LOXAM

INVESTOR REPORT December 31, 2020

TABLE OF CONTENTS

DEFINITIONS

In this document:

- “Company” means LOXAM SAS, and “we”, “us”, “our” and “our group” refer to LOXAM SAS and its consolidated subsidiaries, unless the context requires otherwise;
- “Profit from ordinary operations” means operating profit plus certain 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 profit from ordinary operations plus depreciation and amortization of fixed assets;
- “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) other operating income and expense (excluding non-cash expense or income), (iii) finance income and expense (excluding non-cash expense or income), (iv) income taxes (excluding deferred taxes), (v) increases in working capital requirement and (vi) 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);
- “At constant perimeter” means changes for the period indicated compared to the prior comparable period, after neutralization of changes in the scope of consolidation (see “Comparability of the financial statements”);
- “Published” means financial information released for the period indicated;
- “Restated” means financial information for the period indicated amended with new information according to the application of International Financial Reporting Standards (IFRS) for comparative purposes.

NOTICE

All financial information in this report relating to the financial year has been prepared in accordance with IFRS and is presented in millions 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 has been prepared in accordance with IFRS and has not been subject to an audit by our statutory auditors. The notes to the financial statements presented from page 68 to page 110 are unaudited at the date of this report.

In this document, we use certain non-IFRS measures, such as 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-IFRS measures may not be comparable to other similarly titled measures of other companies and may have limitations as analytical tools. Non-IFRS measures such as EBITDA, free cash flow and net debt are not measurements of our performance or liquidity under IFRS and should not be considered to be alternatives to operating profit or any other performance measures derived in accordance with IFRS. 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

Interpretations and amendment of IFRS 16 - Leases. The IFRS Interpretations Committee decision on the enforceable period of leases was implemented from December 31, 2020 for all leases falling with the scope of the final decision of the Interpretations Committee. This first-time application with retroactive effect to January 1, 2019 represents a change in accounting policy. The effect of this implementation is limited to the lease contracts whose initial lease term was exceeded and in a situation of tacit renewal, and hence were originally excluded from the IFRS 16 scope. Therefore, for comparative purposes, the financial information for the full year 2019 and the fourth quarter of 2019 have both been restated based on the IFRS IC decision (on a prorata basis for Q4 2019).

Comparability of the financial statements

Changes in the size of our rental network as a result of acquisitions and 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.

Our consolidated financial statements for 2020 include 12 months of activity of Ramirent, compared to 5 months in 2019.

The information provided at constant perimeter for 2019 includes the additional contribution of 7 months of Ramirent.

The purchase price allocation ("PPA") and valuation of intangible assets and goodwill of the Ramirent group are final in the 2020 financial statements.

From June 30, 2020, the Group has reviewed its customer provision rules and has adjusted the accounting estimates to be more conservative: customer depreciation rates have been increased based on ageing categories, and receivable balances (excluding disputes) over 18 months are now depreciated 100%. Group rules were then adjusted based on geographies where needed.

This document contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and the securities laws of other jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes”, “estimates”, “aims”, “targets”, “anticipates”, “expects”, “intends”, “plans”, “continues”, “ongoing”, “potential”, “product”, “projects”, “guidance”, “seeks”, “may”, “will”, “could”, “would”, “should” or, in each case, their negative, or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, competition in areas of our business, outlook and growth prospects, strategies and the industry in which we operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements in this document are based on plans, estimates and projections as they are currently available to our management. We undertake no obligation, and do not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise and any opinion expressed in this document is subject to change without notice. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. The Company, as well as its affiliates, directors, advisors, employees and representatives, expressly disclaim any liability whatsoever for such forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document.

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	**Year ended December 31, (IFRS)**		
(in millions of euros)	**2019 published**	**2019 restated**	**2020**
Revenue	**1,871.4**	**1,871.4**	**1,988.9**
Other income	59.5	59.5	70.7
Purchases consumed	(193.4)	(193.4)	(185.1)
Personnel expenses	(467.5)	(467.5)	(513.9)
Other current expenses	(556.7)	(548.8)	(612.9)
Taxes and duties	(19.6)	(19.6)	(19.8)
Depreciation and amortization – Property, Plant and Equip.	(428.3)	(435.5)	(504.2)
Depreciation and amortization – Intangible assets	(26.6)	(26.6)	(49.2)
Profit from ordinary operations	**238.9**	**239.5**	**174.5**
Other operating income and expense	(28.1)	(28.1)	(12.0)
Operating profit	**210.8**	**211.4**	**162.5**
Financial income and expense	(153.8)	(154.9)	(158.6)
Share of profit of associates	0.9	0.9	1.1
Income tax expense	(9.7)	(9.6)	(0.7)
Net profit	**48.2**	**47.9**	**4.3**
Non-controlling interests	(1.2)	(1.2)	(0.5)
Net profit, group share	**49.4**	**49.1**	**4.8**

Consolidated balance sheet under IFRS	As of		
(in millions of euros)	**December 31, 2019 Published**	**December 31, 2019 Restated**	**December 31, 2020**
Intangible assets and goodwill	2,353.6	2,353.6	2,307.5
Property, plant and equipment	2,362.5	2,390.4	2,126.5
Investments in associates	9.8	9.8	7.5
Financial assets	21.4	21.4	20.5
Financial derivatives	-	-	0.8
Deferred tax assets	18.5	18.5	17.8
Non-current assets	**4,765.7**	**4,793.7**	**4,480.6**
Inventories	49.3	49.3	45.5
Trade and other receivables	496.6	496.6	414.1
Other current assets	75.0	75.0	60.2
Cash and cash equivalents	230.1	230.1	627.9
Current assets	**851.0**	**851.0**	**1,147.7**
TOTAL ASSETS	**5,616.7**	**5,644.7**	**5,628.3**
Shareholders' equity	**698.0**	**697.7**	**640.8**
Provisions for employees benefits	44.2	44.2	57.1
Deferred tax liabilities	191.0	190.9	195.4
Borrowings and financial debt – long term portion	3,771.6	3,792.6	3,632.9
Financial derivatives	7.6	7.6	5.1
Non-current liabilities	**4,014.4**	**4,035.3**	**3,890.4**
Provisions	19.5	19.5	15.1
Borrowings and financial debt – current portion	474.2	481.6	680.2
Supplier and other payables	205.3	205.3	209.4
Other current liabilities	205.4	205.4	192.5
Current liabilities	**904.3**	**911.6**	**1,097.1**
TOTAL EQUITY AND LIABILITIES	**5,616.7**	**5,644.7**	**5,628.3**

	Year Ended December 31,		
	2019 Published	2019 Restated	2020
	(in millions of euros)		
Cash flow from operations	454.5	461.4	597.1
Cash flow from investing activities	(1,445.3)	(1,445.3)	(229.0)
Cash flow from financing activities	1,077.3	1,070.4	34.7
Change in cash and cash equivalents	**86.5**	**86.5**	**402.8**
Cash and cash equivalents at the end of the period [1]	**229.0**	**229.0**	**627.8**

Note : (1) Including bank overdrafts.

RISK FACTORS

Risks Related to Our Industry

A regional or global health pandemic, including the ongoing COVID-19 pandemic, may adversely affect our business and exacerbate other risks discussed within this section.

In December 2019, a novel strain of coronavirus causing a respiratory disease known as COVID-19 surfaced in Wuhan, China. The outbreak of COVID-19 was declared by the World Health Organization to be a pandemic in March 2020. The COVID-19 pandemic has had numerous effects on the global economy, and it and any possible future outbreaks of pandemics could severely affect our business. Since March 2020, the spread of this virus globally has caused significant business disruption, significant volatility in international debt and equity markets and significant disruption to the global economy. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the global economy and consumer confidence. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken or being continued to contain it or treat its impact. Although our operations are currently running without significant disruption related to COVID-19, the situation remains uncertain and could change quickly. The COVID-19 pandemic outbreak in Europe caused a downturn in construction, company events, civil engineering and industrial activities and had a significant impact on our revenue during 2020. The worsening of the ongoing pandemic or another economic downturn caused by the pandemic could materially and adversely affect our business, results of operations or financial condition. To the extent the COVID-19 pandemic, or any other regional or global pandemic, adversely affects our business and financial results, it may also have the effect of heightening other risks described in this "Risk Factors" section.

Demand for our equipment fluctuates due to the cyclical nature of the industries in which we operate and according to general economic conditions.

Our equipment is principally used in connection with construction and civil engineering activities, in addition to industrial activities. These sectors in the markets where we operate are cyclical industries with activity levels that tend to increase during periods of economic growth and decline during economic downturns. The demand for our products is strongly correlated to conditions in the general economy and in the construction, engineering and industrial sectors. Consequently, a downturn in construction, civil engineering or industrial activities, or the economy in general, generally leads to decreased demand for our equipment. Downturns also intensify price competition as equipment rental providers seek to increase utilization of idle equipment.

Construction and civil engineering activities, which account for a majority of our revenue, may be impacted, either temporarily or over the long-term, by changes in:

- government infrastructure spending;
- construction spending levels by either public or private customers;
- the credit markets affecting our customers' ability to undertake new construction projects;
- the cost of construction materials; or
- weather conditions affecting a particular region.

Changes in these or other factors caused by deterioration in the construction and civil engineering sectors could have a material adverse effect on our financial position, results of operations and cash flows in the future. For example, the economic downturn in 2009 led to a decline in demand for our equipment. Additionally, we are exposed to the Middle East market, which is more volatile than the markets in which we have traditionally operated. If in any of our markets the economic conditions deteriorate or a return to economic growth is further delayed, our business, financial position, results of operations and cash flows could be adversely affected.

Unfavorable conditions or disruptions in the capital and credit markets may adversely affect business conditions and the availability of credit.

Disruptions in the global capital and credit markets as a result of an economic downturn, economic uncertainty, regulatory changes, financial institution failures or other factors could adversely affect our ability to access liquidity to invest in our equipment fleet. Unfavorable market conditions may depress construction markets by making it difficult for our customers to obtain financing for their projects and credit on reasonable terms, which may cause more of our customers to be unable to meet their payment obligations to us, increasing losses on bad debt. Delinquencies and credit losses generally can be expected to increase during economic slowdowns or recessions. See "—Risks Related to our Business—If we are unable to collect amounts due from customers, our operating results would be adversely affected." Moreover, our suppliers may be adversely impacted by unfavorable capital and credit markets, causing disruption or delay of product availability. These events could negatively impact our business, financial position, results of operations and cash flows.

In particular, the recent withdrawal of the United Kingdom (one of our largest markets outside of France in terms of 2019 revenue) from the European Union ("Brexit") on February 1, 2020, may also lead to significant uncertainty, volatility and disruptions in European economies and the capital and credit markets. The United Kingdom has commenced negotiations with the European Union to enter into a new trade agreement and is in a transition period until December 31, 2020. During the transition period, the United Kingdom continues to have access to the single European Union market and customs union. However, if no trade agreement is reached during the transition period, the United Kingdom may lose access to the European Union market and customs union without a suitable alternate arrangement in place, which may impact the general and economic conditions in the United Kingdom and the European Union. The terms of the new trade agreement and the nature of the future relationship between the United Kingdom and the European Union remain unclear. There is uncertainty as to how long it will take to negotiate the United Kingdom's withdrawal from the European Union. Until the terms of the United Kingdom's exit from the European Union are clearer, it is not possible to determine the impact that Brexit and/or any related matters may have on our business, if any. Among other potential consequences of the recent Brexit, market volatility and changes in exchange rates between the British Pound and the euro could adversely affect our business, financial position, results of operations and cash flows.

In addition, if the financial institutions that have extended credit commitments to us are adversely affected by the conditions of the capital and credit markets, they may be unable to fund borrowings under those credit commitments, which could have an adverse impact on our financial condition and our ability to borrow funds, if needed, for capital expenditures, working capital, acquisitions, and other corporate purposes.

The equipment rental industry is highly competitive, which puts downward pressure on prices.

The equipment rental industry is highly competitive. Many of the markets in which we operate are served by numerous competitors, ranging from national and multi-regional equipment rental companies to small, independent businesses with a limited number of locations. We may encounter increased competition from existing competitors or new market entrants in the future.

In France, we face competition principally from national rental companies as well as from regional and local entities. In our international markets, we similarly face competition from well-established local and national competitors. Some of our competitors outside of France have greater financial, marketing and other resources than we do. We aim to develop a strategy in international markets that reflects our competitive position and financial assets, including focusing our efforts on local customers in markets where we are not a market leader, but such efforts may be unsuccessful. Our competitors may be more specialized or may have greater name recognition in some markets. We also face competition from smaller competitors operating at regional or local levels, many of whom benefit from a strong market presence and local relationships. Over time, our competitors, whether global, national, regional or local, could consolidate their businesses, and the diversified service offerings or increased synergies of these consolidated businesses could increase competition in the sectors in which we operate. Additionally, our customers might choose to use the services of our competitors rather than ours. Given that our top 10 clients at the Group level represented less than 15% of our revenue in 2020, our results might be negatively affected if we lose any of our top 10 clients to our competitors. These or other changes to the competitive landscape of our industry could result in a loss of market share, decreased revenue and a decline in profitability.

From time to time, we or our competitors may attempt to compete aggressively by lowering rental rates or prices. To the extent we lower rental rates or increase our fleet in order to retain or increase market share, our operating margins would be adversely affected. In addition, we may not be able to match a competitors' price reductions or fleet investment, which could cause our customers to reduce their level of business with us. Termination of contractual arrangements by our customers may result in decreased market share and revenue.

The cost of equipment purchases for use in our rental fleet may increase.

The cost of new equipment that we purchase for our rental fleet may increase as a result of increased raw material costs, including increases in the cost of steel, which is a primary material used in most of our equipment. These increases could materially affect our financial condition or results of operations in future periods if we are not able to pass such cost increases through to our customers. In addition, changes in customer demand due to changed technology, safety or environmental concerns, regulations, or other factors could cause certain of our existing equipment to become obsolete and require us to purchase new equipment, which would increase our costs.

Risks Related to Our Business

Our business could be hurt if we are unable to obtain additional capital as required.

We use cash generated from our operations, together with borrowings under our credit facilities and bond issuances, to fund our capital requirements. This cash may be insufficient and we may require additional financing to obtain capital for, among other purposes, purchasing equipment, completing acquisitions, establishing new locations and refinancing existing indebtedness. In the past we mainly relied on borrowings under our bilateral credit facilities to fund our capital expenditures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures." In the future we may need to rely on different sources of financing for our capital expenditures. Our level of capital expenditures significantly affects the age and size of our equipment fleet, and if we are required to reduce these expenditures for any reason, the reduced availability of equipment or the age of our rental fleet may cause us competitive harm and increase our maintenance costs. Any additional indebtedness that we incur will make us more vulnerable to economic downturns and limit our ability to withstand competitive pressures. If we are unable to obtain sufficient financing in the future, our business could be adversely affected.

Our revenue and operating results fluctuate.

Our revenue and operating results have historically varied from period to period. A decline in general economic conditions and/or activity in the industries in which we operate could result in an overall decline in cash flows and profitability and make it more difficult for us to make payments on our indebtedness and grow our business. We expect our results to continue to fluctuate in the future due to a number of factors, including:

- general economic conditions in the markets where we operate;
- the cyclical nature of our customers' business, particularly our construction customers;
- seasonal sales and rental patterns of our construction customers, with sales and rental activity decreasing in the winter months;
- severe weather temporarily affecting the regions where we operate;
- changes in private sector demand for plants and facilities or changes in government spending for infrastructure projects;
- our relatively high level of fixed costs, which causes revenue declines to significantly affect cash flow and profitability;
- the effectiveness of integrating acquired businesses and new start-up locations; and
- timing of acquisitions and new location openings and related costs.

In addition, we may lose sales and incur various costs when integrating newly acquired businesses or opening new start-up locations, and the profitability of a new location is lower in the initial months of operation.

We may be unable to forecast trends accurately.

Our decisions about investments in new equipment are based in significant part on our views of future demand. 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). However, economic volatility or uncertainty makes it difficult for us to forecast trends and set appropriate investment levels, which may have an adverse impact on our business and financial condition. If anticipated growth does not occur, we may not earn the level of returns that we hope to achieve on investments made during the bottom of the cycle. More generally, uncertainty regarding future product demand in the markets in which we operate could cause us to maintain excess equipment inventory and increase our capital expenditures beyond what is efficient. Alternatively, this forecasting difficulty could cause a shortage of equipment for rental that could result in an inability to satisfy demand for our products and a loss of market share.

We may not be able to execute our growth strategy by identifying or completing transactions with attractive acquisition candidates, and future acquisitions may result in significant transaction expenses and integration risks.

We have historically expanded our business through organic and external growth. While we have generally focused on small to mid-sized acquisition targets, we have recently undertaken more significant, strategic and transformational combinations, such as the Lavendon acquisition and the completion of the Ramirent acquisition, that may produce pronounced transactional expenses and integration risks. The management of our operations has become increasingly complex over the past three years as we have undertaken a significant number of acquisitions and have expanded our business into geographic markets in which we have not previously operated.

We cannot assure you that we will be able to identify attractive acquisition candidates or complete the acquisition of any identified candidates at favorable prices and upon advantageous terms. We expect to face competition for acquisition candidates, which may limit the number of acquisition opportunities and lead to higher acquisition costs. We may not have the financial resources necessary to consummate any acquisitions or the ability to obtain the necessary funds on satisfactory terms. Furthermore, general economic conditions or unfavorable global capital and credit markets could affect the timing and extent to which we successfully acquire new businesses.

Risks associated with our acquisition strategy, which could materially adversely affect our business, results of operations and financial condition, include the following:

- we may lose sales and incur substantial costs, delays or other operational or financial problems in integrating acquired businesses and integration may be more costly and take longer than expected;
- we may not achieve financial and operational synergies on a timely basis or without significant costs, if at all;
- acquisitions may divert management's attention from the operation of the existing business;
- the assumptions underlying the business plans supporting the valuations of the acquisitions and expected synergies may prove inaccurate, in particular with respect to the future performance of the acquired businesses;
- we may be forced to divest or reduce the scope of certain businesses so as to obtain the necessary regulatory authorizations, in particular with respect to anti-trust authorizations;
- we may need to write down goodwill and certain other intangible assets from our balance sheet if our initial estimates of the value of an acquired business are higher than actual results;
- we may be further exposed to risks of fluctuations in currency exchange rates;
- we may not be able to retain key personnel or customer contracts of acquired businesses;
- we may operate an acquired company as a joint venture with partners with whom we lack a longstanding relationship; and
- we may encounter unanticipated events, circumstances or liabilities related to the acquired businesses, their integration and the growth of our business, particularly in geographic areas in which we have not previously operated.

In the short-term, the disruptive effects of an acquisition can result in, among other things, lower employee productivity and increased advantages for our competitors, which may cause a decline in revenue from the acquired businesses. We have historically integrated acquired businesses into the Group gradually to preserve client relationships, and this integration period tends to be longer for larger acquisitions with many branches. As we have recently undertaken a more significant combination with the completion of the acquisition of Ramirent, the integration risks related to this combination could result in more significant combination expenses than for previous acquisitions. In the longer term, there can be no assurance that, following integration into our Group, an acquired business will be able to maintain its customer base consistent with expectations or generate the expected margins or cash flows. Although we typically thoroughly analyze each acquisition target, our assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations. In addition, we may have difficulties in implementing our business model within an acquired company due to various factors, including corporate culture. There can be no assurance that our assessments of and assumptions regarding acquisition targets will prove to be correct and actual developments may differ significantly from our expectations.

Furthermore, acquisitions of companies expose us to the risk of unforeseen obligations with respect to employees, customers, suppliers and subcontractors of acquired businesses, public authorities and other parties. Although we typically engage in diligence while analyzing an acquisition opportunity, we cannot ensure that there will not be unexpected risks, liabilities or obligations that could have a material adverse effect on our business, results of operations or financial condition.

In addition to the risks described above, the integration of acquired businesses in our International division may be more difficult and take more time due to logistical, regulatory, linguistic, cultural and other factors such as our relative lack of familiarity with a given market and its economic, political and social dynamics. Such risks include significant exposure of local economies and government spending (and thus of demand and pricing for equipment rentals) to the level of oil prices, as well as economic instability, political volatility, civil war, violent conflict, social unrest or action by terrorist groups. Any of these risks in could negatively affect our operations, revenue and profits in the affected country and for the Group generally, and competitors may take advantage of these difficulties to weaken our customer base.

Our ability to manage our growth and integrate operations, technologies, services and personnel depends on our administrative, financial and operational controls and our ability to create the infrastructure necessary to exploit market opportunities, as well as our financial resources. In order to compete effectively and to grow our business profitably, we will need, on a timely basis, to maintain and improve our financial and management controls, reporting systems and procedures, implement new systems as necessary, attract and retain adequate management personnel, and hire, retain and train a highly qualified workforce. Furthermore, we expect that as we continue to introduce new product offerings and enter new markets, we will be required to manage an increasing number of relationships with various customers and other third parties. The failure or delay of our management in responding to these challenges could have a material adverse effect on our business, financial condition and result of operations.

We may not be able to execute our growth strategy by identifying and opening attractive new branch locations.

An element of our growth strategy is to selectively identify and implement new branches, both in France and in our international markets. We cannot assure you that we will be able to identify attractive new branch locations. Opening new branches may require significant investments and may involve risks associated with entering new markets, including markets where we face significant competition. We may not have sufficient management, financial and other resources to successfully operate the new branches. Any significant diversion of management’s attention or any major difficulties encountered in the locations that we open in the future could have a material adverse effect on our business, financial condition or results of operations, which could decrease our profitability and make it more difficult for us to grow our business. Furthermore, general economic conditions or unfavorable global capital and credit markets could affect the timing and extent to which we open new branches, which could adversely affect our revenue and profitability.

We are dependent on our executives, managers and employees.

Our success depends, to a large degree, upon the continued service and skills of our existing management team, particularly our chairman and chief executive officer, Mr. Gérard Déprez, our managing director, Mr. Stéphane Hénon and other executive managers. Our management team has significant industry experience. Although our management team is deep, if we lose the services of any key member of our senior management team and are unable to find a suitable replacement in a timely manner, it may be a challenge for us to effectively manage our business and execute our strategy.

Our success also depends on the experience and skills of our regional managers and branch managers, who have extensive knowledge and industry experience. Competition for managers within our industry is generally significant, and, if any of our senior or regional managers joins a competitor or forms a competing company, we may lose customers, know-how and other personnel.

In addition, we depend upon the quality of our staff personnel, including sales and customer service personnel who routinely interact with and fulfill the needs of our customers. Although we believe we have established competitive pay packages, as well as the right working environment for our staff, there is no assurance we can continue to attract, hire, train and retain qualified personnel. A significant increase in personnel turnover could negatively affect our results of operations and financial performance.

If we are unable to collect amounts due from customers, our operating results would be adversely affected.

One of the reasons some of our customers find it more attractive to rent equipment than own that equipment is the need to deploy their capital elsewhere. However, some of our customers may have liquidity problems and ultimately may not be able to fulfill the terms of their rental agreements with us. Delinquencies and credit losses generally can be expected to increase during economic slowdowns or recessions such as the recent economic downturn caused by the COVID-19 outbreak. If we are unable to manage credit risk adequately, or if a large number of customers faces financial difficulties at the same time, or if we are unable to collect amounts due by customers, our credit losses could increase above historical levels and our operating results would be adversely affected.

We depend on equipment manufacturers to obtain adequate rental equipment for our fleet on a timely basis.

We purchase most of our rental equipment from well-known original equipment manufacturers. However, our suppliers may not be able to fulfill the terms of their agreements with us on a timely basis or at all for logistical or strategic reasons. Further, suppliers may be unwilling to extend contracts that provide favorable terms to us, or they may seek to renegotiate existing contracts with us. As a result, we could face increased costs for our equipment or longer delivery times. Delays in the delivery of new equipment may impair our ability to respond to increases in demand and may cause us to miss opportunities in our markets. Although we believe that we have alternative sources of supply for the equipment we purchase in each of our core product categories, the termination or delay of equipment orders by a major supplier could have a material adverse effect on our business, financial condition or results of operations.

The maintenance and repair costs associated with our rental fleet may increase.

As the equipment in our rental fleet ages, the cost of maintaining such equipment, if not replaced within a certain period of time, generally increases. Determining the optimal average age for disposal of our rental fleet is subjective and requires considerable estimates by management. Our future operating results could be adversely affected because our maintenance and repair costs may be higher than estimated.

