesn't exist in IFRS.

Results of operations

The table below sets out our results of operations for the years ended December 31, 2014 and 2015 in IFRS and the quarters ended December 31, 2014 and 2015, under French GAAP.

Consolidated Income Statement	**Year ended December 31, (IFRS)**		**Quarter ended December 31, (French GAAP)**	
(in millions of euros)	**2014**	**2015**	**2014**	**2015**
Revenue	**812.3**	**838.3**	**211.5**	**227.5**
Other operating income (1)	50.6	57.4	17.2	19.9
Purchases consumed	(92.1)	(92.0)	(25.7)	(27.5)
Personnel expenses	(215.5)	(224.6)	(57.4)	(61.3)
Other operating expenses	(284.2)	(286.4)	(75.1)	(79.4)
Taxes and duties	(14.7)	(15.6)	(4.1)	(3.8)
Depreciation and amortization (2)	(164.3)	(187.3)	(48.6)	(51.5)
Income from ordinary operations	**92.1**	**90.0**	**n.a.**	**n.a.**
Other income and expense (3)	(2.6)	0.0	n.a.	n.a.
Operating income	**89.5**	**90.0**	**17.9**	**24.0**
Financial income and expense	(66.9)	(66.6)	(26.0)	(16.3)
Exceptional income and expense	n.a.	n.a.	(0.8)	0.2
Result of associates	-	(0.4)	-	(0.3)
Income tax	(10.9)	(15.3)	3.1	(5.0)
Amortization or of goodwill and intangible assets	n.a.	n.a.	(0.1)	(0.0)
Consolidated net income	**11.7**	**7.7**	**(5.9)**	**2.6**
Minority interests	(0.1)	(0.3)	(0.1)	(0.1)
Net income, group share	**11.8**	**8.0**	**(5.8)**	**2.4**

Note :

(1) Other operating income include under French Gaap write-backs of provisions on current assets amounting to €2.1 million in the quarter ended December 31, 2014 and €3.0 million in the quarter ended December 31, 2015. It includes in both standards capital gains on fleet disposals amounting to €41.5 million and €46.1 million in 2014 and 2015, respectively, and to €10.1 million and €11.4 million in the quarters ended December 31, 2014 and 2015, respectively.

(2) Depreciation and amortization include under French GAAP provisions (mainly on current assets) amounting to €3.6 million in the quarter ended December 31, 2014 and €2.2 million in the quarter ended December 31, 2015.

(3) Other income and expense include in 2014 non recurring costs relating mostly to the costs of reorganization of Generalist France network.

We consider revenue, EBITDA and adjusted EBITDA (despite the fact that they are non GAAP financial measures) to be key measures in analyzing our business. We do not present financial information by segment in our financial statements, but we consider our business to have three divisions: Generalist France, Specialist France and International. Each of our branches is assigned to one of these divisions, and as of December 31, 2015 we had 454 branches in Generalist France, 69 in Specialist France and 145 in International. The following table sets out these key figures in each of the Generalist France, Specialist France and International divisions for the years ended December 31, 2014 and 2015 in IFRS and the quarters ended December 31, 2014 and 2015 under French GAAP.

	Year ended December 31, (IFRS)		**Quarter ended December 31, (French GAAP)**	
(in millions of euros)	**2014**	**2015**	**2014**	**2015**
Revenue [(1)]				
Generalist France	511.2	512.1	127.4	141.5
Specialist France	142.8	144.1	37.6	37.3
France	**654.0**	**656.2**	**165.0**	**178.9**
International	158.3	182.1	46.5	48.6
Total revenue	**812.3**	**838.3**	**211.5**	**227.5**
EBITDA				
Generalist France [(2)]	167.9	181.0	39.2	46.9
Specialist France [(2)]	47.4	47.9	10.9	12.1
France	**215.2**	**228.9**	**50.1**	**59.0**
International	38.9	46.0	12.4	13.9
Real Estate [(4)]	2.3	2.4	0.5	0.3
Total EBITDA	**256.5**	**277.3**	**63.0**	**73.3**
EBITDA margin	*31.6%*	*33.1%*	*29.8%*	*32.2%*
Adjusted EBITDA [(3)]				
Generalist France [(2)]	167.9	181.0	40.2	46.9
Specialist France [(2)]	47.4	47.9	10.9	12.1
France	**215.2**	**228.9**	**51.1**	**59.0**
International	38.9	46.0	12.4	13.9
Real Estate [(4)]	2.3	2.4	0.5	0.3
Total adjusted EBITDA	**256.5**	**277.3**	**64.0**	**73.3**
Adjusted EBITDA margin	*31.6%*	*33.1%*	*30.2%*	*32.2%*

Notes:

(1) To present Generalist and Specialist revenue generated in France by division, we aggregate the revenue of each branch assigned to that division. Revenue for Generalist France and Specialist France are presented net of rebates.

(2) To present Specialist and Generalist EBITDA generated in France by division, we allocate rebates pro rata based on revenue, which are accounted for centrally, and then allocate direct expenses (which represent a majority) directly to a given branch. Indirect expenses are allocated centrally or regionally and are then allocated to a given branch according to a factor that is based on that branch's revenue, the gross value of its equipment or the rental value of its equipment.

(3) Adjusted EBITDA is a French GAAP measure corresponds to EBITDA excluding certain costs that we do not consider to be representative of the results of our ongoing business operations, particularly costs associated with putting in place new financings (in contrast, ongoing bank commissions are not excluded from adjusted EBITDA). In the quarter ended December 31, 2014, adjusted EBITDA excludes, €0.1 million of costs related to the issuance of senior subordinated notes and senior secured notes in July 2014, and €0.9 million relating to the actuarial losses corresponding to the pension obligations. These costs were allocated to the Generalist France division. There is no adjustment in the quarter ended December 31, 2015.

(4) Real estate adjusted EBITDA corresponds to rental income from real estate held by the group that is not assigned to a division.

Year ended December 31, 2015 compared to year ended December 31, 2014

Please note that all figures in this section have been prepared according to the IFRS.

Construction Market in France and Europe in 2015

The French construction market has shown another decrease in 2015 at -1.3% according to Euroconstruct despite the improvement in the general economy. New housing starts stabilized at 345,000 (-1.9% over the previous year) but the drop was more severe in civil engineering and coincided with the cyclical decline observed after local elections take place.

According to Euroconstruct, in 2015 the construction market in most European countries in which we are present experienced encouraging growth, in particular in the British, Irish, Dutch and Spanish markets.

Revenue

Our revenue increased by 3.2% to €838.3 million in 2015 from €812.3 million in 2014 thanks to the contribution from Workx acquired in July 2014 and Hertz Equipment French and Spanish business acquired on 31st October 2015. Like-for-like, our revenue was stable despite a decrease in Generalist France division of 1.8% which was penalised by the slowdown of the French construction market, while Specialist France and International divisions increased respectively by 0.9% and 4.4%.

Revenue from our Generalist France division increased by 0.2% in 2015 to €512.1 million as compared to €511.2 million in 2014, thanks to the integration of Hertz Equipment since November 1st, 2015. Like-for-like, Generalist France revenue decreased by 1.8%, due to the weak construction market in France. Generalist France represented 61% of total revenue in 2015 compared to 63% in 2014.

Revenue from our Specialist France division increased slightly by 0.9% to €144.1 million in 2015 compared to €142.8 million in 2014. The Specialist France division saw its revenue grow in the first half of 2015 continuing on the trend recorded in 2014 and thanks to our Specialist France network expansion in 2014. However, revenue declined in the second half of 2015 because of the end of some big projects. The portion of revenue generated by the Specialist France division slightly decreased at 17% in 2015 compared to 18% in 2014.

International revenue increased by 15.0% to €182.1 million in 2015 compared to €158.3 million in 2014. Like-for-like, International revenue increased by 4.4% in 2015 compared to 2014. In 2015, the organic growth of the International division was stimulated by the growth of our business in Spain, the UK and Ireland. Our International division represented 22 % of total revenue in 2015, compared to 19% in 2014.

Other operating income

Other operating income increased by 13.5% to €57.4 million in 2015 from €50.6 million in 2014, principally due to an increase in net gains on disposals.

EBITDA

EBITDA increased by 8.1% to €277.3 million in 2015 from €256.5 million in 2014, and EBITDA margin increased to 33.1% in 2015 from 31.6% in 2014.

The increase in EBITDA margin was driven by improved margin at the Generalist France division, where our EBITDA margin increased from 32.8% in 2014 to 35.4% in 2015, as well as a slight improvement in margins in the International division from 24.6% to 25.2% over the same period.

The Generalist France division generated EBITDA of €181.0 million in 2015, an increase of 7.8% compared to €167.9 million in 2014. Like-for-like, EBITDA increased by 5.6%. This growth was the stimulated on one hand by our cost reduction efforts achieved through our network rationalization efforts initiated in 2014 and also thanks to higher gains on fleet disposals. Both circumstances led to an increase of our EBITDA margin by 2.5 points.

EBITDA from our Specialist France division increased by 1.1% to €47.9 million in 2015 compared to €47.4 million in 2014. The EBITDA margin was stable at 33.2%.

EBITDA from our International division increased by 18.2% to €46.0 million in 2015 from €38.9 million in 2014 as this division benefited from the contribution of the newly acquired business. On a like-for-like basis EBITDA increased by 8.5% in 2015 thanks to an improvement of the EBITDA margin from the businesses which recorded margins below the average in 2014.

Purchases consumed

Purchases consumed remained relatively stable to €92.0 million in 2015 despite the increase in revenue thanks to the decrease in fuel costs.

Personnel expenses

Personnel expenses increased by 4.2% to €224.6 million in 2015 from €215.5 million in 2014, because of the change of perimeter. Like-for-like, personnel expenses were almost flat, decreasing by 0.1%. In France, personnel expenses decreased by 0.9% on a like-for-like basis, mainly due to reductions in our workforce (particularly in the Generalist France division). This decrease was offset by an increase of personnel expenses in our International division.

Other operating expenses

Other operating expenses increased by 0.8% to €286.4 million in 2015 from €284.2 million in 2014. Like-for-like, other operating expenses decreased by €8.0 million or 2.8%. This decrease was primarily driven by cost savings in our Generalist France division, where cost-cutting measures implemented in 2014 produced positive results with lower temporary staff , real estate, fuel costs, administration and IT costs.

Depreciation and amortization

Depreciation and amortization increased by 14.0% to €187.3 million in 2015 compared to €164.3 million in 2014. Like-for-like, the increase amounted to 10.0%.This increase was caused by our increased capital expenditures in 2014.

Financial income and expense

Our net financial expense was stable at €66.6 million. The net interest cost grew by €12.0 million to €68.2 million in 2015 as a consequence of the refinancing of our financial debt through the issuance of €660 million notes in July 2014. On the other hand, other financial costs decreased by €12.4 million because in 2014 some provision was made to cover for the cost of derivative instruments and notably an €8.9 million provision to cover for the cost of interest rate swaps which had no use after the refinancing of July 2014.

As at December 31, 2015, 90% of Loxam's gross financial debt had a fixed interest rate.

Income tax

Income tax increased by 40.3% to €15.3 million in 2015 from €10.9 million in 2014. This increase primarily resulted from higher profit before tax in France where the income tax rate was 38% in 2015. Moreover, 25% of our net financial interest costs are not tax deductible in France.

Net income, group share

Net income decreased to €8.0 million in 2015 from €11.8 million in 2014 mostly because of the higher income tax recorded in 2015.

Quarter ended December 31, 2015 compared to quarter ended December 31, 2014

Please note that all figures in this section have been prepared according to the French GAAP.

Revenue

Revenue increased by 7.6% to €227.5 million in the fourth quarter of 2015 from €211.5 million in the fourth quarter of 2014. On a like-for-like basis, revenue increased by 2.4%.

Revenue from our Generalist France division increased by 11.1% in the fourth quarter of 2015 to €141.5 million as compared to €127.4 million in the fourth quarter of 2014, due to the integration of Hertz Equipment French and Spanish business for two months. Like-for-like, revenue from our Generalist France division increased by 3.0%, due to a stabilisation of the French rental activity in Q4 after six consecutive quarters of decline. Generalist France represented 62% of total revenue in the fourth quarter of 2015, compared to nearly 60% in the fourth quarter of 2014.

Revenue from our Specialist France division decreased by 0.8% to €37.3 million in the fourth quarter of 2015 as compared to €37.6 million in the fourth quarter of 2014, as the Division has been caught up by the softness of the construction market in the second half of 2015. The Specialist France division represented 16% of total revenue in the fourth quarter of 2015, compared to 18% in the fourth quarter of 2014.

International revenue increased by 4.6% to €48.6 million in the fourth quarter of 2015 compared to €46.5 million in the fourth quarter of 2014, following the integration of the Spanish business of Hertz Equipment. Like-for-like, International revenue increased by 3.0%, as revenue developed favourably in Spain, the UK and Ireland. Our International division represented 21% of total revenue in the fourth quarter of 2015, compared to 22% in the fourth quarter of 2014.

Other operating income

Other operating income increased by 16.0% to €19.9 million in the quarter ended December 31, 2015 from €17.2 million in the quarter ended December 31, 2014, thanks to higher capital gains on fleet disposals. Like-for-like, other operating income increased by 4.2%.

Purchases consumed

Purchases consumed increased by 6.9% to €27.5 million for the quarter ended December 31, 2015 compared to €25.7 million for the quarter ended December 31, 2014. Like-for-like, purchases consumed were relatively stable, increasing only by 0.8% despite the growth in revenue thanks to a decrease in fuel costs.

Personnel expenses

Personnel expenses increased by 6.9% to €61.3 million in the quarter ended December 31, 2015 from €57.4 million in the quarter ended December 31, 2014. Like-for-like, personnel expenses increased by 0.6%, as personnel expenses remained stable in France but grew at the International Division.

Other operating expenses

Other operating expenses increased by 5.7% to €79.4 million in the fourth quarter of 2015 from €75.1 million in the fourth quarter of 2014. Like-for Like, other operating expenses remained relatively stable, increasing by 0.9%.

Depreciation, amortization and provisions

Depreciation, amortization and provisions increased by 6.0% to €51.5 million in the quarter ended December 31, 2015, compared to €48.6 million in the quarter ended December 31, 2014. Like-for-like, they decreased by 2.0%, due to lower provisions on current assets, while depreciation of fixed assets increased only by 1.5% in the quarter.

