



**QUARTERLY REPORT March 31, 2019**

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## 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, excluding changes in the scope of consolidation.

## NOTICE

All financial information in this quarterly report has been prepared in accordance with IFRS and is presented in millions of euros. This financial information and the notes to the financial statements have not been subject to an audit by our statutory auditors.

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***

Loxam has applied from January 1, 2019 the following new IFRS standard:

***IFRS 16 - Leases***: this standard replaces the IAS 17 and the associated IFRIC and SIC interpretations. It removes the distinction previously made between simple leases and financial leases. According to IFRS 16, a lessee employs a right-of-use asset and a lease liability representing the rental obligation. The Group has applied IFRS 16 based on the following exemptions and transition options provided by the standard:

- Exemption for contracts with a duration of less than one year (at the date of transition, exemption of old lease contracts with a remaining term of less than 12 months);
- Exemption for lease contracts of low-value assets (USD 5,000);  
Additionally, lease contracts relating to our rental fleet have been excluded considering their low materiality on the Group's consolidated financial statements;
- Use of the simplified retroactive method at the transition date based on a recalculation of the opening balance sheet of the transitional year (2019) without restating previous comparative data;
- The rental obligation and the right-of-use are initially measured at the discounted value of rental payments over the lease term, at the incremental borrowing rate for the group and its subsidiaries (taking into account the borrowing conditions and the credit risk specific to each entity);
- The right-of-use assets are amortized on a straight-line basis over the lease term of each contract.

The lease contracts restated in accordance with IFRS 16 mainly relate to real estate and, to a lesser extent, heavy and light transport vehicles.

The implementation of the standard as of January 1, 2019 has led to the cancellation of lease expenses (in "Other current expenses") for lease contracts listed in the scope of the new standard, the amortization of the right-of-use and the recognition of financial expenses (interest cost of the lease liability).

### ***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 the quarter ended March 31, 2019 include:

- 3 months of activity of UK Platforms, acquired on January 14, 2019;
- 3 months of activity of Nove, acquired on June 21, 2018 and merged into Loxam Access SRL on December 21, 2018.

The information provided at constant perimeter for the quarter ended March 31, 2019 compared to the quarter ended March 31, 2018 eliminates the financial information of UK Platforms for the quarter ended March 31, 2019 while adding 3 months of results for Nove for the quarter ended March 31, 2018.

In Q4 2018, the Degraus depreciation rules have been harmonized to the Loxam rules. This harmonization has not been done in Q1 2018 and Q1 2018 accounts have not been restated for this.

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 according to IFRS  <i>(in millions of euros)</i>	Quarter ended March 31,			
	2018	2019 (excl. IFRS 16 Impact)	IFRS 16 impact	2019 (incl. IFRS16 Impact)
<b>Revenue</b> .....	<b>343.9</b>	<b>367.3</b>	-	<b>367.3</b>
Other income .....	10.4	9.3	-	9.3
Purchases consumed .....	(38.3)	(40.1)	-	(40.1)
Personnel expenses .....	(97.1)	(100.4)	-	(100.4)
Other current expenses .....	(114.4)	(120.0)	17.0	(103.0)
Taxes and duties .....	(6.1)	(6.9)	-	(6.9)
Depreciation and amortization – Property, plant and equipment .....	(61.4)	(71.9)	-	(71.9)
Depreciation and amortization – Intangibles assets .....	(2.9)	(3.1)	-	(3.1)
Depreciation and amortization – Right of use of leased assets .....	-	-	(15.9)	(15.9)
<b>Profit from ordinary operations</b> .....	<b>34.2</b>	<b>34.2</b>	<b>1.0</b>	<b>35.3</b>
Other operating income and expense .....	0.0	0.3	-	0.3
<b>Operating profit</b> .....	<b>34.2</b>	<b>34.5</b>	<b>1.0</b>	<b>35.6</b>
Financial income and expense .....	(25.2)	(23.1)	(1.9)	(25.0)
Income tax expense .....	(1.5)	(1.6)	0.2	(1.4)
<b>Net profit</b> .....	<b>7.5</b>	<b>9.8</b>	<b>(0.6)</b>	<b>9.2</b>
Non-controlling interests .....	(0.7)	(0.0)	(0.0)	(0.0)
<b>Net profit, group share</b> .....	<b>8.2</b>	<b>9.9</b>	<b>(0.6)</b>	<b>9.3</b>

**Consolidated balance sheet according to IFRS**

<i>(in millions of euros)</i>	As of	
	December 31, 2018	March 31, 2019
Intangible assets and goodwill.....	1,327.3	1,365.4
Right of use of leased assets.....	-	214.2
Property, plant and equipment.....	1,354.7	1,496.8
Financial assets.....	14.4	14.4
Deferred tax assets.....	18.4	18.2
<b>Non-current assets.....</b>	<b>2,714.8</b>	<b>3,109.0</b>
Inventories.....	30.8	34.2
Trade and other receivables.....	388.5	405.6
Other current assets.....	68.5	68.3
Cash and cash equivalents.....	143.8	93.0
<b>Current assets.....</b>	<b>631.5</b>	<b>601.0</b>
<b>TOTAL ASSETS.....</b>	<b>3,346.3</b>	<b>3,710.1</b>
<b>Shareholders' equity.....</b>	<b>630.5</b>	<b>658.3</b>
Provisions for employees benefits.....	11.1	11.2
Deferred tax liabilities.....	70.4	70.8
Borrowings and financial debt - long term portion.....	2,063.0	2,106.4
Lease liabilities - long term portion.....	-	155.1
Financial derivatives.....	2.3	6.1
<b>Non-current liabilities.....</b>	<b>2,146.9</b>	<b>2,349.6</b>
Provisions.....	11.1	9.5
Borrowings and financial debt - current portion.....	216.5	204.3
Lease liabilities - current portion.....	-	59.9
Supplier and other payables.....	202.2	289.1
Other current liabilities.....	139.2	139.3
<b>Current liabilities.....</b>	<b>569.0</b>	<b>702.2</b>
<b>TOTAL EQUITY AND LIABILITIES.....</b>	<b>3,346.3</b>	<b>3,710.1</b>



**Consolidated condensed cash-flow statement according to IFRS <sup>(1)</sup>***(in millions of euros)*

	<b>Quarter ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2019</b>
Cash flow from operations .....	56.4	152.7
Cash flow from investing activities .....	(83.7)	(226.5)
Cash flow from financing activities.....	(20.4)	24.1
<b>Change in cash and cash equivalents .....</b>	<b>(47.7)</b>	<b>(49.7)</b>
<b>Cash and cash equivalents at the end of the period <sup>(2)</sup> .....</b>	<b>70.7</b>	<b>92.4</b>

Notes : (1) Excluding IFRS 16 impact

(2) Including bank overdraft.

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

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

### Overview

We are the fifth-largest equipment rental group in the world for the construction, industry, public works and events sectors based on 2018 revenues.