Our rental fleet is subject to residual value risk upon disposition.

Our approach to fleet management is to replace equipment only at the end of its useful rental life, at which time it is used for parts, sold for scrap or sold at auction. Usually a piece of equipment is fully amortized down to its residual value by the time it is removed from the fleet. Nonetheless, the market value of any given piece of rental equipment could be less than its depreciated value or residual value at the time it is sold. The market value of used rental equipment depends on several factors, including:

- general economic conditions;
- worldwide and domestic demands for used equipment;
- the supply of used equipment on the market;
- the market price for new equipment of the same kind; and
- wear and tear on the equipment relative to its age.

We include in the line “other operating income” in our income statement the difference between the sales price and the depreciated value of an item of equipment sold. Any significant decline in the selling prices for used equipment could have an adverse effect on our results of operations or cash flows.

Disruptions in our information technology system could limit our capacity to effectively monitor and control our operations.

We rely on information technology systems to track and bill our services, manage our fleet and gather information upon which our management makes decisions regarding our business. Our information technology systems also facilitate our ability to adjust to changing market conditions and customer needs. The administration of our business is increasingly dependent on the use of these systems. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, has risen as the number, intensity and sophistication of attempted attacks and intrusions around the world have increased. We can provide no assurance that our information technology systems are fully protected against such third-party intrusions or against viruses, ransom ware, or similar threats. Disruptions resulting from these threats, system crashes or other causes could have a material adverse effect on our business. In particular, we use several ERP systems across our network and any disruption to our ERP systems, or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results. We back-up most of our data daily and have a disaster recovery plan in place for most of our systems, including our ERP system. However, our disaster recovery plan does not cover all of our systems. Our back-up systems may fail and any recovery of our data may be incomplete or subject to delay.

In addition, because our systems sometimes contain information about individuals and businesses, our failure to appropriately safeguard the security of the data we hold, whether as a result of our own error or the malfeasance or errors of others, could harm our reputation or give rise to legal liabilities. In certain of the regions in which we operate, the processing of personal data is subject to governmental regulation and legislation. Any failure to comply with such regulations or legislation could lead to governmental sanctions, including fines or the initiation of criminal or civil proceedings. In the European Union, we must comply with strict data protection and privacy laws that restrict our ability to collect and use personal information relating to customers and potential customers, including the marketing use of that information. In particular, Regulation (EU) 2016/679 of April 27, 2016 (“General Data Protection Regulation” or “GDPR”), which became applicable on May 25, 2018, increased both the number of and the restrictive nature of the obligations binding on us for the collection and processing of personal data. Although we collect and store a limited amount of personal data, failure to comply with the provisions of GDPR could adversely affect our business, results of operations or financial condition.

We are exposed to various risks related to legal proceedings or claims that may exceed the level of our insurance coverage.

We are a party to lawsuits in the normal course of our business. Litigation in general can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. Responding to lawsuits brought against us, or legal actions that we may initiate, can often be expensive and time-consuming and can divert management’s attention. Unfavorable outcomes from claims or lawsuits could adversely affect our business, results of operations or financial condition. We could suffer reputational harm, incur substantial monetary liability and be required to change our business practices.

Our business exposes us to claims for personal injury, death or property damage resulting from the use of the equipment we rent, for injuries caused in motor vehicle accidents in which our delivery and service personnel are involved and for other employee-related matters. Additionally, we could be subject to potential litigation associated with compliance with various laws and governmental regulations, such as those relating to employment, health, safety, security and other regulations under which we operate.

We carry comprehensive insurance, subject to deductibles, at levels we believe are sufficient to cover existing and future claims. However, we may be exposed to multiple claims that do not exceed our deductibles, and, as a result, we could incur significant out-of-pocket costs that could adversely affect our financial condition and results of operations. In addition, the cost of such insurance policies may increase upon renewal of those policies as a result of general rate increases for the type of insurance we carry as well as our historical experience and experience in our industry. Although we have not experienced any material losses that were not covered by insurance, our existing or future claims may exceed the coverage level of our insurance, and such insurance may not continue to be available on economically reasonable terms, or at all. If we are required to pay significantly higher premiums for insurance, are not able to maintain insurance coverage at affordable rates or if we must pay amounts in excess of claims covered by our insurance, we could experience higher costs that could adversely affect our financial condition and results of operations.

Labor disputes could disrupt our operations or lead to higher labor costs.

We are subject to the risk of labor disputes, which may disrupt our operations. Labor laws applicable to our business in certain countries, particularly France, are relatively rigorous. In numerous cases, labor laws provide for the strong protection of employees' interests. In addition, some of our employees are members of unions or, based on applicable regulations, represented by work councils or other bodies. In many cases, we must inform, consult with and request the consent or opinion of union representatives or work councils in managing, developing or restructuring certain aspects of our business. These labor laws and consultative procedures could limit our flexibility with respect to employment policy or economic reorganization and could limit our ability to respond to market changes efficiently. Even where consultative procedures are not mandatory, important strategic business decisions could be negatively received by some employees and employees' representative bodies, which could lead to labor actions that could disrupt our business.

Although we believe our relations with employees are good, our operations may nevertheless be materially affected by strikes, work-stoppages, work-slowdowns or other labor-related developments in the future, which could disrupt our operations and adversely affect our business, financial condition and results of operations. Our employees in certain countries benefit from collective bargaining agreements, and we may not be able to periodically renegotiate collective agreements on acceptable terms. Settlement of actual or threatened labor disputes or an increase in the number of our employees covered by collective bargaining agreements may adversely affect our labor costs, productivity and flexibility.

Many of our suppliers and customers have unionized work forces. Strikes, work-stoppages or work-slowdowns experienced by these suppliers or customers could materially and adversely affect our business, financial condition and results of operations. See "Business—Legal Proceedings."

Our international operations, particularly in emerging markets, expose us to risks inherent to international business, any of which could affect our results of operations.

We are present in 30 countries worldwide. As a result, we are subject to numerous, rapidly evolving and complex laws and regulations which govern, among other things, labor matters, immigration, health and safety, financial reporting standards, corporate governance, tax, trade regulations, export controls, and competitive practices in each jurisdiction where we conduct our business. Furthermore, we need to comply with various local standards and practices of different regulatory, tax, judicial and administrative bodies specific to each jurisdiction in which we operate.

There are multiple risks associated with the global nature of our operations, including political instability (such as the threat of war, terrorist attacks or civil unrest), inconsistent regulations across jurisdictions, unanticipated changes in the regulatory environment and import and export restrictions. Furthermore, these risks may be greater in certain areas where we operate, particularly outside Europe. Any of these events may affect our employees, reputation, business or financial results as well as our ability to meet our objectives, including the following specific business risks:

- negative economic developments in economies around the world;
- social and political instability in a number of countries around the world;
- potential terrorist attacks;
- epidemics and pandemics, which may adversely affect our workforce and suppliers;
- adverse changes in governmental policies, especially those affecting trade and investment; and
- inflation, recession, fluctuations in foreign currency exchange and interest rates, burdensome fiscal policies and transfer restrictions.

We are also reliant on local managers to oversee the day-to-day functioning of our branches and to ensure their compliance with local law, and may be subject to risks based on insufficient oversight. In such cases, or if any of these international business risks were to materialize or exacerbate, we could be fined or otherwise sanctioned by regulators, which could adversely affect our business, financial condition and results of operations.

Additionally, the consequences of the recent withdrawal of the United Kingdom (one of our largest markets outside of France in terms of 2019 revenue) from the European Union, including its impact on our operations and results, remain highly uncertain. The United Kingdom has commenced negotiations with the European Union to enter into a new trade agreement and is in a transition period until December 31, 2020. During the transition period, the United Kingdom continues to have access to the single European Union market and customs union. However, if no trade agreement is reached during the transition period, the United Kingdom may lose access to the European Union market and customs union without a suitable alternate arrangement in place, which may impact the general and economic conditions in the United Kingdom and the European Union. The terms of the new trade agreement and the nature of the future relationship between the United Kingdom and the European Union remain unclear. There is uncertainty as to how long it will take to negotiate the United Kingdom's withdrawal from the European Union. Until the terms of the United Kingdom's exit from the European Union are clearer, it is not possible to determine the impact that Brexit and/or any related matters may have on our business, if any. Lack of clarity about future laws and regulations may increase costs associated with operating in the United Kingdom, which could adversely affect our business, financial position, results of operations and cash flows.

Changes in tax laws or challenges to our tax position could adversely affect our results of operations and financial condition.

We are subject to complex tax laws in each of the jurisdictions in which we operate as well as to international tax laws. Changes in tax laws or regulations or to their interpretations could adversely affect our tax position, including our effective tax rate or tax payments.

In particular, European and French tax laws and regulations are extremely complex and are subject to varying interpretations. In this respect, the current incorporation into French tax law of the Organization for Economic Cooperation and Development's (the "OECD") principles related to base erosions and profit shifting ("BEPS") included in the final reports released by the OECD as well as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS signed in Paris on June 7, 2017, may increase the administrative efforts within our business and impact existing structures.

The European Union is itself pursuing its work on the harmonization of the tax legislation of the Member States. In this respect, the Council of the European Union (the “Council of the European Union”) adopted a directive “laying down rules against tax avoidance practices that directly affect the functioning of the internal market” on July 12, 2016 (Council Directive 2016/1164) (the “ATAD”). The ATAD was later amended on May 29, 2017 by the Council Directive (EU) 2017/952 (the “ATAD 2”), which, inter alia, extends the scope of the ATAD to hybrid mismatches involving third countries and provides that its provisions apply (subject to certain exceptions) since January 1, 2020. Amongst the set of measures, the ATAD provides for a general interest limitation rule pursuant to which the tax deduction of net financial expenses is limited to 30% of the taxpayer’s earnings before interest, tax, depreciation and amortization (EBITDA) or to a maximum amount of €3 million, whichever is higher (subject to several exceptions). Such rules apply since January 1, 2019 following to their transposition into French tax law.. The French Finance Law for 2020 (Law 2019-1479 of December 28, 2019) also introduced under French tax law the provisions of the ATAD 2 and thus repealed the existing French anti-hybrid rules, as set forth in Article 212-I-b of the FTC (code général des impôts) (the “FTC”).

Furthermore, Article 108 of the French Finance Law for 2019 introduced under French tax law, the anti-abuse provision provided for by the ATAD with respect to French corporate income tax, which aims to address abusive tax practices that are not dealt with by specifically targeted provisions. Pursuant to this provision, the French tax authorities might ignore an arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuine taking into account all relevant facts and circumstances.

The European Commission has also published a corporate reform package proposal on October 25, 2016 including three new proposals that aim at (i) re-launching the Common Consolidated Corporate Tax Base (“CCCTB”) which is a single set of rules to compute companies’ taxable profits in the EU, (ii) avoiding loopholes associated with profit-shifting for tax between EU countries and non-EU countries, and (iii) providing new dispute resolution rules to relieve problems with double taxation for businesses. The directive proposal on the CCCTB requires unanimity in the Council of the European Union for its adoption following consultation of the European Parliament (special legislative procedure), which gave its favorable vote on March 15, 2018. It is expected to be implemented in two steps, with the common base being implemented as a first step and consolidation being put in place swiftly afterwards. In this respect, the European Commission has published its work program for 2020, which indicates that the CCCTB should receive priority attention this year. Furthermore, additional rules on tax dispute resolution apply since January 1, 2019 following the transposition of Council Directive 2017/1852 of October 10, 2017 into French tax law as part of the French Finance Law for 2019. These regulations could impact our tax position in the future.

Another area of uncertainty concerns the progressive decrease of the French statutory corporate income tax rate provided for by Article 219 of the FTC from 33.3% to 25% (or from 34.43% to 25.83% if the 3.3% social contribution provided for by Article 235 ter ZC of the FTC is added to the French statutory corporate income tax rate) over a period of four years starting in 2019. Indeed, the pace of such decrease has been amended several times to address budget constraints of the French State since its first enactment by the end of 2018. Currently, for companies generating a French turnover of less than €250 million, the French corporate income tax rate is reduced to (i) 28% (or 28.92% including the above mentioned additional 3.3% social contribution) for fiscal years beginning on or after January 1, 2020 and (ii) 26.5% (or 27.37% including the above mentioned additional 3.3% social contribution) for fiscal years beginning on or after January 1, 2021. In addition, companies generating a French turnover exceeding €250 million pay French corporate income tax (i) at a rate of 28% up to a taxable profit of €500,000, beyond which the statutory rate of 31% (or 32.02% including the above mentioned additional 3.3% social contribution) applies for fiscal years beginning on or after January 1, 2020 and (ii) at the rate of 27.5% (or 28.41% including the above mentioned additional 3.3% social contribution) for fiscal years beginning on or after January 1, 2021. For fiscal years beginning on or after January 1, 2022, the French statutory corporate income tax rate will in principle be reduced to 25% (or 25.83% including the above mentioned additional 3.3% social contribution) for all companies.

Finally since tax laws and regulations in the various jurisdictions in which Loxam's companies are located or operate or may be located or may operate may not always provide clear-cut or definitive guidelines, the tax regime applied to Loxam's operations, intra-group transactions or reorganizations (past or future) is or may sometimes be based on Loxam's interpretations of French or foreign tax laws and regulations. Loxam cannot guarantee that such interpretations will not be questioned by the relevant tax authorities. More generally, any failure to comply with the tax laws or regulations of the countries in which Loxam's companies are located or operate may result in reassessments, late payment interests, fines and penalties.

The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.

The Council of the European Union adopted on December 5, 2017 its conclusions on the EU list of non-cooperative jurisdictions for tax purposes (the "Council Conclusions") which is composed of two sub-lists (respectively, the "Black List" and the "Grey List," together referred to as the "EU List"). The EU List was established following a screening and a dialogue conducted by a code of conduct working group appointed by the Council during 2017 with a large number of third country jurisdictions. The Black List, which shall be updated at least once a year, is currently (according to the list as of February 18, 2020) composed of twelve jurisdictions (American Samoa, Cayman Islands, Fiji, Guam, Oman, Palau, Panama, Samoa, Seychelles and Trinidad and Tobago, the United States Virgin Islands and Vanuatu). Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union screening criteria. Though there is no applicable sanction yet, Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions.

A French law that aims at fighting fraud was published on October 24, 2018 (Law 2018-898 of October 23, 2018) and expands under certain conditions the French tax regime regarding the Non-Cooperative States and jurisdictions as defined under Article 238-0 A of the FTC ("Non-Cooperative States") to certain States and jurisdictions included into the Black List. As a result, interest paid or accrued to persons domiciled or established in certain States and jurisdictions included into the Black List or paid on an account opened in a financial institution located in such States and jurisdictions may be subject to withholding tax in France and not be deductible for purposes of the computation of the debtor's corporate income tax liability. The anti-abuse measures apply in principle to states and jurisdictions newly added to the list as from the first day of the third month following the month during which the addition is made (although the Administrative Guidelines (as defined hereinafter) still continue to refer to January 1st of the following year (BOI-INT-DG-20-50-20140211)), it being mentioned that the French list has been recently updated and includes the states and jurisdictions contained in the former version of the Black List dated November 7, 2019 (Ministerial Order dated January 6, 2020 amending the ministerial order dated February 12, 2010). Such list of Non-Cooperative States currently includes, in addition to Panama which was already included in the former version of this list, the following states and territories: the American Samoa, Anguilla, Bahamas, the British Virgin Islands, Fiji, Guam, Oman, Samoa, Seychelles, Trinidad and Tobago, the United States Virgin Islands and Vanuatu (Ministerial Order dated January 6, 2020 amending the ministerial order dated February 12, 2010).

We are exposed to the risk of violations of anti-corruption laws, sanctions or other similar regulations applicable in the countries in which we operate or intend to operate.

We must comply with certain anti-corruption laws, sanctions or other similar regulations in each of the jurisdictions in which we operate. For instance, the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, the French law of December 9, 2016 relating to transparency, fighting corruption and modernizing economic life (more widely known as the "Sapin II Law") and other similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purposes of obtaining or retaining business. We operate in certain parts of the world that lack a developed legal system or have experienced widespread corruption. Under some circumstances, strict compliance with anti-corruption laws may conflict with local customs and practices. Our internal policies mandate compliance with these laws, but despite our compliance policies and training efforts, we cannot assure you that our internal control policies and procedures will always protect us from acts committed by our employees.

Further, due to the global nature of our operations, we may use local agents or subcontractors to understand unfamiliar environments and differences in cultural, legal, financial and accounting complexities and obligations, or to carry out a portion of the activities called for by a particular contract. There is a risk that such agents or subcontractors may be involved in illegitimate activities in local markets that are unknown to us. If we fail to adequately supervise them or maintain an adequate compliance program, we may be liable for their actions. Similarly, our clients and suppliers may be involved in activities that our onboarding and diligence procedures may be unable to detect and that may put us at risk for non-compliance with anti-corruption and similar laws.

Violations of such laws can result in civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact our reputation and consequently, our ability to win future business. On the other hand, any such violation by our competitors, if undetected, could give them an unfair advantage when bidding for contracts. The consequences that we may suffer due to the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our internal control and compliance processes may fail to prevent regulatory penalties and reputational harm.

We operate a decentralized business through more than one thousand branches across multiple jurisdictions. Our internal control and compliance processes may not prevent all future breaches of law, accounting standards or our internal codes of conduct. We may experience instances of fraudulent behavior and dishonesty by our employees, contractors or other agents. Any failure to comply with applicable laws and other standards could subject us to fines, legal proceedings, loss of operating licenses and reputational harm.

Changes in applicable law, regulations or requirements, or our material failure to comply with any of them, can increase our costs and have other negative impacts on our business.

We operate in France and 29 other countries in Europe, the Middle East and northern Africa and South America, which exposes us to numerous EU, national and local regulations. These laws and requirements address multiple aspects of our operations, such as worker safety, consumer rights, privacy and employee benefits, and can often have different requirements in different jurisdictions. In addition, changes in regulations could impact the ability of rental operators to utilize their equipment in certain types of projects, affecting the competitive landscape in those projects, as well as in other areas in which the non-conforming equipment may be redeployed. Changes in regulatory requirements, or any material failure by our branches to comply with them, can increase our costs, affect our reputation, limit our business, drain management time and attention and adversely affect our business, financial condition and results of operations.

We could be adversely affected by environmental and safety requirements, which could force us to increase capital expenditures and may subject us to unanticipated liabilities.

Our operations generally do not raise significant environmental risks, but we use hazardous materials to clean and maintain equipment, dispose of solid and hazardous waste and waste water from equipment washing, and store and dispense petroleum products from underground and above ground storage tanks located at certain of our locations. As a result, like other companies engaged in similar businesses that require the handling, use, storage and disposal of regulated materials, we are required to follow environmental and occupational health and safety laws and regulations.

Environmental laws also impose obligations and liability for the cleanup of properties affected by hazardous substance spills or releases. These liabilities can be imposed on the parties generating or disposing of such substances or the operator of the affected property, often without regard to whether the owner or operator knew of, or was responsible for, the presence of hazardous substances. Accordingly, we may become liable, either contractually or by operation of law, for remediation costs even if a contaminated property is not presently owned or operated by us, or if the contamination was caused by third parties during or prior to our ownership or operation of the property. There can be no assurance that prior site assessments or investigations have identified all potential instances of soil or groundwater contamination. Future events, such as changes in existing laws or policies or their enforcement, or the discovery of currently unknown contamination, may give rise to additional remediation liabilities, which may be material.

Although expenses related to environmental and safety compliance and/or remediation have not been material to date, we have made and will continue to make capital and other expenditures in order to comply with these laws and regulations. However, the requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. We may not be in complete compliance with all such requirements at all times, and we may be subject to potentially significant civil or criminal fines or penalties if we fail to comply. New regulatory requirements or interpretations or additional liabilities that arise in the future may have a material adverse effect on our business, financial condition and results of operations.

At group level, we maintain a risk map which provides a comprehensive view of the likelihood, impact and control mechanisms of the main group's risks in order to help the organization improve risk management and governance by prioritizing efforts. The risk map is updated on a regular basis and any time is deemed necessary (e.g. change in the environment, etc.). The risk map is reviewed at the most senior level of the organization and response plans are deployed accordingly. The risk map was updated in 2020.

INDUSTRY

Industry Overview

Equipment rental companies provide customers with lines of equipment, including larger equipment such as aerial work platforms, excavators, earthmoving equipment and forklift trucks, as well as smaller equipment such as power saws, jackhammers, scaffolding and small pumps. Rental companies provide also a large range of services associated with the equipment for rent such as maintenance, in-service inspection, repair, transportation, storage, compliance with health and safety regulations, damage waiver and training on the proper use of the equipment.

The primary customers for equipment rental companies include construction contractors, craftsmen, industrial companies, utilities, maintenance operators, government entities, events & media companies and homeowners. We address such customers in 30 countries, the majority of which are in Europe. The dynamics of the customer and geographic end markets we serve vary widely.

Equipment Rental Business Model

The long-term growth prospects for the equipment rental industry continue to be favorable, driven by the structural shift towards equipment rental instead of each customer owning its own fleet. The rental concept has gained attractiveness in a macroeconomic context in which even financially healthy companies find equipment rental to be a prudent investment policy. The equipment rental business is also attractive to customers as it allows them to meet their CSR targets in terms of compliance with regulations, safety and reduction of their carbon footprint. Other companies may also lack the financial resources or credit for large fleet investments and have to rely on the rental channel.

Our customers increasingly recognize the advantages of equipment rental over ownership, which include but are not limited to:

- Rental of equipment is part of the larger developing circular economy, where an equipment is rented by many customers over its life cycle while the rental company keeps control over its good functioning order through a program of maintenance and regular inspections.
- Equipment rental helps customers to fulfill their duties towards their objectives in terms of quality, safety and the environment.
- Rental of equipment reduces the amount of capital required in comparison to the purchasing of an equipment and allows companies to preserve their capital for other investments;
- Rental of equipment allows customers to exchange fixed costs for variable costs on an as-needed basis so that rental costs are only incurred when there is a predictable source of revenue; in contrast, ownership costs are fixed and include a number of ongoing costs in addition to the cost of initial purchase, such as insurance, maintenance, in-service inspection, repair, transportation and storage; these costs tend to increase over the life of the machine, and are only marginally related to its actual use;
- Rental of equipment minimizes costs related to idle equipment during project downtimes and provides flexibility to deal with unexpected events such as equipment failure or changes in planning;
- Rental of equipment can be used to supplement owned equipment, thereby increasing the range and number of tasks that can be performed and allowing customers to take advantage of opportunities without undermining the financial strength of their business;
- Rental of equipment transfers the residual value risk and the management of equipment at the end of its useful life to the rental equipment provider;
- Rental of equipment allows customers to select the most appropriate piece of equipment

for the task at hand, which can improve safety, efficiency and quality of work, especially since the safety of the equipment is systematically verified by the rental companies prior to any new contract; and

- Rental of equipment from companies with a large network of branches such as Loxam enables customers to optimize their logistics flows to and from their worksites.

Our Principal Customer End Markets

We primarily serve construction, industrial and specialist customers, from small businesses and craftsmen to large international groups as well as public administration. The construction end markets represent the largest portion of our business and accounted for approximately 60% of our revenue in 2020. We have also developed a strong offering for the rental services segment through addressing the needs of both construction and non-construction end users (such as local authorities and companies managing events) requiring services such as risk protection, business support, planning, logistics and onsite support, training and merchandise sales in addition to equipment rentals. Although the different industries and customer sectors we address are exposed to cyclical fluctuations, our diversified geographic and end-market exposure allows us to benefit from different growth patterns.

European Construction Market

The equipment rental industry is dependent on the construction market and on general economic conditions. Growth in the equipment rental industry typically anticipates and outpaces growth in the construction market and responds more quickly to positive or negative changes.

The construction market consists of different subsectors: new residential and non-residential, renovation and maintenance and civil engineering, which includes transportation infrastructure and telecommunications as well as energy and water works. While the construction market as a whole is cyclical, individual end markets have different growth patterns and do not follow similar trends simultaneously. For example, the renovation and maintenance end market has less cyclical dynamics as customers tend to reduce new projects in favor of renovation and maintenance work during an economic downturn. In addition, the intensity of construction activity can vary significantly between different regional and local markets providing further balance to demand for rental equipment.