Financial income and expense

Net financial expense decreased by €9.7 million to €16.3 million in the quarter ended December 31, 2015, compared to €26.0 million in the quarter ended December 31, 2014. The net interest charge decreased by €0.8 million to €16.0 million in Q4 2015 versus €16.8 million Q4 2014 thanks to higher financial income. Moreover, a provision of €9.2 million was taken in Q4 2014 covering the cost of future payments for the interest rate swaps.

Income tax

Income tax was an expense of €5.0 million in the quarter ended December 31, 2015, compared to a profit of €3.1 million in the quarter ended December 31, 2014. In the quarter ended December 31, 2015, profit before tax amounted to €7.9 million with a better profitability in France while in the quarter ended December 31, 2014, Loxam recorded a loss before tax of €8.8 million, consequently to the write-off of the interest rate swap recorded.

Amortization or depreciation of goodwill and intangible assets

During the fourth quarter of 2015, no impairment of intangible assets was accounted for.

Net income

As a result of the various factors described above, we recorded a profit of €2.4 million in the quarter ended December 31, 2015 compared to a net loss of €5.8 million in the quarter ended December 31, 2014.

Liquidity and Capital Resources

Please note that all figures in this section have been prepared according to the IFRS.

Cash is used to pay for working capital requirements, taxes, interest payments, capital expenditures, acquisitions and to service our indebtedness in accordance with repayment schedules.

Our sources of financing consisted mainly of the following:

- cash generated from our operating activities;
- borrowings under our syndicated credit facilities (including the revolving credit facility), and bilateral credit facilities and finance leases; and
- net proceeds from our outstanding debt securities and any other debt securities that we may issue in the future.

As of December 31, 2015, the gross debt (excluding derivatives) amounted to €1,182.7 million, compared to €1,096.4 million as of December 31, 2014. Our net debt (excluding derivatives) as of December 31, 2015 amounted to €1,024.5 million, an increase of €72.5 million compared to year-end 2014.

As of December 31, 2015, we had €944.8 million of outstanding bond debt, after deduction of €15,2 million of issuance costs to be amortized over the duration of the bonds using the effective interest rate method. Our bond debt was made of €300.0 million of senior subordinated notes due in January 2020, €410.0 million of senior secured notes due in July 2021, and €250.0 million of senior subordinated notes due in July 2022, both issued in July 2014. We also had €125.5 million outstanding debt under bilateral facilities from banks and finance leases in a total amount of €100.8 million. Cash and cash equivalents net of bank overdrafts on our balance sheet amounted to €158.0 million as of December 31, 2015.

We also have a 5-year €50 million revolving credit facility, which was entered into in connection with the issuance of the 2014 Notes and which we may use for general corporate purposes. As of December 31, 2015, this revolving credit facility was not drawn.

We expect to finance future capital expenditures mainly through cash flow from operations. We may also negotiate finance leases or bilateral credit facilities from time to time to finance the development of our operations. During 2015, we entered into an aggregate of €105.2 million of new bilateral credit facilities and €20.7 million in finance leases in connection with the financing of our capital expenditures in 2015.

Capital expenditures

Our capital expenditures consist principally of investments in fixed assets (i.e., our equipment fleet). We determine and allocate our budget for capital expenditures on an annual basis. Decisions about investment in new equipment are based in significant part on our views of future demand. During growth cycles we may decide to invest in our business by replacing aging or end-of-life equipment and by expanding the total size of the fleet, while in downturns we tend to restrict capital expenditures to the replacement of end-of-life equipment and conserve cash.

The table below shows our fleet investments for the last two years:

	Year Ended December 31, IFRS	
(in millions of euros)	**2014**	**2015**
Purchases of rental equipment	233.8	123.7
Purchases of non-rental equipment[1]	18.9	27.1
Gross capital expenditures	252.8	150.8
Proceeds from disposals of rental equipment	49.5	54.3
Proceeds from disposals of non-rental equipment	1.5	4.2
Proceeds from disposals of fixed assets	51.0	58.6
Net fleet capital expenditures[2]	184.4	69.3
Net capital expenditures[3]	201.8	92.2

Notes:

(1) Non-rental equipment principally includes equipment used in our workshops, equipment used to outfit or maintain our branches, and information technology.

(2) Net fleet capital expenditures is the net amount of purchases of rental equipment less proceeds from disposals of rental equipment.

(3) Net capital expenditures is gross capital expenditures less proceeds from disposals of fixed assets.

In 2015, gross capital expenditures decreased to €150.8 million, compared to €252.8 million in 2014. Fleet capital expenditure amounted to €123.7 million in 2015, compared to €233.8 million in 2014. The decreased investment in our fleet in 2015 reflects the continuing weak demand in the French market.

In 2015, the gross book value of disposed rental equipment was €173.4 million, compared to €184.4 million in 2014, as we sold end-of-life assets but also under utilized equipment

Cash flow

The following is a discussion of our cash flow from operations, cash flow from investing activities and cash flow from financing activities for the years ended 2015 and 2014.

Cash flow from operations include the fluctuations in our working capital requirements. In addition to typical variations in our accounts receivables and payables, working capital is also affected by the level of income tax debt or credit at the end of the year and by payables to fleet suppliers.

Cash flow from investing activities consists of our net capital expenditures, i.e., capital expenditures less the proceeds from the sale of the equipment retired from operations, as well as the cash impact of external acquisitions.

Cash flow from financing activities reflects the net issuance of new debt or equity, less debt repayments and dividend payments.

Year ended December 31, 2015 compared to year ended December 31, 2014

Please note that all figures in this section have been prepared according to the IFRS.

The following table presents a summary of our cash flow for the year ended December 31, 2015 as compared to the year ended December 31, 2014 :

	Year Ended December 31, IFRS	
	2014	**2015**
	(in millions of euros)	
Cash flow from operations	155.4	153.3
Cash flow from investing activities	(255.0)	(217.3)
Cash flow from financing activities	104.3	77.7
Change in cash and cash equivalents	4.8	13.7

Cash flow from operations

Net cash provided by operations decreased to €153.3 million in 2015 compared to €155.4 million in 2014. Before changes in working capital requirements, net cash provided by operations was €146.3 million in 2015 and €155.9 million in 2014, due to higher financial expenses and income tax. Changes in working capital had a positive impact of €5.9 million in 2015, following a negative impact of €1.0 million in 2014.

Cash flow from investing activities

Net cash used in investing activities decreased to €217.3 million in 2015 compared to €255.0 million in 2014, due to the decrease in capital expenditures. Purchases of fixed assets in 2015 amounted to €150.8 million, of which our rental fleet accounted for €123.7 million. In 2014, purchases of fixed assets amounted to €252.8 million, of which our rental fleet accounted for €233.8 million. Cash from fixed asset disposals amounted to €58.6 million in 2014 compared to €51.0 million in 2014, most of which related to our rental fleet. Cash used for acquisition amounted to €125.1 million in 2015, mainly due to the acquisition and refinancing of Hertz Equipment and to the acquisition of 25% of shares of the Brazilian company Degraus. In 2014, cash used for acquisition amounted to €75.7 million and related to the refinancing of Dansk Lift and Workx.

Cash flow from financing activities

Net cash provided by financing activities was €77.7 million in 2015 compared to €104.3 million in 2014.

In 2015, we issued €125.9 million of debt, including €105.2 million new bilateral facilities and €20.7 million of new finance leases. In 2014, we issued €829.4 million of debt, including the issuance of €410.0 million senior secured notes and €250.0 senior subordinated notes in July 2014, net of issuance costs amounting to €8.6 million. We also secured €124.2 million new bilateral facilities and €53.8 million of new finance leases.

In 2015, we repaid €43.2 million of debt, including €8.3 million under our bilateral facilities and €34.9 million under our finance leases at maturity. In 2014, we repaid €720.5 million of debt. We used the net proceeds of the issuance of the notes in July to repay €211.0 million under our syndicated credit facilities and €449.0 million of our bilateral facilities. Besides, we also repaid €27.6 million under our bilateral facilities and €32.9 million under our finance leases at maturity.

EBITDA and Adjusted EBITDA

In IFRS, we define EBITDA as income from ordinary operations plus depreciation and amortization of fixed assets. In French GAAP, we define EBITDA as operating income plus depreciation and amortization of fixed assets and goodwill. In French GAAP, we define adjusted EBITDA as EBITDA excluding certain charges that we consider not to be reflective of our ordinary operating activities. However, other companies may present EBITDA differently than we do. We present EBITDA and adjusted EBITDA as additional information because we believe it is helpful to investors in highlighting trends in our business. EBITDA is not a measure of financial performance under French GAAP or IFRS and should not be considered as an alternative to operating income as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS.

The following table presents a reconciliation of EBITDA and adjusted EBITDA to operating income and net income for the periods indicated.

	Year ended December 31, (IFRS)		**Quarter ended December 31, (French GAAP)**	
(in millions of euros)	**2014**	**2014**	**2014**	**2015**
Adjusted EBITDA	**n.a.**	**n.a.**	**64.0**	**73.3**
Excluded charges relating to new financings	-	-	(0.1)	-
Excluded other non operating costs[(1)]	-	-	(0.9)	-
EBITDA	**256.5**	**277.3**	**63.0**	**73.3**
Depreciation of fixed assets	(164.3)	(187.3)	(45.1)	(49.3)
Other	(2.6)	0.0	n.a.	n.a.
Operating income	**89.5**	**90.0**	**17.9**	**24.0**
Financial income and expense	(66.9)	(66.6)	(26.0)	(16.3)
Exceptional income and expense	n.a.	n.a.	(0.8)	0.2
Results of associates	-	(0.4)	-	(0.3)
Income tax	(10.9)	(15.3)	3.1	(5.0)
Amortization or depreciation of goodwill and intangible assets	**n.a.**	**n.a.**	-	(0.0)
Consolidated net income	**11.7**	**7.7**	**(5.9)**	**2.6**

Note :

(1) excluding actuarial losses relating to the pension obligations for €0.9 million in the quarter ended December 31, 2014.

EBITDA amounted to €277.3 million in 2015 compared to €256.5 million in 2014, with an EBITDA margin of 33.1%. Adjusted EBITDA amounted to €73.3 million in the quarter ended December 31, 2015 compared to €64.0 million in the quarter ended December 31, 2014.

EBITDA from our Generalist France division amounted to €181.0 million in 2015, compared to €167.9 million in 2014. Our EBITDA margin for Generalist France was 35.4% in 2015 compared to 32.8% in 2014. Adjusted EBITDA from our Generalist France division amounted to €46.9 million in the quarter ended December 31,2014, compared to €40.2 million in the quarter ended December 31, 2014.

EBITDA from our Specialist France division amounted to €47.9 million in 2015, compared to €47.4 million in 2014. Our EBITDA margin for Specialist France was 33.2% in 2015 as well as in 2014. EBITDA from our Specialist France division amounted to €12.1 million in the quarter ended December 31, 2015 compared to €10.9 million in the quarter ended December 31, 2014.

EBITDA from our International division amounted to €46.0 million in 2015, compared to €38.9 million in 2014. Our EBITDA margin for International was 25.2% in 2015 compared to 24.6% in 2014. EBITDA from our International division amounted to €13.9 million in the quarter ended December 31, 2015, compared to €12.4 million in the quarter ended December 31, 2014.

Free cash flow

We define free cash flow as EBITDA less net capital expenditures, financial income and expense (excluding non cash financial income and expense), taxes (excluding deferred taxes), capital gains on fleet disposals and certain other income and expenses and changes in working capital requirement. Free cash flow is presented before the payment of dividends to shareholders, capital increases and acquisitions. We present free cash flow as additional information because we believe it is helpful to investors in highlighting trends in our business. However, other companies may present free cash flow differently than we do. Free cash flow is not a measure of financial performance under IFRS or French GAAP and should not be considered as an alternative to operating income as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS.

For the years ended December 31, 2015 and 2014, free cash flow was €60.0 million and €(47.0) million respectively. The increase in free cash flow in 2015 compared to 2014 was mainly caused by lower net capital expenditures.

The following table presents a reconciliation of free cash flow to EBITDA for the periods indicated.

	Year Ended December 31, (IFRS)		Quarter ended December 31, (French GAAP)	
	2014	**2015**	**2014**	**2015**
	(in millions of euros)			
EBITDA before capital gains on fleet disposals	**215.0**	**231.2**	**52.9**	**61.7**
+ Proceeds from disposals of fixed assets	50.9	58.6	12.7	15.1
- Gross capital expenditure	(252.8)	(150.8)	(43.5)	(41.3)
- Financial income and expense [(1)]	(51.0)	(65.1)	(16.8)	(16.0)
- Income taxes [(2)]	(6.4)	(17.9)	3.9	(3.1)
- +/- Change in working capital requirement [(3)]	(1.0)	5.9	6.8	8.0
Miscellaneous	(1.7)	(1.9)	0.7	0.0
Free cash flow[(4)]	**(47.0)**	**60.0**	**16.7**	**24.4**
Acquisition [(5)]	(75.7)	(125.1)	(2.1)	(113.3)
Dividends	(4.9)	(4.9)	-	-
Other	(5.8)	(2.5)	(0.2)	0.8
Change in net debt [(6)]	**(133.4)**	**(72.5)**	**14.4**	**(88.1)**

Notes:

(1) Corresponds to financial income and expense immediately payable (i.e., excluding non-cash items)

(2) Corresponds to taxes immediately payable (i.e., excluding deferred taxes).

(3) Excluding change in accrued interests on loans and change in other financial debt, which together totalled €0.6 million in 2014 and €1.1 million in 2015.

(4) Before payment of dividends, capital increases and acquisitions.

(5) Corresponds in Q4 2014 to the acquisition of the remaining 15% interest of Dansk Lift from minority shareholders, and in Q4 2015 to Hertz Equipment acquisition.

(6) Excluding change in derivatives instruments.

Net debt

We define net debt as gross debt less cash and cash equivalents (cash plus marketable investment securities). Net debt is presented as additional information because we believe that netting cash against debt may be helpful to investors in understanding our financial liability exposure. However, other companies may present net debt differently than we do. Net financial debt is not a measure of financial performance under IFRS and should not be considered as an alternative to any other measures of performance derived in accordance with IFRS.