We are the leading equipment rental company in Europe based on pro forma revenues for the 12-months period ended March 31, 2019 of €1,534 million and also have a large international presence outside of Europe through operations in Morocco, the Middle East, Brazil and Colombia. We have historically managed our activity through three business divisions:

- Generalist France division, 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 March 31, 2019, our Generalist network included 423 branches. Our Generalist network trades under the LOXAM Rental brand;
- Specialist France division, which includes high-access equipment, modular buildings, large compressors and generators, heavy compaction equipment, suspended platforms and scaffolding. As of March 31, 2019, our specialist network in France includes 79 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;
- International division, which comprises our specialist and generalist equipment offerings outside of France. We operate in 22 countries: France, Denmark, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg, Norway, Morocco, Portugal, Italy, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Colombia and Brazil). As of March 31, 2019, our International division had a network of 264 branches. We have a majority share and full operating control of joint ventures in Morocco, Brazil, Italy and the Middle East and have a 50% share of a joint venture in Colombia.

We rent over 1,500 different types of equipment and tools. We also provide services such as transportation, refueling, damage waiver and retail consumable products to complement and support our rental business. As of March 31, 2019, our rental fleet consisted of approximately 300,000 pieces of equipment (excluding accessories) with a gross book value of €3.2 billion.

### ***Economic conditions over the first three months of 2019.***

During the quarter, we have benefitted from favorable market conditions as the level of activity of construction was good in the vast majority of the countries where we operate. This is particularly true

for France, where civil engineering was buoyant. Conversely, the Middle East region continued to suffer from a lack of new large projects.

#### ***Investment in new equipment***

Our gross capital expenditures in the first quarter of 2019 amounted to €179.0 million, of which €172.3 million was fleet Capex compared to €96.9 million, of which €87.8 million was fleet Capex in the first quarter of 2018. The Capex spend in Q1 2019 increased due to the final eligibility of equipment delivered early in the year to benefit from a tax incentive in France.

#### ***Changes in our rental network***

We operated 766 branches as of March 31, 2019 compared to 763 as December 31, 2018. Over the first three months of 2019, we acquired 12 branches through the UK Platforms Limited acquisition, opened 2 branches, and closed or merged 11 branches as part of our network optimization.

#### **Significant events of the three-month period**

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.

#### **Post quarter events**

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 subordinated secured 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.

## 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 and the first time 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) and replaced by the amortization of the right-of-use assets.

- **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).

Since 2017, it also includes depreciation of newly intangible assets (trademarks and customer relationships) follow a purchase price allocation exercise on the Lavendon, Hune and Loxam Access SRL acquisitions.

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

- **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, bonds, financial leases and hedging expenses. It also includes change in the fair value of derivative 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, 2018, the corporate tax rate in France was 32.02%. 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 quarters ended March 31, 2019 and 2018.

Consolidated Income Statement according to IFRS	Quarter ended			
	March 31,			
(in millions of euros)	2018	2019 (excl. IFRS 16 Impact)	IFRS 16 impact	2019 (incl. IFRS16 Impact)
<b>Revenue</b> .....	<b>343.9</b>	<b>367.3</b>	-	<b>367.3</b>
Other income <sup>(1)</sup> .....	10.4	9.3	-	9.3
Purchases consumed .....	(38.3)	(40.1)	-	(40.1)
Personnel expenses .....	(97.1)	(100.4)	-	(100.4)
Other current expenses .....	(114.4)	(120.0)	17.0	(103.0)
Taxes and duties .....	(6.1)	(6.9)	-	(6.9)
Depreciation and amortization – Property, plant and equipment .....	(61.4)	(71.9)	-	(71.9)
Depreciation and amortization – Intangibles assets .....	(2.9)	(3.1)	-	(3.1)
Depreciation and amortization – Right of use of leased assets .....	-	-	(15.9)	(15.9)
<b>Profit from ordinary operations</b> .....	<b>34.2</b>	<b>34.2</b>	<b>1.0</b>	<b>35.3</b>
Other operating income and expense <sup>(2)</sup> .....	0.0	0.3	-	0.3
<b>Operating profit</b> .....	<b>34.2</b>	<b>34.5</b>	<b>1.0</b>	<b>35.6</b>
Financial income and expense .....	(25.2)	(23.1)	(1.9)	(25.0)
Income tax expense .....	(1.5)	(1.6)	0.2	(1.4)
<b>Net profit</b> .....	<b>7.5</b>	<b>9.8</b>	<b>(0.6)</b>	<b>9.2</b>
Non-controlling interests .....	(0.7)	(0.0)	(0.0)	(0.0)
<b>Net profit, group share</b> .....	<b>8.2</b>	<b>9.9</b>	<b>(0.6)</b>	<b>9.3</b>

Notes:

- (1) Other income includes capital gains on fleet disposals amounting to €6.7 million and €7.7 million in Q1 2019 and Q1 2018 respectively.
- (2) Other operating income and expense for Q1 2019 included non-recurring costs relating to the UK Platforms acquisition for €(0.2) million, an impairment loss on fleet of €(0.3) million, an exceptional profit related to a tax relief program in Brazil of €0.7 million.

We consider revenue and EBITDA (despite the fact that they are non-IFRS financial measures) to be key measures in analyzing our business. We do not present financial information by segment in our financial statements, but we consider our business to have three divisions: Generalist France, Specialist France and International.

The following table sets out these key figures in each of the Generalist France, Specialist France and International divisions for the three months period ended March 31, 2019 and 2018.

	Quarter ended			
	March 31, (IFRS)			
	2018	2019	2019	
		(excl. IFRS 16 impact)	(incl. IFRS 16 Impact)	
<i>(in millions of euros)</i>				
<b>Revenue</b>				
Generalist France <sup>(1)</sup> .....	151.1	162.1	-	162.1
Specialist France <sup>(1)</sup> .....	52.9	54.6	-	54.6
<b>France</b> .....	<b>204.0</b>	<b>216.8</b>	-	<b>216.8</b>
International .....	140.0	150.5	-	150.5
<b>Total revenue</b> .....	<b>343.9</b>	<b>367.3</b>	-	<b>367.3</b>
<b>EBITDA</b>				
Generalist France <sup>(2)</sup> .....	42.1	51.8	8.0	59.8
Specialist France <sup>(2)</sup> .....	16.8	15.6	1.5	17.1
<b>France</b> .....	<b>58.9</b>	<b>67.4</b>	<b>9.5</b>	<b>77.0</b>
International .....	38.7	39.5	6.5	46.0
Real Estate <sup>(3)</sup> .....	0.9	2.3	0.9	3.3
<b>Total EBITDA</b> .....	<b>98.5</b>	<b>109.3</b>	<b>17.0</b>	<b>126.2</b>
<i>EBITDA margin</i> .....	28.6 %	29.8%		34.4%

Notes:

- (1) To present the revenue of Generalist France and Specialist France, we allocate revenue by branch. Where revenue is related to events-related retails 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.

## **Quarter ended March 31, 2019 compared to quarter ended March 31, 2018**

### ***Revenue***

Revenue increased by 6.8% to €367.3 million in the first quarter of 2019 from €343.9 million in the first quarter of 2018. At constant perimeter and at constant exchange rates, revenue increased by 3.4%.

Revenue from our Generalist France division increased by 7.3% in the first quarter of 2019 to €162.1 million compared to €151.1 million in the first quarter of 2018 as we benefitted from a dynamic construction environment, mild weather conditions and the early delivery of new machines.

Revenue from our Specialist France division increased by 3.3% to €54.6 million in the first quarter of 2019 compared to €52.9 million in the first quarter of 2018.