The European construction markets have recorded their worst performance since the last financial crisis. In 2020 the 19 European countries surveyed by Euroconstruct have seen their markets decreasing by 8% as a consequence of the Covid 19 crisis (according to data released in November 2020) . For instance, the decrease of the French construction market in 2020 is expected to be -15.8%. Other markets among the most affected by a decrease were the UK at -19.5% and Spain at -12.5%. The Scandinavian construction markets were less affected by the sanitary crisis. The Swedish market is supposed to have been flat in 2020 (-0.4%) as well as Norway (+0.1%), while Finland was expected to record a slight growth of its construction market in 2020 (+1.3%).

Given the poor situation of construction markets, European rental markets have also recorded a significant decrease of activity in 2020. The 15 European countries that are covered by the European Rental Association (“ERA”) have seen their market size shrinking by over 10% in 2020.

European Equipment Rental Market Size and Trends

Based on data provided by the ERA in its ERA Market report 2020, the total size of the European equipment rental market (defined as total rental turnover, including rental-related revenue, merchandise and sale of used equipment) was in excess of €27.0 billion in 2019. The largest equipment rental markets in Europe in 2019 were the United Kingdom (€6.5 billion), Germany (€5.2 billion), France (€4.1 billion) and Sweden (€1.7 billion).

The ERA estimates the European rental market grew by 4.4% in 2018 and by 4.1% in 2019 before falling by 10.4% in 2020. According to ERA, the European markets should recover in 2021 and grow by 4.8%.

Construction rental penetration is expected to increase further throughout Europe as users recognize the advantages of equipment rental. The rental penetration rate tends to differ widely from country to country, and is influenced by, among other factors, the existence and quality of equipment rental companies in the local market, national economic conditions, attractiveness of financing and tax environments, weather patterns and cultural attitudes towards equipment rental.

In 2019, the average penetration rate for rentals in the construction sector (calculated using the size of the rental market divided by the size of the construction market) for the 15 European countries covered by the ERA was 1.4%. For 2019, France's rental penetration rate was in line with the average at 1.5%. The UK and Nordic markets enjoy the highest rate of penetration in Europe, with the UK' rental penetration rate standing at over 2.1% due to a very rich offer from rental companies beyond the traditional construction sector, and Sweden's rental penetration rate standing at over 3.4% due to a strong culture of equipment outsourcing from construction companies.

European Competitive Landscape

The European equipment rental industry is very fragmented and consists of a large number of small companies serving discrete local or regional markets and a small number of medium-sized and large companies serving regional, national or international customer bases. Specialty equipment rental companies against which the Group also competes can have large regional, national or international market shares in their respective specialty ranges of equipment. The industry is continuing to consolidate, and large, well-financed companies such as the Group are in a position to invest as needed to take advantage of the future growth in the rental market and of opportunities for market consolidation.

French Equipment Rental Market

Based on ERA data, the French equipment rental market is the third largest market in Europe, behind the United Kingdom and Germany, with an estimated size of €4.1 billion in 2019.

In 2019, after several years of consecutive growth, the market continued to increase noticeably at +5.7%. In 2020, it is expected that the rental market dropped by 14.3%, as the rental markets were affected by lockdown restrictions on construction markets between March and May 2020.

Loxam and Kiloutou are the two largest players in the French equipment rental market and together account for more than one third of the total market. Loxam is the largest rental company in the French market with an estimated 22% market share.

The table below presents revenue and revenue growth data from the ERA for the equipment rental market in France.

	2018 (actual)	**2019** (estimated)	**2020** (estimated)	**2021** (forecast)	**2022** (forecast)
Revenue (€ million)	3,880	4,100	3,515	3,805	3,970
% growth	*+7.8%*	*+5.7%*	*-14.3%*	*+8.2%*	*+4.3%*

(Source: ERA 2020 market report)

BUSINESS

Overview

We are the leading equipment rental company in Europe based on revenue of and the fourth largest equipment rental group in the world for the construction, industry, public works, services and events sectors based on 2019 revenue with a large and well-established presence in Europe.

We have historically managed our activity through three divisions:

- Generalist France division (€586.8 million in revenue and €235.5 million in EBITDA for the twelve months ended December 31, 2020), which includes equipment for earth moving (excavators, loaders and dumpers), aerial work (booms and scissors), handling (forklifts and tele-handlers), compaction, and building (concrete mixers and saws), as well as hand tools such as power drills, chainsaws and jackhammers. As of December 31, 2020, our Generalist France network included 411 branches. Our Generalist France network trades under the LOXAM Rental brand.

- Specialist France division (€216.0 million in revenue and €82.6 million in EBITDA for the twelve months ended December 31, 2020), which includes high-access equipment, modular buildings, large compressors and generators, heavy compaction equipment, suspended platforms and scaffolding. As of December 31, 2020, our specialist network in France included 78 branches. We rent specialist equipment in France under several specific brands, such as LOXAM Access, LOXAM Module, LOXAM Power, LOXAM Laho TEC, LOXAM TP, LOXAM Event and LOXAMED.

- International division (€1,186.1 million in revenue and €404.4 million in EBITDA for the twelve months ended December 31, 2020), which comprises our specialist and generalist equipment offerings outside of France. As of December 31, 2020, our International division had a network of 568 branches. The Ramirent Acquisition broadened our geographic reach to Finland, Sweden, Estonia, Latvia, Lithuania, Poland, the Czech Republic and Slovakia, in addition to the 22 countries in which we were present.

We rent over 1,500 different types of equipment and tools in our fleet, which consisted of approximately 550,000 pieces of equipment and had a gross book value of €4.3 billion as of December 31, 2020. We also provide services such as transportation, refuelling, damage waiver and retail consumable products to complement and support our rental business. As of December 31, 2020, we had 1,057 European branches, more than any other rental network in Europe.

Our revenue for the year ended December 31, 2020 was €1,988.9 million, of which approximately 40% is generated from France and 95% is generated from Europe.

Competitive Strengths

We believe that the following competitive strengths have been instrumental in our success and will drive our future growth:

Undisputed leader in pan-European equipment rental market

In 2019, the Group became the undisputed leader in the European equipment rental market, with Pro Forma Revenue in 2020 close to € 2.0 billion. The Group also has an unmatched network of 1,057 branches across 22 European countries. Based on 2019 revenue, the Group had a market leading positions in eight key European markets (France, Spain, Norway, Sweden, Finland, the Baltics, Poland and the Czech Republic) and top three market positions in each of the UK (where Loxam is the leader in the powered access market), Denmark, the Netherlands, Belgium and Italy.

The Group established its leadership in the European market through developing and expanding its network, both organically and through a series of successful acquisitions. Both Loxam and Ramirent have strong brand recognition epitomizing their high quality of service, dense network and large, high quality fleets. The Group's fleet total approximately 550,000 pieces of equipment which is the largest in the European market based on its gross book value of €4.3 billion as of December 31, 2020.

Dense commercial footprint serving diversified geographic and customer end markets through an expansive fleet and high-quality customer service

The Group owns a fleet of approximately 550,000 pieces of equipment serving over 350,000 customers in 30 countries as of December 31, 2020. Our portfolio of clients mostly includes construction and industrial customers, from small businesses and craftsmen to large international groups, and our customers operate within different economic and construction cycles. The construction end markets represent the largest portion of our business and accounted for approximately 60% of the Group 2020 revenue. In recent years, the Group has diversified the source of its revenue across industries and is now increasingly supporting the day-to-day activities or occasional needs of customers engaged in the broader services sector, such as events, training, facility management. As a result of these efforts, the Group revenue generated by non-construction end markets reached close to 40% in 2020. The Group is also less dependent on the revenue from its top 10 customers to less than 15% in 2020.

We provide our customer base with access to a fleet encompassing a wide range of both generalist and specialist equipment. We believe that we are the only rental group to provide such a range of both generalist and specialist brands on our geographic scale. Our evolving fleet allows us to act as a one-stop shop meeting a full range of client needs for earth moving, aerial work, handling, compaction, energy, modular and building equipment. Additionally, we aim to obtain standardized equipment from our suppliers to the extent possible and in accordance with our high standards. Greater standardization of our fleet lowers maintenance costs and reduces training time for our staff while also promoting greater fleet utilization by making it easier to share spare parts between branches and transfer equipment from one branch to another.

Client service is a central element of our brand and we seek to go beyond being able to provide the equipment our clients need by providing outstanding service throughout the rental process. This is why we have developed in-house training programs to train our staff from the moment they are hired. The Loxam School near Paris, where most new recruits spend some time for an induction training, offers our employees training on sales skills and the safe use of our equipment so that they are able to effectively advise our clients in their choice and use of rented equipment. We perform quarterly customer satisfaction surveys of approximately 30,000 customers. Our Net Promoter Score reached an all time high of 63 during the first lockdown in Spring 2020. In France, we were recognized as the client service provider of the year in the rental equipment category by ESCDA

(*Élection Service Client de l'Année*) in 2018, 2019 and 2020. Ramirent has a similarly strong commitment to customer service which is reinforcing the Group's existing reputation in this area.

Proven and flexible operating model supported by superior market knowledge as well as strong fleet and network management skills

The Group's successful, customer-oriented business model centers on the smart management of our rental equipment fleet and our broad network of branches, which is guided by our superior knowledge of the end markets, customers and geographic regions we serve.

Market knowledge and experience are central to each aspect of our business model. 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 in order to learn about, and adapt to, their changing needs as well as those of the overall construction market. We use market indicators such as GDP growth and construction activity in addition to information generated from our local branch network and strong customer relationships to predict short- and medium-term demand for our services. Our responsive business model is informed by the density of our network, particularly within France, the large number of our customers across diverse end markets and our experience of more than 50 years in the equipment rental market.

The quality and appropriate management of our fleet is a core part of meeting our customers' needs and maintaining our profitability and market leadership. We use the needs of our customers and the business cycles affecting our industry as well as our own set of key internal indicators, such as the age and utilization rates of different products in our fleet, to make strategic decisions with respect to the deployment of our fleet across our network and to the level of capital expenditure dedicated for the maintenance or expansion of our fleet. We continuously update and expand our fleet in order to meet the technical demands of our clients' operations and pursue opportunities to target new sectors.

We focus on maintaining the quality and flexibility of our overall network through close quality control of our branches, training of our employees, optimized IT systems and detailed reporting tools that allow for information sharing and internal benchmarking. We monitor the quality of our branches through regular internal and external audits. We promote the quality and dynamism of our network by providing 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 and motivated workforce. We rely on several integrated enterprise resource planning ("ERP") systems that support numerous aspects of our operations. In particular, these systems provide us with immediate data to inform the deployment of assets within our network to areas where the level of demand is higher, thus maximizing our utilization rates and further reinforcing the flexibility of our business model.

Profitable track record and ability to manage business cycles through nimble cost and capital expenditure control

We believe that our ability to manage our operating costs and our fleet according to market conditions is a competitive advantage that has contributed to Loxam's historically high level of profitability. We believe that we will continue to achieve EBITDA margins (post IFRS 16) above 33% following the acquisition of Ramirent based on the Combined Group's Pro Forma EBITDA margin of 36.2% and 36.6% (post-IFRS 16) for the years ended December 31, 2019 and December 31, 2020, respectively

We are able to efficiently manage our capital expenditure based on our market expectations. In a growth cycle, we invest in our rental fleet to enhance our product offering and expand into new products and markets. In a downturn, we can rapidly reduce capital expenditures, streamline our network and pay down debt with our cash flows. We have no long-term engagements in respect of capital expenditures and make investment decisions on a regular, near-term basis. As a result, we are able to quickly adjust our level of investment in the fleet to respond to the state of the market. The contra-cyclical nature of our cash flow generation driven by discretionary capital expenditure requirements contributes to the overall resilience of our business model throughout cycles.

Experienced management with superior market knowledge and proven M&A track record

Loxam's senior management team is led by Mr. Gérard Déprez, our president, CEO and controlling shareholder who has over 30 years of experience with us. The members of our management committee have significant experience in our industry and are supported by divisional and regional managers in an organizational structure that empowers middle management and local branch managers while keeping bureaucratic processes at a minimum. We believe that our lean management structure encourages strong commitment and entrepreneurial spirit across the Group.

Our management team has proven its ability to consistently deliver strong financial performance and protect cash flow generation. In recent years, our management team has also earned distinction for its skill at expanding our business through acquisitions.

We believe that the management teams of Loxam and Ramirent share similar approaches and priorities, as evidenced by, for example, our common focus on improving safety and diversifying our customer end markets. In addition to our management team, our second-largest shareholder, Sparring Capital, supports our success and development through its active participation in our Strategic Committee and the contribution of additional expertise in the rental industry stemming from its previous investment in the sector.

A commitment to environment, social and governance issues that distinguishes us from our competitors

Topics ESG are at the core of our operations and we believe that our achievements and level of commitment in this area set us apart from our competitors. This commitment takes the form of a number of initiatives we have undertaken to promote safety and environmental sustainability. In 2020, because of the COVID-19 crisis we were focused on keeping our branches opened while protecting our employees and customers. In 2020, we fulfilled the vast majority of our social and environmental commitments. We realized a new assessment of our carbon footprint, on French and Spanish direct and indirect emissions which will lay the path for our plan for the future years.

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 29 countries other than France.

In each of our divisions, our principal activity is equipment rental, which accounted for approximately 68.8% of total revenue in 2020. We also provide rental services (approximately 26% of total revenue in 2020), 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 5% of total revenue in 2020).

We offer over 1,500 different types of equipment and tools for rent. Most of our rentals are short-term (often less than one week).

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. We rent generalist equipment under the Loxam Rental brand. Our main product lines include:

- earth moving equipment, including excavators, loaders and dumpers, which are designed for digging, lifting, loading, moving and building materials 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 telescopic handlers, which are used to lift and transport materials and are often used in the construction, manufacturing and warehousing industries;
- compaction equipment, including compactors, rammers, rollers and vibrating plates, which are used to compact soil, gravel 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 drillers, concrete mixers, trowels and saws; and
- other equipment, including hand-operated tools such as power drills, chainsaws, and jackhammers as well as scaffolding, trucks, pumps, site surveillance systems and traffic management equipment, among others, which are 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 Access PL, 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 buildings, rented by Loxam Module, include portable accommodation, workspaces and containers, often used on major construction or civil engineering sites, for special events, 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 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. We also offer new services such as LOXAMED which provides mobile telemedicine services to public authorities and private businesses. Its services include medical testing and telemedicine services to the public and the staff of customers.

International

In addition to our generalist and specialist offerings in France, we offer equipment rental services in Western Europe, which we consider as our core market. We have subsidiaries located in Sweden which is our largest market outside of France before Finland, the United Kingdom and Norway. We are also present in Spain, Denmark, the Benelux, Italy, Germany, Ireland, Switzerland, Portugal, the Baltic States as well as Poland, the Czech Republic and Slovakia.

Outside of Europe, where we make 5% of our total revenue in 2019, we are present in the Middle East, in Brazil, Colombia and Morocco.

Ramirent has also a 50% stake in a Russian joint venture which is consolidated in the accounts under the equity method.

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 26% of total revenue in 2020, include transportation of equipment to a site and assembly of modular equipment, damage waivers, which act like a product warranty against theft and breakage, and rebilling of other services such as equipment maintenance and fuel. The cost of providing these services is passed on to customers. 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 5% of our total revenue in 2020. We consider retail to be an activity that supports our primary rental activity.

Customers

The Group has a broad customer base of approximately 350,000 clients across all divisions, ranging from large international companies to craftsmen. The Group’s customers operate in many sectors, including residential, industrial, commercial 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 within our headquarters), providing multiple entry points in our contacts with customers and contributing to the diversification and stability of our customer base. In 2020, construction and civil engineering customers represented approximately 44% and 17% of the revenue of the Group, 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. 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 who we serve through our network of 1057 branches worldwide.

Our top 10 customers, all of which operate in the civil engineering, construction or utilities sectors, accounted for less than 15% of our revenue for 2020. The acquisition of Ramirent was another step towards such diversification as Ramirent's strategic goal is also to win further in the small and medium sized business sector.

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. Our bad debt ratio remained low in 2020 and amounted to 1.1% of our revenue.

Sales and Marketing

The Group has 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:

- Our dedicated call centers 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; and
- Logistics: we are offering in some larger cities a centralization of transport services as well as a 24/7 onsite repair services;

- Training: some of the Group entities offer to train and deliver certain certifications to employees from our customers
- Loyalty programs, including our specialty programs such as Loxam Club, which targets SMEs.
- Site planning: at Ramirent we are also able to take care of the logistics of worksites.

For the last four years, from 2017 to 2020, the quality of our customer service received recognition in France through the "Customer Service of the Year" award in the "Equipment Rental" category. This award recognizes the very best in customer care and was earned following anonymous surveys. This standard is reported as covering most of the criteria from ISO 18295-1, which provides a framework for providing customers with services that continuously and proactively meet or exceed their needs.

Rental Fleet

The Group has a well-maintained fleet consisting of approximately 550,000 pieces of equipment (excluding accessories) as of December 31, 2020, with approximately 170,000 pieces of equipment in our Generalist France division, approximately 30,000 in our Specialist France division and approximately 350,000 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 1,500 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, 2020, our fleet had a gross book value of € 4.3 billion, of which the Generalist France division accounted for €1.1 billion, the Specialist France division accounted for €0.6 billion and the International division accounted for €2.6 billion.

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, lifts, tower cranes and hoists;
- handling: forklifts and tele-handlers;
- compaction: compactors, rammers, rollers;
- energy: compressors, generators, chillers, heaters;
- modular: modular spaces, containers;
  building and other: concrete mixers, scaffolding, pumps, tools and other equipment, such as trucks and traffic management; and
- scaffolding and
- hand tools such as jackhammers and power drills.

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 the Group's 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 seven-year basis, while a residual value of 10% of the original cost is kept in our books. The upper end of Access equipment and larger machines are depreciated on a straight-line ten-year basis with a 10% residual value. 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. 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 ensure that auction sales of our used equipment are made to buyers outside of our principal markets, which avoids the risk of reducing demand for rentals in the areas where we operate.

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.

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.

The Group invests heavily in hybrid and electric equipment to advance the transition towards a more environmentally-friendly fleet.

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.

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, 2020, we had a network of 1,057 branches, primarily located in Western Europe. The table below shows the number of branches we operate in each country or region:

Country	Branches
France	489
Sweden	83
Finland	59
Poland	47
Spain	47
The Netherlands	42
Norway	39
United Kingdom	36
Germany	30
Denmark	28
Brazil(1)	19
Italy	17
Belgium	17
Latvia	16
Estonia	15
Lithuania	15
Czech Republic	13
The Middle East(2)	13
Slovakia	12
Switzerland	7
Ireland	4
Morocco(3)	4
Portugal	3
Colombia	1
Luxembourg	1
Total	**1,057**

(1) We are present in Brazil through Degraus, which operates primarily in the state of São Paulo. Following share capital purchases, we currently have a 50.1% stake in Degraus.

(2) We are present in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates following the Lavendon Acquisition. We operate in each of these countries through joint ventures in which we hold a majority share and have full operating control.

(3) We are present in Morocco through our subsidiary Atlas Rental, in which we have a 51% stake and full operating control.

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 several markets 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. We may also relocate branches in light of the development of cities, the evolution of infrastructure or to optimize our geographical coverage.

We implement periodic network optimization plans to enhance the profitability of our network through better coordination of commercial activities and capital expenditures, pooling of resources, and improved exchanges of staff and equipment among branches, savings in back office and marketing costs, and enhanced branch positioning.

Branches in France and International Branches

Most of our branches are located in France. Of our 489 branches in France as of December 31, 2020, 411 were Generalist branches and 78 were Specialist branches. Our branches are typically 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 (43 branches), Loxam Power (15 branches), Loxam Module (10 branches), Loxam Laho TEC (2 branches), Loxam TP (6 branches), Loxam Access PL (1 branch) and Event (1 branch).

In the United Kingdom, Spain, 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 brand, with the exception of the Lavendon, Hune, Nacanco, Degraus and Swan Plant Hire branches. Additionally, Ramirent has one of Europe's largest networks, with 299 branches as of December 31, 2020. Ramirent operates 83 branches in Sweden, 59 in Finland, 118 in Eastern Europe and 39 in Norway.

Employees

As of December 31, 2020 the Group had 10,800 employees, nearly all of which were salaried personnel. At this date, approximately 59% of our employees were based outside of 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 teams in France and the United Kingdom maintain our hardware and service the software we use. We use several ERP systems, including Rentalman, L-Vis and Navision, all of which specialize in rental activity.

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

Intellectual Property

We use several trademarks, mainly including “Loxam”, “Ramirent”, “Nationwide Platforms” and “Hune” brands, all of which enjoy high brand recognition in their home markets. “Loxam” is protected in the countries where we do business, including France and the other members of the European Economic Community.

A proactive ESG policy that reflects our commitment

We are subject to comprehensive and frequently changing local, national and European Community-level laws and regulations, which we try to anticipate as well as possible. Furthermore, we believe that our company should address the needs of its stakeholders, and in particular its employees and customers.

With this goal in mind and based on a materiality analysis carried out in 2018, we gradually developed measures for our ESG activities in order to properly manage our environmental and social impacts. We see ESG as a continuous improvement program, based on the following five pillars:

- Make our significant local presence an opportunity for the local communities;
- Guarantee safety, anytime and anywhere ;
- Preservation of the environment ;
- Train our staff so that they can develop their career ;
- Lead by example in ethics and responsible procurement.

In 2020, because of the COVID-19 crisis we remained focused on being able to continue serving our customers while protecting our employees and stakeholders. Despite these adverse conditions, we met the vast majority of our social and environmental commitments.

In terms of environment, we realized a new assessment of our carbon footprint, on French and Spanish direct and indirect emissions. Since 63% of our carbon footprint comes from customer use of our equipment, which represents indirect emissions for us but direct emissions for them, we really want to provide low-emission alternatives as soon as new equipment is available. This is the objective of our Loxgreen program, which aims at proposing new alternatives to traditional thermal equipment.

In 2021, we’ll work to shape a new and ambitious CSR Group strategy that defines common objectives, which will be specified within our different business units, according to their maturity and geographic specificities.

A certification process that demonstrates the robustness of our organization

We have always taken strong commitments in favor of corporate social responsibility, recognized by our certifications:

In terms of operational excellence
Since 1997, Loxam has been certified ISO9001. Today, most of our subsidiaries, including Ramirent and Powered Access Division, are also certified to make sure that we offer the same quality of service everywhere.

In terms of safety
To further its commitment to the health and safety of its employees and clients, Loxam extended its ISO 45001 certification in 2020. 90% of our network is now ISO 45001 certified.

The entire Loxam Power business unit (energy-focused industrial equipment rental, such as generators, air compressors, cold generators, etc.), **part of Loxam Access networks** and a few of Loxam Rental branches are **certified MASE** (corporate safety improvement manual). MASE is the top environment, health and safety standard in France, the only certification regulating work at high-risk sites.
In 2019, Nationwide Platforms was awarded the Gold IPAF Rental+ certification in the UK, recognized in the industry as the independent quality mark for powered access hire companies.

In terms of environment
We are subject to 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 continue to improve our care of the environment, both Loxam and Ramirent obtained the ISO 14001 certification for our European network.

In terms of corporate social responsibility
In 2015 LOXAM was certified ISO 26000 level 3 and remains to this day the only company in the sector with this grade.

Key performance indicators Loxam SAS:

Pledge	Indicator	2020 Objective	Results		
			2018	2019	2020
Widespread local presence as an opportunity	Net promoter score	Annual increase + to be elected "Customer service of the year"	37	45,7	60,4
	Digital invoices issued (in million)	> 1M		0,9	1
	Nationwide charitable contribution	At least 1 contribution	Done	Done	Done
Safeguard safety	Work accident frequency rate	< 30	27	24,13	21,18
	Work accident severity rate	< 1,3	1,3	1,09	1,21*
Environment	% of certified 14001 branches	100%	100	100	100
	Carbon footprint scopes 1 & 2 (kT CO2e)	Reduction path being defined	N/A	36	N/A
	Carbon footprint scope 3 (kT CO2e)		N/A	554	N/A
Upskill our staff and grow their career	% of permanent contract employees	>90%	96	96	96
	% of student apprentices	> 3%	3	3	3,5
	% of under 25 years old employees	> 5%	8	8	9
	% of above 50 years old employees	> 20%	24	25	26
	% of women employees	> 20%	21	22	20
	Number of nationalities	> 20	41	46	48
	% of employees promoted in a year	> 10%	11	13	8**
	Total turnover rate	< 15%	16	16	14
Ethics and responsible procurement	% of employees who received the ethic charter and whistleblowing procedure	100%	100	100	100
	% suppliers concerned by the Responsible Procurement Charter	At least Top 30 suppliers	0	100	100
	Suppliers audited on CSR criteria by Loxam (purchase volume)	At least Top 30 suppliers		Done	Done

* This increase comes from sick leave. As a reminder, the average for our industry is around 2,1.
** In 2020, our commitment was not reached because of the sanitary crisis and periods of furlough.