The following table presents a reconciliation of net debt to amounts included in the consolidated balance sheet as of the dates indicated.

	As of December 31, 2014	As of December 31, 2015
	(in millions of euros)	
Senior secured notes	410.0	410.0
Senior subordinated notes	550.0	550.0
Issuance costs related to notes	(17.7)	(15.2)
Bank loans	28.7	125.5
of which syndicated credit facilities	-	-
of which bilateral loans	*28.7*	*125.5*
Accrued interest on debt securities and loans	9.5	9.6
Lease liabilities	115.0	100.8
Other financial debt	0.7	1.7
Bank overdrafts	0.2	0.2
Loans and financial debt (gross debt)	**1,096.4**	**1,182.7**
Cash	(30.2)	(71.8)
Marketable investment securities	(114.3)	(86.4)
Cash and cash equivalents	**(144.4)**	**(158.2)**
Net debt	**952.0**	**1,024.5**

Net debt increased to €1,024.5 million as of December 31, 2015 from €952.0 million as of December 31, 2014, as a result of the positive free cash flow of €60.0 million of the operations, and because of the impact of the acquisitions of the year (mostly Hertz Equipment and Degraus) for €(125.1) million. A dividend of €4.9 million was also paid during the year.

Debt maturity profile

The table below provides the maturity profile of our outstanding indebtedness, as of December 31, 2015.

(in millions of euros)	Total	2016	2017	2018	2019	2020	2021	2022 and later
Bilateral loans	125.5	25.4	25.6	25.6	24.0	20.2	2.2	2.7
Lease liabilities	100.8	36.8	29.5	22.6	8.9	2.9	-	-
Loans and financial debt owed to credit institutions	**226.3**	**62.1**	**55.1**	**48.2**	**32.9**	**23.1**	**2.2**	**2.7**
Other financial debt	1.8	1.5	0.3	-	-	-	-	-
Senior secured notes	405.6	-	-	-	-	-	405.6	-
Senior subordinated notes	539.2	-	-	-	-	292.0	-	247.2
Total debt	**1,173.0**	**63.6**	**55.4**	**48.2**	**32.9**	**315.1**	**407.8**	**249.9**

We have no major financial debt amortization before January 2020 when the senior subordinated notes are due.

Currency and interest rate derivatives

Before we decided to refinance the financial debt of the group in the bond market, we used derivative financial instruments (interest rate swaps) to mitigate the adverse effects of interest rate risks.

The derivative financial instruments were maintained after the refinancing of July 2014 and covered a notional amount of €167.7 million at December 31, 2015 for a maximum term in July 2022. These derivatives are recognized in financial liabilities for an amount of €6.6 million at December 31, 2015.

As of December 31, 2015, 90% of our loans and other financial debt were at fixed rate.

The large majority of our revenue, expenses and obligations are denominated in euros. However, we are exposed to limited foreign exchange rate risk, primarily in respect of Danish krone, pounds Sterling, Swiss francs, Moroccan dirham, Norwegian krone and Swedish krone. Our foreign exchange rate derivative financial instruments as of December 31, 2015 covered current liabilities denominated in British Pounds for GBP 16.5 million and in Danish krone for DKK 29.5 million.

Critical Accounting Policies and Estimates

Critical accounting policies are described in the appendix within the notes to financial statements.

Change in accounting policy

Loxam has adopted International Financial Reporting Standard "IFRS" as accounting standard for its 2015 financial statements. Loxam also prepared restated financial statements for 2014 and 2013 to provide historical comparable data. Loxam's auditors have audited the 2015 accounts under IFRS standard.

APPENDIX
FINANCIAL STATEMENTS

(this appendix is provided as a draft as it is still under review by Loxam's auditors as Loxam's accounts will be approved by the AGM of 22nd April 2016)

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Statement of financial position

ASSETS (€'000)	Notes	31.12.15	31.12.14	31.12.13	01.01.13
Intangible assets and goodwill	5	983,015	951,645	926,103	927,059
Property, plant and equipment	6	560,095	534,237	409,566	343,193
Financial assets	7	9,425	6,019	7,303	5,032
Investments in associates	8	8,465			
Deferred tax assets	22	8,618	9,030	3,269	3,796
Non-current assets		**1,569,617**	**1,500,931**	**1,346,242**	**1,279,080**
Inventories	9	18,364	17,207	16,940	17,882
Trade and other receivables	10	206,361	185,492	202,970	194,928
Other current assets	11	21,767	21,639	32,115	25,848
Corporate income tax receivables	11	3,865	10,979	4,334	309
Cash management assets	12	-	5,000	48,550	-
Cash and cash equivalents	12	158,211	139,423	92,109	61,866
Current assets		**408,569**	**379,739**	**397,018**	**300,832**
Total assets		**1,978,185**	**1,880,671**	**1,743,260**	**1,579,913**

LIABILITIES (€'000)	Notes	31.12.15	31.12.14	31.12.13	01.01.13
Share capital		258,223	258,223	258,223	258,223
Additional paid-in capital		1,882	1,882	1,882	1,882
Consolidated reserves		278,887	271,463	226,434	228,143
Profit / loss for the year		8,008	11,841	47,251	
Shareholders' equity (Group share)		**547,000**	**543,408**	**533,789**	**488,247**
Non-controlling interests		204	476	283	359
Total equity	**13**	**547,204**	**543,883**	**534,072**	**488,606**
Employee benefits	16	15,044	15,085	10,289	10,190
Deferred tax liabilities	22	21,904	24,291	15,738	11,495
Borrowings and financial debt	15	1,109,036	1,045,223	767,600	580,255
Financial derivatives	14	9,532	11,832	10,488	26,017
Non-current liabilities		**1,155,518**	**1,096,431**	**804,116**	**627,956**
Provisions	17	7,064	5,572	4,270	3,267
Borrowings and financial debt	15	73,680	51,183	200,846	254,085
Trade payables and related	18	89,386	90,123	99,493	101,575
Other liabilities	18	105,254	93,207	99,769	96,859
Corporate income tax liabilities	18	80	272	695	7,565
Current liabilities		**275,464**	**240,356**	**405,072**	**463,350**
Total shareholders' equity and liabilities		**1,978,185**	**1,880,671**	**1,743,260**	**1,579,913**

Consolidated income statement and statement of comprehensive income

€'000	Notes	31.12.15	31.12.14	31.12.13
Revenue		**838,288**	**812,329**	**804,723**
Other income		57,433	50,590	28,313
Operating income		**895,720**	**862,919**	**833,036**
Purchases consumed		(91,988)	(92,078)	(97,117)
Personnel expenses	19	(224,557)	(215,498)	(208,041)
Other current expenses		(286,419)	(284,175)	(268,208)
Taxes and duties		(15,472)	(14,707)	(14,896)
Depreciation and amortisation		(187,327)	(164,323)	(133,080)
Income from ordinary operations		**89,957**	**92,138**	**111,694**
Other operating income	20	50		
Other operating expenses	20		(2,601)	-
Operating profit		**90,008**	**89,537**	**111,694**
Interest and financing-related expenses		(69,397)	(58,018)	(49,944)
Other financial expenses		(2,162)	(11,204)	(4,673)
Financial income		4,966	2,298	17,969
Financial income (expense)	21	**(66,593)**	**(66,925)**	**(36,648)**
Pre-tax profit		**23,415**	**22,613**	**75,046**
Result of associates		(397)		
Income tax expense	22	(15,286)	(10,898)	(27,870)
Net income		**7,732**	**11,715**	**47,176**
Non-controlling interests		(276)	(126)	(75)
Net income, Group share		**8,008**	**11,841**	**47,251**

	31.12.15	31.12.14	31.12.13
Net income	**7,732**	**11,715**	**47,176**
Exchange gains or losses (1)	(1,221)	(10)	(65)
Value adjustments linked to hedging derivatives		5,515	3,945
Tax		-	(1,255)
Items recycled to profit or loss	***(1,221)***	***5,505***	***2,625***
Remeasurement of liabilities for defined benefit retirement plans	2,419	(3,947)	879
Tax	(703)	1,136	(310)
Items not recycled to profit or loss	***1,716***	***(2,810)***	***569***
Other comprehensive income	**495**	**2,695**	**3,195**
Comprehensive income	**8,227**	**14,409**	**50,371**
(1) Of which, share relating to associates:	(2,020)	-	-

Consolidated cash-flow statement

€'000	Notes		31.12.15	31.12.14	31.12.13
Net income			**7,732**	**11,715**	**47,176**
Result of associates	8		397	-	-
Income tax expense recognised (including deferred tax)	22		15,286	10,898	27,870
Financial income and expenses recognised	21		66,593	66,925	36,648
Depreciation and provisions, net of reversals			186,871	166,161	134,769
Capital gains on asset disposals			(47,565)	(42,085)	(18,943)
Cash flow from operations (before cost of financing and tax)			**229,313**	**213,614**	**227,521**
Income tax paid			(17,918)	(6,400)	(24,665)
Financial interest paid			(66,413)	(52,753)	(51,395)
Financial interest received			2,393	2,298	2,429
Change in working capital requirements			5,879	(985)	(23,574)
Cash flow from operating activities		**A**	**153,254**	**155,420**	**130,317**
Impact of changes in scope			(125,081)	(53,120)	0
Acquisitions of fixed assets			(150,756)	(252,793)	(202,176)
Disposals of fixed assets			58,580	50,950	22,371
Cash flow from investing activities		**B**	**(217,257)**	**(254,963)**	**(179,806)**
Dividends paid			(4,906)	(4,906)	(4,906)
Capital increase			-	308	-
Proceeds from loans and borrowings	15		125,882	829,432	487,368
Repayment of loans and borrowings	15		(43,240)	(720,489)	(348,310)
Cash flow from financing activities		**C**	**77,736**	**104,346**	**134,152**
Change in cash and cash equivalents		**A+B+C**	**13,734**	**4,803**	**84,663**
Cash and cash equivalents at beginning of period			144,253	140,280	55,663
Cash and cash equivalents at end of period			158,043	144,253	140,280
Impact of exchange rate fluctuations			(57)	830	46
Change in cash and cash equivalents			**13,733**	**4,803**	**84,663**
Cash management assets			-	5,000	48,550
Other transferable securities			86,429	109,269	79,416
Cash at bank and in hand			71,782	30,154	12,692
Current bank borrowings			(168)	(170)	(378)
Cash and cash equivalents			**158,043**	**144,253**	**140,280**

Consolidated statement of changes in equity

€'000	Share capital	Consolidated reserves	Reserves to be recycled (OCI)	Shareholders' equity (Group share)	Non-controlling interests	Total equity
At 1 January 2013	**258,223**	**236,348**	**(8,205)**	**488,247**	**359**	**488,606**
Profit / loss for the period		47,251		47,251	(75)	47,304
Derivatives			2,690	2,690		2,690
Employee benefits			569	569	-	569
Exchange gains or losses			(63)	(63)	(2)	(65)
Comprehensive income		**47,251**	**3,196**	**50,447**	**(76)**	**50,371**
Dividends		(4,906)		(4,906)		(4,906)
At 31 December 2013	**258,223**	**278,693**	**(5,009)**	**533,789**	**283**	**534,072**
Profit / loss for the period		11,841		**11,841**	(126)	11,715
Derivatives			5,515	**5,515**		5,515
Employee benefits			(2,810)	**(2,810)**	-	(2,810)
Exchange gains or losses			(20)	**(20)**	10	(10)
Comprehensive income		**11,841**	**2,685**	**14,525**	**(116)**	**14,409**
Capital increase				**-**	308	308
Dividends		(4,906)		(4,906)		(4,906)
At 31 December 2014	**258,223**	**285,628**	**(2,324)**	**543,408**	**476**	**543,884**
Profit / loss for the period		8,008		8,008	(276)	7,732
Employee benefits			1,716	1,716	-	1,716
Exchange gains or losses			(1,226)	(1,226)	5	(1,221)
Comprehensive income		**8,008**	**490**	**8,498**	**(271)**	**8,227**
Dividends		(4,906)		(4,906)		(4,906)
At 31 December 2015	**258,223**	**288,730**	**(1,834)**	**547,000**	**204**	**547,204**

Notes to the financial statements

Note 1 – Overview

1.1. Presentation of the Group

Loxam is a French simplified joint-stock company (*société par actions simplifiée*) with a capital of €258,222,630, governed by all the legislation and regulations for commercial companies in France, and particularly the French commercial code (*Code de commerce*). Its registered office is located at 256 rue Nicolas Coatanlem, 56850 Caudan, France.

The Group is the European equipment rental market leader, with its business focused primarily on construction and civil engineering professionals. The Group operates mainly in Europe, as well as North Africa, and has a 25% stake in a company in Brazil.

1.2. Context for the preparation of the IFRS consolidated financial statements

For each year up until 31 December 2014, the Loxam Group prepared consolidated financial statements under French generally accepted accounting principles in accordance with French accounting standards board (CRC) regulations 99-02, which differ partially from the International Financial Reporting Standards (IFRS) adopted in the European Union.

Alongside these consolidated financial statements, the Group has chosen for the first time to prepare IFRS consolidated financial statements at 31 December 2015, with a transition date of 1 January 2013. These financial statements are therefore the Group's first consolidated financial statements prepared in accordance with IFRS, as adopted by the European Union at 31 December 2015, and in line with IFRS 1 First-time Adoption of International Financial Reporting Standards.

The accounting principles and methods presented in Note 26 have been applied to prepare the financial statements for the year ended 31 December 2015, with comparative information included in these financial statements for the years ended 31 December 2014 and 31 December 2013, along with an opening statement of financial position under IFRS at 1 January 2013 (i.e. the Group's transition date).

1.3. Functional and reporting currency

The consolidated financial statements are prepared and presented in euros, which is the parent company's functional currency. All the financial data are presented in thousands of euros, rounded off to the nearest thousand euros. The total amounts indicated in the tables may differ from the sums of the various items as figures have been rounded off.

Note 2 – Highlights

Overview of key developments in 2013:

In January 2013, the Group carried out a €300 million bond issue, with €150 million used to pay down part of its syndicated debt. This issue concerned subordinated senior bonds maturing in 2020, with a fixed coupon of 7.375%.