International revenue increased by 7.5% to €150.5 million in the first quarter of 2019 compared to €140.0 million in the first quarter of 2018, thanks to the contribution of UK Platforms. At constant perimeter and at constant exchange rates, the revenue of the division decreased by 0.6%, as our Middle East operations continued to face challenging market conditions.

### ***Other operating income***

Other income decreased by 10.6% to €9.3 million in the quarter ended March 31, 2019 from €10.4 million in the quarter ended March 31, 2018. The decrease is due to lower capital gains on fleet disposals in the International division.

### ***Purchases consumed***

Purchases consumed increased by 4.7% to €40.1 million for the quarter ended March 31, 2019 compared to €38.3 million for the quarter ended March 31, 2018. At constant perimeter, purchases consumed increased by 3.2% due to higher fuel costs and the higher activity of the quarter.

### ***Personnel expenses***

Personnel expenses increased by 3.4% to €100.4 million in the quarter ended March 31, 2019 from €97.1 million in the quarter ended March 31, 2018. At constant perimeter, personnel expenses increased by 1.4% partly due to the increase of the average headcount in Q1 2019 compared to Q1 2018 (+0.5%).

### ***Other current expenses***

Other current expenses decreased by 10.0% to €103.0 million in the first quarter of 2019 from €114.4 million in the first quarter of 2018, as the application of IFRS 16 decreased the level of lease expenses.

Excluding the IFRS 16 impact (neutralization of €17.0 million of lease expenses), recurring external charges increased by 1.9% at constant perimeter in Q1 2019 compared to Q1 2018 mainly due to haulage and maintenance related to the growth in activity.

### ***Depreciation, amortization and provisions***

Depreciation and amortization for property, plant and equipment amounted to €71.9 million in the quarter ended March 31, 2019 compared to €61.4 million in the quarter ended March 31, 2018.

At constant perimeter, the fleet depreciation expense increased by 14.6% as a result of the capex made in 2018.

Depreciation of intangible assets amounted to 3.1 million in Q1 2019 compared to 2.9 million in Q1 2018 and is related to the depreciation of software, trademarks and customer relationships.

With the application of IFRS 16, as a lessee, the Group recognised the right-of-use assets and amortized them on a straight-line basis over the lease term of each contract.

For the quarter ended March 31, 2019 the amortization related to the right-of-use amounted to €15.9 million.

### ***Other operating income and expense***

Other operating income and expense amounted to an income of €0.3 million in the quarter ended March 31, 2019 and is related to non-recurring costs relating to the UK Platforms acquisition for €(0.2) million, an impairment loss on fleet of €(0.3) million and an exceptional profit related to a tax relief program in Brazil of €0.7 million.

### ***Financial income and expense***

Net financial expense decreased by €0.3 million to €25.0 million in the quarter ended March 31, 2019, compared to €25.2 million in the quarter ended March 31, 2018. Excluding the interest cost related to IFRS 16 lease liability, the net financial expense decreased by €2.2 million, thanks to the savings achieved following the partial redemption on bonds in July 2018 and positive exchange differences on intercompany loans.

### ***Income tax***

Our profit before tax amounted to €10.6 million in the quarter ended March 31, 2019 versus a profit before tax of €9.0 million in the quarter ended March 31, 2018.

Income tax was an expense of €1.4 million in the quarter ended March 31, 2019, compared to an expense of €1.5 million in the quarter ended March 31, 2018.

### ***Net profit, group share***

We recorded a net profit, group share of €9.3 million in the quarter ended March 31, 2019 compared to a net profit of €8.2 million in the quarter ended March 31, 2018. The net profit of Q1 2019 is impacted by a charge of (0.6) million related to the first time application of IFRS 16.



## EBITDA

We define EBITDA as profit from ordinary operations plus depreciation and amortization of fixed assets and right of use. The following table presents a reconciliation of EBITDA to operating income and net income for the periods indicated.

	Quarter ended			
	March 31 ,			
	2018	2019 (excl. IFRS 16 impact)	IFRS 16 impact	2019 (incl. IFRS 16 impact)
<i>(in millions of euros)</i>				
<b>EBITDA</b> .....	<b>98.5</b>	<b>109.3</b>	<b>17.0</b>	<b>126.2</b>
Depreciation of Property, plant and equipment .....	(61.4)	(71.9)		(71.9)
Depreciation of intangible assets.....	(2.9)	(3.1)		(3.1)
Depreciation of right-of-use assets.....	-	-	(15.9)	(15.9)
Other operating income and expense.....	0.0	0.3		0.3
<b>Operating profit</b> .....	<b>34.2</b>	<b>34.6</b>	<b>1.0</b>	<b>35.6</b>
Financial income and expense .....	(25.2)	(23.1)	(1.9)	(25.0)
Share of profit of associates.....	-	-	-	-
Income tax expense .....	(1.5)	(1.6)	0.2	(1.4)
<b>Net income</b> .....	<b>7.5</b>	<b>9.9</b>	<b>(0.6)</b>	<b>9.2</b>

EBITDA amounted to €126.2 million in Q1 2019 compared to €98.5 million in Q1 2018. Excluding the IFRS 16 impact of €17.0 million, EBITDA increased by 11.0% to €109.3 million in Q1 2019. At constant perimeter, the EBITDA margin increased from 28.9% in Q1 2018 to 29.8% in Q1 2019.

Excluding the IFRS 16 impact, EBITDA from our Generalist France division amounted to €51.8 million in Q1 2019, compared to €42.1 million in Q1 2018. Our EBITDA margin for Generalist France was 31.9% in Q1 2019 compared to 27.8% in Q1 2018, as the division benefited from the combination of organic growth and good control on its operating expenses.

Excluding the IFRS 16 impact, EBITDA from our Specialist France division amounted to €15.6 million in Q1 2019, compared to €16.8 million in Q1 2018. Our EBITDA margin for Specialist France decreased from 31.8% in Q1 2018 to 28.6% in Q1 2019, due to a high comparison basis in Q1 2018 and certain cost overruns.

Excluding the IFRS 16 impact, EBITDA from our International division amounted to € 39.5 million in Q1 2019, compared to €38.7 million in Q1 2018, thanks to the UK Platforms contribution. At constant perimeter and exchange rates, EBITDA decreased by 8.9%. Our EBITDA margin for International was 26.3% in Q1 2019 compared to 27.7% in Q1 2018 due to lower capital gains on fleet disposals.

### ***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 March 31, 2019, our gross financial debt (excluding derivatives and lease liabilities under IFRS 16) amounted to €2,310.7 million, compared to €2,279.5 million as of December 31, 2018. Our net financial debt (excluding derivatives and lease liabilities under IFRS 16) as of March 31, 2019 amounted to €2,217.7 million, an increase of €81.9 million compared to December 31, 2018.

As March 31, 2019, we had €1,553.6 million of outstanding bond debt, after deduction of €10.7 million of issuance costs. Our bond debt of €1,564.3 million comprised €239.3 million of senior secured notes due in July 2021, €225.0 million of senior subordinated notes due in July 2022, €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, and €250.0 million of senior subordinated notes due in April 2025. We also had €414.2 million outstanding debt under bilateral facilities from banks, and €317.0 million of finance leases.