A rewarded commitment by evaluators and extra-financial rating agencies

We are now being evaluated by a number of evaluators and extra-financial rating agencies. Their feedbacks are really important for us to contribute to our continuous improvement process. We answered last year to all requests. Loxam's good results, among the best in its industry, demonstrate the seriousness and robustness of its governance, commitments and results.

Limited maturity (46/100)

Low risk (12,2)

Our ESG publications :

- 2020 CSR synthesis
- 2020 CSR full report available in early April 2021 on request (csr@loxam.fr)
- CSR website : https://www.loxam-csr-rse.com/

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 responsibility or obligations 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 - GOVERNANCE

Pursuant to French law governing limited liability companies (*Sociétés par Actions Simplifiées*) and our articles of association (S*tatuts*), our affairs are managed by our Chairman and Chief Executive Officer (*Président*), who is assisted by the Managing Director and consults our Strategic Committee (*Comité Stratégique*) on performance and development matters. In 2019, in face of the rapid international development of the Group, an Executive Committee was set-up by our Chairman in order to implement and coordinate Loxam's strategy in the entire Group.

Chairman and Chief Executive Officer

Our Chairman and Chief Executive Officer is Mr. Gérard Déprez, who has held this position since 1986. Before joining Loxam, Mr. Déprez was regional director of the building materials manufacturer SOCIMAT from 1983 to 1986 (now part of Saint-Gobain Group), and vice president of finance of Ciments d'Origny Group (part of Holderbank Group, also in the building materials industry now Lafarge Holcim) from 1978 to 1983. Mr. Déprez was also Chairman of the Board of the European Rental Association from 2005 to 2013. He holds a business degree from EM Lyon, as well as a degree in law and is a chartered accountant.

The Chairman and Chief Executive Officer has broad powers to act on our behalf in any circumstances, as limited by the corporate purposes set out in our articles of association and the powers expressly reserved for the general meeting of shareholders by law or by our articles of association, to represent and bind us in dealings with third parties, to manage and administer our affairs and has full management powers in respect of the employees of the company. Our Chairman and Chief Executive Officer is appointed by our shareholders and may be dismissed by the shareholders at any time.

Managing Director

Our Managing Director is Mr. Stéphane Hénon, who has held this position since July 2012. Mr. Hénon joined Loxam in 2000 and previously held the positions of Director for Ile de France (2000 2001) and Chief Operating Officer (2001 2012). Before joining Loxam, Mr. Hénon was the director of building activities at Dagard, an industrial company from 1996 to 2000, and prior to that, an associate consultant at Axionis, a consulting company from 1995 to 1996. He holds a degree from Ecole Supérieure d'Electricité (SUPELEC)..

Pursuant to the Articles of Association of Loxam, the Managing Director has broad powers to act on our behalf in any circumstances, as limited by the corporate purposes set out in our articles of association and the powers expressly reserved for the general meeting of shareholders by law or by our articles of association, to represent and bind us in dealings with third parties and to manage and administer our affairs and has full management powers in respect of the employees of the Company. Our Managing Director is appointed by our shareholders for a term of three years and may be dismissed by the shareholders at any time.

Executive Committee

The Executive Committee is made up of eight members: the Group Chairman, the Managing Director, the Managing Directors of the French operations, the two CEOs of the International division, the Group Chief Financial Officer and the Corporate Strategy and Development Director. Each member is in charge of a cross-Group function: ESG, social affairs, reporting, digital, among others. The Executive Committee meets every two months.

The following is a brief description of the experience of each of the members of the Management Committee. For Mr Déprez and Mr Hénon, please refer to the Chairman & Chief Executive as well as Managing Director sections.

Olivier Grisez
Managing Director of the Generalist Division France. Mr. Grisez joined Loxam in June 2018. Before joining Loxam, he held leadership's positions in B2B operations at Saint Gobain Group and most recently Ivalis, where he was the CEO. He holds engineering degrees from the École Polytechnique and the École Nationale des Ponts et Chaussées.

Philippe Simonnet
Deputy Managing Director of the Specialist Division France: Mr. Simonnet has held various management positions with Loxam since 1998, first as Area Manager, then as Business Unit Manager (Loxam Access and Laho). He was appointed Chief Operating Officer in 2012. Before joining Loxam, he worked at Serre & Ansot Location, a French equipment rental company, from 1986 until 1998, first as Branch Manager and then as Area Manager for the Paris region. He holds a baccalaureate diploma in science.

Paul Rankin
Mr. Rankin joined the Lavendon Group in 2014 as Managing Director of Rapid Access based in the UAE before moving to the position of Chief Operating Officer for the Powered Access Division in 2020. Prior to joining Lavendon Mr Rankin spent 10 years in Dubai working for Johnson Controls where he served as Regional Executive Director for the Middle East region. He holds a Bachelor of Engineering (Honours) in Building Services Engineering from Glasgow Caledonian University, as well as a Masters in Business Administration from Strathclyde University.

Erik Bengtsson
Mr. Bengtsson is the CEO of Ramirent Ltd. Previously Mr Bengtsson held the position of Executive Vice President of Sweden at Ramirent, with responsibility over Group Fleet and Sourcing. Erik Bengtsson has a strong track record in the equipment rental industry, having previously been member of the Ramirent Board of Directors from March 2017 to August 2018, and having held various senior managerial roles in the industry since 2005.

Patrick Bourmaud
Mr. Bourmaud has been Chief Financial Officer since 2008. Mr. Bourmaud has been with Loxam since 2004, first as M&A Director (2004 2005) and then as Regional Director (2005 2007). Before joining Loxam he worked for HSBC in the M&A and equity capital markets departments (1994 2004). He holds a finance degree from Ecole Supérieure de Commerce Paris.

Strategic Committee

The Strategy Committee is currently composed of 10 members, including the Chairman and the Managing Director. Our articles of association provide that the Strategy Committee may consist of up to 12 members who may or may not be shareholders in Loxam. Members of our Strategy Committee (other than the Chairman) are appointed for a term of three years by the ordinary general meeting of shareholders.

The Strategy Committee meets at least four times a year and is convened by the Chairman or the Managing Director. Its role is to assist and advise the Chairman on questions relating to the development strategy, finance, external growth and ESG policy. It takes notice of the reports of the ad hoc Committees (Audit Committee, Remuneration and Appointment Committee, Ethics Committee) and answers to the Chairman on any question submitted to it by him. Members of the Strategy Committee meet those of the Executive Committee during dedicated seminars.

The following is a brief description of the present and past experience of the members of the Strategic Committee.

Hélène Bouchache-Déprez
Mrs. Bouchache-Déprez is an architect HMONP and a partner at Studios Architecture in Paris. Mrs. Bouchache-Déprez holds a Masters degree and a professional degree from Ecole Nationale Supérieure d'Architecture Paris, Val de Seine.

Yves Coquinot
Mr. Coquinot spent 31 years at Loxam prior to his retirement in July 2012. He held the position of Managing Director from 1997 to 2012. Mr. Coquinot has a degree in law from the University of Dijon.

Jean-Pierre Créange
Mr Créange acts as representative of Sparring Capital to the Board of Loxam. Mr. Créange was a founding Partner and Managing Director of Sparring Capital, a private equity firm he co-founded in 2002. Having started his career in the aeronautic sector and in the banking sector, Mr. Créange held positions with the investment firms Unidev and UI. He holds degrees from Ecole Nationale Supérieure des Télécommunications and Institut d'Administration des Entreprises.

Gilles Gramat
Mr Gramat was Partner and Chairman of the Supervisory Board at Sparring Capital, a private equity firm he co-founded in 2002. He began his career as an engineer for Avions Marcel Dassault, before joining Crédit National and later Sofinnova, where he served as Deputy Managing Director. In 1987, he founded Unidev, a listed investment company, which was acquired by UI in 1993. He was Chief Executive Officer of UI from 1993 to 2001 and then its Chairman and CEO from 2001 until April 2003. He was also Director of Investments and International Participations of Credit Agricole SA. Mr. Gramat is a graduate of the Ecole Nationale Supérieure des Télécommunications.

Alice Henault
Currently managing the Corporate Strategy and Development department, Ms. Henault peviously held the position of Director of Loxam Access. Prior to joining Loxam in 2013, she worked as an analyst with PricewaterhouseCoopers in Paris (2007-2011). She holds an MBA from Harvard Business School, an MPhil in Technology Policy from the University of Cambridge, and a Master of Science from Ecole Nationale Supérieure des Télécommunications.

Jean-Pierre Letartre
Former Managing Partner of EY in France and CEO Western European Région (France, Netherlands, Belgium, French speaking Africa, Luxembourg and Maghreb). In September 2020 he was elected as President of "Entreprises et Cités" and IRD Group. He is also a Board Member of 3 family owned companies. Mr Letartre graduated with a DEA in Business Law, is a chartered accountant and a statutory auditor. Jean-Pierre Letartre is deeply involved in promoting entrepreneurship in France. In July 2013, Jean-Pierre was appointed one of the ten "qualified members" of the MEDEF Executive Board (the French employers' organization).

Olivier de la Morinière
Mr. de la Morinière is managing financial and real estate investments. He was formerly Chairman and CEO of the truck rental company Fraikin. Previously, he was Chairman and CEO of MC International, a consulting firm. Mr. de la Morinière holds a degree from Ecole Polytechnique de Paris and Ecole Nationale des Ponts et Chaussées.

François Varagne
Mr. Varagne is CEO of Ecore, the second largest metal recycling group in France since 2017. Between 2012 and 2016, Mr Varagne was CEO of Gras Savoye, a major insurance broker. Between 2001 and

2011 he was CEO of French LPG distributor Antargaz, and before he was the CEO of the transport group Keolis, and Brink's France, a division on the Brinks security group. He graduated from HEC and holds a degree in philosophy.

Audit committee

Our Audit Committee is currently composed of three members of the Strategy Committee, Jean Pierre Créange, Jean-Pierre Letartre and Olivier de la Morinière. Two of them are independent (i.e. not shareholders or representatives of shareholders of Loxam SAS). The role of the Audit Committee is to examine the financial statements of the Group prior to their presentation to the Strategy Committee. The Audit Committee also examines the risks faced by the business and meets with the Group's statutory auditors at least once per year. The Committee meets at least twice a year, with the Group's CFO in attendance.

Remuneration committee

The Remuneration and Appointment Committee oversees the remuneration and appointment of the Group's senior executives. It meets at least once per year and is currently composed of four members: Jean-Pierre Créange, François Varagne, Olivier de la Morinière and Gérard Déprez.

Ethics committee

The Ethics Committee is made up of an independent member of the Strategy Committee (Olivier De la Morinière) and a Group ethics officer. They meet at least once a year. The ethics officer reports on any whistleblowing alerts received and how each of them was dealt with. The Ethics Committee reports to the Strategy Committee..

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

The Loxam Group is the leading equipment rental company in Europe with consolidated revenue of €1,988.9 million in 2020.

Loxam has operations in 30 countries on four continents and has historically managed its activity through three business divisions.

We generated revenue of €1,988.9 million in 2020, representing an increase of 6.3% compared to revenue of €1,871.4 million in 2019. At constant perimeter and at constant exchange rates, revenue has decreased in 2020 by 12.7%. In France, revenue decreased by 13.1% in 2020, affected by the Covid-19 pandemic. Our International division's revenue increased by 25.2% thanks to Ramirent contribution. At constant perimeter and at constant exchange rates, our International division's revenue decreased by 12.4% as all our geographies were affected at some stage by direct or indirect consequences of the COVID pandemic.

In 2020, 29.5% of our revenue was generated from our Generalist France division (down from 36.4% % in 2019), 10.9% was generated from our Specialist France division (down from 13.0% in 2019), with our International division contributing 59.6% (up from 50.6% % in 2019).

We generated EBITDA of €727.9 million in 2020, representing an increase of 3.7% compared to €701.7 million in 2019. At constant perimeter and at constant exchange rates, our EBITDA margin remained stable at 36.6% of our revenue in 2020, as we adapted quickly our fixed costs to the declining activity and cut severely our marginal variable costs

Our depreciation expense on intangible and tangible assets increased by 21.7% to € 553.4 million and was also up by 2.2% at constant perimeter. Our depreciation on tangible fixed assets decreased by 4.5% at constant perimeter only as a consequence of our reduced capital expenditures in 2020. The depreciation charge over intangible fixed assets increased by 55.2% at constant perimeter following the allocation of goodwill of the acquisition of Ramirent on trademarks and customer relationships. Our EBIT amounted to € 174.5 million and was down by 27% versus the previous year.

Our net financial expense increased from €(154.9) million in 2019 to €(158.6) million in 2020, as it included an interest charge increase of 27.0 M€ for the bonds issued to finance the acquisition of Ramirent. The 2019 accounts were also impacted by €28.3 million of transaction costs linked to the financing of Ramirent's acquisition..

In 2020, the Loxam Group stayed profitable. The group share of net profit decreased from €49.4 million in 2019 to €4.8 million in 2020.

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 on a short-term basis 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 acquisitions and the opening and closing of branches. These factors are described in greater detail below.

In 2020, our results of operations were affected by the COVID-19 pandemic. Largely declared an essential industry, many construction projects were not shut down, or at least quickly reopened after the early months of the pandemic. However, the public funding on which infrastructure projects rely and the general economic health of the countries both slowed down the markets.

Cyclicality, seasonality 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. Many of the markets in which our customers operate are cyclical, 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 markets in which our customers operate 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 general economic trends that can have an impact (positive or negative) over a longer period and by short-term factors that affect the utilization rates and prices for a brief period. For example, demand in the construction and civil engineering markets tends to decrease in winter and during extended periods of inclement weather while increasing in the summer and during extended periods of mild weather. 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, which allowed us to respond efficiently to the COVID-19 outbreak by reducing our capital expenditures and implementing cost cutting measures throughout the organization from mid-March 2020.

Prior to the emergence of the Covid-19 pandemic, the Group was anticipating that its activity would slow down in certain key markets in 2020, such as France and Sweden.

During the second quarter of 2020, all business operations of the Group were affected by the Covid-19 pandemic. The decrease in the level of activity was the sharpest in Southern and Western Europe where strict lock-down measures were imposed on business such as France, Italy and the UK. However, after the lifting of lock-down measures, a rapid recovery of the level of activity was noticed although the level of business did not come back to its pre-crisis level.

During Q3, Loxam experienced a business catch-up in the countries that had been mostly affected by the pandemic in Q2 such as France, Spain and Italy. However, in other countries the revenue trend continued to be in-line with the previous quarter.
In Q4 with the reinstatement of lockdown measures in some countries, Loxam markets continued to be directly or indirectly affected by the pandemic. During the quarter, all of our branches remained open and we adapted their opening hours in view of the lockdown measures. Revenues were down by 3.7% in France and by 12.8% at the international division.

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. In 2020, we have not sold fleet before the end of the useful life as we considered the COVID 19 crisis would affect us temporarily and that we would need the fleet for the recovery post crisis. 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 sectors in which our customers operate, 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 cycles affecting the sectors in which our customers operate, particularly historically in the construction and civil engineering sectors, 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. For example, in response to the COVID-19 outbreak throughout the first half of 2020, we rapidly reduced sharply our capital expenditures as part of the implementation of cost cutting measures. In the second half of the year we resumed our capex program as visibility improved. Overall in 2020 we decreased our fleet capital expenditures by 44% to €191.9 million.

Operating expenses

Our business, like that of all equipment rental groups, is capital-intensive with a predominantly fixed cost structure that principally relates 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 as evidenced by the performance of 2020 when we were able to cut some fixed costs and adjust significantly down our variable costs. To the extent possible we seek to deploy our fleet so as to match increases and decreases in demand rather than relying on renting equipment from a third party to then rent it out to our own customers or other more costly measures to meet the needs of our customers.

Acquisitions

We make acquisitions 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. Acquisitions result in the addition of new branches and also the closing of existing ones as we consolidate our operations. Both of these can have a significant impact on our revenue from one period to the next. In 2020, we didn't make any acquisition.

Organic development

In July, we launched Loxamed in France. This company, which is 51% owned by Loxam, is providing mobile telemedicine services to public authorities and private businesses. Its services include medical testing and telemedicine services to the public and staff of customers.

Explanation of Key Line Items from the Income Statement

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

- ***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 income*** principally includes net capital gains on disposals of fleet assets and real estate rent paid by subtenants.
- ***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 current 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.
  Since January 1, 2019, following the application of the new IFRS 16 standard, the rent expenses related to lease contracts for real estate, heavy vehicles and light vehicles are cancelled (for lease contracts in the scope of the standard).

- ***Taxes and duties*** relate mainly to property and local taxes (including the CET or *Contribution Economique Territoriale* paid in France).

- ***Depreciation and amortization*** principally include depreciation of fixed assets (fleet and non-fleet).

  Depreciation and amortization also include depreciation of intangible assets (trademarks and customer relationships) following the purchase price allocation completed on the acquisitions made since 2017.

  As per IFRS 16, as a lessee, the Group is accounting for the right-of-use assets and recognizes its amortization on a straight-line basis over the lease terms.

- ***Other operating income and expense*** includes a limited number of unusual, abnormal, and uncommon items, with significant amounts, which are 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 changes in the fair value of derivatives instruments and the interest cost related to the lease liability generated by the application of the IFRS 16 standard as of January 1, 2019.
- ***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, 2020, the corporate tax rate in France was 28.41%. We are also subject to tax rates in the other countries in which we operate, which ranged from 0% to 34% as of that date.
- ***Share of associates*** includes the group's share of the result of companies accounted for by the equity method.

Results of operations

The table disclosed below sets out our results of operations for the years and 4th quarters ended December 31, 2019 and 2020. For comparative purposes, the financial information for the full year 2019 and the fourth quarter of 2019 have both been restated based on the IFRS IC decision (on a prorata basis for Q4 2019).

Consolidated Income Statement	**Year ended December 31, (IFRS)**			**Quarter ended December 31, (IFRS)**	
(in millions of euros)	**2019 published**	**2019 restated**	**2020**	**2019 restated**	**2020**
Revenue	**1,871.4**	**1,871.4**	**1,988.9**	**587.3**	**533.4**
Other income (1)...	59.5	59.5	70.7	20.1	17.6
Purchases consumed...	(193.4)	(193.4)	(185.1)	(61.8)	(56.2)
Personnel expenses..	(467.5)	(467.5)	(513.9)	(145.7)	(133.6)
Other current expenses..	(556.7)	(548.8)	(612.9)	(184.1)	(166.0)
Taxes and duties	(19.6)	(19.6)	(19.8)	(3.7)	(4.6)
Depreciation and amortization – Property, Plant and Equip.	(428.3)	(435.5)	(504.2)	(137.1)	(127.0)
Depreciation and amortization – Intangible assets	(26.6)	(26.6)	(49.2)	(16.4)	(12.5)
Profit from ordinary operations....................................	**238.9**	**239.5**	**174.5**	**58.6**	**51.2**
Other operating income and expense (2)..........................	(28.1)	(28.1)	(12.0)	(15.7)	(11.4)
Operating profit..	**210.8**	**211.4**	**162.5**	**42.9**	**39.7**
Financial income and expense	(153.8)	(154.9)	(158.6)	(37.1)	(37.0)
Share of profit of associates...	0.9	0.9	1.1	0.5	0.5
Income tax expense...	(9.7)	(9.6)	(0.7)	11.2	2.5
Net profit...	**48.2**	**47.9**	**4.3**	**17.6**	**5.7**
Non-controlling interests..	(1.2)	(1.2)	(0.5)	(1.0)	(0.0)
Net profit, group share	**49.4**	**49.1**	**4.8**	**18.6**	**5.8**

Note :

(1) Other income includes capital gains on fleet disposals amounting to €47.5 million in 2019 and €57.9 million in 2020, and €16.2 million and €14.1 million in the quarters ended December 31, 2019 and 2020, respectively.

(2) Other operating income and expense in 2020 mainly includes a goodwill depreciation of Rapid Access (Middle East) for €(10.0) million and of Atlas Rental (Morocco) for €(0.9) million, an impairment of €(0.6) million related to the sale of the Twinsite project (a training activity of Ramirent Sweden). In 2019, other operating income and expense mainly included €(12.9) million of acquisition costs, a goodwill depreciation of Loxam Denmark for €(10.0) million, a restructuring plan of Ramirent Sweden for €(5.3) million.

We consider revenue and EBITDA to be key measures in analyzing our business. EBITDA is a non-IFRS measure but we believe that it and similar measures are widely used by certain investors as supplemental measures of performance and liquidity. The financial information by segment is presented in our financial statements with the breakdown of the business in our three divisions:

Generalist France, Specialist France and International. Each of our branches is assigned to one of these divisions, and as of December 31, 2020 we had 411 branches in Generalist France, 78 in Specialist France and 568 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, 2019 and 2020 and the quarters ended December 31, 2019 and 2020.

	Year ended December 31, (IFRS)			**Quarter ended December 31, (IFRS)**	
(in millions of euros)	**2019 published**	**2019 restated**	**2020**	**2019 restated**	**2020**
Revenue					
Generalist France [1]	681.5	681.5	586.8	174.6	165.2
Specialist France [1]	242.8	242.8	216.0	62.3	62.8
France	**924.3**	**924.3**	**802.8**	**236.9**	**228.0**
International	947.2	947.2	1,186.1	350.4	305.4
Total revenue	**1,871.4**	**1,871.4**	**1,988.9**	**587.3**	**533.4**
EBITDA					
Generalist France [2]	269.8	276.2	235.5	68.4	61.9
Specialist France [2]	86.2	87.7	82.6	22.4	24.1
France	**356.1**	**364.0**	**318.1**	**90.8**	**86.0**
International	331.1	331.1	404.4	119.6	103.8
Real Estate [3]	6.6	6.6	5.4	1.7	0.7
Total EBITDA	**693.8**	**701.7**	**727.9**	**212.1**	**190.6**
EBITDA margin	*37.1%*	*37.5%*	*36.6%*	*36.1%*	*35.7%*

Notes:

(1) To present the revenue of Generalist France and Specialist France, we allocate revenue by branch. Where revenue is related to events-related rentals handled by Loxam Event, which is not in a particular division, we allocate revenue to the branch whose equipment is rented.

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

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue

Our revenue increased by 6.3% to €1,988.9 million in 2020 compared to revenue of €1,871.4 million in 2019. At constant perimeter and at constant exchange rates, revenue decreased by 12.7% in 2020.

Revenue from our Generalist France division decreased by 13.9% from €681.5 million in 2019 to €586.8 million in 2020. Revenue of the Generalist France division was affected by the strict lockdown measures introduced to curb the Covid-19 outbreak from mid-March to Mid-May. During the lockdown period activity on construction sites was sharply reduced but recovered fast thereafter. The revenue held up well during the last quarter of the year despite more difficult trading conditions for some sectors as new lockdown measures on some businesses (but not construction) were imposed.

Revenue from our Specialist France division decreased by 11.0% to €216.0 million from €242.8 million. The Specialist France division was also penalized by the cancellation or postponement of events and industrial maintenance in 2020. However, the temporary modular constructions activity developed well as demand remained strong and also benefitted from sanitary measures of our customers.

Revenue at our International division increased by 25.2% to €1,186.1 million from €947.2 million, thanks to Ramirent. Ramirent was consolidated over 12 months in 2020 versus 5 months in 2019. At constant perimeter and exchange rates, revenue at the International division decreased by 12.4% in 2020. The overall performance is however more contrasted at the level of countries. Over the year, the Middle East and the UK continued to be affected by the lack of projects.Ramirent experienced a lower level of demand in the second half of the year from industrial customers while volatility increased in the Baltic countries.

In 2020, 29.5% of our revenue was generated from our Generalist France division (down from 36.4% in 2019), 10.9% was generated from our Specialist France division (down from 13.0% in 2019), and our International division contributed to 59.6% (up from 50.6% in 2019).

Other income

Other income increased by 18.9% from €59.5 million in 2019 to €70.7 million in 2020, mainly due to the consolidation of Ramirent. At constant perimeter, the other income decreased by 5.8% on the back of lower proceeds from fleet divestment and property lease revenue from third party as the Group moved to new headquarters in France in October 2020.