At the end of December 2013, the Group acquired an 85% interest in the Dansk Lift subgroup, comprising:

- Dansklift A/S, company operating six branches in Denmark
- Safelift as, company operating four branches in Norway
- Safelift ab, company operating one branch in Sweden.

The figures at 31 December 2013 have not been included in the consolidated balance sheet because they were not considered to be significant. This would have represented 1.3% of the total balance sheet.

In connection with this acquisition, the Group granted a shareholder current account to Dansk Lift to replace bank financing lines for DKK 68.5 million.

Overview of key developments in 2014:

On 1 January 2014, the Group integrated the Dansk Lift group, with 85% of its securities acquired at the end of December 2013 and 15% in December 2014. This group comprises:

- Dansk Lift A/S, company operating six branches in Denmark
- Safelift AS, company operating four branches in Norway
- Safelift AB, company operating one branch in Sweden.

The three companies have been fully consolidated in Loxam's consolidated accounts since 1 January 2014. Their contribution to the Group's consolidated financial statements represents €17.6 million of revenue and €21.4 million of property, plant and equipment. In accordance with IFRS 3 (revised), Loxam has measured the fair value of the identifiable assets and liabilities acquired. The goodwill linked to the acquisition of the Dansk Lift group is valued at €1.5 million at 31 December 2014.

On 4 July 2014, the Group acquired a 100% stake in the Workx group, with 42 branches in the Netherlands. This group comprises:

- Workx Holding BV, holding company
- Workx BV, holding company
- Workx Materieelverhuur BV, operating company
- Workx Sloop-en Graafdiensten BV, operating company.

The four companies have been fully consolidated in Loxam's consolidated accounts since 1 July 2014. Their contribution to the Group's consolidated financial statements represents €16.9 million of revenue and €22.3 million of property, plant and equipment. In accordance with IFRS 3 (revised), Loxam has measured the fair value of the identifiable assets and liabilities acquired. The goodwill linked to the acquisition of the Workx group is valued at €24.0 million at 31 December 2014.

At the end of the year, the Group acquired two businesses in Spain and bought out the business of Phocomex, which was in liquidation, in France. This concerns the acquisition of isolated assets, which are not covered by IFRS 3.

In July 2014, the Group refinanced its syndicated debt and almost all the bilateral debt lines of Loxam SAS with a €660 million bond issue. This issue concerned €410 million of secured senior bonds maturing in 2021, with a fixed coupon of 4.875%, and €250 million of subordinated senior bonds maturing in 2022, with a fixed coupon of 7.0%.

Highlights of 2015:

On 14 April 2015, the Group acquired a 25% stake in Degraus, which operates 20 branches in Brazil. This interest enables the Group to exercise a significant influence over Degraus, which is therefore classified as an associate. As a result, Loxam SAS' investment in Degraus is recorded using the equity method of accounting.

In June 2015, our 51%-owned Moroccan subsidiary Atlas Rental acquired a 100% interest in Maroc Elevation. Maroc Elevation has been fully consolidated in Loxam's consolidated accounts since 1 July 2015. Its contribution to the Group's consolidated financial statements was not significant for the period. In accordance with IFRS 3 (revised), Loxam is currently measuring the fair value of the identifiable assets and liabilities acquired.
The provisional goodwill linked to the acquisition of Maroc Elevation is valued at €0.9 million at 31 December 2015.

On 31 October 2015, the Group acquired a 100% interest in Hertz Equipement France and Hertz de Alquiler de Maquinaria in Spain. These two companies have been fully consolidated in Loxam's consolidated accounts since 1 November 2015. Their contribution to the Group's consolidated financial statements represents €11.0 million of revenue and €73.3 million of property, plant and equipment. If the companies had been consolidated from 1 January 2015, the contribution to revenue over 12 months would have represented €69.5 million. In accordance with IFRS 3 (revised), Loxam is currently measuring the fair value of the identifiable assets and liabilities acquired. The provisional goodwill linked to the acquisition of Hertz Equipement France is valued at €30.3 million at 31 December 2015, while the figure for Hertz de Alquiler de Maquinaria in Spain is negative and represents €50 K.

In 2015, several mergers took place without any impact on the consolidated accounts:

- Merger of Dansk Lift with Loxam Danemark A/S on 30 April 2015, effective retroactively to 1 January 2015
- Merger of Workx BV with Workx Holding BV on 31 August 2015, effective retroactively to 1 January 2015
- Merger of Hertz Equipement France SAS with Loxam SAS at 31 December 2015, effective retroactively to 1 January 2015.

Note 3 - Accounting principles

3.1 Declaration of compliance

The Loxam Group has prepared its consolidated financial statements at 31 December 2015, approved by the Chairman on 15 March 2016, in accordance with mandatory International Financial Reporting Standards (IFRS) adopted in the European Union at 31 December 2015, with 2014 and 2013 prepared under the same reporting standards for comparison.

These standards include International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), as well as the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Standards Interpretations Committee (IFRS IC).

These standards are available on the European Commission site:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The consolidated financial statements comprise the financial statements of Loxam SAS and its subsidiaries for the financial year from 1 January 2015 to 31 December 2015.
The list of consolidated companies is presented in Note 4.

3.2 Application and interpretation of standards and regulations

New mandatory IFRS standards, IFRIC interpretations or amendments to be applied from 1 January 2015:

Standards, amendments or interpretations	Dates adopted by the European Union	Application dates: financial years starting on or after
IFRIC 21 - Levies	13/06/2014	01/01/2015
Annual improvements for 2011-2013	18/12/2014	01/01/2015

The application of IFRIC 21 has not had any material impact on the consolidated financial statements at 31 December 2015.
The IFRS annual improvements (2011-2013) have not had any impact on the Loxam Group's accounts.

New mandatory IFRS standards, IFRIC interpretations or amendments to be applied from 1 January 2016:

Standards, amendments or interpretations	Dates published in EU Official Journal	IASB application dates: financial years starting on or after
Amendments to IAS 1: Presentation of Financial Statements in connection with the “disclosures” initiative.	19/12/2015	01/01/2016
Amendment to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	03/12/2015	01/01/2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	24/11/2015	01/01/2016
IAS 19 – Employee Contributions	09/01/2015	01/02/2015
Annual improvements for 2010-2012	09/01/2015	01/02/2015
Amendments to IFRS 11 – Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	25/11/2015	01/01/2016
Annual improvements for 2012-2014	16/12/2015	01/01/2016
Amendments to IAS 27 - Equity Method in Separate Financial Statements	23/12/2015	01/01/2016

These standards, amendments or interpretations have not been applied early. Their potential impact is currently being analysed.

IFRS standards or interpretations published but not yet applicable:

Standards, amendments or interpretations	Adoption in Europe	IASB application dates: financial years starting on or after
IFRS 9 Financial Instruments – Classification and Measurement - Amendments to IFRS 9, IFRS 7 and IAS 39 – General Hedge Accounting	Expected H1 2016	01/01/2018

IFRS 14 – Regulatory Deferral Accounts	Will not be adopted by the EU	01/01/2016
IFRS 15 - Revenue from Contracts with Customers	Expected Q2 2016	01/01/2018
Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception	Expected Q2 2016	01/01/2016
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred	Deferred indefinitely
IFRS 16 - Leases	Expected H1 2016	01/01/2019

3.3 Presentation of the financial statements

The Group's consolidated financial statements are prepared on a historical cost basis, with the exception of certain categories of assets and liabilities, measured at fair value, in accordance with IFRS rules. The categories concerned are mentioned in the following notes.

The financial year-end for all the Group's subsidiaries and entities is 31 December.

3.4 Consolidation principle

A subsidiary is an entity controlled by Loxam SAS. An entity's control is based on three criteria:

- Power over the entity, i.e. the ability to direct the activities with the greatest impacts on its profitability;
- Exposure to the entity's variable returns, which may be positive, based on dividends or any other economic benefits, or negative;
- Link between the power and these returns, i.e. the ability to exercise the power over the entity to influence the returns achieved.

The financial statements of subsidiaries are fully consolidated from the date on which the Group acquires effective control until such time as control is transferred outside the Group.

The consolidated financial statements include all of the subsidiary's assets, liabilities, income and expenses. Equity and income are shared between the owners of the Group and non-controlling interests.

Transactions between consolidated companies and intragroup profits are eliminated when preparing the consolidated financial statements.

An associate is an entity over whose financial and operational policies the Group has significant influence, without having control or joint control. The share in the associate's assets and liabilities, including goodwill, is presented on a separate line on the balance sheet.

3.5 Accounting judgments and estimates

To prepare the consolidated financial statements in accordance with IFRS, the Group makes a certain number of estimates and assumptions that are based on historical information and other factors, including expectations for future events that are considered reasonable in view of the circumstances. The Group's estimates and judgments with the most significant impacts on the financial statements concern the following elements:

- Impairment tests for assets with an indefinite lifespan (primarily goodwill) (Note 5),
- Measurement of obligations relating to defined benefit plans (Note 16),
- Measurement of financial instruments at fair value (Note 14),
- Qualification of leases (Note 3.12)

These estimates are based on the information available when they were prepared. They are continuously assessed based on past experience and various other factors that are considered to be reasonable, which form the basis for assessments of the book value of assets and liabilities. Estimates may be revised if the circumstances on which they were based change or new information becomes available. Actual results may differ significantly from these estimates depending on different conditions or assumptions.

3.6 Business combinations

a) Business combinations

In accordance with IFRS 3R, business combinations are recorded on the acquisition date, which is the date when control is transferred to the Group.
Goodwill represents the fair value of the consideration transferred (including the fair value of any interest previously held in the company acquired), plus the amount recognised for any non-controlling interest in the company acquired, less the net amount recognised (generally at fair value) for the identifiable assets and liabilities assumed.
When the difference is negative, this is badwill, representing a profit resulting from acquisitions under preferential conditions. Badwill is recognised immediately in profit or loss.
The costs relating to the acquisition are recognised as expenses for the period.
Corrections or adjustments may be made to the fair value of the assets and liabilities assumed and the consideration transferred within 12 months of the acquisition. As a result, the goodwill may be corrected.
Potential earnouts relating to business combinations are measured at fair value on the acquisition date. Subsequently, earnouts are measured at fair value at each future reporting date. After a one-year period from the acquisition date, any change in the fair value of the potential consideration classified as a financial liability will be recognised in profit or loss. During this one-year period, any

changes to this fair value explicitly related to events occurring after the acquisition date will also be recognised in profit or loss. Other changes will be recognised as adjustments to goodwill.
Goodwill is not depreciated. In accordance with IAS 36 Impairment of Assets, they are subject to impairment tests at least once a year and more frequently if there are any indications of impairments.
The conditions for these tests are presented in Section 3.13.

b) Commitment to buy out non-controlling interests (minority interests), entered into at the time of business combinations, if minorities do not retain current access to profits

The advanced acquisition method is applied: the deferred payment for the buyout commitment is recognised as a liability for the present value of the option's exercise price. Goodwill is calculated taking into account the total percentage including the commitment to buy out the non-controlling interests.

c) Commitment to buy out non-controlling interests (minority interests), entered into at the time of business combinations, if minorities retain current access to profits

The deferred payment for the buyout commitment is recognised as a liability for the present value of the option's exercise price. Subsequent changes in the value of the commitment are recognised in equity attributable to owners of the parent.

d) Acquisition of non-controlling interests (minority interests), agreed on after business combinations

For an additional acquisition of securities in an entity that is already controlled, the difference between the acquisition price of securities and the additional share of consolidated equity acquired is recognised in equity attributable to owners of the parent, while keeping the consolidated value of the subsidiary's identifiable assets and liabilities, including goodwill, unchanged.

3.7 Foreign currency translation methods

a) Transactions in foreign currencies

Transactions in foreign currencies are converted into euros based on the exchange rate in force on the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies are converted based on the exchange rate in force on the reporting date.
Profit and loss data denominated in foreign currencies are converted using the average rate for the period.
The resulting exchange gains or losses are recognised in profit or loss for the year under financial income and expenses.

b) Financial statements in foreign currencies

The assets and liabilities of Group companies expressed in foreign currencies are converted into euros based on the exchange rate in force on the reporting date. Income and expenses for these companies are converted into euros at the average exchange rate for the year. The resulting exchange gains or losses are recognised directly in other comprehensive income.

Exchange rates applied at 31 December 2015 (euro vs. currency):

1 EUR =	GBP	CHF	DKK	MAD	SEK	NOK	BRL
Reporting date rate	0.73395	1.08350	7.46260	10.79350	9.18950	9.60300	4.31170
Average rate	0.72601	1.06763	7.45865	10.81945	9.35448	8.94171	3.84867

3.8 Breakdown of current / non-current assets and liabilities

Under IAS 1, assets and liabilities must be classified as “current” or “non-current”.
Loxam applies the following rules for classifying the main balance sheet aggregates:
- Fixed assets are classified as “non-current”
- Assets and liabilities included in working capital requirements in connection with the business’ normal operating cycle are classified as “current”
- All deferred tax assets and liabilities are presented as “non-current”
- All provisions are classified as “current”
- Financial liabilities are classified as “current” or “non-current”, depending on whether they are due within or later than one year after the reporting date.

3.9 Fair value of financial assets and liabilities

Financial assets and liabilities - including derivatives - measured at fair value are broken down into three levels (1 to 3), each corresponding to a level of fair value observability based on data used in the fair value measurement technique:
- Level 1: fair value determined based on listed prices on active markets for identical assets or liabilities;
- Level 2: fair value estimated based on observable data for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. pricing-derived data);
- Level 3: fair value estimated using valuation techniques that include data relating to the asset or liability that are not based on observable market data.

The breakdown of financial instruments for each category is presented in Note 3.17 Cash and cash equivalents and Note 3.18 Financial instruments.

3.10 Intangible assets and goodwill

a) Goodwill

The goodwill resulting from acquisitions of subsidiaries is included in intangible assets. It represents an asset with an indefinite lifespan. For the valuation of goodwill, see Note 3.6.

b) Other intangible assets

Other intangible assets have a finite useful life and are recorded at their acquisition cost, after deducting accumulated depreciation and impairment charges.
The depreciation of intangible assets is recorded as an expense on a straight-line basis over the estimated useful life from the moment when assets are brought into service.
These other intangible assets are primarily software products, depreciated over one to three years.