Cash and cash equivalents net of bank overdrafts on our balance sheet amounted to €92.4 million as of March 31, 2019.

We also have a 5-year €75.0 million revolving credit facility which may be used for general corporate purposes. As of March 31, 2019, this revolving credit facility was not drawn.

We expect to finance future capital expenditures through cash flow from operations, finance leases or bilateral credit facilities. In the three-month period ended March 31, 2019, new bilateral credit facilities and finance leases were entered into for €18.3 million and €48.1 million, respectively.

### ***Capital expenditures***

In Q1 2019, gross capital expenditures amounted to €179.0 million, compared to €96.9 million in Q1 2018. Fleet capital expenditure amounted to €172.3 million in Q1 2019, compared to €87.8 million in Q1 2018.

In Q1 2019, the gross book value of disposed rental equipment was €41.1 million, compared to €43.6 million in Q1 2018. The decreased in fleet disposals was mainly driven by the International division, while disposals increased in France.

### ***Free cash flow***

We define free cash flow as EBITDA (excluding non-cash IFRS 16 impact) 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 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 Q1 2019, Loxam recorded a negative recurring free cash flow of €(24.0) million compared to a negative recurring free cash flow of €(31.7) million in Q1 2018. The increase in the recurring free cash flow between Q1 2019 and Q1 2018 is mainly explained by the higher EBITDA before capital gains on fleet disposals, lower financial expense and a positive change in working capital requirement despite an increase in gross capital expenditure.

In Q1 2019, non-recurring cash items amounted to €7.6 million and related to the decrease of the deposit paid to fixed assets suppliers (€7.9 million) and to the UK Platforms acquisition costs (€0.2 million). In Q1 2018, non-recurring cash items amounted to €1.5 million and related to the decrease of the deposit paid to fixed assets suppliers.

The following table presents a reconciliation of free cash flow to EBITDA (excluding IFRS 16) for the periods indicated.

<i>(in millions of euros)</i>	<b>Quarter ended March 31,</b>	
	<b>2018</b>	<b>2019</b>
<b>EBITDA before capital gains on fleet disposals</b> .....	<b>91.0</b>	<b>102.6</b>
+ Proceeds from disposals of fixed assets.....	13.2	12.7
- Gross capital expenditure .....	(96.9)	(179.0)
- operating income and expense .....	0.0	0.0
- Financial income and expense <sup>(1)</sup> .....	(24.6)	(22.2)
- Income taxes <sup>(2)</sup> .....	(2.1)	(1.5)
- +/- Change in working capital requirement <sup>(3)</sup> .....	(11.5)	63.4
Miscellaneous <sup>(4)</sup> .....	(0.7)	(0.1)
<b>Recurring Free cash flow</b> .....	<b>(31.7)</b>	<b>(24.0)</b>
Non-recurring items <sup>(5)</sup> .....	1.5	7.6
<b>Free cash flow</b> <sup>(6)</sup> .....	<b>(30.2)</b>	<b>(16.4)</b>
Acquisition <sup>(7)</sup> .....	-	(60.1)
Share capital decrease .....	-	-
Dividends.....	-	-
Issue costs amortization and currency variations .....	0.6	(5.4)
<b>Change in net debt</b> <sup>(8)</sup> .....	<b>(29.6)</b>	<b>(81.9)</b>

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 €2.8 million in Q1 2019 compared to a decrease of €2.9 million in Q1 2018.
- (4) Primarily composed of deduction of capital gains of non-fleet disposal and other non-cash items excluded from EBITDA, mainly related to change in provisions.
- (5) In Q1 2019, non-recurring cash items amounted to €7.6 million and are related to the decrease of the deposit paid to fixed assets suppliers (€7.9 million) and to the UK Platforms acquisition costs (€0.2 million).  
  
In Q1 2018, non-recurring cash items amounted to €1.5 million and are related to the decrease of the deposit paid to fixed assets suppliers.
- (6) Before payment of dividends, capital increases and acquisitions.
- (7) In Q1 2019, corresponds to the UK Platforms acquisition.
- (8) Excluding change in derivatives instruments and lease liabilities under IFRS 16.

## **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 (excluding IFRS 16 liabilities) to amounts included in the consolidated balance sheet as of the indicated dates.

<i>(in millions of euros)</i>	<b>As of</b>	
	<b>December 31, 2018</b>	<b>March 31, 2019</b>
Senior secured notes .....	1,089.3	1,089.3
Senior subordinated notes .....	475.0	475.0
Issuance costs related to notes .....	(12.1)	(10.7)
Bank loans on bilateral facilities .....	409.1	414.2
Accrued interest on debt securities and loans .....	18.2	20.9
Finance leases .....	293.3	317.0
Other financial debt .....	4.4	4.5
Bank overdrafts .....	2.4	0.5
<b>Loans and financial debt (gross debt) .....</b>	<b>2,279.5</b>	<b>2,310.7</b>
Cash .....	(143.4)	(92.1)
Marketable investment securities .....	(0.4)	(0.9)
<b>Cash and cash equivalents .....</b>	<b>(143.8)</b>	<b>(93.0)</b>
<b>Net debt .....</b>	<b>2,135.7</b>	<b>2,217.7</b>

Net debt increased by €81.9 million to €2,217.7 million as of March 31, 2019 from €2,135.7 million as of December 31, 2018, primarily as a result of a negative free cash flow of €(16.4) million, a €(60.1) million negative effect of change in the scope of consolidation related to the acquisition of UK Platforms and negative impact of currency variations.

Taking into account the IFRS 16 impact, the net debt amounts to 2,432.7 million as of March 31, 2019 including lease liabilities of 215.0 million.

## Debt maturity profile

The table below provides the maturity profile of our outstanding indebtedness, as of March 31, 2019.

<i>(in millions of euros; excluding IFRS 16)</i>	<b>Total</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 and later</b>
Bilateral loans .....	414.2	75.1	76.0	82.9	40.4	136.5	3.0	0.1	0.2
Lease liabilities.....	317.0	71.4	89.1	75.6	51.5	26.5	2.9	0.0	-
<b>Loans and financial debt owed to credit institutions.....</b>	<b>731.2</b>	<b>146.5</b>	<b>165.0</b>	<b>158.5</b>	<b>91.9</b>	<b>163.0</b>	<b>5.9</b>	<b>0.1</b>	<b>0.2</b>
Other financial debt .....	4.5	4.5	-	-	-	-	-	-	-
2014 senior secured notes due 2021 .....	239.1	-	-	239.1	-	-	-	-	-
2014 senior subordinated notes due 2022	224.2	-	-	-	224.2	-	-	-	-
2016 senior secured notes due 2023 .....	248.7	-	-	-	-	248.7	-	-	-
2017 senior secured notes due 2022 .....	298.1	-	-	-	298.1	-	-	-	-
2017 senior secured notes due 2024 .....	296.6	-	-	-	-	-	296.6	-	-
2017 senior subordinated notes due 2025	246.8	-	-	-	-	-	-	246.8	-
<b>Total debt <sup>(1)</sup> .....</b>	<b>2,289.2</b>	<b>151.0</b>	<b>165.0</b>	<b>397.6</b>	<b>614.2</b>	<b>411.7</b>	<b>302.6</b>	<b>246.9</b>	<b>0.2</b>

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

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
- A subordinated secured bond of €200 million due in 2027

On the same date, Loxam redeemed the senior secured notes due 2021 and the senior subordinated notes due 2022 for a total principal amount of €464.3 million.