EBITDA

We generated EBITDA of €727.9 million in 2020, representing an increase of 3.7% compared to €701.7 million in 2019. At constant perimeter and at constant exchange rates, our EBITDA margin remained stable at 36.6% of our revenue in 2020.

At our Generalist France division, EBITDA decreased by 14.8% to €235.5 million from €276.2 million. The EBITDA margin decreased slightly by 0.4 pt to 40.1%. This robust level of margin was kept thanks to the quick adjustments made to cut the division's costs.

At our Specialist France division, EBITDA decreased by 5.8% to €82.6 million in 2020 from €87.7 million in 2019. The EBITDA margin increased by 2.1 pts to 38.3% in 2020, thanks to the good performance of our temporary modular construction business and the action taken already in 2019 to reduce costs and external charges at some of the business units of this division.

EBITDA at the International division increased by 22.1% to €404.4 million in 2020, from €331.1 million in 2019. At constant perimeter and at constant exchange rates, the EBITDA of our International Division decreased by 12.9%. The EBITDA margin of the Division lost only 0.9 point to 34.1%, thanks to widespread cost cutting measures which were adequate to the level of activity encountered by our business units.

Purchases consumed

Purchases consumed decreased by 4.3% from €193.4 million in 2019 to €185.1 million in 2020. At constant perimeter, purchases consumed decreased by 16.3% in line with the lower activity.

Personnel expenses

Personnel expenses increased by 9.9% to €513.9 million in 2020 from €467.5 million in 2019. At constant perimeter, personnel expenses decreased by 8.8%, thanks to decisions made concerning the furlough of staff, the reduction in working hours, holiday pay etc… and also from a reduction in staff numbers mostly at the International division.

Other current expenses

Other current expenses increased by 11.7% to €612.9 million in 2020 from €548.8 million in 2019. Other current expenses decreased by 12.7% at constant perimeter in 2020 compared to 2019, thanks mostly to a reduction of variable costs such as sub-contracting in terms of haulage, maintenance, operator costs. Travel costs and marketing costs were also cut sharply because of the sanitary crisis.

Depreciation and amortization

Depreciation and amortization for property, plant and equipment increased from €347.0 million in 2019 to €393.7 million in 2020, as a consequence of the consolidation of Ramirent. At constant perimeter, the fleet depreciation expense decreased by 5.4% as a result of the strong reduction in the capex spent in 2020.

The amortization expense of intangible assets increased to €49.2 million in 2020 compared to €26.6 million in 2019. The increase in amortization expense is related to the amortization of trademarks and customer relationships at Ramirent following the allocation on intangible assets of the goodwill inherited from the acquisition.

Following the application of IFRS 16, as a lessee, the Group recognized the right-of-use assets and amortized them on a straight-line basis over the lease term of each contract. For 2020 the amortization related to the right-of-use amounted to €110.5 million, compared to €88.6 million in 2019. The increase is mainly due to the contribution of Ramirent.

Other operating income and expense

Other operating expense amounted to €(12.0) million in 2020 compared to €(28.1) million in 2019. The 2020 non-recurring costs mainly included the partial impairment of the goodwill of our subsidiaries in the Middle East for €(10.0) million. We also impaired totally the goodwill on our

Moroccan subsidiary for€(0.9) million. In 2019 the non-recurring costs included depreciation partial impairment of the goodwill of our Danish subsidiary for €(10.0) million and acquisition costs for €(12.9) million, as well as some provisions for the cost of the merger of Ramirent operations in Norway and Sweden with Stavdal for €(5.2) million.

Financial income and expense

Our net financial expense increased from €(154.9) million in 2019 to €(158.6) million in 2020, as it included an interest charge increase of €27.0 million for the bonds issued to finance the acquisition of Ramirent. The 2019 accounts were also impacted by €28.3 million of transaction costs linked to the financing of Ramirent's acquisition.

Income tax

Profit before tax decreased from €56.5 million in 2019 to €3.8 million in 2020. Income tax expense decreased from €(9.6) million in 2019 to €(0.7) million in 2020 due to the much lower profitability in 2020..

Net profit, group share

As a result of the factors detailed above, the group share of net profit decreased from €49.1 million in 2019 to €4.8 million in 2020.

Quarter ended December 31, 2020 compared to quarter ended December 31, 2019

Revenue

Revenue decreased by 9.2% to €533.4 million in the fourth quarter of 2020 from €587.3 million in the fourth quarter of 2019. At constant perimeter and at constant exchange rates, revenue decreased by 8.5%.

Revenue from our Generalist France division decreased by 5.4% in the fourth quarter of 2020 to €165.2 million compared to €174.6 million in the fourth quarter of 2019. In Q4 lockdown measures were reinstated in France but construction sites remained open. However, some of our end markets continued to be directly or indirectly affected by the pandemic and weighed down on the level of demand.

Revenue from our Specialist France division increased by 0.8% to €62.8 million in the fourth quarter of 2020 compared to €62.3 million in the fourth quarter of 2019, thanks to the continued good performance of our modular construction business.

International revenue decreased by 12.8% to €305.4 million in the fourth quarter of 2020 compared to €350.4 million in the fourth quarter of 2019, impacted by the Covid crisis. At constant perimeter and at constant exchange rates, the revenue of the division decreased by 11.8%. Our business outside of Europe continued to be affected by the lack of projects while Ramirent experienced a lower level of demand from industrial customers and volatility in the Baltics.

Other income

Other income decreased by 12.5% to €17.6 million in the quarter ended December 31, 2020 from €20.1 million in the quarter ended December 31, 2019, due to lower capital gains on fleet disposals as the fleet disposal was less important in Q4 2020 than in Q4 2019.

Purchases consumed

In line with the lower activity, purchases consumed decreased by 9.0% to €56.2 million for the quarter ended December 31, 2020 compared to €61.8 million for the quarter ended December 31, 2019.

Personnel expenses

Personnel expenses decreased by 8.3% to €133.6 million in the quarter ended December 31, 2020 from €145.7 million in the quarter ended December 31, 2019. In Q4 2020 staff number decreased both in France and at the International division while bonus amounts were also down from last year.

Other current expenses

Other current expenses decreased by 9.8% to €166.0 million in the fourth quarter of 2020 from €184.1 million in the fourth quarter of 2019.

Recurring external charges decreased by 8.9% thanks mostly to a continuous reduction of variable costs such as subcontracting for haulage, maintenance and operators, travel expenses, administrative and marketing costs which remained low.

Depreciation, amortization and provisions

Depreciation and amortization for property, plant and equipment amounted to €97.9 million in the quarter ended December 31, 2020 compared to €104.1 million in the quarter ended December 31, 2019. The fleet depreciation expense decreased by 6.6% as a consequence of the lower level of capex for the whole year of 2020.

The amortization related to the right-of-use of leased assets amounted to €29.1 million in Q4 2020 versus €33.0 million in Q4 2019.

Depreciation of intangible assets decreased to €12.4 million in Q4 2020 from €16.4 million in Q4 2019, mainly due to the five-month impact booked in Q4 2019 of the depreciation of Ramirent's trademarks and customers relationships as a preliminary Purchase Price Allocation of the goodwill of Ramirent was completed in Q4 2019 and the final one was performed in Q1 2020.

Other operating income and expense

Other operating income and expense amounted to €(11.4) million in Q4 2020 and were mainly related to the partial impairment of the goodwill of our subsidiaries in the Middle East for €(10.0) million. A full impairment of the goodwill of our Moroccan subsidiary was also made for €(0.9) million. In Q4 2019, other operating income and expenses were related to the impairment of the goodwill of our Danish subsidiary for €(10.0) million, and also to some provisions for the cost of the merger of Ramirent operations in Norway and Sweden with Stavdal for €(5.2) million.

Financial income and expense

Net financial expense remained stable at €37.0 million in the quarter ended December 31, 2020, compared to €37.1 million in the quarter ended December 31, 2019.

Income tax

Our profit before tax amounted to €2.7 million in the quarter ended December 31, 2020 compared to €5.8 million in the quarter ended December 31, 2019.

Income tax was a profit of €2.5 million in the quarter ended December 31, 2020, compared to a profit of €11.2 million in the quarter ended December 31, 2019, due to the recognition of a deferred tax asset in France for €13.4 million in Q4 2019.

Net profit, group share

We recorded a net profit, group share of €5.8 million in the quarter ended December 31, 2020 compared to a net profit of €18.6 million in the quarter ended December 31, 2019.

Liquidity and Capital Resources

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, 2020, our gross debt amounted to €4,313.0 million, compared to €4,274.2 million as of December 31, 2019. Our net debt as of December 31, 2020 amounted to €3,685.1 million, a decrease of €354.2 million compared to December 31, 2019. The debt includes lease liabilities under IFRS 16 for €320.3 million as at December 31, 2020 compared to €364.5 million as at December 31, 2019.

From the end of March 2020, the Group increased the liquidity on the balance sheet by drawing all its bilateral facilities as well as its €75 million RCF facility and subsequently secured new bilateral loans with a State guarantee in France (“PGE”), Spain, Italy and Switzerland for €263.6 million.

Given the high level of cash on the balance sheet and in order to minimize its financial costs, the Group fully repaid outstanding drawings on the €75.0 million of RCF facility in Q3 2020. The Group also purchased some subordinated notes for an amount of €26.0 million which have been cancelled as at 31st December 2020. A profit of €1.5 million was made on the repurchase of the subordinated notes.

As of December 31, 2020, we had €2,953.0 million of outstanding bond debt, after deduction of €21.0 million of issuance costs. Our bond debt of €2,974.0 million comprised €300.0 million of senior secured notes due in April 2022, €250.0 million of senior secured notes due in May 2023, €300.0 million of senior secured notes due in April 2024, €239.6 million of senior subordinated notes due in April 2025, €300.0 million of senior secured notes due in April 2026 and €191.1 million of senior subordinated notes due in April 2027, €700.0 million of senior secured notes due in January 2025, €450.0 million of senior secured notes due in July 2026, €243.3 million of senior subordinated notes due in July 2027.

We also had €391.7 million outstanding debt under bilateral facilities from banks, €271.6 million of finance leases, €263.6 million of State guarantee loans (of which a €230 million in France) and €82.0 million of commercial papers at Ramirent.

Cash and cash equivalents net of bank overdrafts on our balance sheet amounted to €627.8 million as of December 31, 2020.

We have a 5-year €75.0 million revolving credit facility which may be used for general corporate purposes. The €75 million RCF was not drawn on December 31, 2020 but remains fully available as Loxam benefits from a suspension of covenant until and including March 31, 2021.

We expect to finance future capital expenditures through cash flow from operations, finance leases or bilateral credit facilities. During 2020, we signed €42.3 million of new bilateral credit facilities, €49.1 million of finance leases and €263.6 million of State guarantee loans.

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. During the Covid crisis, we applied the latter aspect of our policy in 2020 and decreased sharply our capital expenditures.

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

	Year Ended December 31,	
(in millions of euros)	**2019**	**2020**
Purchases of rental equipment	344.9	191.9
Purchases of non-rental equipment[1]	38.2	45.5
Gross capital expenditures	383.1	237.3
Proceeds from disposals of rental equipment	68.8	80.4
Proceeds from disposals of non-rental equipment	2.4	5.5
Proceeds from disposals of fixed assets	71.3	85.9
Net fleet capital expenditures[2]	276.1	111.5
Net capital expenditures[3]	311.8	151.5

Notes:

(1) Non-rental equipment principally includes equipment used in our workshops, equipment used to outfit or maintain our branches, and information technology. It excludes the increase of right-of-use of leased assets (IFRS 16).

(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 (excluding right-of-use of leased assets).

Our gross capital expenditures for 2020 amounted to €237.3 million, of which €191.9 million were fleet capital expenditures compared to €383.1 million, of which €344.9 million were fleet capital expenditures in 2019. On a pro forma basis including 12 months of Ramirent in 2019, fleet capital expenditures decreased by 59%. In Q2, as we were hit by lockdown measures, we cut the capex, in order to preserve the liquidity of the company.

In 2020, the gross book value of disposed rental equipment was €280.3 million, compared to €251.9 million in 2019. On a pro forma basis including 12 months of Ramirent in 2019, we kept the gross book value of fleet disposals to almost the same level as 2019.

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 2020 and 2019.

Cash flow from operations includes 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, 2020 compared to year ended December 31, 2019

The following table presents a summary of our cash flow for the year ended December 31, 2020 as compared to the year ended December 31, 2019:

	Year Ended December 31,		
	2019 published	**2019 restated**	**2020**
	(in millions of euros)		
Cash flow from operations	454.5	461.4	597.1
Cash flow from investing activities	(1,445.3)	(1,445.3)	(229.0)
Cash flow from financing activities..	1,077.3	1,070.4	34.7
Change in cash and cash equivalents	**86.5**	**86.5**	**402.8**
Cash and cash equivalents at the end of the period [(1)]	**229.0**	**229.0**	**627.8**

Note : (1) Including bank overdrafts.

Cash flow from operations

Net cash provided by operations increased by 29.4% from €461.4 million in 2019 to €597.1 million in 2020. Before changes in working capital requirements and variations in other financial debts and in accrued interest on debt, net cash provided by operations was €400.6 million in 2020 (excluding IFRS 16 impact), compared to €408.5 million in 2019, mainly due to a lower EBITDA excluding capital gains on disposals. Changes in working capital had a positive impact of €90.2 million in 2020, compared to a negative impact of €(35.0) million in 2019, mainly due to the decrease of trade receivables because of lower revenue.

Cash flow from investing activities

Net cash used in investing activities decreased significantly from €1,445.3 million in 2019 to €229.0 million in 2020, due to the acquisitions of Ramirent in 2019. Purchases of fixed assets in 2020 decreased from €383.1 million in 2019, of which our rental fleet accounted for €344.9 million, to

€237.3 million in 2020, of which our rental fleet accounted for €191.9 million. Cash from fixed asset disposals, most of which related to our rental fleet, increased from €71.3 million in 2019 to €85.8 million in 2020. Cash used for acquisitions totaled €1052.7 million in 2019 and there was no acquisition in 2020. €17.3 million were however cashed out in 2020 for the acquisition of minority shareholding following Ramirent's acquisition.

Cash flow from financing activities

Net cash provided by financing activities decreased significantly from €1,070.4 million in 2019 to €34.7 million in 2020. In 2020, we issued €355.1 million of debt, including €263.6 million of new bilateral loan with a guarantee from the State, €42.3 million of new bilateral facilities and €49.1 million of new finance leases. We bought back €26.0 million of notes, including €10.4 million of 2025 Senior Subordinated Notes and €15.6 million of 2027 Senior Subordinated Notes. We also repaid €130.7 million of bilateral facilities, €33.0 million of commercial papers and €64.7 million of finance leases.

In 2019, we incurred €2,161.6 million of debt, including €1,900.0 million of new notes, €174.5 million of new bilateral facilities and €113.3 million of new finance leases. We repaid €1,084.9 million of debt, including €239.3 million of 2021 Senior Secured Notes and €225.0 million of 2022 Senior Subordinated Notes, €337.3 million of bilateral facilities, €165.0 million of commercial papers and €118.4 million of finance leases.

EBITDA

We define EBITDA as profit from ordinary operations plus depreciation and amortization of fixed assets. However, other companies may present EBITDA differently than we do. We present 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 IFRS and should not be considered as an alternative to profit from ordinary operations 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 to profit from ordinary operations and net income for the periods indicated.

(in millions of euros)	Year ended December 31, 2019 published	Year ended December 31, 2019 restated	Year ended December 31, 2020	Quarter ended December 31, 2019 restated	Quarter ended December 31, 2020
EBITDA	**693.8**	**701.7**	**727.9**	**212.1**	**190.6**
Depreciation of Property, plant and equipment	(428.3)	(435.5)	(504.2)	(137.1)	(127.0)
Depreciation of intangible assets	(26.6)	(26.6)	(49.2)	(16.4)	(12.5)
Profit from ordinary operations	**238.9**	**239.5**	**174.5**	**58.6**	**51.2**
Other operating income and expense	(28.1)	(28.1)	(12.0)	(15.7)	(11.4)
Operating profit	**210.8**	**211.4**	**162.5**	**42.9**	**39.7**
Financial income and expense	(153.8)	(154.9)	(158.6)	(37.1)	(37.0)
Share of profit of associates	0.9	0.9	1.1	0.5	0.5
Income tax expense	(9.7)	(9.6)	(0.7)	11.2	2.5
Net profit	**48.2**	**47.9**	**4.3**	**17.6**	**5.7**

EBITDA increased to €727.9 million in 2020 from €701.7 million in 2019, with an EBITDA margin of 36.6% in 2020 and 37.5% in 2019.

EBITDA from our Generalist France division amounted to €235.5 million in 2020, compared to €276.2 million in 2019. Our EBITDA margin for Generalist France was 40.1% in 2020 compared to 40.5% in 2019. EBITDA from our Generalist France division amounted to €61.9 million in the quarter ended December 31, 2020, compared to €68.4 million in the quarter ended December 31, 2019.

EBITDA from our Specialist France division amounted to €82.6 million in 2020, compared to €87.7 million in 2019. Our EBITDA margin for Specialist France was 38.3% in 2020 and 36.1% in 2019. EBITDA from our Specialist France division amounted to €24.1 million in the quarter ended December 31, 20120 compared to €22.4 million in the quarter ended December 31, 2019.

EBITDA from our International division amounted to € 404.4 million in 2020, compared to €331.1 million in 2019. Our EBITDA margin for International was 34.1% in 2020 compared to 35.0% in 2019. EBITDA from our International division amounted to €103.8 million in the quarter ended December 31, 2020, compared to €119.6 million in the quarter ended December 31, 2019.

Free cash flow

We define free cash flow as EBITDA less net capital expenditures, other operating income and expense (excluding non-cash operating income and expense), 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, share buy-back, acquisitions and high yield amortization costs. 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 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.

In 2020, Loxam recorded a positive recurring free cash flow of €339.3 million compared to a positive recurring free cash flow of €86.4 million in 2019, thanks to the EBITDA generated in 2020, the significant reduction of capex and the positive effect of change in working capital requirement.

In 2020, there is no non-recurring cash item as payments shifted in Q1 and Q2 have been subsequently paid in Q3 and Q4 of 2020.

In 2019, non-recurring cash items amounted to €(24.8) million and are related to the bridge commitment fees for €(16.5) million, the fees incurred for the repayment of €464.3 million of notes for €(10.8) million, the acquisition costs for €(12.9) million less the decrease of the deposit paid to fixed assets suppliers for €15.4 million.

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

(in millions of euros)	**Year ended December 31,**			**Quarter ended December 31,**	
	2019 published	**2019 restated**	**2020**	**2019 restated**	**2020**
EBITDA post IFRS 16	**693.8**	**701.7**	**727.9**	**212.1**	**190.6**
Rents IFRS 16 impact	(84.8)	(92.7)	(116.9)	(33.5)	(31.4)
EBITDA pre IFRS 16	**609.0**	**609.0**	**611.0**	**178.6**	**159.2**
+ Capital gains on fleet disposals and other items	(47.2)	(47.2)	(60.6)	(17.1)	(14.6)
+ Proceeds from disposals of fixed assets	71.3	71.3	85.8	24.5	22.3
- Gross capital expenditure	(383.1)	(383.1)	(237.3)	(61.5)	(82.6)
- Financial income and expense (1)	(108.4)	(108.4)	(139.4)	(32.4)	(34.7)
- Income taxes (2)	(4.7)	(4.7)	(10.4)	3.4	3.0
- +/- Change in working capital requirement (3)	(50.4)	(50.4)	90.2	(3.0)	46.0
Recurring Free cash flow	**86.4**	**86.4**	**339.3**	**92.5**	**98.6**
Non-recurring items (4)	(24.8)	(24.8)	-	(33.1)	(10.9)
Free cash flow(5)	**61.6**	**61.6**	**339.3**	**59.4**	**87.7**
Acquisition (6)	(1,579.6)	(1,579.6)	-	3.3	-
Share capital decrease (7)	-	-	(19.6)	-	(19.6)
Dividends (8)	(6.9)	(6.9)	(0.6)	-	(0.6)
Issue costs amortization and currency variations	(14.2)	(14.2)	(9.1)	(8.0)	(5.8)
Change in IFRS 16 lease liability	(336.1)	(364.5)	44.2	(21.8)	(32.7)
Change in net debt (9)	**(1,875.2)**	**(1,903.6)**	**354.2**	**32.9**	**29.1**

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) Excludes change in accrued interests on loans and change in other financial debt, which together totaled a decrease of €0.4 million in 2020 compared to a decrease of €5.8 million in 2019.

(4) No non-recurring items in 2020

Non-recurring items in 2019 include: the bridge commitment fees for €(16.5) million, the early redemption premium paid for the refinancing of April of €(10.8) million, the acquisition costs of Ramirent and UK Platforms for €(12.9) million and €15.4 million of deposit payments on future capital expenditures.

Non-recurring items in the quarter ended December 31, 2020 corresponds to the payment of €10.9 million relating to debt postponement in Q3.

Non-recurring items in the quarter ended December 31, 2019 include the impact on change in working capital for €(33.1) million mainly related to acquisition costs and bridge commitment fees paid in Q4.

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

(6) Corresponds to the UK Platforms and Ramirent acquisitions.

(7) Corresponds to a share capital reduction of €19.6 million after a share buy back

(8) In 2020 Loxam SAS did not pay dividends to its shareholders. €0.6 million were paid by Hune SICO to the local partner in Saudi Arabia.

(9) 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 indicated dates.

	As of December 31,			
	2017	**2018**	**2019 restated**	**2020**
	in millions of euros			
2021 Senior Secured Notes	299.3	239.3	-	-
2022 Senior Subordinated Notes	250.0	225.0	-	-
2023 Senior Secured Notes	250.0	250.0	250.0	250.0
2022 Senior Secured Notes	300.0	300.0	300.0	300.0
2024 Senior Secured Notes	300.0	300.0	300.0	300.0
2025 Senior Subordinated Notes	250.0	250.0	250.0	239.6
2025 Senior Secured Notes			700.0	700.0
2026 Senior Secured Notes	-	-	750.0	750.0
2027 Senior Subordinated Notes			450.0	434.4

	As of December 31,			
	2017	**2018**	**2019 restated**	**2020**
	in millions of euros			
Issuance costs related to notes	(17.9)	(12.1)	(30.1)	(21.0)
Bank loans on bilateral credit facilities	364.4	409.1	486.2	391.7
Commercial papers	-	-	115.0	82.0
State guarantee loans	-	-	-	263.6
Accrued interest on debt securities and loans	18.6	18.2	25.9	26.9
Lease debt	218.7	293.3	288.5	271.6
Other financial debt	4.4	4.4	23.1	3.8
Bank overdrafts	1.0	2.4	1.1	0.1
Loans and financial debt (gross debt)	**2,238.7**	**2,279.5**	**3,909.7**	**3,992.7**
Loan granted to Ramirent JV	**-**	**-**	**(4.8)**	**-**
Cash	(117.5)	(143.4)	(127.8)	(524.2)
Marketable investment securities	(0.1)	(0.4)	(102.3)	(103.8)
Cash and cash equivalents	**(117.5)**	**(143.8)**	**(230.1)**	**(627.9)**
Net debt (excluding IFRS 16 lease liabilities)	**2,121.2**	**2,135.7**	**3,674.8**	**3,364.8**
IFRS 16 lease liabilities	**-**	**-**	**364.5**	**320.3**
Net debt (including IFRS 16 lease liabilities)	**2,121.2**	**2,135.7**	**4,039.3**	**3,685.1**

Net debt decreased by €354.2 million in 2020, from €4,039.3 million as of December 31, 2019 to €3,685.1 million as of December 31, 2020, primarily as a result of a positive free cash flow of €339.3 million.

Debt maturity profile

The table below provides the maturity profile of our outstanding indebtedness, as of December 31, 2020.