3.11 Property, plant and equipment

Property, plant and equipment are recognised at their acquisition cost, after deducting accumulated depreciation and impairment charges. They are not remeasured.
The cost includes the expenditure directly attributable to the asset's acquisition.
Depreciation charges for property, plant and equipment are calculated on a straight-line basis and with the useful lives indicated below. Land is not depreciated:

- Buildings 10 to 20 years
- Building fixtures and fittings 5 to 20 years
- Plant and equipment 1 to 7 years

- Other property, plant and equipment 2 to 5 years

Property, plant and equipment are depreciated from the moment when they are brought into service.

e)

3.12 Leases

The Group holds finance leases in accordance with IAS 17.
Finance-leased fixed assets, transferring virtually all the risks and benefits inherent in ownership of the leased asset to the Group, are recorded as assets on the balance sheet at the fair value of the equipment leased or the present value of minimum future lease payments if this is lower. The corresponding liability is recorded under financial liabilities.
Lease payments are broken down between the financial expense and the depreciation of the liability in order to obtain a constant periodical rate for the balance of the debt recorded as a liability.
Finance-leased assets are depreciated over their useful life based on the same rules as other property, plant and equipment (cf. Note 3.11- Property, plant and equipment).
Leases under which the lessor retains virtually all the risks and benefits inherent in ownership of the asset are operating leases. Payments for these leases are recorded as expenses on a straight-line basis over the term of the lease.

f)

3.13 Impairment of intangible assets and property, plant and equipment

Assets are reviewed at each reporting date to determine whether there are any indications of impairments. If such indications are identified, the asset's recoverable value is estimated.

Goodwill is tested once a year and whenever indications of impairments arise.
To be tested, the assets that do not generate independent cash inflows are consolidated in cash generating units (CGU), which correspond to the countries where the Group operates. These

countries may be grouped together in regions (CGU group), particularly for financial reporting. For impairment testing, the CGUs which the goodwill is allocated to are grouped together to ensure that the level at which impairment tests are carried out reflects the lowest level at which goodwill is monitored for internal management requirements. Goodwill acquired in connection with a business combination is allocated to the CGU that is likely to benefit from synergies with the business combination.

The CGU's recoverable value is the higher of the fair value less potential costs of disposal and the useful value.

The useful value retained by the Group corresponds to the value of the future economic benefits expected from their use and their exit. It is assessed using the discounted cash flow (DCF) method, based on the following principles:

- The cash flows are taken from the medium-term business plan drawn up by the Group's leadership team,
- The discount rate is determined based on the weighted average cost of capital for the business and the region concerned,
- The terminal value is calculated by summing discounted cash flows to infinity, based on standard cash flows and a perpetuity growth rate. The growth rate is consistent with the development potential of the markets in which the Group operates, as well as its competitive position on these markets.

When the recoverable value is lower than the net book value of the asset or the cash generating unit, an impairment is recognised in profit or loss.

Impairments recorded for goodwill are irreversible.

3.14 Financial assets

Financial assets include:

- Securities of non-consolidated companies,
- Security deposits paid,
- Cash management assets,
- Cash and cash equivalents.

Financial assets are measured and recognised in accordance with IAS 39.

Financial assets are initially recognised at their fair value.

Financial assets maturing in under one year are classified as current financial assets.

3.15 Inventories

Inventories primarily include trade products, parts and consumables. Inventories are measured at cost, calculated in line with the weighted average cost method.

An impairment is recognised when the realisable value, less costs of disposal, is lower than the book value.

3.16 Trade receivables and other current assets

Trade receivables and other current assets are generally measured at their nominal value, when this is considered to be close to their fair value. Provisions for impairment are recorded for receivables when their recoverable value is lower than their book value.

3.17 Cash management assets and cash and cash equivalents

In accordance with IAS 7 Statement of Cash Flows, the cash recorded in the consolidated cash flow statement includes cash at bank and in hand, positive bank balances and cash equivalents. Cash equivalents correspond to liquid short-term deposits that are easily convertible into a determinable amount of liquid assets and subject to a negligible risk of changes in value.

Term deposits for over three months, which include options for early withdrawals at any time without notice, particularly to cover short-term cash commitments, are consistent with the definition of cash and cash equivalents from IAS 7 in the following cases:

- ✓ The capital is guaranteed even in the event of early withdrawal,
- ✓ No penalties are due in the form of payments to the financial institution managing the investment, or retention of part of the return on the investment. When the return is calculated based on the rate for the previous period or a reduced rate, without any significant change in the value of the amount of the return received, this is not considered to be a penalty and does not call into question the investment's classification as cash and cash equivalents.

Cash management financial assets comprise money-market securities, bonds and shares in UCITS invested with a short-term management horizon that do not meet the criteria for being classified as cash equivalents under IAS 7. They are measured and recognised at their fair value. Value adjustments are recognised in profit or loss.

Purchases and sales of cash management financial assets are recognised on the transaction date.

Transferable securities classified as cash equivalents on the reporting date are recognised at fair value through profit or loss, with their fair value based on their net asset value.

3.18 Derivative financial instruments – relating to the interest rate risk

The Group has set up interest rate swaps to reduce its net interest rate risk exposure.

These derivative financial instruments are initially recognised at their fair value. This fair value corresponds to Category 2 in line with the definitions given in Note 3.9. Since the hedging relationship is not documented, fair value adjustments are recognised in profit or loss.

The swaps that were eligible for hedge accounting on the transition date have been recognised in other comprehensive income on the opening balance sheet. This reserve is depreciated over the term of the swap agreements. With the refinancing in July 2014, virtually all the variable-rate loans taken out by Loxam SAS were repaid and fixed-rate bonds were set up. The swaps retained have no longer been backed with debt since July 2014. As a result, the remaining reserve was fully recycled to profit or loss when the underlyings disappeared.

3.19 Derivative financial instruments – relating to the foreign exchange risk:

On an ad hoc basis, and in line with its market forecasts, the Loxam Group uses financial instruments to reduce its net foreign exchange risk exposure. The Group primarily uses forward currency sales options.

As these instruments concern intra-group receivables, which are eliminated in the consolidated financial statements, the Group has not opted to apply hedge accounting. These foreign exchange derivative instruments are recognised at fair value on the balance sheet. Fair value adjustments are recognised in profit or loss.

3.20 Financial instruments - Equity warrants

a) Equity warrant features

Under the terms of a delegation of authority granted by the Company's General Meeting on 29 July 2011, the Chairman, as decided on 28 February 2012, issued 3,165,713 BSA 1 equity warrants and 22,391,550 BSA 2 equity warrants to shareholders.

The BSA 1 and BSA 2 equity warrants were subscribed for in full by beneficiaries and both subscription agreements acknowledging the operation's completion were closed on 2 April 2012.

The BSA 1 and BSA 2 equity warrants were issued freely and concomitantly. The BSA 1 and 2 equity warrants may be exercised until 31 December 2022.

As a result of the conditions for exercising the BSA1 and BSA2 equity warrants, and variable future target yields, they can be assimilated with derivative instruments to be measured at fair value in profit or loss under IAS 39.

b) Accounting treatment

In accordance with IAS 32, these equity warrants have been classified as derivatives and recorded as liabilities. They are measured at fair value through profit or loss, in accordance with IAS 39. This fair value corresponds to Category 3, in line with the definitions given in Note 3.9. The fair value of the BSA 1 and 2 warrants is determined by applying a model incorporating, on the one hand, transaction and market data to determine the value of Loxam's share (underlying for BSA 1 and 2 warrants), and on the other hand, market data for equity warrants with comparable maturities to estimate the discount reflecting the lock-up period to be taken into consideration.

3.21 Employee benefits

Under IAS 19 (revised), all current and future benefits or compensation acquired by employees in return for services provided during the current period and prior periods must be recognised as an expense over the period when rights are vested.

In accordance with the laws and practices in each country where it operates, the Group is part of various plans for retirement and post-employment benefits.

a) Defined contribution plans

For defined contribution plans, the Group has no obligations other than the payment of contributions. The contributions paid in to plans are recognised as expenses for the period. Where applicable, provisions are recorded for contributions not made during the period.

b) Defined benefits plans

Retirement and related benefits under defined benefit plans are subject to provisions based on an actuarial calculation carried out at least once a year in accordance with IAS 19 (revised).

To assess retirement benefits, the projected unit credit method is applied: each period of service gives rise to an additional unit of benefit entitlements, and each unit is valued separately to determine the obligation in relation to employees.

The calculations take into account the specific features of the various plans, as well as the assumptions for retirement dates, career development and wage increases, and the probability of employees still being employed by the Group when they reach retirement age (staff turnover, mortality tables, etc.). The present value of the obligation is determined based on the interest rates for long-term bonds from top-tier issuers.

Provisions are recorded for the obligation net of any plan assets measured at fair value.

The net expenses for retirement and related benefits are recognised in EBIT for the period in relation to the cost of services provided during the period. The net financial cost is recognised in financial income and expenses.

Under IAS 19R, the actuarial gains or losses generated by changes in assumptions on the net commitments or differences between interest income and the actual returns on plan financial assets are recognised immediately in other comprehensive income and cannot be recycled to profit or loss.

c) Other long-term benefits

Certain other long-term benefits are also subject to provisions, which are determined with a similar actuarial calculation to that applied for defined benefit plans.

These benefits primarily concern long-service awards (*médailles du travail*). Remeasurements of the obligation are recognised in profit or loss.

3.22 Provisions

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a provision is recorded when, on the reporting date, the Group has an obligation (legal or implied), it is probable that an outflow of resources representing economic benefits will be required to extinguish this obligation, and the amount of the obligation can be estimated reliably.

These provisions are estimated taking into account the most probable assumptions on the reporting date.

3.23 Borrowings and financial debt

Interest-bearing liabilities are initially measured at their fair value, less the corresponding transaction costs. Subsequently, borrowings and financial debt are measured at their amortised cost in line with the effective interest rate method.

3.24 Trade payables and related

Trade and other payables are recorded at their nominal value, which is considered to correspond to their fair value.

3.25 Tax

Income tax includes both current and deferred tax.

Current tax corresponds to the cumulative amount of corporate income tax payable on taxable income for all the Group’s companies and determined using the tax rates adopted on the reporting date.

There are three tax consolidations within the Group: one for the French companies, with Loxam SAS as head of the group, one for the Danish companies and one for the Workx group companies in the Netherlands.

Deferred tax is recorded, using the accrual method, generally for timing differences on the reporting date between the taxable base for assets and liabilities and their book value on the balance sheet.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets will be realised or the liabilities settled, based on the tax rates - and tax regulations - that have been enacted or substantively enacted at the reporting date.

In the event of deductible timing differences and tax losses, deferred tax assets are recorded for the amount of the deferred tax liabilities whose repayment will make it possible to allocate these tax losses, and beyond that if it is likely that the Group will have future taxable profits.

Deferred taxes are recorded for each entity. Deferred tax assets and liabilities are offset on the balance sheet when taxes are levied by the same tax authority and they relate to the same taxable entity.

Taxes relating to elements recorded in other comprehensive income are recognised in other comprehensive income and not in profit or loss.

The Group does not class the French CVAE business value-added tax as an income tax under IAS 12 and this is recorded under taxes other than on income.

3.26 Revenue

Revenue comprise income from equipment rental, services and sales related to rental activities (transportation, damage waivers, labour charges invoiced for repairs) and sales of goods.

Income is recognised as and when services are provided.

3.27 Other income

Other income primarily concerns net capital gains on disposals of assets in connection with the Group’s normal operating cycle.

3.28 Other current expenses

Other current expenses primarily include external services (particularly subcontracted maintenance and transportation costs, property and real estate rentals, and general administrative costs), in addition to losses on receivables net of changes in provisions.

3.29 Other operating income and expenses

Other operating income and expenses concern items that involve a very limited number of instances, that are unusual, abnormal and uncommon, that involve particularly significant amounts, which the company presents separately in profit or loss to make it easier to understand recurring operational performance.

3.30 Financial income and expenses

Financial income primarily concerns interest on investments.

Financial expenses primarily concern interest on bank borrowings and bonds, adjustments to the fair value of financial instruments, and the depreciation of the reserve recyclable to other comprehensive income for swaps classified as hedging on the transition date, then disqualified due to a lack of documentation.

Exchange gains and losses are recorded as financial income or expenses in line with fluctuations in foreign currencies resulting in gains or losses.