### Currency and interest rate derivatives

Loxam still owns a portfolio of derivative financial instruments hedging interest rate variations for a notional amount of €21.4 million at March 31, 2019 for a maximum term in July 2022. These derivatives are recognised in financial liabilities for an amount of €1.3 million at March 31, 2019.

As of March 31, 2019, 83% of our financial debt has a fixed interest rate, stable compared to the end of 2018.

The majority of our revenue (76% in Q1 2019), expenses and obligations are denominated in euros. However, we are exposed to foreign exchange rate risk, primarily in respect of British pounds. Our foreign exchange rate derivative financial instruments as of March 31, 2019 covered current liabilities denominated in British pounds for GBP 74.9 million and in US dollars for USD 7.0 million.

### Critical Accounting Policies and Estimates

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

**APPENDIX  
LOXAM GROUP**

**UNAUDITED FINANCIAL STATEMENTS**

## CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2019

### Statement of financial position

<b>ASSETS (€'000)</b>	<b>Notes</b>	<b>31.12.18</b>	<b>31.03.19</b>
Intangible assets and goodwill	5	1,327,286	1,365,419
Right-of-use of leased assets	6	-	214,160
Property, plant and equipment	7	1,354,701	1,496,760
Financial assets	8	14,381	14,441
Deferred tax assets	22	18,394	18,235
<b>Non-current assets</b>		<b>2,714,762</b>	<b>3,109,015</b>
Inventories	9	30,782	34,165
Trade and other receivables	10	388,497	405,614
Other current assets	11	56,215	57,679
Corporate income tax receivables	11	12,256	10,588
Cash and cash equivalents	12	143,789	92,991
<b>Current assets</b>		<b>631,539</b>	<b>601,037</b>
<b>Total assets</b>		<b>3,346,301</b>	<b>3,710,052</b>
<b>LIABILITIES (€'000)</b>	<b>Notes</b>	<b>31.12.18</b>	<b>31.03.19</b>
Share capital		229,818	229,818
Additional paid-in capital		1,882	1,882
Consolidated reserves		292,489	406,503
Net profit for the year		95,658	9,253
<b>Shareholders' equity (Group share)</b>		<b>619,847</b>	<b>647,455</b>
Non-controlling interests		10,621	10,813
<b>Total equity</b>	13	<b>630,468</b>	<b>658,268</b>
Employee benefits	16	11,111	11,235
Deferred tax liabilities	22	70,400	70,834
Borrowings and financial debt	15	2,063,029	2,106,358
Lease liabilities - long term portion	6	-	155,082
Financial derivatives	14	2,313	6,124
<b>Non-current liabilities</b>		<b>2,146,853</b>	<b>2,349,633</b>
Provisions	17	11,098	9,461
Borrowings and financial debt	15	216,504	204,306
Lease liabilities - current portion	6	-	59,949
Trade and other payables	18	202,210	289,147
Other liabilities	18	135,462	134,954
Corporate income tax liabilities	18	3,706	4,334
<b>Current liabilities</b>		<b>568,980</b>	<b>702,152</b>
<b>Total shareholders' equity and liabilities</b>		<b>3,346,301</b>	<b>3,710,052</b>



## Consolidated income statement and statement of comprehensive income

€'000	Notes	31.03.18	31.03.19 (excl. IFRS 16)	IFRS 16 Impact	31.03.19
<b>Revenue</b>		<b>343,950</b>	<b>367,269</b>		<b>367,269</b>
Other income		10,360	9,267		9,267
<b>Operating income</b>		<b>354,310</b>	<b>376,536</b>	-	<b>376,536</b>
Purchases consumed		(38,274)	(40,083)		(40,083)
Personnel expenses	19	(97,079)	(100,361)		(100,361)
Other current expenses		(114,448)	(119,937)	16,958	(102,979)
Taxes and duties		(6,053)	(6,871)		(6,871)
Depreciation and amortization – Property, plant and equipment		(61,384)	(71,908)		(71,908)
Depreciation and amortization – Intangibles assets		(2,905)	(3,060)		(3,060)
Depreciation and amortization – Right of use of leased assets		-	-	(15,944)	(15,944)
<b>Profit from ordinary operations</b>		<b>34,167</b>	<b>34,315</b>	<b>1,014</b>	<b>35,330</b>
Other operating incomes	20	-	735		735
Other operating expenses	20	42	(471)		(471)
<b>Operating profit</b>		<b>34,209</b>	<b>34,580</b>	<b>1,014</b>	<b>35,595</b>
Interest and financing-related expenses		(24,497)	(23,993)		(23,993)
Other financial expenses		(1,658)	(737)		(737)
Financial income		934	1,664		1,664
Financial interest - IFRS 16		-	-	(1,885)	(1,885)
<b>Financial income (expense)</b>	21	<b>(25,220)</b>	<b>(23,065)</b>	<b>(1,885)</b>	<b>(24,950)</b>
<b>Profit before tax</b>		<b>8,989</b>	<b>11,515</b>	<b>(871)</b>	<b>10,644</b>
Income tax expense	22	(1,489)	(1,648)	231	(1,417)
<b>Net profit</b>		<b>7,500</b>	<b>9,868</b>	<b>(640)</b>	<b>9,227</b>
Non-controlling interests		(707)	(15)	(10)	(25)
<b>Net profit, Group share</b>		<b>8,207</b>	<b>9,883</b>	<b>(630)</b>	<b>9,253</b>

	31.03.18	31.03.19
<b>Net profit</b>	<b>7,500</b>	<b>9,227</b>
Exchange gains or losses	1,837	18,573
Value adjustments linked to hedging derivatives	602	-
Tax		
<b>Items recycled to profit or loss</b>	<b>2,439</b>	<b>18,573</b>
Remeasurement of liabilities for defined benefit retirement plans		
Tax		
<b>Items not recycled to profit or loss</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>	<b>2,439</b>	<b>18,573</b>
<b>Comprehensive income</b>	<b>9,939</b>	<b>27,800</b>