(in millions of euros)	**Total**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028 and later**
Bilateral loans	391.7	141.1	54.7	156.4	25.8	10.5	3.1	0.1	0.1
Commercial papers..................................	82.0	82.0	-	-	-	-	-	-	-
State guarantee loans (1)...........................	263.6	234.5	8.2	8.3	8.1	3.7	0.8	-	-
Lease debt	271.6	103.7	78.7	55.8	24.0	7.7	1.2	0.4	-
Loans and financial debt owed to credit institutions..	**1 008.8**	**561.3**	**141.6**	**220.5**	**57.9**	**21.9**	**5.2**	**0.4**	**0.1**
Other financial debt	3.8	3.8	-	-	-	-	-	-	-
2017 senior secured notes due 2022	300.0	-	300.0	-	-	-	-	-	-
2017 senior secured notes due 2024	298.5	-	-	-	298.5	-	-	-	-
2017 senior subordinated notes due 2025	237.8	-	-	-	-	237.8	-	-	-
2016 senior secured notes due 2023	249.8	-	-	249.8	-	-	-	-	-
2019 senior secured notes due 2026	298.3	-	-	-	-	-	298.3	-	-
2019 senior subordinated notes due 2027	190.0	-	-	-	-	-	-	190.0	-
2019 senior secured notes due 2025	693.4	-	-	-	-	693.4	-	-	-
2019 senior secured notes due 2026	444.8	-	-	-	-	-	444.8	-	-
2019 senior subordinated notes due 2027	240.3	-	-	-	-	-	-	240.3	-
Total debt (2)..	**3 965.6**	**565.2**	**441.6**	**470.2**	**356.4**	**953.1**	**748.3**	**430.7**	**0.1**

(1) Include the French loan of €230 million due in 2021, the Spanish loan of €27.5 million with a last maturity in 2026, the Italian loan of €5.5 million with a 5 year maturity and the Swiss loan of CHF 0.5 million, due in 2026.

(2) Total debt figures exclude accrued interests, bank overdrafts and operating lease liabilities under IFRS 16; and are presented net of issuance costs.

After the year ended December 31, 2020, Loxam has requested and obtained from the lending banks of the € 230 million the French State guaranteed loan, the amortization of the loan over five years from May 11, 2021.

Off-balance sheet commitments

We are a party to various customary off-balance sheet arrangements, including guarantees given to financial institutions for payment of real estate rentals, guarantees on our subsidiaries' borrowings and security granted in connection with the Existing Senior Secured Notes. See note 23 to our IFRS consolidated financial statements for the year ended December 31, 2020.

Currency and interest rate derivatives

We are exposed to market risks arising from fluctuations in interest rates and exchange rates in the ordinary course of our business. To manage these risks effectively, we enter into hedging transactions and use derivative financial instruments to mitigate the adverse effects of these risks. We do not enter into financial instruments for trading or speculative purposes.

The Group still owns a portfolio of derivative financial instruments hedging interest rate variations for a notional amount of €288.4 million at December 31, 2020 for a maximum term in February 2024. These derivatives are recognized in financial liabilities for an amount of €3.6 million at December 31, 2020, of which Ramirent for €2.1 million (for a notional amount of €165.0 million), Nationwide Platforms for €1.1 million (for a notional amount of £90 million) and Loxam for €0.4 million. As of December 31, 2020, 89% of our financial debt has a fixed interest rate compared to 85% at the end of 2019.

The majority of our revenue (64% in 2020), expenses and obligations are denominated in euros. However, we are exposed to foreign exchange rate risk, primarily in respect of British pounds, Norwegian krone and Swedish krona. Our foreign exchange rate derivative financial instruments as of December 31, 2020 covered current liabilities denominated in British pounds for GBP 31.1 million, Norwegian krone for NOK 365.0 million and Swedish krone for SEK 550 million.

Critical Accounting Policies and Estimates

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

APPENDIX

LOXAM GROUP
CONSOLIDATED FINANCIAL STATEMENTS
31 December 2020

IMPORTANT NOTE:

The consolidated financial statements and associated notes below remain unaudited as they are still under review by the Loxam Auditors at the date of this report. They are only provided to give additional information to our financial data.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

Statement of financial position

ASSETS (€'000)	Notes	31.12.2019 (*)	31.12.2020
Intangible assets and goodwill	4	2,353,604	2,307,498
Property, plant and equipment	5	2,390,402	2,126,483
Investments in associates	6	9,815	7,536
Financial assets	7	21,369	20,485
Financial derivatives	13	-	804
Deferred tax assets	22	18,461	17,788
Non-current assets		**4,793,651**	**4,480,594**
Inventories	8	49,302	45,493
Trade and other receivables	9	496,581	414,097
Other current assets	10	52,466	41,399
Corporate income tax receivables	10	22,570	18,776
Cash and cash equivalents	11	230,087	627,945
Current assets		**851,006**	**1,147,711**
Total assets		**5,644,657**	**5,628,304**

(*) Restated following the IFRS IC's decision related to the enforceable period of the lease contracts (Note 2.13)

LIABILITIES (€'000)	Notes	31.12.2019 (*)	31.12.2020
Share capital	12	229,818	224,818
Additional paid-in capital		1,882	1,882
Consolidated reserves		407,439	403,767
Net profit for the year		49,095	4,754
Shareholders' equity (Group share)		**688,234**	**635,221**
Non-controlling interests		9,507	5,544
Total equity		**697,741**	**640,765**
Employee benefits	15	44,188	57,114
Deferred tax liabilities	22	190,865	195,403
Borrowings and financial debt	14	3,792,612	3,632,850
Financial derivatives	13	7,608	5,066
Non-current liabilities		**4,035,274**	**3,890,433**
Provisions	16	19,468	15,102
Borrowings and financial debt	14	481,553	680,183
Trade and other payables	17	205,265	209,369
Other liabilities	17	193,415	186,076
Corporate income tax liabilities	17	11,942	6,376
Current liabilities		**911,642**	**1,097,106**
Total shareholders' equity and liabilities		**5,644,657**	**5,628,304**

(*) Restated following the IFRS IC's decision related to the enforceable period of the lease contracts (Note 2.13)

Consolidated income statement and statement of comprehensive income

€'000	Notes	31.12.2019 (*)	31.12.2020
Revenue	18	1,871,433	**1,988,921**
Other income		59,483	70,706
Operating income		**1,930,916**	**2,059,627**
Purchases consumed		(193,407)	(185,081)
Personnel expenses	19	(467,475)	(513,901)
Other current expenses		(548,772)	(612,897)
Taxes and duties		(19,591)	(19,834)
Depreciation and amortization – Property, plant and equipment		(435,537)	(504,170)
Depreciation and amortization – Intangibles assets		(26,648)	(49,247)
Profit from ordinary operations	18	**239,487**	**174,498**
Other operating incomes	20	947	225
Other operating expenses	20	(29,020)	(12,260)
Operating profit		**211,413**	**162,463**
Interest and financing-related expenses		(126,937)	(158,698)
Other financial income and expenses		(27,935)	63
Financial income (expense)	21	**(154,872)**	**(158,636)**
Profit before tax		**56,542**	**3,828**
Share of result in associates and joint ventures	6	899	1,112
Income tax expense	22	(9,559)	(664)
Net profit		**47,882**	**4,276**
Non-controlling interests		(1,213)	(478)
Net profit, Group share		**49,095**	**4,754**

	31.12.2019 (*)	31.12.2020
Net profit	**47,882**	**4,276**
Exchange gains or losses (b)	26,018	(30,642)
Fair value of derivative instruments	-	(1,097)
Tax	-	-
Items recycled to profit or loss	***26,018***	***(31,739)***
Remeasurement of liabilities for defined benefit retirement plans	498	(10,199)
Tax	(122)	2,512
Items not recycled to profit or loss	***376***	***(7,688)***
Other comprehensive income	**26,394**	**(39,427)**
Comprehensive income	**74,276**	**(35,151)**

	Notes		
EBITDA (b)	**18**	**701,671**	**727,915**

(*) Restated following the IFRS IC's decision related to the enforceable period of the lease contracts (Note 2.13)

(a) Of which associates and joint ventures for €(2,947)k.

(b) EBITDA is not a measure of financial performance under IFRS. EBITDA is presented as additional information and is defined by the Group as profit from ordinary operations plus depreciation and amortization of tangible and intangible assets.

Consolidated cash-flow statement

€'000	Notes	31.12.2019 (*)	31.12.2020
Net profit		**47,882**	**4,276**
Share of result in associates and joint ventures	6	(899)	(1,112)
Income tax expense (including deferred tax)	22	9,559	664
Net finance costs	21	154,872	158,636
Other operating income and expense		5,139	1,039
Depreciation and provisions, net of reversals		473,431	562,697
Capital gains on asset disposals		(48,455)	(59,036)
Cash flow from operations (before cost of financing and tax)		**641,529**	**667,163**
Income tax paid		(4,718)	(10,420)
Financial interest paid		(141,600)	(153,090)
Financial interest received		1,194	3,291
Change in working capital requirements		(35,047)	90,196
Cash flow from operating activities	**A**	**461,357**	**597,141**
Impact of changes in scope		(1,052,460)	(17,283)
Acquisitions of fixed assets		(466,086)	(297,539)
Disposals of fixed assets		73,234	85,846
Cash flow from investing activities	**B**	**(1,445,313)**	**(228,976)**
Dividends paid		(6,895)	(553)
Capital movements		-	(19,555)
Proceeds from loans and borrowings	14	2,244,609	496,313
Repayment of loans and borrowings	14	(1,167,290)	(441,549)
Cash flow from financing activities	**C**	**1,070,424**	**34,656**
Change in cash and cash equivalents	**A+B+C**	**86,468**	**402,821**
Cash and cash equivalents at beginning of period		141,418	229,035
Cash and cash equivalents at end of period		229,035	627,805
Impact of exchange rate fluctuations		(1,150)	4,050
Change in cash and cash equivalents		**86,468**	**402,821**
Other marketable securities		102,269	103,777
Cash at bank and on hand		127,818	524,167
Current bank borrowings		(1,052)	(139)
Cash and cash equivalents		**229,035**	**627,805**

(*) Restated following the IFRS IC's decision related to the enforceable period of the lease contracts (Note 2.13)

Consolidated statement of changes in equity

€'000	Share capital	Additional paid-in capital	Other consolidated reserves *	Reserves to be recycled (OCI)	Shareholders' equity (Group share)	Non-controlling interests	Total equity
At 31 December 2018	**229,818**	**1,882**	**408,945**	**(20,798)**	**619,847**	**10,621**	**630,468**
Net profit for the period			49,095		49,095	(1,213)	47,882
Employee benefits				416	416	(40)	376
Exchange gains or losses				25,880	25,880	138	26,018
Comprehensive income			**49,095**	**26,296**	**75,391**	**(1,115)**	**74,276**
Capital movements					-		-
Dividends			(6,895)		(6,895)		(6,895)
Changes in scope					-		-
Other movements			(110)		(110)	(1)	(109)
At 31 December 2019	**229,818**	**1,882**	**451,036**	**5,498**	**688,234**	**9,507**	**697,741**
Net profit for the period			4,754		4,754	(478)	4,276
Employee benefits				(7,678)	(7,678)	(10)	(7,688)
Fair value of derivative instruments				(1,093)	(1,093)	(4)	(1,097)
Exchange gains or losses				(29,285)	(29,285)	(1,358)	(30,642)
Comprehensive income			**4,754**	**(38,056)**	**(33,301)**	**(1,850)**	**(35,151)**
Capital movements	(5,000)		(14,555)		(19,555)	1	(19,554)
Dividends					-	(553)	(553)
Changes in scope					-	(1,403)	(1,403)
Other movements			(157)		(157)	(158)	(315)
At 31 December 2020	**224,818**	**1,882**	**441,079**	**(32,558)**	**635,221**	**5,544**	**640,765**

(*) Restated following the IFRS IC's decision related to the enforceable period of the lease contracts (Note 2.13)

Notes to the financial statements

Note 1 – Presentation and highlights

1.1. Presentation of the Group

Loxam is a French simplified joint stock company ("Société par Actions Simplifiée") with a capital of €224,818,150 as of December 31, 2020, governed by all of 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 Loxam Group is the European equipment rental market leader. With approximately 10,800 employees, the Group has developed a network of over 1,000 branches in 30 countries, mainly in Europe but also in North Africa, the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait as well as in Brazil and Colombia. Following the acquisition of Ramirent in 2019, Loxam has extended its presence in Finland, Sweden, Poland, Czech Republic, Slovakia and also Estonia, Lithuania and Latvia.

1.2. Highlights

Highlights of the period ended December 31, 2020

In an unprecedented market context linked to the Covid-19 pandemic, LOXAM reacted strongly to limit its impact and gave an immediate priority to the health and safety of the Group's employees and its customers.
The second priority was to strengthen the Group's liquidity and cash position, reduce capital expenditure projects and strictly control costs by using measures made available by governments, particularly in terms of short-time working and bank loans guarantees.
The Revolving Credit Facility was fully drawn for €75 million as from March 26, 2020, for a period of 6 months. The outstanding drawing was fully repaid on September 30, 2020.

In France, LOXAM SAS secured a €230 million loan with a state guarantee ("PGE") with a maturity up to 6 years without any security or covenant. Banks have a guarantee from the French State on this loan covering 90% of the principal borrowed. The funds were received on May 15, 2020.
States guaranteed loans have been granted in Spain for €27.4 million, in Italy for €5.5 million and in Switzerland for CHF 0.5 million.

On October 29, 2020, Loxam SAS decided to buy back and cancel 500,000 shares for €19.6 million. The share capital of Loxam SAS was reduced by €5 million to €224,818,150.
The Group also purchased some subordinated notes for an amount of €26.0 million which have been cancelled as at 31st December 2020. A profit of €1.5 million was made on the repurchase of the subordinated notes.

Other events of the period

On January 12, 2020, the 50% stake held by Ramirent Oy in the JV Fehmarnbelt Solution Services A/S (Denmark) was sold to its partner Zeppelin Rental of Germany.
On April 4, 2020, Nummelanrinne Koy, a real estate company held by Ramirent Oy was sold.

Loxamed SAS, a 51% subsidiary of Loxam SAS was created in July 2020.

Highlights of the period ended December 31, 2019

On January 14, 2019, Nationwide Platforms acquired UK Platforms Limited ("UK Platforms") from HSS Hire Group Plc. UK Platforms is specialized in renting power access equipment from its branch network throughout the United Kingdom.

On April 11, 2019, Loxam issued €500 million of new bonds, split into two tranches:

- A senior secured bond of €300 million due in 2026, paying a coupon of 2.875%
- A senior subordinated bond of €200 million due in 2027, paying a coupon of 4.50%

The proceeds of the issuance were used to redeem the Senior Secured Notes due 2021 and Senior Subordinated Notes due 2022, for a total amount of €464.3 million. This early repayment generated non-recurring financial expenses of € 11.8 million.

On June 9, 2019, Loxam has entered into a €1,500 million bridge loan for the acquisition of Ramirent Plc. The bridge loan has not been drawn.

On June 19, 2019, Loxam launched a voluntary recommended public cash tender offer to purchase all of the issued and outstanding shares of Ramirent Plc., a leading equipment rental company for the construction, industry and services sectors with operations in the Nordic countries, Central Europe and Eastern Europe and a turnover of €712 million in 2018.

On July 18, 2019, at the expiration of the acceptance period on July 18, 2019, Loxam's offer was declared successful as the shares tendered in the Tender Offer represented approximately 96.2% of all the issued and outstanding shares and votes in Ramirent, satisfying the minimum acceptance condition of the Tender Offer. At the end of the subsequent offer period started on July 24, 2019, the total shares tendered were representing approximately 98.2 % of all the issued and outstanding shares in Ramirent.

On July 22, 2019, Loxam successfully issued new bonds for a total of €1,400 million to finance the acquisition of Ramirent, to refinance certain of Ramirent's gross debt and the debt related to the acquisition of Stavdal AB, and to pay the fees and expenses related to the offering and the acquisition. The new bonds were split into three tranches:

- A senior secured bond of €700 million due in 2025, paying a coupon of 3.25%
- A senior secured bond of €450 million due in 2026, paying a coupon of 3.75%
- A subordinated secured bond of €250 million due in 2027, paying a coupon of 5.75%.

On October 31, 2019, activities of UK Platforms were merged with Nationwide Platforms Ltd.

On December 13, 2019, Loxam A / S (Denmark) sold 100% of the shares held in Loxam AS (Norway) to Stavdal AS (Norway).

On December 20, 2019, the transfer of ownership and squeeze out of the outstanding shares of Ramirent became effective. Loxam owns 100% of the shares of Ramirent.

Note 2 – Accounting principles

2.1. Basis of preparation and presentation

The consolidated financial statements for the twelve-month period ended December 31, 2020 include Loxam SAS and its subsidiaries (together “the Group” or “Loxam Group”), including the Group’s share in equity affiliates and joint ventures. The list of consolidated companies is presented in Note 3.

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 to the nearest thousand euros. The total amounts indicated in the tables may differ from the sum of the various items due to rounding.

2.2. Declaration of compliance

The Loxam Group has prepared its consolidated financial statements at December 31, 2020, in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at December 31, 2020, with mandatory compliance at this date, with comparative information presented for 2019, established with the same reporting standards.

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 website of the European Commission:
https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en

The Group financial statements were approved by the Chairman on March [*], 2020.

2.3. Application and interpretation of standards and regulations

Standards and interpretations mandatorily applicable from January 1, 2020 had no material impact on Loxam’s consolidated financial statements at December 31, 2020. These are mainly:

- Amendments to IFRS 3 “Business Combinations” – “Definition of a Business”;
- Amendments to IAS 1 and IAS 8 “Definition of Material”;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 9 and IFRS 7“Interest Rate Benchmark Reform – Phase 1”;
- Amendment to IFRS 16 “Leases” – “Covid-19-related Rent Concessions”, approved by the European Union on 12 October 2020.

Interpretations and amendment of IFRS 16 – Leases relating to the assessment of non-cancellable periods of leases and the amortization period of leasehold improvements: the Group has implemented the decisions taken by the IFRS IC, published on December 2019, concerning the assessment of lease terms for leases renewable by tacit agreement. The IFRS IC confirmed that the non-cancellable period must be determined, taking an economic view as well as assessing the lease’s legal characteristics. The leases concerned are mainly property leases. The IFRS IC also confirmed that the amortization period for non-removable leasehold improvements must not exceed the lease term.
The Group has applied the IFRS IC decision with retroactive effect at January 1, 2019, date of the first time application of IFRS 16 Leases. The impacts of this application are presented in Note 26.

Standards and interpretations adopted by the IASB but not yet applicable at 31 December 2020

The Group has not applied early the following standards and interpretations that could concern the Group and of which application was not mandatory at 1 January 2020:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”;
- Amendments to IAS 1 “Presentation of Financial Statements” – “Classification of Liabilities as Current or Non-current”;
- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – “Onerous Contracts – Cost of Fulfilling a Contract”;
- Amendments to IAS 16 “Property, Plant and Equipment” – “Proceeds before Intended Use”;
- Amendments to IFRS 3 “Business Combinations” – “Reference to the Conceptual Framework”;
- Annual Improvements 2018-2020.

2.4. 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 power and these returns, i.e. the ability to exercise power over the entity to influence the returns achieved.

The financial statements of subsidiaries are 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 which the Group has significant influence, without having control or joint control over financial and operational policies. The share in the associate’s assets and liabilities, including goodwill, is presented on a separate line on the balance sheet.

A joint venture or joint activity is the result of a contractual arrangement whereby two or more parties agree to carry out an economic activity under joint control. For joint activities, which give each of the co-participants direct rights to assets and obligations for liabilities, assets and liabilities, expenses and income are recognized based on the interests in the joint activity. Joint ventures that confer interests in net assets are accounted for using the equity method.

2.5. Comparability of the financial statements

Loxam’s consolidated financial statements for the period ended December 31, 2020 include 12 months of activity of Ramirent, acquired on July 24, 2019 and consolidated as of August 1, 2019. Therefore, consolidated financial statements at December 31, 2019 are only including 5 months of activity of Ramirent.

The valuation of intangible assets and goodwill of Ramirent group as well as the purchase price allocation (“PPA”) are final in the financial statements at December 31, 2020.

From June 30, 2020, the Group has reviewed its customer provision rules and has adjusted the accounting estimates to be more conservative: customer depreciation rates have been increased based on ageing categories, and receivable balances (excluding disputes) over 18 months are now depreciated 100%. Group rules were then adjusted based on geographies where needed.

2.6. 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 intangible assets with an indefinite useful life (primarily goodwill);
- Purchase price allocation related to the acquisitions;
- Measurement of obligations relating to defined benefit plans;
- Measurement of financial instruments at fair value;
- Qualification of lease contracts and enforceable period of these contracts.

2.7. Business combinations

a) Business combinations

In accordance with IFRS 3, business combinations are accounted for 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 expensed as incurred.

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 revised.

Contingent consideration relating to business combinations is measured at fair value on the acquisition date and subsequently 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 contingent 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 amortized. In accordance with IAS 36 Impairment of Assets, it is subject to impairment tests at least once a year and more frequently if there are any indications of impairment.

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 anticipated 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 shares in an entity that is already controlled, the difference between the acquisition price of the shares and the additional consolidated equity interest 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.

2.8. Foreign currency translation methods

a) Transactions in foreign currencies

Transactions in foreign currencies are converted into euros based on the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted based on the exchange rate at 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 subsidiaries presented in foreign currencies are converted into euros based on the exchange rate at 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 December 31, 2020 (euro vs. currency):

1 EUR =		Closing period rate	Average rate	Opening period rate
AED	Arabic Emirates dirham	4,4870	4,2013	4,1128
BHD	Bahraini dinar	0,4606	0,4299	0,4222
BRL	Brazilian real	6,3480	5,8887	4,5111
CHF	Swiss franc	1,0812	1,0740	1,0874
COP	Colombian peso	4 186,00	4 208,8106	3 683,83
CZK	Czech koruna	26,2400	26,4171	25,4309
DKK	Danish krone	7,4415	7,4540	7,4693
GBP	Pound sterling	0,8935	0,8885	0,8533
KWD	Dinar koweïtien	0,3715	0,3504	0,3398
MAD	Moroccan dirham	10,8800	10,6908	10,6140
NOK	Norwegian krone	10,4820	10,7196	9,8582
OMR	Omani rial	0,4703	0,4397	0,4311
PLN	Polish zloty	4,5606	4,4383	4,2575
QAR	Qatari riyal	4,4480	4,1112	4,0934
SAR	Saudi riyal	4,5830	4,2917	4,2012
SEK	Swedish krona	10,0498	10,4792	10,4449

2.9. Breakdown of current / non-current assets and liabilities

Under IAS 1, assets and liabilities are 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.

2.10. Fair value of financial assets and liabilities

Financial assets and liabilities - including derivatives - measured at fair value are categorized into three levels (1 to 3), each corresponding to a level of fair value observable inputs based on data used in the fair value measurement technique:

- Level 1: fair value determined based on quoted prices in active markets for identical assets or liabilities;
- Level 2: fair value estimated based on observable data for the asset or liability, 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.

Further information on the classification of financial instruments for each category is presented in Note 2.18 (Cash and cash equivalents), and Note 2.19 (Derivative financial instruments).

2.11. 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 useful life. For the valuation of goodwill, see Note 2.7.

b) Trademarks and customer relationships

The application of IFRS 3R may lead to the allocation of an acquisition price to identified intangible assets such as trademarks and client relationships. These intangible assets could be depreciated over 5 to 12 years. Trademarks are depreciated over 5 to 12 years and customer relationships over 8 to 18 years.

c) Other intangible assets

Other intangible assets have a finite useful life and are recorded at their acquisition cost, after deducting accumulated amortization and impairment losses.
The amortization of intangible assets is recorded as an expense on a straight-line basis over the estimated useful life from the moment assets are brought into service.
These other intangible assets are primarily software products, amortized over 1 to 5 years.

2.12. Property, plant and equipment

Property, plant and equipment are recognised at their acquisition cost, after deducting accumulated depreciation and impairment losses. They are not revalued.
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 over the useful lives indicated below. Land is not depreciated.

- Buildings	10 to 50 years
- Building fixtures and fittings	5 to 20 years
- Tools	3 to 5 years
- Fleet equipment	3 to 15 years
- Other property, plant and equipment	2 to 5 years

Property, plant and equipment are depreciated from the moment they are brought into service.
A residual value is applied to some categories of equipment, in order to take into account the resale value of this equipment at the end of its life.

2.13. Leases

Leases contracts are governed by IFRS 16 since January 1, 2019. The standard has removed the distinction previously made between simple leases and finance leases for the lessee; the lessee recognizes a right-of-use asset and a financial debt representing the rental obligation.
The Group presents the right-of-use within "Property, plant and equipment" on the same line as the underlying assets of same nature of which it has full ownership (see Note 5) and the lease liabilities within "Borrowings and financial debts" in the statement of financial position (see details in Note 14).

Following the Covid-19 pandemic, the Group has obtained rental reductions or deferrals agreed with lessors. Some leases were modified with an impact on the lease duration (extension of several months at the end of the lease).