Note 4 - Scope of consolidation

Legal entities	SIREN number (France) or country	% control	% interest	Consolidation method
SAS LOXAM	**450776968**	**100%**	**100%**	**Parent**
SAS LOXAM MODULE	433911948	100%	100%	Full
SAS LOXAM POWER	366500585	100%	100%	Full
LOXAM ACCESS UK	United Kingdom	100%	100%	Full
LOXAM GMBH	Germany	100%	100%	Full
LOXAM S.A.	Switzerland	100%	100%	Full
LOXAM S.A	Belgium	100%	100%	Full
LOXAM RENTAL SARL	Luxembourg	100%	100%	Full
LOXAM LTD	Ireland	100%	100%	Full
LOXAM ALQUILER	Spain	100%	100%	Full
HERTZ DE ALQUILER DE MAQUINARIA SLU	Spain	100%	100%	Full
LOXAM BV	Netherlands	100%	100%	Full
WORKX HOLDING BV	Netherlands	100%	100%	Full
WORKX MATERIEELVERHUUR BV	Netherlands	100%	100%	Full
WORKX SLOOP EN GRAAFDIENSTEN BV	Netherlands	100%	100%	Full
ATLAS RENTAL	Morocco	100%	51%	Full
LOXAM HOLDING A/S	Denmark	100%	100%	Full
LOXAM A/S	Denmark	100%	100%	Full
SAFELIFT AS	Norway	100%	100%	Full
SAFELIFT AB	Sweden	100%	100%	Full
DEGRAUS	Brazil	25%	25%	Equity
SCI AVENUE ARISTIDE BRIAND	384564472	100%	100%	Full
SCI EST POSE	340583160	100%	100%	Full
SAS LOXAM GRANDE ARMEE	572045953	100%	100%	Full
EURL NORLEU	409981024	100%	100%	Full
SCI TARTIFUME	328948013	100%	100%	Full
SCI THABOR	332962125	100%	100%	Full
LOXAMAM	799097944	100%	100%	Full

Note 5 – Intangible assets and goodwill

Change in intangible assets in 2013

€'000	Intangible assets	Goodwill	Total
Gross value at year-start	**11,982**	**923,651**	**935,633**
Changes in scope			**-**
Increase	1,162	9	**1,171**
Definitive allocation of goodwill			**-**
Decrease / disposals	(167)		**(167)**
Earnout			**-**
Reclassification	239		**239**
Exchange gains or losses	(3)		**(3)**
Gross value at year-end	**13,213**	**923,660**	**936,873**
Depreciation and amortisation at year-start	**(8,574)**	**-**	**(8,574)**
Changes in scope			**-**
Depreciation and amortisation for the year	(2,366)		**(2,366)**
Withdrawals / reversals on withdrawals	167		**167**
Reclassification			**-**
Exchange gains or losses	3		**3**
Depreciation and amortisation at year-end	**(10,770)**	**-**	**(10,770)**
Net value at year-start	**3,408**	**923,651**	**927,059**
Net value at year-end	**2,444**	**923,660**	**926,103**

Change in intangible assets in 2014

€'000	Intangible assets	Goodwill	Total
Gross value at year-start	**13,213**	**923,660**	**936,873**
Changes in scope		25,545	**25,545**
Increase	1,667	878	**2,545**
Decrease / disposals	(2,262)		**(2,262)**
Earnout			**-**
Reclassification	497		**497**
Exchange gains or losses	2		**2**
Gross value at year-end	**13,118**	**950,083**	**963,200**
Depreciation and amortisation at year-start	**(10,770)**	**-**	**(10,770)**
Changes in scope			**-**
Depreciation and amortisation for the year	(3,018)		**(3,018)**
Withdrawals / reversals on withdrawals	2,254		**2,254**
Reclassification	(19)		**(19)**
Exchange gains or losses	(2)		**(2)**
Depreciation and amortisation at year-end	**(11,555)**	**-**	**(11,555)**
Net value at year-start	**2,444**	**923,660**	**926,103**
Net value at year-end	**1,563**	**950,083**	**951,645**

Change in intangible assets in 2015

€'000	Intangible assets	Goodwill	Total
Gross value at year-start	**13,118**	**950,083**	**963,200**
Changes in scope	1,216	31,230	**32,446**
Increase	1,488	150	**1,638**
Decrease / disposals	(1,013)		**(1,013)**
Earnout			**-**
Reclassification	870		**870**
Exchange gains or losses	5		**5**
Gross value at year-end	**15,682**	**981,462**	**997,145**
Depreciation and amortisation at year-start	**(11,555)**	**-**	**(11,555)**
Changes in scope	(1,205)		**(1,205)**
Depreciation and amortisation for the year	(1,831)		**(1,831)**
Withdrawals / reversals on withdrawals	1,012		**1,012**
Reclassification	(546)		**(546)**
Exchange gains or losses	(5)		**(5)**
Depreciation and amortisation at year-end	**(14,130)**	**-**	**(14,130)**
Net value at year-start	**1,563**	**950,083**	**951,645**
Net value at year-end	**1,552**	**981,462**	**983,015**

Impact of changes in scope on goodwill:

The impact of the changes in scope concerned the following companies at 31 December 2014:

€'000	Total
Dansk Lift	1,496
Workx	24,050
FY 2014	**25,545**

The impact of the changes in scope concerned the following companies at 31 December 2015:

€'000	Total
Maroc Elevation	886
Hertz Equipement France	30,344
FY 2015	**31,230**

Goodwill impairment tests:

Goodwill and other intangible assets with an indefinite lifespan acquired through business combinations are allocated to the CGUs for impairment testing. The CGUs correspond to the countries where the Group operates. For financial reporting, the Group has consolidated its CGUs for each region: France and International.

Allocation of goodwill for each CGU group:

€'000	31.12.15	31.12.14	31.12.13
France	819,442	788,948	788,215
International	162,020	161,135	135,445
FY 2015	**981,462**	**950,083**	**923,660**

Goodwill is tested once a year and whenever indications of impairment arise.
The last test was carried out in December 2015. In these tests, the book value of the net asset, including goodwill allocated to a CGU, is compared with its recoverable value. The recoverable value is determined using the Discounted Cash Flow method. The cash flow forecasts used for the calculations are based on figures from the following year's budget and forecasts for the next four years approved by the leadership team.
The cash flow forecasts covering a five-year period are based on experience and development forecasts for the markets on which the Group operates. Cash flows are calculated net of tax and discounted to their present value with a discount rate reflecting the risks associated with the cash flows. The discount rates correspond to the weighted average cost of capital (WACC) calculated for each CGU, in line with the sector's financial structure and market data.

No impairments were recorded as a result of this test since the recoverable value exceeds the book value for each CGU.

The following assumptions, considered to be key assumptions, were used to calculate the discounted value of cash flow forecasts for the CGUs:

	31.12.15		31.12.14		31.12.13	
%	Perpetuity growth rate	Discount rate	Perpetuity growth rate	Discount rate	Perpetuity growth rate	Discount rate
France	1.5%	5.9%	1.5%-2.0%	7.0%	2.0%	7.6%
International	1.5%-3.0%	5.1%-8.2%	1.5%	6.7%-8.1%	2.0%	6.8%-8.7%

Perpetuity growth rate: The perpetuity growth rate reflects a moderate level of inflation expected for the entire region in which the Group operates.

Discount rate: The cash flow forecasts are discounted with a specific rate for each CGU. The weighted average cost of capital (WACC) represents the discount rate. To determine the specific rate for each

CGU, the specific risk for each country is taken into account, including assumptions for fluctuations in inflation and/or exchange rates.

Analysis of sensitivity to the main assumptions: the figures presented below include the value of the main parameters, for each assumption taken separately, for which the book value is equal to its recoverable value. In the sensitivity test, the parameters for the perpetuity growth rate and discount rate are modified independently, while keeping the other parameters constant.

Sensitivity tests: value of the parameter to reach the book value:

	31.12.15		31.12.14		31.12.13	
%	Perpetuity growth rate	Discount rate	Perpetuity growth rate	Discount rate	Perpetuity growth rate	Discount rate
France	0.3%	8.4%	-0.9%	8.8%	n.d.	n.d.
International	-1.5%	9.5%	-1.5%	9.4%	n.d.	n.d.

Note 6 – Property, plant and equipment

Change in property, plant and equipment in 2013

€'000	Rental equipment	Other	Total
Gross value at year-start	1,409,915	171,157	**1,581,072**
Changes in scope			**-**
Acquisitions	189,781	10,865	**200,646**
Disposals	(98,007)	(4,696)	**(102,703)**
Reclassification	(466)	226	**(240)**
Exchange gains or losses	(949)	(93)	**(1,042)**
Gross value at year-end	1,500,274	177,459	**1,677,733**
Cumulative depreciation at year-start	(1,108,329)	(129,549)	**(1,237,878)**
Changes in scope			
Depreciation for the year	(120,269)	(10,445)	**(130,714)**
Disposals	95,248	4,293	**99,541**
Reclassifications	393	(393)	**-**
Exchange gains or losses	819	66	**885**
Cumulative depreciation at year-end	(1,132,138)	(136,029)	**(1,268,167)**
Net value at year-start	301,586	41,607	**343,193**
Net value at year-end	368,136	41,430	**409,566**

Change in property, plant and equipment in 2014

€'000	Rental equipment	Other	Total
Gross value at year-start	1,500,274	177,459	**1,677,733**
Changes in scope	87,271	17,691	**104,962**
Acquisitions	233,845	15,394	**249,239**
Disposals	(184,386)	(8,680)	**(193,066)**
Reclassification	(2,143)	2,356	**213**
Exchange gains or losses	2,859	122	**2,981**
Gross value at year-end	1,637,720	204,341	**1,842,061**
Cumulative depreciation at year-start	(1,132,138)	(136,029)	**(1,268,167)**
Changes in scope	(47,368)	(12,531)	**(59,899)**
Depreciation for the year	(150,205)	(11,100)	**(161,305)**
Disposals	176,385	8,008	**184,393**
Reclassifications	892	(1,582)	**(691)**
Exchange gains or losses	(2,018)	(137)	**(2,155)**
Cumulative depreciation at year-end	(1,154,451)	(153,372)	**(1,307,824)**
Net value at year-start	368,136	41,430	**409,566**
Net value at year-end	483,268	50,969	**534,237**

Change in property, plant and equipment in 2015

€'000	Rental equipment	Other	Total
Gross value at year-start	1,637,720	204,341	**1,842,061**
Changes in scope	175,739	40,843	**216,583**
Acquisitions	123,642	23,350	**146,992**
Disposals	(173,366)	(17,751)	**(191,117)**
Reclassification	(2,228)	1,359	**(870)**
Exchange gains or losses	4,731	326	**5,057**
Gross value at year-end	1,766,238	252,468	**2,018,706**
Cumulative depreciation at year-start	(1,154,451)	(153,372)	**(1,307,824)**
Changes in scope	(108,152)	(34,638)	**(142,790)**
Depreciation for the year	(174,751)	(10,745)	**(185,495)**
Disposals	164,813	15,763	**180,576**
Reclassifications	1,711	(1,165)	**546**
Exchange gains or losses	(3,260)	(365)	**(3,625)**
Cumulative depreciation at year-end	(1,274,090)	(184,522)	**(1,458,612)**
Net value at year-start	483,268	50,969	**534,237**
Net value at year-end	492,149	67,946	**560,095**

Note 7 - Financial assets

Gross and net values [(1)]

€'000	Loans and other borrowings	Other non-current financial assets	Gross value
Value at 01 Jan 2013	**5 031**	**1**	**5 032**
Changes in scope			**-**
Increase	359	2 148	**2 507**
Decrease	(235)		**(235)**
Exchange gains or losses		(1)	**(1)**
Value at 31 Dec 2013	5,155	2,148	**7,303**
Changes in scope	177	(2,148)	**(1,971)**
Increase	1,010		**1,010**
Decrease	(328)		**(328)**
Exchange gains or losses	4		**4**
Value at 31 Dec 2014	**6,018**	**1**	**6,019**
Changes in scope	1,896		**1,896**
Increase	2,104		**2,104**
Decrease	(572)		**(572)**
Exchange gains or losses	(21)		**(21)**
Value at 31 Dec 2015	**9,424**	**1**	**9,425**

(1) No provisions were recorded at 31 Dec 2013, 31 Dec 2014 and 31 Dec 2015.

This heading primarily concerns security deposits paid, mainly in connection with branch real estate leases.

Note 8 - Investments in associates

Gross and net values [(1)]

€'000	Associates
Value at 01 Jan 2013	-
Value at 31 Dec 2013	-
Value at 31 Dec 2014	**-**
Increase in capital of associates	-
Group share in earnings for the year	(397)
Dividends paid	(45)
Changes in scope	10,928
Exchange gains or losses	(2,020)
Value at 31 Dec 2015	**8,465**

(1) No provisions were recorded at 31 Dec 2014 and 31 Dec 2015.

Note 9 - Inventories

€'000 - Net value	31.12.15	31.12.14	31.12.13
Trade	11,509	11,352	11,009
Parts and consumables	6,855	5,854	5,932
Total	**18,364**	**17,207**	**16,940**

Note 10 – Trade and other receivables

€'000	31.12.15	31.12.14	31.12.13
Gross value	232,154	208,932	226,062
Impairment	(25,793)	(23,439)	(23,092)
Total trade and other receivables	**206,361**	**185,492**	**202,970**
Not due	67%	65%	64%
Due < 30 days	21%	20%	20%
Due 30 to 60 days	6%	8%	7%
Due > 60 days	6%	7%	9%

Note 11 – Income tax receivables and other current assets

€'000		31.12.2015	31.12.2014	31.12.2013
Income tax receivables		3,865	10,979	4,334
Non-Group current-account advances	(1)			9,188
Prepaid expenses		3,923	2,872	2,604
Other receivables		17,845	18,767	20,324
Other current assets		21,767	21,639	32,115
Total income tax receivables and other current assets		**25,632**	**32,618**	**36,449**

(1) The non-Group cash advances concerned the company Dansk Lift at 31 Dec 2013

Note 12 – Cash management assets, cash and cash equivalents

€'000	31.12.2015	31.12.2014	31.12.2013
Cash management assets	-	5,000	48,550
Other transferable securities	86,429	109,269	79,416
Cash	71,782	30,154	12,692
Total	**158,211**	**144,423**	**140,659**

The transferable securities comprise cash investment funds (SICAV) included in the AMF's "short-term money market" category, as well as term accounts and deposits in line with the IAS 7 definition of cash and cash equivalents (cf. Note 3.17).

The cash management financial assets comprise money-market securities, bonds and shares in UCITS invested with a short-term management horizon that do not satisfy the criteria for classification as cash equivalents under IAS 7 (cf. Note 3.17).

Note 13 – Shareholders' equity

The share capital is set at €258,222,630, split into 25,822,263 shares with a par value of €10. It is fully paid up.

The dividend per share for 2015 is €0.19, as in 2014 and 2013.

Note 14 – Financial risk management - Financial instruments

Financial instruments relating to the interest rate risk:

As indicated in Note 3.18, the interest rate swaps taken out by the Group are classified as derivative financial instruments.

At 31 December 2015, these agreements concerned a notional amount of €167,700 K against the 3-month Euribor, with a maximum maturity of July 2022. At 31 December 2014, these agreements concerned a notional amount of €188,100 K. At 31 December 2013, they concerned a notional amount of €328,500 K.

At 31 December 2015, the fair value of these derivative instruments came to €6,613 K, compared with €9,153 K at 31 December 2014 and €7,239 K at 31 December 2013. Fair value adjustments are recorded with €2,540 K in financial expenses for 2015, €1,914 K in financial income for 2014 and €13,749 K in financial income for 2013.

The fair value is estimated based on observable interest rate forecasts on the market for derivative instruments and is classified as Level 2 in accordance with the classification presented in Note 3.9.

Financial instruments relating to the foreign exchange risk:

As indicated in Note 3.19, the forward sales options for currencies taken out by the Group are classified as derivative financial instruments.