## Consolidated cash-flow statement

€'000	Notes	31.12.18	31.03.19 (excl. IFRS 16)	IFRS 16 impact	31.03.19
<b>Net profit</b>		<b>90,446</b>	<b>9,868</b>	<b>(640)</b>	<b>9,227</b>
Income tax expense (including deferred tax)	22	20,571	1,648	(231)	1,417
Net finance costs	21	102,135	24,950		24,950
Other operating income and expense		(2,278)	(472)		(472)
Depreciation and provisions, net of reversals		289,447	75,190	15,944	91,134
Capital gains on asset disposals		(44,079)	(6,934)		(6,934)
<b>Cash flow from operations (before cost of financing and tax)</b>		<b>456,241</b>	<b>104,250</b>	<b>15,073</b>	<b>119,323</b>
Income tax paid		(8,927)	(1,456)		(1,456)
Financial interest paid		(95,476)	(21,560)		(21,560)
Financial interest received		1,299	228		228
Change in working capital requirements		8,734	71,273		71,273
<b>Cash flow from operating activities</b>	<b>A</b>	<b>361,872</b>	<b>152,735</b>	<b>15,073</b>	<b>167,808</b>
Impact of changes in scope		(17,128)	(60,112)		(60,112)
Acquisitions of fixed assets		(412,497)	(179,045)		(179,045)
Increase of right-of-use of leased assets			0	(230,104)	(230,104)
Disposals of fixed assets		62,752	12,708		12,708
<b>Cash flow from investing activities</b>	<b>B</b>	<b>(366,873)</b>	<b>(226,450)</b>	<b>(230,104)</b>	<b>(456,554)</b>
Dividends paid		(6,895)	0		
Capital variation			0		
Proceeds from loans and borrowings	15	492,270	66,399		66,399
Increase of lease liabilities	15		0	230,104	230,104
Repayment of loans and borrowings	15	(456,843)	(42,340)		(42,340)
Decrease of lease liabilities	15		0	(15,073)	(15,073)
<b>Cash flow from financing activities</b>	<b>C</b>	<b>28,532</b>	<b>24,059</b>	<b>215,031</b>	<b>239,090</b>
<b>Change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>23,531</b>	<b>(49,655)</b>	<b>(0)</b>	<b>(49,655)</b>
Cash and cash equivalents at beginning of period		116,583	141,418		141,418
Cash and cash equivalents at end of period		141,418	92,447		92,447
Impact of exchange rate fluctuations		(1,303)	(685)		(685)
<b>Change in cash and cash equivalents</b>		<b>23,531</b>	<b>(49,656)</b>	<b>0</b>	<b>(49,656)</b>
Other marketable securities		352	931		931
Cash at bank and on hand		143,437	92,060		92,060
Current bank borrowings		(2,371)	(545)		(545)
<b>Cash and cash equivalents</b>		<b>141,418</b>	<b>92,447</b>	<b>0</b>	<b>92,447</b>

## 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
<b>At 31 December 2017</b>	<b>229,818</b>	<b>1,882</b>	<b>321,041</b>	<b>(24,444)</b>	<b>528,297</b>	<b>15,391</b>	<b>543,688</b>
Net profit for the period			95,658		95,658	(5,212)	90,446
Employee benefits				1,607	1,607	(9)	1,597
Net Investment hedge				601	601		601
Exchange gains or losses				1,438	1,438	(289)	1,149
<b>Comprehensive income</b>			<b>95,658</b>	<b>3,645</b>	<b>99,304</b>	<b>(5,510)</b>	<b>93,793</b>
IFRS 9			(1,026)		(1,026)		(1,026)
Capital movements							
Dividends			(6,895)		(6,895)		(6,895)
Changes in scope			0		0	542	542
Other movements			167		167	199	366
<b>At 31 December 2018</b>	<b>229,818</b>	<b>1,882</b>	<b>408,945</b>	<b>(20,798)</b>	<b>619,847</b>	<b>10,621</b>	<b>630,468</b>
Net profit for the period			9,253		9,253	(25)	9,227
Employee benefits							
Net Investment hedge							
Exchange gains or losses				18,356	18,356	217	18,573
<b>Comprehensive income</b>			<b>9,253</b>	<b>18,356</b>	<b>27,609</b>	<b>191</b>	<b>27,800</b>
IFRS 9							
Capital movements							
Dividends							
Changes in scope							
Other movements							
<b>At 31 March 2019</b>	<b>229,818</b>	<b>1,882</b>	<b>418,198</b>	<b>(2,442)</b>	<b>647,455</b>	<b>10,813</b>	<b>658,268</b>

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## Note 1 – Overview

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### 1.1. Presentation of the Group

Loxam is a French simplified joint stock company (“Société par actions simplifiée”) with a capital of €229,818,150 as of March 31, 2019, 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 Group is the European equipment rental market leader, with its business focused primarily on construction and civil engineering professionals. The Group operates mainly in Europe, as well as North Africa, and has a 50.1% stake in a rental company in Brazil. Following the acquisitions of Lavendon and Hune, the Group is present in the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar, Kuwait and Colombia.

### 1.2. Basis of preparation

The interim consolidated financial statements (the “interim financial statements”) for the three-month period ended March 31, 2019 include Loxam SAS and its subsidiaries (together “the Group” or “Loxam Group”), including the Group’s share in equity affiliates and joint ventures.

These interim financial statements have been prepared by the Group in a voluntary and non-mandatory basis. They have been prepared in accordance with IAS 34 “Interim financial reporting” and should be read in addition to the latest annual consolidated financial statements of the Group for financial year 2018 (“the latest annual financial statements”). They do not include all the mandatory information for a complete financial report according to IFRS. However, they include a selection of notes explaining significant events and major operations to understand the change in statement of financial position and the Group’s performance since the latest annual financial statements.

### 1.3. Functional and reporting currency

The consolidated financial statements are prepared and presented in euros, which is the parent company’s functional currency. All the financial data are presented in thousands of euros, rounded to the nearest thousand euros. The total amounts indicated in the tables may differ from the sum of the various items due to rounding.

## Note 2 – Highlights

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### Highlights of the period ended March 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.

### Post quarter events

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 subordinated secured 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.

## Note 3 – Accounting principles

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### 3.1. Presentation of the financial statements

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

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

### 3.2. 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.

### 3.3. Application and interpretation of standards and regulations

#### Impact on consolidated financial statements for year 2019:

**IFRS 16 - Leases:** this standard replaces the IAS 17 and the associated IFRIC and SIC interpretations. It removes the distinction previously made between simple leases and financial leases. According to IFRS 16, a lessee employs a right-of-use asset and a lease liability representing the rental obligation. The Group has applied IFRS 16 based on the following exemptions and transition options provided by the standard:

- Exemption for contracts with a duration of less than one year (at the date of transition, exemption of old lease contracts with a remaining term of less than 12 months);
- Exemption for lease contracts of low-value assets (USD 5,000);  
Additionally, lease contracts relating to our rental fleet have been excluded considering their low materiality on the Group's consolidated financial statements;

- Use of the simplified retroactive method at the transition date based on a recalculation of the opening balance sheet of the transitional year (2019) without restating previous comparative data;
- The rental obligation and the right-of-use are initially measured at the discounted value of rental payments over the lease term, at the incremental borrowing rate for the group and its subsidiaries (taking into account the borrowing conditions and the credit risk specific to each entity);
- The right-of-use assets are amortized on a straight-line basis over the lease term of each contract.

The lease contracts restated in accordance with IFRS 16 mainly relate to real estate and, to a lesser extent, heavy and light transport vehicles.

The implementation of the standard as of January 1, 2019 has led to the cancellation of lease expenses (in "Other current expenses") for lease contracts listed in the scope of the new standard, the amortization of the right-of-use and the recognition of financial expenses (interest cost of the lease liability).

### **3.4. Comparability of the financial statements**

Considering the acquisitions of companies and businesses completed in 2018 and 2019, Loxam's consolidated financial statements for the quarter ended March 31, 2019 include:

- 3 months of activity of UK Platforms, acquired on January 14, 2019
- 3 months of activity of Nove, acquired on June 21, 2018 and merged into Loxam Access SRL on December 21, 2018.

In Q4 2018, the Degraus depreciation rules have been harmonised to the Loxam rules. This harmonization has not been done in Q1 2018 and Q1 2018 accounts have not been restated for this.