Under IFRS 16, a lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The modification of the lease requires the lessee to make a corresponding adjustment to the right-of-use asset as well as the remeasurement of the lease liability.
The Group has performed these adjustments accordingly. The initial incremental borrowing rates were kept unchanged as the extension of the leases duration was mostly for 6-month periods.

Following the IFRS Interpretations Committee's decision related to the enforceable period of leases, it was specified that it is not possible to use only the legal approach to determine the enforceable period of a contract, if the duration cannot be determined definitively at the origin of the contract. The Committee considers that a lease contract remains enforceable as long as the lessee or the lessor would have to bear a loss or a more than insignificant penalty in case of termination of the contract. To determine the enforceable period of a lease, all economic aspects of the lease must be taken into account and not just contractual termination indemnities.

The Group has applied the decisions taken by the IFRS IC. In order to determine the reasonably certain duration to be applied to leases that are concerned by the IFRS IC decision, the Group has chosen a period of three years from the anniversary date of the contract as an additional lease period (where there is reasonable assurance that the lease will continue). Where appropriate, the duration of these leases may be reassessed in order to take into account the Group's strategic choices.

The implementation of this decision as at December 31, 2020 with retroactive effect at January 1, 2019 is a change in accounting policy whose impacts are presented in Note 26.

2.14. Impairment of intangible assets and property, plant and equipment

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

Goodwill is tested annually and whenever indications of impairments arise.
The value in use retained by the Group corresponds to the value of the future economic benefits expected to be earned from their use and disposal. It is assessed using the discounted cash flow (DCF) method, based on the following principles:

- The cash flows are based on the medium-term business plan (five years) drawn up by top management,
- 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 discounting 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 amount 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.

The Group is also performing impairment tests for investments in joint ventures and associates by determining their fair value using the same discounted cash flow (DCF) method and comparing it with their recoverable amount.

In the context of the international health crisis, the Group has performed impairment tests on all its subsidiaries at June 30, 2020, and has then monitored any indications of impairment loss over 2020. Following impairment tests completed again at December 31, 2020, the Group has accounted for:

- A depreciation of the goodwill of Rapid Access (Middle East) for an amount of €10,000k;
- A depreciation of the goodwill of Atlas Rental (Morocco) for an amount of €904k.

Operational assumptions are based on business and EBITDA projections. These have been revised in the light of past performance and the outlook for Rapid Access (Middle East) and Atlas Rental, which explains the impairment loss recorded as such, presented in other operating expenses.

2.15. 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 32 and IFRS 9.
Financial assets are initially recognised at their fair value.
Financial assets maturing in under one year are classified as current financial assets.

2.16. Inventories

Inventories primarily include trade products, parts and consumables. Inventories are measured using the weighted average cost method.
An impairment is recognised when the realisable value, less costs of disposal, is lower than the book value.

2.17. 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 amount is lower than their book value.
The Group has also adopted an expected credit loss impairment model from January 1, 2018 following the simplified method allowed by the IFRS 9 standard.

2.18. 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 on hand, bank credit 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 an insignificant 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 non-payment 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 over 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 fair value. Changes in fair value are recognised in profit or loss.
Purchases and sales of cash management financial assets are recognised on the transaction date.
Marketable 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.

2.19. Derivative financial instruments – relating to the interest rate risk

The Group holds 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 consistent with the definitions given in Note 3.10. Since the hedging relationship is not documented, changes in fair value are recognised in profit or loss.

2.20. Derivative financial instruments – relating to the foreign exchange risk

On an ad hoc basis, and consistent with its market forecasts, the Loxam Group uses financial instruments to reduce its net foreign exchange risk exposure, mainly on Pound Sterling, Norwegian krone and Swedish krona since the acquisition of Ramirent.
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.

2.21. Employee benefits

Under IAS 19 (revised), all current and future benefits or compensation acquired by employees in return for services rendered 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 consider 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 (informed by 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.
An employee benefit liability is recorded for the obligation net of any plan assets measured at fair value.
The net expenses for retirement and related benefits are recognised in operating profit 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 defined benefit liability 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 jubilee awards. Remeasurements of the obligation are recognised in profit or loss.

2.22. 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.

2.23. Borrowings and financial debt

Interest-bearing liabilities are initially measured at their fair value, less any directly attributable transaction costs. Subsequently, borrowings and financial debt are measured at their amortized cost using with the effective interest rate method.
The Loxam Group regularly issues loans on the bond market in order to finance its acquisitions. As part of its policy aimed at renewing its debt, the Group’s Finance Division weighs up the renewal of tranches reaching maturity at least two years before the redemption term.
Since 2016, the effective interest rate on bond loans has been calculated over the term of the loan less two years.

2.24. Trade payables and related

Trade and other payables are recorded at their nominal value, which corresponds to their fair value.

2.25. 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 is determined using the tax rates adopted on the reporting date.

Deferred tax is recorded, using the accrual method, generally for temporary 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 realized 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 temporary differences and tax losses, deferred tax assets are recognised 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.

2.26. Revenue

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

Rental revenue

Revenue generated from equipment rental is recognised straight line over the rental period. Contract durations can vary from one day to a few months but are mostly short-term. The contract ends upon the equipment return.

Additional services to the equipment rental and other services

Additional services mainly concern transportation, damage waivers, labor charges invoiced for repairs. Other services comprise training and repair recharges (including spare parts). These services are recognised at the end of the service completion. Revenue linked to fuel consumption is recognised upon the equipment return.

The Group is also offering a wide range of different kind of services thanks to the acquisition of Ramirent group: worksite planning, logistics, on-site support, assembly and disassembly services. The revenue is recognized in accordance with IFRS 15 «Revenue from contracts with customers», when the services are rendered to the customer over time or when the customer controls the work in progress.

Retail revenue and sale of equipment

Revenue from retail activities and sale of equipment is recognised upon delivery to the customer.

2.27. Other income

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

2.28. Other current expenses

Other current expenses primarily include external services (particularly subcontracted maintenance and transportation costs, property and real estate rentals that are not in the scope of the new IFRS 16 standard, and general administrative costs), in addition to losses on receivables net of changes in provisions.

2.29. Other operating income and expenses

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

2.30. Financial income and expenses

Financial income primarily concerns interest on investments.

Financial expenses primarily concern interest on bonds, bilateral loans and leasing, amortized cost related to bonds, as well as changes to the fair value of financial instruments. It also includes the interest cost related to the lease liability since the first time application IFRS 16 as of January 1, 2019.

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

Note 3 – Scope of consolidation

Legal entities	SIREN number (France) or country	% of control	% of interest	Consolidation method
SAS LOXAM	**450776968**	**100%**	**100%**	**Parents**
SAS LOXAM MODULE	433911948	100%	100%	Full
SAS LOXAM POWER	366500585	100%	100%	Full
SAS LOXAMED (a)	887672137	100%	51%	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 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
DEGRAUS	Brazil	100%	50.1%	Full
SCI AVENUE ARISTIDE BRIAND	384564472	100%	100%	Full
SCI EST POSE	340583160	100%	100%	Full
SAS LOXAM GRANDE ARMEE	572045953	100%	100%	Full
SCI TARTIFUME	328948013	100%	100%	Full
SCI THABOR	332962125	100%	100%	Full
LOXAMAM	799097944	100%	100%	Full
HUNE RENTAL S.L.	Spain	100%	100%	Full
HUNE ALUGUER LDA	Portugal	100%	100%	Full
GRUAS Y EQUIPOS HUNE	Colombia	100%	100%	Full
HUNE SICO LLC	Saudi Arabia	100%	49%	Full
LAVENDON HOLDINGS LTD	United Kingdom	100%	100%	Full
ZOOOM HOLDINGS LTD	United Kingdom	100%	100%	Full
ACCESS SOLUTIONS LTD	United Kingdom	100%	100%	Full
LAVENDON ACCESS SERVICES LTD	United Kingdom	100%	100%	Full
NATIONWIDE PLATFORMS LTD	United Kingdom	100%	100%	Full
UK PLATFORMS LTD	United Kingdom	100%	100%	Full
BLUESKY TOPCO LTD	United Kingdom	100%	100%	Full
BLUESKY SOLUTIONS LTD	United Kingdom	100%	100%	Full
RAPID ACCESS BV	Netherland	100%	100%	Full
RAPID ACCESS LLC (b)	United Arab Emirates	100%	49%	Full
RAPID ACCESS Holdings S.P.C	Bahrain	100%	100%	Full
RAPID Saudi Arabia Ltd	Saudi Arabia	100%	100%	Full
RAPID ACCESS LLC (c)	Oman	100%	70%	Full
RAPID ACCESS MIDDLE EAST LLC	United Arab Emirates	100%	100%	Full
RAPID ACCESS TRADING WLL (d)	Bahrain	100%	49%	Full
LOXAM ACCESS SRL	Italia	100%	80%	Full
SWAN	Ireland	100%	100%	Full
LIR HOLDINGS LTD	Ireland	100%	100%	Full

RAMIRENT OY	Finland	100%	100%	Full
RAMIRENT INTERNAL SERVICES AB	Sweden	100%	100%	Full
SAFETY SOLUTIONS JONSEREDS AB	Sweden	100%	100%	Full
RAMIRENT AB	Sweden	100%	100%	Full
RAMIRENT SAFE ACCESS AB	Sweden	100%	100%	Full
RENTSAFE SVERIGE AB	Sweden	100%	100%	Full
RAMIRENT FINLAND OY	Finland	100%	100%	Full
FORTRENT OY	Finland	50%	50%	Equity
FORTRENT LLC	Russia	50%	50%	Equity
RAMIRENT AS	Norway	100%	100%	Full
RAMIRENT BALTIC AS	Estonia	100%	100%	Full
RAMIRENT MODULAR FACTORY AS	Estonia	100%	100%	Full
RAMIRENT AS VILNIAUS FILIALAS	Lithuania	100%	100%	Full
RAMIRENT AS RIGAS FILIALE	Latvia	100%	100%	Full
RAMIRENT SHARED SERVICES AS	Estonia	100%	100%	Full
RAMIRENT S.A.	Poland	100%	100%	Full
RAMIRENT S.R.O.	Czech Republic	100%	100%	Full
RAMIRENT SPOL S.R.O.	Slovakia	100%	100%	Full
STAVDAL AB	Sweden	100%	100%	Full
STAVDAL AS	Norway	100%	100%	Full

(a) Loxam SAS has a 51% interest in the shares of Loxamed SAS, company created in July 2020. Loxamed SAS is treated as a wholly owned subsidiary for the group’s accounting purposes.

(b) Rapid Access BV has a 49% interest in the shares of Rapid Access LLC (United Arab Emirates). The Company as a right to give directions with respect to the operating and financial policies of Rapid Access LLC (UAE) and thus is considered to have control. Rapid Access LLC (UAE) is treated as a wholly owned subsidiary for the group’s accounting purposes.

(c) Rapid Access Holding SPC has a 70% interest in the shares of Rapid Access LLC (Oman). The Company has a right to give directions with respect to the operating and financial policies of Rapid Access LLC (Oman) and thus is considered to have control. Rapid Access LLC (Oman) is treated as a wholly owned subsidiary for the group’s accounting purposes.

(d) Rapid Access Middle East LLC (UAE) has a 49% interest in the shares of Rapid Access Trading WLL (Bahrain). The Company has a right to give directions with respect to the operating and financial policies of Rapid Access Trading WLL (Bahrain) and thus is considered to have control. Rapid Access Trading WLL (Bahrain) is treated as a wholly owned subsidiary for the group’s accounting purposes.

Note 4 – Intangible assets and goodwill

Changes in intangible assets and goodwill in 2020

€'000	Intangible assets	Goodwill	Total
Net book value at beginning of year	**430,516**	**1,923,088**	**2,353,604**
PPA allocation (a)	96,819	(74,040)	**22,779**
Increase	4,949	100	**5,049**
Amortization and depreciation of the year (b)	(50,362)	(11,577)	**(61,938)**
Decrease / disposals	(2)	-	**(2)**
Reclassification	1,565	-	**1,565**
Exchange gains or losses (c)	(2,847)	(10,711)	**(13,558)**
Net book value at end of the period	**480,637**	**1,826,860**	**2,307,498**

(a) PPA of Ramirent group adjusted by introducing a Tax Amortization Benefit ("TAB") and updating the amortization durations.
(b) Corresponds to the depreciation of the goodwill of Rapid Access Middle East for €10,000k, Atlas Rental (Morocco) for €904k and Hune Pronto Rental (Colombia) for €673k.
(c) Exchange variations mainly concern the Lavendon group.

Changes in intangible assets and goodwill in 2019

€'000	Intangible assets	Goodwill	Total
Net book value at beginning of year	**75,009**	**1,252,277**	**1,327,286**
Changes in scope	373,152	668,171	**1,041,324**
Increase	4,574	-	**4,574**
Amortization and depreciation of the year (a)	(26,648)	(10,000)	**(36,648)**
Decrease / disposals	(10)	-	**(10)**
Reclassification	966	-	**966**
Exchange gains or losses (b)	3,474	12,639	**16,113**
Net book value at end of the period	**430,516**	**1,923,088**	**2,353,604**

(a) Corresponds to the depreciation of the goodwill of Loxam A/S (Denmark).
(b) Exchange variations mainly concern the Lavendon group.

Trademarks and customer relationships in 2020

The purchase price for the following acquisitions was allocated to intangible assets and valued as follows at December 31, 2020:

€'000	Trademarks	Customer Relationships	Total
Lavendon Group	10,752	40,133	50,885
Hune Group	599	3,321	3,920
Loxam Access SRL	367	989	1,356
Ramirent Group	104,383	306,506	410,889
Net value at end of the period	**116,101**	**350,950**	**467,051**

Goodwill impairment tests:

Goodwill and other intangible assets with an indefinite useful life 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 combined its CGUs for each region: France and International.

Allocation of goodwill for each CGU group:

€'000	31.12.2019	31.12.2020
France	839,830	839,930
International	1,083,258	986,931
FY 2020	**1,923,088**	**1,826,860**

Goodwill is tested at least once a year and whenever indications of impairment arise. The last test was performed in December 2020.

In these tests, the book value of the net asset, including goodwill allocated to a CGU, is compared with its recoverable amount. The recoverable amount is determined using the "Discounted Cash Flow" method. The cash flow forecasts used for the calculations are based on amounts from the following year's budget approved by management, and forecasts for the next four years.

The cash flow forecasts covering a five-year period are based on experience and development forecasts for the markets in 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.

Following the result of this impairment test, the goodwill of Rapid Access Middle East was depreciated for an amount of €10,000k and the goodwill of Atlas Rental (Morocco) for an amount of €904k.

The assumptions used were as follows:

	Rapid Access Middle East		Atlas Rental	
%	31.12.2019	31.12.2020	31.12.2019	31.12.2020
Discount rate	9,5%	10,2%	8,3%	8,8%
Compound annual growth rate (CAGR)	1,4%	13,3%	5,5%	10,4%
Perpetuity growth rate	3,0%	3,0%	4,0%	4,0%

For the other entities of the group, no impairments was recorded since the recoverable value exceeded 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:

	31.12.2019		31.12.2020	
%	Perpetuity growth rate	Discount rate	Perpetuity growth rate	Discount rate
France	1.5%	6.61%	1.5%	6.10%
International	1.5% to 7%	6.0% to 13.3%	1.5% to 4%	5.1% to 15.0%

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.

Sensitivity analysis regarding the key assumptions: the amounts presented below include the value assigned to the main parameters, for each assumption taken separately, for which the book value is equal to its recoverable amount. In the sensitivity analysis, the parameters for the perpetuity growth rate and discount rate are modified independently, while holding the other assumptions constant.

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

	31.12.2019		31.12.2020	
%	Perpetuity growth rate	Discount rate	Perpetuity growth rate	Discount rate
France	-3.3%	9.7%	-4.5%	10.0%
International	-6.4%	11.3%	-1.6%	8.3%

Note 5 – Property, plant and equipment

Change in property, plant and equipment in 2020

At December 31, 2020, the gross book value of the Group's fleet amounts to € 4,281,662k.

€'000	Rental equipment	Other (a)	Total
Net value at beginning of year	**1,891,220**	**499,181**	**2,390,402**
Changes in scope	-	(434)	**(434)**
Increase	191,869	103,303	**295,172**
Amortization and depreciation of the year	(361,475)	(142,695)	**(504,170)**
Decrease / disposals	(22,463)	(6,663)	**(29,126)**
Reclassification	(6,062)	6,172	**111**
Exchange gains or losses	(22,566)	(2,906)	**(25,472)**
Net value at end of the period	**1,670,523**	**455,959**	**2,126,483**

(a) Since the application of IFRS 16, the Group presents the “right-of-use” assets within “Property, plant and equipment” on the same line as the underlying assets of same nature of which it has full ownership.
At December 31, 2020, the breakdown of the right-of-use by assets’ category is the following:

€'000	Real estate	Heavy vehicles	Light vehicles	Total
Net value at beginning of the period	**295,951**	**33,652**	**27,931**	**357,534**
Net value at end of the period	**251,139**	**33,431**	**24,512**	**309,082**

Change in property, plant and equipment in 2019

At December 31, 2019, the gross book value of the Group’s fleet amounts to € 4,492,690k.

€’000	Rental equipment	Other	Total
Net value at beginning of year	**1,247,993**	**106,708**	**1,354,701**
Changes in scope	624,622	133,970	**758,592**
Increase	344,915	113,973	**458,888**
Impact of first time application IFRS 16 (a)	-	259,845	**259,845**
Amortization and depreciation of the year	(320,800)	(115,053)	**(435,853)**
Decrease / disposals	(21,281)	(2,373)	**(23,653)**
Reclassification	(2,200)	(772)	**(2,972)**
Exchange gains or losses	17,972	2,883	**20,855**
Net value at end of the period (b)	**1,891,220**	**499,181**	**2,390,402**

(a) The group has applied IFRS16 for the first time on January 1, 2019, using the modified retrospective approach. Further to the IFRS IC’s 2020 decision related to the enforceable period of the lease agreement, the impact has been restated in the 2019 financial information. The breakdown of restated gross values by assets’ category is the following at January 1, 2019:

€'000	Real Estate	Heavy vehicles	Light vehicles & other	Total
Right-of-use assets	207,643	18,399	33,804	**259,845**

At December 31, 2019, the gross value of right-of-use amounts to €466,450k as a result of the acquisition of Ramirent, and of the new head office lease in France.

(b) Property acquired under finance leases and historically accounted for in accordance with IAS 17 are almost entirely included in the "Rental Equipment" column and amount to €375,123k of net book value.

Note 6 – Investments in associates

Investments in associates relate to Fortrent Oy in Finland (with a subsidiary operating in Russia, Fortrent LLC). Fehmarnbelt Solution Services A/S in Denmark was sold in Januray 2020 (see Note 1).

€'000	31.12.2019	31.12.2020
Value at beginning of the period	**-**	**9 815**
Changes in scope	8,734	(444)
Group share in earnings for the year	899	1 112
Exchange gains or losses	182	(2 947)
Value at end of the period	**9,815**	**7 536**

As mentioned in Note 2.14, investment in associates and joint ventures are subject to an annual impairment test.

Note 7 – Financial assets

Change of Financial assets in 2020

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

€'000	Deposits and guarantees	Loans and other non-current financial assets	Total
Net value at beginning of period	**13,244**	**8,125**	**21,369**
Increase	1,798	1,660	**3,458**
Decrease	(1,279)	(2,474)	**(3,753)**
Reclassification	0	(5)	**(5)**
Exchange gains or losses	(709)	125	**(584)**
Net value at end of the period	**13,053**	**7,432**	**20,485**

Change of Financial assets in 2019

€'000	Deposits and guarantees	Loans and other non-current financial assets	Total
Net value at beginning of period	**13,284**	**1,097**	**14,381**
Changes in scope (a)	-	7,133	**7,133**
Increase	507	1,878	**2,385**
Decrease	(515)	(1,983)	**(2,498)**
Exchange gains or losses	(32)	-	**(32)**
Net value at end of the period	**13,244**	**8,125**	**21,369**

(a) Relates to Ramirent.

Note 8 – Inventories

€'000 - Net value	31.12.2019	31.12.2020
Trade	20,606	28,559
Parts and consumables	28,696	16,934
Total	**49,302**	**45,493**

Note 9 – Trade and other receivables

€'000	31.12.2019	31.12.2020
Gross value	596,657	501,614
Impairment	(100,076)	(87,517)
Total trade and other receivables - net	**496,581**	**414,097**
Not due	67%	71%
Due < 30 days	18%	16%
Due from 30 to 60 days	5%	5%
Due > 60 days	10%	9%

Note 10 – Income tax receivables and other current assets

€'000	31.12.2019	31.12.2020
Income tax receivables	22,570	18,776
Prepaid expenses	26,096	14,660
Other receivables	26,370	26,740
Other current assets	52,466	41,399
Total income tax receivables and other current assets	**75,036**	**60,176**

Note 11 – Cash management assets, cash and cash equivalents

€'000	31.12.2019	31.12.2020
Other marketable securities	102,269	103,777
Cash	127,818	524,167
Total	**230,087**	**627,945**

Marketable securities comprise cash investment funds (SICAV) as well as term accounts and deposits in line with the IAS 7 definition of cash and cash equivalents (see Note 2.18).

Note 12 – Shareholders’ equity

The share capital amounts to €224,818,150, split into 22,481,815 shares with a par value of €10 at December 31, 2020. It is fully paid up.
During the year 2020, Loxam SAS has reduced its share capital for a nominal amount of €5,000k. The difference between the net price of shares buyback and the nominal amount of shares was recorded in “consolidated reserves” for €14,555k.

Note 13 – Financial risk management - Financial instruments

Financial instruments relating to interest rate risk:

As indicated in Note 2.19, the interest rate swaps entered into by the Group are classified as derivative financial instruments.
At December 31, 2020, these agreements relate to a notional amount of €288,427k with next maturity date in April 2021 (mainly concern Ramirent for €165,000k and Nationwide Platforms for £90,000k).
At December 31, 2020, the fair value of these derivative instruments amounts to €3,611k compared to €3,168k at December 31, 2019. Fair value adjustments are accounted in financial income for an amount of €648k and in OCI reserves for €(1,091)k at December 31, 2020.
The fair value is estimated based on forecasts of observable interest rates on the derivatives market and classified as Level 2 in accordance with the classification presented in Note 2.10.

Financial instruments relating to foreign exchange risk:

As indicated in Note 2.20, foreign currency put options entered into by the Group are classified as derivative financial instruments.
At December 31, 2020, Loxam SAS hold forward contracts on the Sterling pounds for GBP 31,136k compared to GBP 46,290k at December 31, 2019. Ramirent hold forward contracts on the Norwegian krone for NOK 365,000k and Swedish krone for SEK 550,000k as at December 31, 2020.
The fair value of these financial instruments is an asset for €804k and a liability of €1,455k at December 31, 2020, compared to a liability of €4,440k at December 31, 2019. The change in fair value is recorded as a financial income for an amount of €3,789k at December 31, 2020.
The fair value is estimated based on forecasted exchange rates observable on the currency market and is classified as Level 2 in accordance with the classification presented in Note 2.10.

Change in the valuation of financial instruments at December 31, 2020

€’000	Interest Rate swaps	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 2	
Value at beginning of year	**3,168**	**4,440**	**7,608**
Value adjustment in OCI	1,091	-	**1,091**
Value adjustment in P&L	(648)	(3,789)	**(4,736)**
Value at end of the period	**3,611**	**651**	**4,262**

Derivatives instruments included in the assets	**(804)**
Derivatives instruments included in the liabilities	**5,066**

Change in the valuation of financial instruments at December 31, 2019

€'000	**Interest Rate swaps**	**Exchange rate hedging**	**Financial instruments**
Fair value level	Level 2	Level 2	
Value at beginning of year	**1,400**	**913**	**2,313**
Changes in scope	3,227	(264)	**2,963**
Value adjustment in P&L	(1,459)	3,791	**2,332**
Value at end of the period	**3,168**	**4,440**	**7,608**

Derivatives instruments included in the assets	**-**
Derivatives instruments included in the liabilities	**7,608**

Liquidity risk information

Liquidity risk is managed by Loxam's Finance Department, which provides subsidiaries with access to adequate short or long-term financing facilities.

The subsidiaries can look to local financing to fund their investments; in this case, these agreements are validated by the Group's Finance Department.

Liquidity is optimised at the parent company level through investment tools with capital guarantees (particularly marketable securities or instant access term deposit accounts).