The Group held options on the Pound Sterling for GBP 16,535 K at 31 December 2015, GBP 13,860 K at 31 December 2014, and GBP 12,410 K at 31 December 2013, and on the Danish Krone for DKK 29,500 K at 31 December 2015, DKK 33,000 K at 31 December 2014 and DKK 20,000 K at 31 December 2013.

The fair value of these derivative instruments represents €175 K at 31 December 2015, €156 K at 31 December 2014 and €70 K at 31 December 2013. Fair value adjustments are recorded under financial expenses for €19 K in 2015, €85 K in 2014 and €70 K in 2013.

The fair value is estimated based on observable exchange rate forecasts on the rates market and is classified as Level 2 in accordance with the classification presented in Note 3.9.

Financial instruments relating to the equity warrants:

These financial instruments and their accounting treatment are presented in Note 3.20.

The fair value of these derivative instruments represents €2,744 K at 31 December 2015, €2,523 K at 31 December 2014, and €3,179 K at 31 December 2013. Fair value adjustments are recorded with €221 K in financial expenses for 2015, €656 K in financial income for 2014, and €1,850 K in financial income for 2013.

These financial instruments are valued in line with an optional model based on the following assumptions. This valuation of equity warranties is classified as Level 3 in accordance with the classification presented in Note 3.9.

Main assumptions for the valuation of equity warrants:

- Illiquidity discount: 30%
- Volatility: 35.5%
- Exit horizon: 6 years
- Risk-free rate: 0.00%

€'000	Rate swaps	Equity warrants	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 3	Level 2	
Value at 31 Dec 2013	**7,239**	**3,179**	**70**	**10,488**
Changes in scope				**-**
Value adjustment	1,914	(656)	85	**1,344**
Other				**-**
Value at 31 Dec 2014	**9,153**	**2,523**	**156**	**11,832**
Changes in scope				**-**
Value adjustment	(2,540)	221	19	**(2,300)**
Other				**-**
Value at 31 Dec 2015	**6,613**	**2,744**	**175**	**9,532**

Liquidity risk information

The liquidity risk is managed by Loxam’s Finance Department, which provides subsidiaries with access to appropriate short or long-term financing facilities.
The subsidiaries can look for local financing to fund their investments; in this case, these agreements are validated by the Group’s Finance Department.

Liquidity is optimised at parent company level through investment tools with capital guarantees (particularly transferable securities or instant access term deposit accounts).
Exchanges of flows between the parent company and its subsidiaries are covered by cash management agreements or loan agreements.

In 2013, the Group carried out a €300 million bond issue, with €150 million used to pay down part of its syndicated debt.
In 2014, the Group refinanced its syndicated debt and virtually all the bilateral debt lines of Loxam SAS with a €660 million bond issue.

Credit risk information

The Loxam Group has set up a credit management policy enabling it to ensure its customers' financial solvency.
Outstandings are monitored with regular reports and financial information concerning customers is tracked daily. Provisions are recorded in the accounts for insolvent debts at each month-end.

Note 15 – Borrowings and financial debt

Breakdown of current and non-current financial debt:

€'000	31.12.2015	31.12.2014	31.12.13
Bonds [1]	944,840	942,260	288,894
Syndicated loans	-	-	162,252
Bilateral loans	100,187	20,979	253,605
Lease debt	64,010	81,984	62,850
Non-current financial debt	**1,109,036**	**1,045,223**	**767,600**
Short-term syndicated loans	-	-	45,314
Short-term bilateral loans	25,356	7,751	125,239
Short-term lease debt	36,789	33,027	20,233
Other financial debt	11,368	10,235	9,682
Current bank borrowings	168	170	378
Current financial debt	**73,680**	**51,183**	**200,846**
Financial debt	**1,182,717**	**1,096,406**	**968,446**

(1) Net of bond issue costs.

Breakdown of financial debt by type of rate

€'000	31.12.2015	31.12.2014	31.12.2013
Variable-rate debt	115,967	33,038	586,514
Fixed-rate debt	1,066,259	1,062,865	381,222
Bank overdrafts	168	170	378
Other	323	333	332
TOTAL	**1,182,717**	**1,096,406**	**968,446**

Breakdown of financial debt by maturity

€'000	31.12.2015	31.12.2014	31.12.2013
< 1 year	73,378	50,581	200,191
1 to 5 years (1)	451,653	102,228	479,008
> 5 years	657,686	943,596	289,247
TOTAL	**1,182,717**	**1,096,406**	**968,446**

(1) Of which, other financial debt for over one year (classed as current)

Change in borrowings and financial debt

Changes in 2013

	31.12.13					
€'000	Year-start	Change in scope	Increase	Decrease	Other	Year-end
Bond issues	-		294,844		(5,950)	288,894
Syndicated loans	387,300			(182,000)	2,266	207,566
Bilateral loans	391,169		138,140	(150,408)	(58)	378,843
Lease debt	44,606		54,384	(15,902)	(5)	83,083
Other financial debt	11,265				(1,204)	10,061
TOTAL	**834,340**	**-**	**487,368**	**(348,310)**	**(4,952)**	**968,446**

Changes in 2014

	31.12.14					
€'000	Year-start	Change in scope	Increase	Decrease	Other	Year-end
Bond issues	288,894		651,474		1,892	942,260
Syndicated loans	207,566			(211,000)	3,434	-
Bilateral loans	378,843	2,285	124,159	(476,581)	25	28,730
Lease debt	83,083	11,061	53,800	(32,907)	(26)	115,011
Other financial debt	10,061				344	10,405
TOTAL	**968,446**	**13,346**	**829,432**	**(720,489)**	**5,670**	**1,096,406**

Changes in 2015

€'000	Year-start	Change in scope	Increase	Decrease	Other	Year-end
			31.12.15			
Bond issues	942,260				2,580	944,840
Syndicated loans	-					-
Bilateral loans	28,730		105,197	(8,334)	(50)	125,543
Lease debt	115,011		20,685	(34,906)	9	100,799
Other financial debt	10,405				1,131	11,536
TOTAL	**1,096,406**	**-**	**125,882**	**(43,240)**	**3,669**	**1,182,717**

Note 16 - Employee benefits

€'000	31.12.15	31.12.14	31.12.13
Provisions for employee benefits	**15,044**	**15,085**	**10,289**
Reconciliation of the commitment and provisions			
Commitment	27,022	27,447	18,559
Plan assets	11,977	12,333	8,270
Amount paid in advance		(29)	
Provisions at year-end	**15,044**	**15,114**	**10,289**
Change in provisions			
Provisions at year-start	**15,085**	**10,289**	**10,189**
Expense for the year	1,406	668	978
Recognition of actuarial gains or losses through OCI	(2,419)	3,947	(879)
Changes in scope	973	182	-
Other			
Provisions at year-end	**15,044**	**15,085**	**10,289**
Breakdown of the expense for the year			
Current service cost	1,616	1,150	1,071
Benefits or contributions paid by the employer	(744)	(829)	(386)
Other	182	(6)	-
Interest expenses	248	338	304
Exchange gains or losses	103	14	(10)
Expense for the year	**1,406**	**668**	**989**

Provisions for employee benefits concern retirement benefits for €13,880 K at 31 December 2015, €14,112 K at 31 December 2014 and €9,618 K at 31 December 2013, and long-service awards (*médailles du travail*) for €1,164 K at 31 December 2015, €973 K at 31 December 2014 and €670 K at 31 December 2013.

Actuarial assumptions used	31.12.15		31.12.14		31.12.13	
	France	**International**	**France**	**International**	**France**	**International**
Discount rate (a)	2.25	0.75 to 2.75	1.50	1.20 to 3.40	3.25	2.00 to 3.50
Salary increase rate	2.00	0.00 to 2.50	2.00	0.00 to 2.50	2.00 to 3.00	1.00 to 2.50
Inflation rate	2.00	1.00 to 2.00	2.00	1.80 to 2.00	2.00	1.00 to 2.00
Mortality table	INSEE TH TF 07-09	Depending on the country	INSEE TH TF 07-09	Depending on the country	INSEE TH TF 07-09	Depending on the country
Retirement age	65	62 to 70	63 to 65	62 to 70	63 to 65	62 to 70

(a) Discount rate retained at 31 December 2015 : Mercer Pension Yield Curve Eurozone; rate retained for valuations at 31 December 2014 and 31 December 2013 : Iboxx Corporate AA 10+.

Schedule for commitments over four years	31.12.15	31.12.14	31.12.13
Less than 1 year	453	377	299
1 to 4 years	2,483	2,312	1,982

Sensitivity to assumptions - Changes in commitments as %	31.12.15	31.12.14	31.12.13
Discount rate +0.5%	-9%	-11%	-9%
Discount rate -0.5%	11%	13%	10%

Note 17 - Provisions

€'000	Provisions for liabilities	Provisions for charges	Total
Balance at 1 Jan 2013	**2,668**	**599**	**3,267**
Changes in scope	-		**-**
Allocations	1,683	850	**2,533**
Reversals	(1,025)	(504)	**(1,529)**
Reclassifications	(1)	(1)	**(2)**
Balance at 31 Dec 2013	**3,325**	**945**	**4,270**
Changes in scope	105	32	**137**
Allocations	2,165	1,166	**3,331**
Reversals	(1,225)	(938)	**(2,163)**
Reclassifications	(4)	(0)	**(4)**
Balance at 31 Dec 2014	**4,366**	**1,206**	**5,572**
Changes in scope	512	2,435	**2,947**
Allocations	1,272	1,340	**2,613**
Reversals	(2,451)	(1,621)	**(4,072)**
Reclassifications	4	1	**4**
Balance at 31 Dec 2015	**3,703**	**3,361**	**7,064**

Note 18 – Trade payables and other current liabilities

€'000	31.12.15	31.12.14	31.12.13
Trade payables	65,813	62,905	75,827
Debt to fixed assets suppliers	23,572	27,218	23,666
Trade payables and related	**89,386**	**90,123**	**99,493**
Corporate income tax liabilities	**80**	**272**	**695**
Tax and social security liabilities	87,350	77,134	80,582
Other liabilities (1)	15,880	14,718	17,766
Accrued income	2,024	1,354	1,422
Other liabilities and accruals	**105,254**	**93,207**	**99,769**
Total current liabilities	**194,720**	**183,601**	**199,957**

(1) Of which, €2,148 K for the commitment to buy out minority interests in the Dansk Lift subgroup at 31 Dec 2013

Note 19 - Personnel expenses

€'000	31.12.15	31.12.14	31.12.13
Salaries	164,993	158,299	145,938
Payroll taxes	59,118	56,751	58,243
Employee profit-sharing	446	448	3,860
Total personnel expenses	**224,557**	**215,498**	**208,041**
Average headcount	4,659	4,544	4,325

The French tax credit “Crédit d’Impôt Compétitivité Emploi (C.I.C.E.)” is deducted from payroll taxes.

Note 20 – Other operating income and expenses

In 2015, other operating income concerned the transfer to profit or loss of the badwill generated by the acquisition of Hertz Spain.

In 2014, other operating expenses concerned non-recurring costs primarily relating to the reorganisation of the branch network.

Note 21 - Financial income / expense

€'000	31.12.15	31.12.14	31.12.13
Interest and financing-related expenses	(69,397)	(58,018)	(49,944)
Income from cash and cash equivalents	1,183	1,851	1,903
Net finance costs	**(68,213)**	**(56,167)**	**(48,040)**
Fair value adjustments for financial instruments	2,300	(1,344)	15,529
Recycling of reserves on swaps classified as hedging for the transition	-	(8,896)	(3,945)
Other financial expenses	(1,921)	(964)	(728)
Other financial income	1,209	447	536
Financial provisions, net of reversals	32	-	-
Financial income (expense)	**(66,593)**	**(66,925)**	**(36,648)**

Note 22 - Corporate income tax

Analysis of the tax expense

€'000	31.12.15	31.12.14	31.12.13
Current tax	(17,918)	(6,400)	(24,665)
Deferred tax	2,633	(4,498)	(3,205)
Total	**(15,286)**	**(10,898)**	**(27,870)**

Reconciliation between actual tax and the theoretical tax expense

€'000	31.12.15	31.12.14	31.12.13
Consolidated income before tax and "CICE" French tax credit	17,775	17,011	71,317
Tax rate (parent)	34.43%	38.00%	38.00%
Theoretical tax expense	**(6,120)**	**(6,464)**	**(27,101)**
Difference in parent / subsidiary rates	(1,589)	72	1,739
Unused tax losses for the year	(1,383)	(461)	(371)
Use of previously unused losses	19	251	118
Permanent differences	(5,787)	(4,291)	(2,061)
French dividends tax	(147)	(147)	(147)
Tax credits and other	(280)	142	(47)
Actual tax expense	**(15,286)**	**(10,898)**	**(27,870)**

Deferred tax assets and liabilities

€'000	31.12.15	31.12.14	31.12.13
Opening balance	(15,261)	(12,469)	(7,698)
Income (expense)	2,633	(4,498)	(3,205)
Change in scope	52	3,927	-
Recognised in equity	(703)	(2,244)	(1,565)
Other changes	(7)	23	(1)
Closing balance	**(13,287)**	**(15,261)**	**(12,052)**

Deferred tax assets primarily concern timing differences and the use of loss carry forward. The unrecognised deferred tax assets relating to unused losses concern an amount of €14.4 million at 31 December 2015, €12.5 million at 31 December 2014 and €11.8 million at 31 December 2015.

The deferred tax liabilities concern timing differences, primarily linked to accelerated fiscal depreciation charges.

Note 23 – Operating lease commitments

€'000	31.12.15	31.12.14	31.12.13
Breakdown of lease commitments by maturity:			
Less than 1 year	not available	53,412	45,740
1 to 5 years	not available	81,440	72,887
Over 5 years	not available	7,541	5,490
Total commitments (non-discounted)	not available	**142,393**	**124,117**

Note 24 - Off-balance sheet commitments

€'000	31.12.15	31.12.14	31.12.13
Guarantee given to banks for payment of real estate rent	2,106	9,780	9,780
Pledging of business assets as collateral	360	360	-
Total commitments given	**2,466**	**10,140**	**9,780**
Bank guarantee received for payment of real estate rent	7,308	6,919	6,919
Other bank guarantees received	450	200	200
Total commitments received	**7,758**	**7,119**	**7,119**

Other commitments given to guarantee bank borrowings recorded on the balance sheet:

- Guarantee from the Loxam parent company on subsidiaries' borrowings for €8,084 K at 31 December 2015.
- Pledging of Loxam Power shares, Loxam Module shares and the Loxam brand as collateral guaranteeing €410 million of secured senior bonds.
- Dailly Act transfer for guarantees: 120% of the outstanding amount drawn on the revolving loan and pledging of a bank account as collateral to guarantee the revolving loan. The revolving loan was not drawn down at 31 December 2015 and was not drawn down in 2015, 2014 and 2013.