### **3.5. Accounting judgments and estimates**

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

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

These estimates are based on the information available when they were prepared. They are continuously assessed based on past experience and various other factors that are considered to be reasonable, which form the basis for assessments of the book value of assets and liabilities.



Estimates may be revised if the circumstances on which they were based change or new information becomes available. Actual results may differ significantly from these estimates depending on different conditions or assumptions.

### **3.6. Business combinations**

#### a) Business combinations

In accordance with IFRS 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. The conditions for these tests are presented in Note 3.13.

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

The 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.

### 3.7. 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 31 March 2019 (euro vs. currency):

1 EUR =	GBP	CHF	DKK	MAD	NOK	BRL
Closing period rate	0.8606	1.1164	7.4652	10.8470	9.6776	4.4006
Average rate	0.8717	1.1321	7.4632	10.6588	9.7408	4.2754
Opening period rate	0.8990	1.1255	7.4663	10.9579	9.9034	4.4465
1 EUR =	AED	SAR	QAR	BHD	OMR	COP
Closing period rate	4.1452	4.2118	4.0906	0.4228	0.4319	3,578.0900
Average rate	4.1680	4.2555	4.0396	0.4259	0.4362	3,528.8772
Opening period rate	4.2116	4.3021	4.1917	0.4323	0.4415	3,726.2700

### 3.8. 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.

### **3.9. 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 3.17 (Cash and cash equivalents), and Note 3.18 (Derivative financial instruments – relating to the interest rate risk).

### **3.10. Intangible assets and goodwill**

#### a) Goodwill

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

#### b) Trademarks and customer relationships

The application of IFRS 3 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 10 years and customer relationships over 8 to 12 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 one to three years.

### **3.11. Property, plant and equipment**

Property, plant and equipment are recognised at their acquisition cost, after deducting accumulated depreciation and impairment 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.

### **3.12. Leases**

The Group holds finance leases in accordance with IAS 17 and IFRS 16.

Finance-leased fixed assets, transferring substantially all the risks and rewards of ownership of the leased asset to the Group, are recorded as assets on the balance sheet at the lower of the fair value of the equipment leased and the present value of minimum future lease payments. The corresponding liability is recorded as financial liabilities.

Lease payments are apportioned between financial expense and the reduction of the liability in order to obtain a constant periodic rate of interest on the remaining liability.

Finance-leased assets are depreciated over their useful life in accordance with the accounting policy applicable to the other property, plant and equipment (see Note 3.11).

Lease contracts are accounted for according to the new IFRS 16 standard as from January 1, 2019 (see Note 3.3).

### **3.13. Impairment of intangible assets and property, plant and equipment**

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

Goodwill is tested annually and whenever indications of impairments arise.

To be tested, the assets that do not generate independent cash inflows are grouped in cash generating units (CGU), which correspond to the countries in which the Group operates. These countries may be grouped together by geographic area (aggregation of CGU's), particularly for financial reporting. For impairment testing, the CGUs to which the goodwill is allocated are grouped together to ensure that the level at which impairment tests are carried out reflects the lowest level at which goodwill is monitored for internal management requirements. Goodwill acquired in connection with a business combination is allocated to the CGU that is expected to benefit from the synergies of the business combination.

The CGU's recoverable amount is the higher of its fair value less costs of disposal and the value in use.

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.

### **3.14. Financial assets**

Financial assets include:

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

Financial assets are measured and recognised in accordance with IAS 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.

### **3.15. 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.

### **3.16. Trade receivables and other current assets**

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

### **3.17. Cash management assets and Cash and cash equivalents**

In accordance with IAS 7 Statement of Cash Flows, the cash recorded in the consolidated cash flow statement includes cash at bank and 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.

### **3.18. 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 3.9. Since the hedging relationship is not documented, changes in fair value are recognised in profit or loss.

### **3.19. 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, Danish krone and US Dollar. The Group primarily uses forward currency sales options.

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

### **3.20. Net investment hedge (NIH)**

Net investment hedging is a hedge against foreign exchange changes in a net investment in a foreign operation as designated by the parent company. The net investment is hedged by a financial debt contracted in the same currency that of the investment. The "efficient" part of the net investment hedge is recorded as adjustments to equity reserves. These adjustments are reversed into profit or loss upon termination of the net investment hedge. The termination of hedge accounting may result from:

- the disappearance of the hedged item: the amounts recorded in the shareholders' equity are transferred to profit or loss;
- the voluntary termination of the net investment hedging: the corresponding balances recorded in the equity reserves are taken to profit or loss on a straight-line basis based on the residual life of the underlying item.

As of April 1, 2018, the Group has decided to stop the net investment hedge following the completion of the Lavendon's group restructuring (Lavendon Access Services SAS merged into Loxam SAS on April 1, 2018). From this date, foreign exchange differences have been recognised in the income statement.

### **3.21. 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.

### **3.22. Provisions**

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

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

### **3.23. Borrowings and financial debt**

Interest-bearing liabilities are initially measured at their fair value, less 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.

From 2016, the effective interest rate on bond loans has been calculated over the term of the loan less two years.

### **3.24. Trade payables and related**

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

### **3.25. Tax**

Income tax includes both current and deferred tax.

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

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

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.

The Group does not consider the French CVAE business value-added tax to be an income tax under IAS 12 and accounts for it as taxes other than on income.

### **3.26. 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.

#### *Retail revenue and sale of equipment*

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

### **3.27. Other income**

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

### **3.28. Other current expenses**

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

Since January 1, 2019 and the first time application of the new standard IFRS 16, the rent expenses related to lease contracts for real estate, heavy vehicles and light vehicles are cancelled (for lease contracts listed in the scope of the standard) and replaced by the amortization of the leased assets (right-of-use).

### **3.29. 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.

### **3.30. 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 4 – Scope of consolidation

Legal entities	SIREN number (France) or country	% of control	% of interest	Consolidation method
<b>SAS LOXAM</b>	<b>450776968</b>	<b>100%</b>	<b>100%</b>	<b>Parents</b>
SAS LOXAM MODULE	433911948	100%	100%	Full
SAS LOXAM POWER	366500585	100%	100%	Full
LOXAM GMBH	Germany	100%	100%	Full
LOXAM S.A.	Switzerland	100%	100%	Full
LOXAM S.A.	Belgium	100%	100%	Full
LOXAM RENTAL SARL	Luxembourg	100%	100%	Full
LOXAM LTD	Ireland	100%	100%	Full
LOXAM 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
LOXAM AS	Norway	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%	50%	Full
HUNE SICO LLC	Saudi Arabia	100%	49%	Full
LAVENDON HOLDINGS LTD	United Kingdom	100%	100%	Full
ZOOM HOLDINGS LTD	United Kingdom	100%	100%	Full
ACCESS SOLUTIONS LTD	United Kingdom	100%	100%	Full
LAVENDON ACCESS SERVICES LTD	United Kingdom	100%	100%	Full
ZOOM LTD	United Kingdom	100%	100%	Full
NATIONWIDE PLATFORMS LTD	United Kingdom	100%	100%	Full
UK PLATFORMS LTD	United Kingdom	100%	100%	Full
LOGICAL COMMERCE LTD	United Kingdom	100%	100%	Full
PANTHER PLATFORM RENTALS LTD	United Kingdom	100%	100%	Full
AMP ACCESS LTD	United Kingdom	100%	100%	Full
BLUESKY TOPCO LTD	United Kingdom	100%	100%	Full
BLUESKY SOLUTIONS LTD	United Kingdom	100%	100%	Full
<i>RAPID JERSEY (N°2) LTD</i>	<i>United Kingdom</i>	-	-	<i>Liquidated</i>
<i>ZOOM STERLING LTD</i>	<i>Jersey</i>	-	-	<i>Liquidated</i>
<i>ZOOM EURO LTD</i>	<i>Jersey</i>	-	-	<i>Liquidated</i>
<i>ZOOM DOLLAR LTD</i>	<i>Jersey</i>	-	-	<i>Liquidated</i>
DK RENTAL NV	Belgium	100%	100%	Full
RAPID ACCESS BV	Netherland	100%	100%	Full
RAPID ACCESS LLC	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	Oman	100%	70%	Full
RAPID ACCESS MIDDLE EAST LLC	United Arab Emirates	100%	100%	Full
RAPID ACCESS TRADING BAHRAIN WLL	Bahrain	100%	49%	Full
LOXAM ACCESS SRL	Italia	100%	80%	Full
SWAN PLANT HIRE	Ireland	100%	100%	Full
LIR HOLDINGS LTD	Ireland	100%	100%	Full