Transfers between the parent company and its subsidiaries are covered by cash management agreements or loan agreements.

The group is subject to financial ratios pursuant to its bond issuances.

In light of the sanitary crisis and its immediate effect on the business and its financial performance, Loxam has obtained from its RCF lenders a waiver which entails a covenant holiday on its financial debt ratio until March 31, 2021.

Credit risk information

The Loxam group has a credit management policy in place enabling it to evaluate the creditworthiness of the customers. Outstanding balances are monitored with regular reports and financial information concerning customers is tracked regularly. Customer provisions are recorded in the accounts for uncollectable amounts at each month end.

Note 14 – Borrowings and financial debt

Following the application of IFRS 16 standard, the Group is presenting separately the lease debt related to finance leasing and the lease liability related to operating lease contracts.

Breakdown of current and non-current financial debt:

€'000	31.12.2019 restated	31.12.2020
Bond (a)	2,969,877	2,952,989
State guarantee loan	-	29,104
Bilateral and bridge loans net of issuance costs	366,912	250,573
Lease debt	191,542	167,817
Lease liability	263,767	232,367
Other financial debt	514	-
Non-current financial debt	**3,792,612**	**3,632,850**
State guarantee loan	-	234,452
Short-term bilateral loans	119,337	141,145
Commercial papers	115,000	82,000
Short-term lease debt	96,975	103,750
Short-term lease liability	100,734	87,948
Other financial debt	48,455	30,749
Current bank borrowings	1,052	139
Current financial debt	**481,553**	**680,183**
Financial debt	**4,274,164**	**4,313,033**

(a) Net of bond issuance costs.

Breakdown of financial debt by interest rate

€'000	31.12.2019 restated	31.12.2020
Variable-rate debt	571,948	446,600
Fixed-rate debt (a)	3,699,798	3,865,516
Bank overdrafts	1,052	139
Other	1,367	778
TOTAL	**4,274,164**	**4,313,033**

(a) Includes lease liability

Breakdown of financial debt by maturity

€'000	31.12.2019 restated	31.12.2020
< 1 year	481,553	680,183
1 to 5 years	1,644,004	2,398,088
> 5 years	2,148,607	1,234,762
TOTAL	**4,274,164**	**4,313,033**

Change in borrowings and financial debt at December 31, 2020

€'000	Beginning of year	Change in scope (a)	Increase	Decrease	Other (b)	Exchanges gains or losses	31.12.2020
Bond issues (c)	**2,969,877**	-	-	(26,024)	9,136	-	**2,952,989**
Revolving Credit Facility	**-**	-	75,000	(75,000)	-	-	**-**
State guarantee loan	**-**	-	263,639	(79)	-	(3)	**263,556**
Bilateral loans	**486,249**	-	42,326	(130,711)	356	(6,501)	**391,719**
Commercial papers	**115,000**	-	-	(33,000)	-	-	**82,000**
Lease debt	**288,517**	-	49,113	(64,663)	(357)	(1,044)	**271,567**
Lease liability	**364,501**	-	66,235	(112,072)	4,177	(2,527)	**320,315**
Other financial debt	**50,020**	(17,736)	-	-	(500)	(895)	**30,889**
TOTAL	**4,274,164**	**(17,736)**	**496,313**	**(441,549)**	**12,811**	**(10,969)**	**4,313,033**

(a) Refers to buyback of the minority stakes of Ramirent.
(b) Including amortization of issuance costs.
(c) Net of issuance costs.

Change in borrowings and financial debt at December 31, 2019

€'000	Beginning of year	Change in scope	First time application IFRS 16	Increase	Decrease	Other	Exchanges gains or losses	31.12.2019
Bond issues	**1,552,170**	-	-	1,873,774	(464,300)	8,233	-	**2,969,877**
Bilateral loans	**409,093**	232,945	-	174,495	(337,279)	319	6,676	**486,249**
Commercial papers	**-**	280,000	-	-	(165,000)	-	-	**115,000**
Lease debt	**293,332**	66	-	113,336	(118,360)	-	144	**288,517**
Lease liability (a)	**-**	102,934	259,845	83,004	(82,352)	(1,180)	2,249	**364,501**
Other financial debt	**24,938**	20,706	-	-	-	4,394	(19)	**50,020**
TOTAL	**2,279,533**	**636,651**	**259,845**	**2,244,609**	**(1,167,290)**	**11,766**	**9,050**	**4,274,164**

(a) Restated following the IFRS IC's decision related to the enforceable period of the lease contracts (see Note 2.13)

Note 15 – Employee benefits

€'000	31.12.2019	31.12.2020
Net Defined Benefit Obligation	**44,188**	**57,114**

Reconciliation of the commitment and the provision		
Commitment	46,072	59,663
Plan assets	(1,884)	(2,549)
Net Defined Benefit Obligation at year-end / period	**44,188**	**57,114**

Movement in Defined Benefit Liability		
Net Defined Benefit Liability at beginning of year	**11,111**	**44,188**
Expense for the financial year	2,063	3,199
Recognition of actuarial gains or losses through OCI (a)	(498)	10,199
Benefits or contributions paid by the employer	(1,025)	(1,898)
Exchange gains or losses	656	1,425
Changes in scope and other (b)	31,881	-
Net Defined Benefit Obligation at year-end / period	**44,188**	**57,114**

(a) At December 31, 2020, mainly relates to the update of the turnover table for France and the effective hiring dates at Ramirent Sweden.
(b) At December 31, 2019, concerns the defined benefit pension plan "ITP2" of Ramirent Sweden.

Breakdown of the expense for the financial year	31.12.2019	31.12.2020
Current service cost	1,583	2,347
Other	89	168
Interest cost	391	685
Expense for the year / period	**2,063**	**3,199**

The provisions for employee benefits concern retirement benefits for €56,049k at December 31, 2020 compared to €43,222k at December 31, 2019 and jubilee awards for €1,066k at December 31, 2020 compared to €966k at December 31, 2019.

Actuarial assumptions used	31.12.2019		31.12.2020	
	France	International	France	International
Discount rate (a)	1.00	0.20 to 1.75	0,75	0.00 to 2.25
Salary increase rate	1.50	0.00 to 4.6	1.50	0.00 to 4.6
Inflation rate	1.75	0.70 to 2.00	1.75	0.70 to 1.75
Mortality table	THTF 00-02	Depending on the country	THTF 00-02	Depending on the country
Retirement age	65	62 to 70	65	65 to 70

(a) Discount rate retained at December 31, 2020: Mercer Pension Yield Curve Eurozone.

Schedule of future payments over ten years	31.12.2019	31.12.2020
Less than 1 year	747	658
More than 1 year	13,160	15,412

Sensitivity Analysis - Changes in the defined benefit obligation as %	31.12.2019	31.12.2020
Discount rate +0.5%	-11%	-10%
Discount rate -0.5%	10%	10%

Note 16 – Provisions

Change in provisions at December 31, 2020

€'000	Provisions for restructuring	Others provisions for contingencies	Provisions for charges	Total
Balance at beginning of year	**8,192**	**7,896**	**3,380**	**19,468**
Change in scope	-	-	-	**-**
Allocations	1,659	2,800	1,528	**5,987**
Reversals	(5,393)	(1,572)	(2,439)	**(9,405)**
Exchange gains or losses and other	(9)	(963)	24	**(949)**
Balance at end of year / period	**4,447**	8,161	**2,493**	**15,102**

Change in provisions at December 31, 2019

€'000	Provisions for restructuring	Others provisions for contingencies	Provisions for charges	Total
Balance at beginning of year	**14**	**6,944**	**4,139**	**11,098**
Changes in scope	2,957	719	578	**4,254**
Allocations	6,455	1,910	1,116	**9,481**
Reversals	(1,217)	(1,447)	(968)	**(3,632)**
Exchange gains or losses and other	(18)	(229)	(1,486)	**(1,733)**
Balance at end of year / period	**8,192**	**7,896**	**3,380**	**19,468**

Note 17 – Trade payables and other current liabilities

€'000	31.12.2019	31.12.2020
Trade payables	178,598	164,391
Payables to fixed asset suppliers	26,666	44,978
Trade payables and related	**205,265**	**209,369**
Corporate income tax liabilities	**11,942**	**6,376**
Tax and social security liabilities	160,102	153,575
Other liabilities	32,086	32,399
Accrued income	1,227	102
Other liabilities and accruals	**193,415**	**186,076**
Total current liabilities	**410,621**	**401,821**

Note 18 – Segments information

The business of LOXAM group is organized into three divisions:

- Generalist France division, which comprises the generalist rental operations in France;
- Specialist France division, which comprises the specialist rental operations in France;
- International division, which is composed of both generalist and specialist rental operations in 29 countries other than France.

Revenue by division

€'000	31.12.2019	*% of total*	31.12.2020	*% of total*
Generalist France	681,479	***36.4***	586,832	***29.5***
Specialist France	242,774	***13.0***	215,964	***10.9***
Total France	**924,254**	***49.4***	**802,796**	***40.4***
International	947,179	***50.6***	1,186,125	***59.6***
Total Revenue	**1,871,433**		**1,988,921**	

EBITDA by division

EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net profit as an indicator of the operating performance or any other measures of performance derived in accordance with IFRS. EBITDA is defined by the Group as profit from ordinary operations plus depreciation and amortization of tangible and intangible assets.

€'000	31.12.2019	*% margin*	31.12.2019 restated	*% margin*	31.12.2020	*% margin*
Generalist France	269,821	***39.6%***	276,235	***40.5%***	235,455	***40.1%***
Specialist France	86,240	***35.5%***	87,734	***36.1%***	82,645	***38.3%***
Total France	**356,061**	***38.5%***	**363,969**	***39.4%***	**318,100**	***39.6%***
International	331,141	***35.0%***	331,141	***35.0%***	404,385	***34.1%***
Real estate (a)	6,562	***n.a***	6,562	***n.a***	5,430	***n.a***
Total EBITDA	**693,764**	***37.1%***	**701,672**	***37.5%***	**727,915**	***36.6%***

(a) Real estate EBITDA corresponds to rental income from real estate held by the group that is not assigned to a division less direct external costs.

Profit from ordinary operations by division

€'000	31.12.2019	% margin	31.12.2019 restated	% margin	31.12.2020	% margin
Generalist France	112,609	*16.5%*	113,128	*16.6%*	77,732	*13.2%*
Specialist France	31,165	*12.8%*	31,456	*13.0%*	27,988	*13.0%*
Total France	**143,775**	*15.6%*	**144,584**	*15.6%*	**105,720**	*13.2%*
International	92,002	*9.7%*	92,002	*9.7%*	66,726	*5.6%*
Real estate (a)	3,087	*n.a*	2,900	*n.a*	2,051	*n.a*
Total Profit from ordinary operations	**238,864**	*12.8%*	**239,487**	*12.8%*	**174,498**	*8.8%*

(a) Real estate EBITDA corresponds to rental income from real estate held by the group that is not assigned to a division less direct external costs.

Note 19 – Personnel expenses

€'000	31.12.2019	31.12.2020
Salaries	343,778	380,549
Payroll taxes	102,907	114,470
Other personnel expenses (a)	13,974	11,297
Personal benefits	647	616
Incentive and employee profit-sharing	6,168	6,969
Total personnel expenses	**467,475**	**513,901**
Average headcount	11,358	11,051

(a) Related to severances paid, contributions to social work and other social welfares contributions

Note 20 – Other operating income and expenses

At December 31, 2020 other operating income and expenses amount to €(12,034)k and mainly relate to the depreciation of the goodwill of Rapid Access (Middle East) for €(10,000)k and Atlas Rental (Morocco) for €(934)k, and the impairment of €(613)k following the disposal of Twinsite, a training business of Ramirent Sweden.

At December 31, 2019 other operating expenses amounted to €(29,020)k. They mainly concerned the acquisition costs relating to UK Platforms and Ramirent for a total of €(12,900)k, the depreciation of the goodwill of Loxam A/S (Denmark) for €(10,000)k, as well as a restructuration plan of the Swedish activities of Ramirent for €(5,200)k.

Other operating income mainly concerned an exceptional profit related to a tax relief program in Brazil.

Note 21 – Financial income (expense)

€'000	31.12.2019 restated	31.12.2020
Interest and financing-related expenses [(a)]	(126,937)	(158,698)
Income from cash and cash equivalents	49	30
Net finance costs	**(126,888)**	**(158,668)**
Foreign exchange gains or losses	2,244	(5,379)
Exceptional financial costs [(b)]	(28,310)	(861)
Fair value adjustments of interest rate Swaps	(2,332)	4,437
Net gain on buyback of bonds	-	1,538
Other financial income and expenses	415	298
Financial income (expense)	**(154,872)**	**(158,636)**

(a) At December 31, 2020, includes expenses related to lease financial debt €(4,938)k and interest related to lease liabilities €(10,703)k, as presented in Note 15.
At December 31, 2019, includes expenses related to lease financial debt €(5,721)k and interest related to lease liabilities €(9,495)k and €(10,550)k after the restatement of IFRS IC.

(b) At December 31, 2020, includes the consultancy fees for the issuance of loans in the sanitary crisis context and the accelerated amortization of issuance of bond fees following the buyback of bonds.
At December 31, 2019, mainly concern the costs related to the follow-up loan of €1,500 million contracted for Ramirent acquisition and the accelerated amortization of issuance cost following the reimbursement of April 2019.

Note 22 – Corporate income tax

Analysis of tax expense

€'000	31.12.2019 restated	31.12.2020
Current tax	(4,718)	(10,420)
Deferred tax	(4,841)	9,756
Total	**(9,559)**	**(664)**

Reconciliation between actual tax and theoretical tax expense

€'000	31.12.2019 restated	31.12.2020
Consolidated income before tax and "CICE" French tax credit, and share of result in associates	**56,542**	**3,828**
Tax rate (parent)	32,02%	28.41%
Theoretical tax expense	**(18,105)**	**(1,087)**
Difference in parent / subsidiary rates	4,166	2,707
Unused tax losses for the year	(2,094)	(4,498)
Use of previously unused losses	786	1,665
Permanent differences	6,906	(933)
Tax credits and other	(1,218)	1,483
Actual tax expense	**(9,559)**	**(664)**
Effective tax rate	16,9%	17,3%

Deferred tax assets and liabilities

€'000	31.12.2019 restated	31.12.2020
Opening balance	**(52,006)**	**(172,404)**
Income (expense)	(4,841)	9,756
Change in scope	(117,254)	-
Own funds allocation	316	2,474
PPA allocation (a)	-	(19,808)
Other changes	1,380	2,369
Closing balance	**(172,404)**	**(177,614)**
Deferred tax assets	18,461	17,788
Deferred tax liabilities	(190,865)	(195,403)

(a) Related to the purchase price allocation of Ramirent group (linked to the Tax Amortization Benefit application and the change of amortization duration).

Deferred tax assets primarily relate to temporary differences and the use of loss carry forwards. The deferred tax liabilities relate to temporary differences primarily linked to accelerated tax depreciation charges and to intangibles assets from the PPA.

Note 23 – Off-balance sheet commitments

€'000	31.12.2019	31.12.2019
Guarantee given to banks for payment of real estate rentals	2,106	2,671
Pledging of business assets as collateral	360	360
Total commitments given	**2,466**	**3,031**
Other bank guarantees received	727	727
Total commitments received	**727**	**727**

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

- Guarantees from Loxam SAS on subsidiaries' borrowings (bilateral loans and finance leases) for €27,658k at December 31, 2020 and for €31,101k at December 31, 2019;
- Guarantees from Ramirent on its subsidiaries' borrowings (bilateral loans and finance leases) for €2,956k at December 31, 2020;
- Guarantee from Loxam SAS relating to the commitments for employee benefits of its subsidiary Ramirent Sweden, capped at MSEK 320;
- Pledge of Loxam Power, Loxam Module, Lavendon Group Ltd and Ramirent Oy shares as well as the Loxam brand as collateral to guarantee €2,300 million of Senior Secured bonds as at December 31, 2020 and December 31, 2019;
- €75 million RCF: transfer under the Dailly Act: 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 entirely drew and reimbursed during the period.

In addition, following the application of IFRS 16, the Group applies the exemptions provided by the standard (low-value equipment and short-term contracts) and therefore keeps contractual operating lease commitments.

Note 24 – Related-party transactions

The remuneration of key governing bodies is comprised of the following:

€'000	31.12.2019	31.12.2020
Executive Committee compensation	3,293	3,620
Executive Committee benefits in kind	43	42
Attendance fees paid to directors	42	42
Total amount of compensation and benefits paid to executives and directors	**3,378**	**3,704**

The parent company SAS Loxam concluded a services contract with the company DPZ Partners which holds part of the share capital of SAS Loxam. This contract was concluded under normal market conditions. The services provided to this contract were billed to SAS Loxam for an amount of €1.2 million in 2020 against €1.7 million in 2019.

The SCI Ellipse, subsidiary of DPZ Partners, acquired Le Cap, an office building based in La Défense. Loxam SAS entered into a ten-year lease agreement with SCI Ellipse starting from January 1, 2020. Loxam SAS rents the entirety of the building (approximately 9,515 sqm) for an annual rent of €4.1 million and related taxes for €0.7 million.

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

Note 25 – Statutory Auditors' Fees

€'000	Constantin/Deloitte	KPMG	Other
Accounts certification	209	208	-
Other subsidiaries	430	818	396
Other services	1,416	203	84
Overall fees of statutory Auditors	**2,055**	**1,229**	**479**

Note 26 – Restatement related to the application of IFRS IC

The IFRS Interpretations Committee's decision has specified that it is not possible to use only the legal approach to determine the enforceable period of a contract, if the duration cannot be determined definitively at the origin of the contract. The committee considers that a lease contract remains enforceable as long as the lessee or the lessor would have to bear a loss or a more than insignificant penalty in case of termination of the contract. To determine the enforceable period of a lease, all economic aspects of the lease must be taken into account and not just contractual termination indemnities.

The Group has applied the IFRS IC decision related to the enforceable period of leases. It has an impact on real estate contracts whose contractual lease term was exceeded and in a situation of tacit renewal, and were hence originally excluded from the IFRS 16 scope.
In order to determine the reasonably certain duration to be applied to leases that are concerned by the IFRS IC decision, the Group has chosen a period of three years from the anniversary date of the contract as an additional lease period (where there is reasonable assurance that the lease will continue). Where appropriate, the duration of these leases may be reassessed in order to take into account the Group's strategic choices.

The implementation of this decision as at December 21, 2020 with retroactive effect at January 1, 2019 is a change in accounting policy whose impacts are presented here after.

Statement of financial position

ASSETS (€'000)	Notes	31.12.2019 published	IFRS IC Impact	31.12.2019 restated
Intangible assets and goodwill		2,353,604	-	2,353,604
Property, plant and equipment	6	2,362,477	27,924	2,390,402
Investments in associates		9,815	-	9,815
Financial assets		21,369	-	21,369
Financial derivatives		-	-	-
Deferred tax assets		18,461	-	18,461
Non-current assets		**4,765,726**	**27,924**	**4,793,651**
Inventories		49,302	-	49,302
Trade and other receivables		496,581	-	496,581
Other current assets		52,466	-	52,466
Corporate income tax receivables		22,570	-	22,570
Cash and cash equivalents		230,087	-	230,087
Current assets		**851,006**	**-**	**851,006**
Total assets		**5,616,732**	**27,924**	**5,644,657**

LIABILITIES (€'000)		31.12.2019 published	IFRS IC Impact	31.12.2019 restated
Share capital		229,818	-	229,818
Additional paid-in capital		1,882	-	1,882
Consolidated reserves		407,439	-	407,439
Net profit for the year		49,389	(294)	49,095
Shareholders' equity (Group share)		**688,528**	**(294)**	**688,234**
Non-controlling interests		9,507	-	9,507
Total equity		**698,035**	**(294)**	**697,741**
Employee benefits		44,188	-	44,188
Deferred tax liabilities	23	191,004	(138)	190,865
Borrowings and financial debt	15	3,771,635	20,976	3,792,612
Financial derivatives		7,608	-	7,608
Non-current liabilities		**4,014,436**	**20,838**	**4,035,274**
Provisions		19,468	-	19,468
Borrowings and financial debt	15	474,173	7,380	481,553
Trade and other payables		205,265	-	205,265
Other liabilities		193,415	-	193,415
Corporate income tax liabilities		11,942	-	11,942
Current liabilities		**904,262**	**7,380**	**911,642**
Total shareholders' equity and liabilities		**5,616,732**	**27,924**	**5,644,657**

Consolidated income statement

€'000	31.12.2019 published	IFRS IC Impact	31.12.2019 restated
Revenue	1,871,433	-	1,871,433
Other income	59,472	12	59,483
Operating income	**1,930,905**	**12**	**1,930,916**
Purchases consumed	(193,407)	-	(193,407)
Personnel expenses	(467,475)	-	(467,475)
Other current expenses	(556,668)	7,897	(548,772)
Taxes and duties	(19,591)	-	(19,591)
Depreciation and amortization – Property, plant and equipment	(428,251)	(7,286)	(435,537)
Depreciation and amortization – Intangibles assets	(26,648)	-	(26,648)
Profit from ordinary operations	**238,864**	**623**	**239,487**
Other operating incomes	947	-	947
Other operating expenses	(29,020)	-	(29,020)
Operating profit	**210,791**	**623**	**211,413**
Interest and financing-related expenses	(125,833)	(1,055)	(126,888)
Other financial income and expenses	(27,984)	-	(27,984)
Financial income (expense)	**(153,817)**	**(1,055)**	**(154,872)**
Profit before tax	**56,974**	**(432)**	**56,542**
Share of result in associates and joint ventures	899	-	899
Income tax expense	(9,697)	138	(9,559)
Net profit	**48,176**	**(294)**	**47,882**
Non-controlling interests	(1,213)	-	(1,213)
Net profit, Group share	**49,389**	**(294)**	**49,095**

	31.12.2019 published	IFRS IC Impact	31.12.2019 restated
Net profit	**48,176**	**(294)**	**47,882**
Exchange gains or losses	26,018	-	26,018
Fair value of derivative instruments	-	-	-
Tax	-	-	-
Items recycled to profit or loss	***26,018***	**-**	***26,018***
Remeasurement of liabilities for defined benefit retirement plans	498	-	498
Tax	(122)	-	(122)
Items not recycled to profit or loss	***376***	**-**	***376***
Other comprehensive income	**26,394**	**-**	**26,394**
Comprehensive income	**74,570**	**(294)**	**74,276**

EBITDA	**693,763**	**7,908**	**701,671**

Consolidated cash-flow statement

€'000	31.12.2019 published	IFRS IC Impact	31.12.2019 restated
Net profit	**48,176**	**(294)**	**47,882**
Share of result in associates and joint ventures	(899)	-	(899)
Income tax expense (including deferred tax)	9,697	(138)	9,559
Net finance costs	153,817	1,055	154,872
Other operating income and expense	5,139	-	5,139
Depreciation and provisions, net of reversals	466,145	7,286	473,431
Capital gains on asset disposals	(48,455)	-	(48,455)
Cash flow from operations (before cost of financing and tax)	**633,620**	**7,908**	**641,529**
Income tax paid	(4,718)	-	(4,718)
Financial interest paid	(140,546)	(1,055)	(141,600)
Financial interest received	1,194	-	1,194
Change in working capital requirements	(35,047)	-	(35,047)
Cash flow from operating activities	**454,503**	**6,854**	**461,357**
Impact of changes in scope	(1,052,460)	-	(1,052,460)
Acquisitions of fixed assets	(466,086)	-	(466,086)
Disposals of fixed assets	73,234	-	73,234
Cash flow from investing activities	**(1,445,313)**	**-**	**(1,445,313)**
Dividends paid	(6,895)	-	(6,895)
Capital movements	-	-	-
Proceeds from loans and borrowings	2,244,609	-	2,244,609
Repayment of loans and borrowings	(1,160,437)	(6,854)	(1,167,290)
Cash flow from financing activities	**1,077,278**	**(6,854)**	**1,070,424**
Change in cash and cash equivalents	**86,468**	**-**	**86,468**
Cash and cash equivalents at beginning of period	141,418	-	141,418
Cash and cash equivalents at end of period	229,035	-	229,035
Impact of exchange rate fluctuations	(1,150)	-	(1,150)
Change in cash and cash equivalents	**86,468**	**-**	**86,468**
Other marketable securities	102,269	-	102,269
Cash at bank and on hand	127,818	-	127,818
Current bank borrowings	(1,052)	-	(1,052)
Cash and cash equivalents	**229,035**	**-**	**229,035**