Note 25 – Related-party transactions

Compensation for the management bodies can be broken down as follows:

€'000	31.12.15	31.12.14	31.12.13
Executive Committee compensation	2,533	2,680	2,324
Executive Committee benefits in kind	38	27	23
Attendance fees paid to directors	40	40	40
Total amount of compensation and benefits paid to executives and directors	**2,611**	**2,747**	**2,387**

The Loxam SAS parent company has set up a service delivery agreement with DPZ Partners, which holds part of the share capital of Loxam SAS. This agreement has been entered into under normal market conditions.

The Group does not have any significant transactions with related parties that have not been entered into under normal market conditions.

Note 26 – IFRS transition

26.1 Context

The Group's first consolidated financial statements published under IFRS, as adopted by the European Union, concern the year ended 31 December 2015, presented with two years of comparative figures for 2013 and 2014 based on the same reporting standards. The IFRS transition date is 1 January 2013.

In accordance with IFRS 1, the Loxam Group has prepared an opening balance sheet at 1 January 2013, as well as a transition statement presenting the impact of the changeover from French accounting standards (CRC regulation 99-02) to International Financial Reporting Standards (IFRS). The transition statement is presented for the opening shareholders' equity at 1 January 2013 and 31 December 2013, as well as at 31 December 2014, which represent the Group's last financial closing under French GAAP (Regulation 99-02).

The financial information has been prepared by applying to the 2013 data the IFRS standards and interpretations that the Loxam Group applies to prepare its consolidated financial statements at 31 December 2015.

As a result, the basis for preparing the financial information presented below factors in the mandatory IFRS standards and interpretations adopted by the European Union at 1 January 2015.

26.2 Reconciliation of consolidated shareholders' equity at 1 January 2013

The Loxam Group has presented consolidated financial statements for the period from 1 January 2013 to 31 December 2013, prepared in accordance with French accounting standards board (CRC) regulation 99-02.

To prepare its opening balance sheet at 1 January 2013, the Group has applied the principles for the first-time adoption of IFRS as defined by IFRS 1.

In general, the IFRS standards are applied retrospectively. However, IFRS 1 has introduced certain exceptions to this retrospective approach:

- Business combinations (IFRS 3): a first-time adopter may decide to not apply IFRS 3 retrospectively for business combinations preceding the transition date. However, if a first-time adopter restates a business combination to comply with IFRS 3, it must restate all subsequent business combinations from this same date. The Group has chosen to not restate the business combinations prior to the transition date.
- Use of fair value or remeasurement as the presumed cost of property, plant and equipment (IAS 16): the Group has not chosen to use this option.
- Aggregate amount of currency translation differences (IFRS 1): the Group has chosen to set the amount of currency translation differences at zero for all international activities at 1 January 2013.

The reconciliation between shareholders' equity under French GAAP and shareholders' equity under IFRS can be broken down as follows at 1 January 2013 and 31 December 2013:

€'000	Note	Shareholders' equity at 1 Jan 2013	Net income at 31 Dec 2013	IAS 19 actuarial gains and losses	Financial instruments	Dividends paid	Other	Shareholders' equity at 31 Dec 2013
Shareholders' equity, Group share under French GAAP		**503,565**	**38,513**			**(4,906)**	**97**	**537,269**
Reclassification of non-controlling interests	**3.1**	359	(75)				(2)	283
Total shareholders' equity under French GAAP		**503,924**	**38,439**	**-**		**(4,906)**	**95**	**537,552**
Business combinations	**3.2**		(451)					(451)
Cancellation of amortisation of goodwill	**3.3**		42					42
Employee benefits	**3.4**	(4,525)	(428)	879				(4,074)
Financial instruments: swaps	**3.5**	(20,988)	9,734		3,945			(7,309)
Borrowing issue costs	**3.5**	12,925	1,616					14,541
Financial instruments: equity warrants	**3.6**	(5,029)	1,850					(3,179)
Lease incentives	**3.7**	(4,201)	867					(3,334)
IFRIC 21 - French Organic levies	**3.8**	1,263	(167)					1,096
Other IFRS restatements		72	159				(159)	72
Impact of deferred tax on restatements	**3.7**	5,166	(4,484)	(310)	(1,255)			(883)
Shareholders' equity under IFRS		**488,606**	**47,177**	**569**	**2,690**	**(4,906)**	**(63)**	**534,072**

26.3 Review of key differences

26.3.1 Non-controlling interests

In the consolidated financial statements prepared under French GAAP, minority interests are not included in shareholders' equity. In accordance with IFRS 10 Consolidated Financial Statements, minority interests have been reclassified under shareholders' equity on the consolidated balance sheet, presented as "non-controlling interests" (a non-controlling interest is the percentage interest in a subsidiary that is not directly or indirectly attributable to a parent company).

26.3.2 Business combinations

IFRS 1 offers the option to not restate business combinations prior to the transition date, i.e. 1 January 2013. The Group has chosen to apply this option, and acquisitions carried out before 1 January 2013 have not been restated in the opening balance sheet under IFRS.

Under IFRS 3, the additional costs incurred with the acquisition of a new entity are recognised as expenses when they arise. Previously, these costs were included in the cost of securities.

This is reflected in a –€451 K impact in profit or loss for 2013 relating to the acquisition costs for Dansk Lift securities.

26.3.3 Intangible assets and depreciation of goodwill

In accordance with IAS 38, market shares have been reclassified as goodwill.

In the consolidated financial statements prepared under French GAAP, goodwill is systematically amortised over a period that reflects the assumptions retained, the objectives set and the prospects at the time of the acquisition.

In accordance with IFRS 3 Business Combinations and IAS 38 Intangible Assets, goodwill must no longer be amortised, but subject to impairment tests at least once a year. The principles applied by the Group for conducting impairment tests on its assets are compliant with the principles set out by IAS 36 *Impairment of Assets.*

The impact of the elimination of goodwill amortisation for 2013 represents +€42 K.

26.3.4 IAS 19 - Employee benefits

IFRS 1 offers the option to not present comparative information for the obligation's sensitivity for defined benefits. The Group has chosen this option.

Furthermore, under IAS 19, certain employee benefit arrangements that were previously classified as defined contribution plans are reclassified as defined benefit plans. Further provisions have been recorded for this reclassification based on the following amounts:

€'000	**01.01.13**	**31.12.13**
- End-of-career benefits:	**+4,343**	**+3,899**
France	+483	-115
International	+3,860	+4,014
- Long-service awards (« *médailles du travail* »)	**+180**	**+173**
France	+100	+84
International	+80	+89

The impact on profit or loss before tax for all employee benefits represents -€428 K for 2013.

Actuarial gains or losses are recognised directly in other comprehensive income, within equity and represent +€879 K at 31 December 2013.

26.3.5 Derivative financial instruments and application of the amortised cost method

In accordance with IAS 39 *Financial Instruments: Re-cognition and Measurement*, all derivative instruments must be reflected on the balance sheet at their fair value. If derivative instruments are classified as fair value hedging, changes in the value of the derivative and the hedged element are recognised in profit or loss over the same period. If the derivative instrument is classified as cash flow hedging, changes in the value of the derivative's effective portion are recognised in equity. When the hedged element is recorded in profit or loss, the value adjustments are also recognised in profit or loss. However, changes in the value of the derivative's ineffective portion are recognised directly in profit or loss.

In the consolidated financial statements prepared under French GAAP, interest and exchange rate derivative instruments classified as hedging are treated as off-balance sheet commitments.

In connection with the transition to IFRS, certain derivative financial instruments are eligible for hedge accounting and must be classified as hedging on the opening balance sheet, referring to the indication given in the notes under French GAAP. If sufficient documentation has not been put in place (prospective and retrospective effectiveness tests), the hedges cease to exist from the day after the opening balance sheet and the OCI reserve must be amortised over the term of the swaps.

At 1 January 2013, the recognition of derivative financial instruments at their fair value on the balance sheet has a pre-tax impact of: -€12,841 K on the OCI reserve and -€8,147 K on consolidated equity.

In 2013, the recycling of the OCI reserve to profit or loss has a pre-tax impact of -€3,945 K.

The changes in the fair value of these derivative instruments are recognised in profit or loss for a pre-tax total of +€13,679 K.

At 31 December 2013, the pre-tax impact on consolidated shareholders' equity represents –€7,309 K.

In addition, IAS 39 requires certain financial assets and liabilities to be recognised using the amortised cost method, based on the effective interest rate, with the borrowing issue costs to be deducted from the amount borrowed. They are depreciated over the term of the loan at the effective interest rate.

At 1 January 2013 and 31 December 2013, the application of the amortised cost has a pre-tax impact respectively of +€12,925 K and +€14,541 K on consolidated shareholders' equity.

The pre-tax impact of this restatement represents +€1,616 K for 2013.

26.3.6 Equity warrants

In the consolidated financial statements prepared under French GAAP, equity warrants are not valued and do not have any impact on the consolidated accounts.

In accordance with IAS 32 *Financial Instruments: Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement*, the equity warrants awarded to shareholders must be measured at their fair value and recorded as financial instruments on the balance sheet under liabilities over the vesting period for shareholders.

The fair value of equity warrants is determined in line with the Monte Carlo method by an independent expert.

At 1 January 2013 and 31 December 2013, this is reflected in a reduction in equity by –€5,029 K and -€3,179 K, with an increase in financial instruments under liabilities on the balance sheet. The fair value adjustment for 2013 was recognised in profit or loss for +€1,850 K.

26.3.7 Lease incentives

In accordance with IAS 17 *Leases* and SIC 15 *Operating Leases: Incentives*, when the lease charges indicated in the contract are unequal without any technical or economic reasons justifying such a difference, the lease charges are distributed in order to accurately reflect the economic benefits provided by the asset for each period, using a linear method by default.

This results in a pre-tax impact of -€4,201 K at 1 January 2013 and –€3,334 K at 31 December 2013 respectively on equity.

The impact on profit or loss before tax for 2013 represents +€867 K.

26.3.8 IFRIC 21

On 13 June 2014, the European Union published IFRIC 21 Levies, setting its mandatory application date for the first financial year starting after its publication. In connection with a transition to IFRS, IFRIC 21 must be applied from the opening balance sheet.

This interpretation concerns the levies due by an entity to a public authority in accordance with regulations, other than levies covered by the scope of IAS 12 Income Taxes. IFRIC 21 states that the obligating event for a levy is the latest activity that makes it payable; the application of this interpretation changes the method for recognising certain levies. In particular, levies that become due when certain conditions are met on a given date are recognised for their full amount on this date and cannot be staggered over a period.

At 1 January 2013 and 31 December 2013, the application of IFRIC 21 has a pre-tax impact of €1,263 K and €1,096 K respectively on consolidated equity, and exclusively concerns the "*Contribution Sociale de Solidarité des Sociétés*" levy (also referred to as "Organic").

The impact of this restatement on profit or loss before tax represents -€167 K for 2013.

26.3.9 Deferred tax

In the accounts prepared under French GAAP, deferred tax is recorded on the balance sheet under other receivables (assets) and provisions for liabilities and charges (liabilities) without considering the timeframe.

In accordance with IAS 1 Presentation of Financial Statements (§70) and IAS 12 Income Taxes, all the deferred tax assets and liabilities must be classified as non-current items and presented on a separate line.

Net deferred tax assets reclassified as non-current items represented €1,238 K at 1 January 2013 and €935 K at 31 December 2013 under French GAAP.

Net deferred tax liabilities reclassified as non-current items represented €14,174 K at 1 January 2013 and €12,593 K at 31 December 2013 under French GAAP.

Deferred tax relating to the IFRS restatements has an impact of +€5,693 K and -€395 K respectively on consolidated shareholders’ equity at 1 January 2013 and 31 December 2013.

The impact on profit or loss represents –€5,779 K for 2013.

26.3.10 Presentation of non-recurring items

In the consolidated financial statements prepared under French GAAP, non-recurring items are excluded from operating income and presented on a separate line in profit or loss.

In accordance with IAS 1 *Presentation of Financial Statements*, non-recurring items cannot be presented separately.

In addition, the Group presents income from ordinary operations excluding “other operating income” and “other operating expenses”. Other operating income and expenses concern items that involve a very limited number of instances, that are unusual, abnormal and infrequent, that involve particularly significant amounts, which the company presents separately in profit or loss to make it easier to understand recurring operational performance.

On the transition date, and for the period from 1 January 2013 to 31 December 2013, the Group did not record any other operating income or expenses.

26.3.11 Other reclassifications of income and expenses

Transferred expenses

In the consolidated financial statements prepared by the Group under French GAAP, a certain number of reimbursements are recorded under transferred expenses:

- Reimbursements for insurance on utility and heavy goods vehicles,
- Reimbursements for payroll taxes,
- Reimbursements for training.

In the financial statements prepared under IFRS, transferred expenses are deducted from the corresponding expenses.

Reversals of provisions in EBIT

In the consolidated financial statements prepared by the Group under French GAAP, reversals of provisions are presented under “other income”.

In the financial statements prepared under IFRS, reversals of provisions are not consistent with the definition of income and are deducted against corresponding expenses.

26.4 Transition from consolidated equity at 31 December 2014 under French GAAP to IFRS

€'000	Shareholders' equity 31.12.14
Shareholders' equity, Group share under French GAAP	**541,745**
Reclassification of non-controlling interests	476
Total shareholders' equity under French GAAP	**542,221**
Business combination and cancellation of amortisation of goodwill	(594)
Employee benefits	(7,226)
Financial instruments: swaps	(156)
Financial instruments: equity warrants	(2,523)
Borrowing issue costs	17,740
Lease incentives	(2,467)
IFRIC 21 - French Organic levies	1,136
Impact of deferred tax on restatements	(4,247)
Subtotal for IFRS impact	1,663
Shareholders' equity under IFRS	**543,884**