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## Note 5 – Intangible assets and goodwill

### Changes in intangible assets and goodwill in 2019

€'000	Intangible assets	Goodwill	Total
<b>Net book value at beginning of year</b>	<b>75,009</b>	<b>1,252,277</b>	<b>1,327,286</b>
Changes in scope (a)	0	27,185	<b>27,185</b>
Increase	891	0	<b>891</b>
Amortization and depreciation of the year	(3,060)	0	<b>(3,060)</b>
Decrease / disposals	0	0	<b>0</b>
Reclassification	662	0	<b>662</b>
Exchange gains or losses (b)	2,655	9,801	<b>12,456</b>
<b>Net book value at end of the period</b>	<b>76,156</b>	<b>1,289,263</b>	<b>1,365,419</b>

(a) Preliminary goodwill relating to the UK Platforms acquisition before the PPA allocation.

(b) Exchange variations mainly concern the Lavendon group.

### Changes in intangible assets and goodwill in 2018

€'000	Intangible assets	Goodwill	Total
<b>Net book value at beginning of year</b>	<b>81,255</b>	<b>1,252,634</b>	<b>1,333,889</b>
Changes in scope (a)	11	4,680	<b>4,691</b>
Increase	4,107	275	<b>4,382</b>
Amortization and depreciation of the year (b)	(12,051)	(608)	<b>(12,659)</b>
PPA allocation (Loxam Access SRL)	2,500	(2,000)	<b>500</b>
Decrease / disposals (c)	(1,695)	(138)	<b>(1,833)</b>
Reclassification	1,725	0	<b>1,725</b>
Exchange gains or losses	(843)	(2,566)	<b>(3,409)</b>
<b>Net book value at end of the year</b>	<b>75,009</b>	<b>1,252,277</b>	<b>1,327,286</b>

(a) The change in scope mainly concerns Nove (merged on December 31, 2018 into Loxam Access SRL) and NVA, which accounted for impacts of €4,071k and €450k, respectively.

These two acquisitions have no significant impact on the main aggregates of the group and do not require the establishment of pro forma accounts.

(b) The impairment of goodwill relates to Hune Pronto Rental for €608k.

(c) The liquidation of Workx Sloop-en Graafdiensden BV resulted in the write-off of its goodwill for €138k.

### Trademarks and customer relationships in 2019

The purchase price for the following acquisitions was allocated to intangible assets and valued as follows at March 31, 2019:

€'000	Trademarks	Customer Relationships	Total
Lavendon Group	13,770	44,046	57,816
Hune Group	1,564	4,744	6,309
Loxam Access SRL	688	1,336	2,023
<b>Net value at end of period ended March 31, 2019</b>	<b>16,022</b>	<b>50,125</b>	<b>66,148</b>

## Note 6 – Right-of-use of leased assets and lease liabilities

€'000	Right-of-use of leased assets
<b>Net book value at beginning of year</b>	-
Changes in scope	-
Increase	230,104
Amortization and depreciation of the year	(15,944)
Decrease / disposals	-
Reclassification	-
Exchange gains or losses	-
<b>Net book value at end of the period</b>	<b>214,160</b>

€'000	Lease liabilities
<b>Balance at beginning of year</b>	-
Changes in scope	-
Increase	230,104
Decrease	(15,073)
Reclassification	-
Exchange gains or losses	-
<b>Balance at end of the period</b>	<b>215,031</b>

### Breakdown of lease liabilities by maturity

€'000	31.03.19
< 1 year	59,949
> 1 year	155,082
<b>TOTAL</b>	<b>215,031</b>

## Note 7 – Property, plant and equipment

### Change in property, plant and equipment in 2019

€'000	Rental equipment	Other	Total
<b>Net value at beginning of year</b>	<b>1,247,992</b>	<b>106,709</b>	<b>1,354,701</b>
Changes in scope	30,270	(804)	29,466
Increase	172,338	5,706	178,044
Amortization and depreciation of the year	(66,187)	(5,721)	(71,908)
Decrease / disposals	(5,395)	5	(5,390)
Reclassification	(190)	(514)	(703)
Exchange gains or losses	12,163	390	12,552
<b>Net value at end of the period</b>	<b>1,390,991</b>	<b>105,769</b>	<b>1,496,760</b>

### Change in property, plant and equipment in 2018

€'000	Rental equipment	Other	Total
<b>Net value at beginning of year</b>	<b>1,134,278</b>	<b>98,319</b>	<b>1,232,597</b>
Changes in scope	10,893	469	11,362
Increase	373,414	33,861	407,274
Amortization and depreciation of the year	(255,107)	(22,237)	(277,345)
Decrease / disposals	(16,718)	(2,124)	(18,841)
Reclassification	1,543	(1,697)	(154)
Exchange gains or losses	(310)	117	(193)
<b>Net value at end of year</b>	<b>1,247,993</b>	<b>106,709</b>	<b>1,354,701</b>

## Note 8 – Financial assets

### Change of Financial assets in 2019

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

€'000	Loans and other borrowings	Other non-current financial assets	Total
<b>Gross and net value at beginning of year</b>	<b>14,369</b>	<b>12</b>	<b>14,381</b>
Changes in scope			-
Increase	110		110
Decrease	(76)		(76)
Exchange gains or losses	27		27
<b>Gross and net value at end of the period</b>	<b>14,429</b>	<b>12</b>	<b>14,441</b>

## Change of Financial assets in 2018

€'000	Loans and other borrowings	Other non-current financial assets	Total
<b>Gross and net value at beginning of year</b>	<b>15,614</b>	<b>12</b>	<b>15,626</b>
Changes in scope	(63)		(63)
Increase	726		726
Decrease	(1,639)		(1,639)
Exchange gains or losses	(269)		(269)
<b>Gross and net value at end of year</b>	<b>14,369</b>	<b>12</b>	<b>14,381</b>

## Note 9 – Inventories

€'000 - Net value	31.12.18	31.03.19
Parts and consumables	18,759	19,759
Trade	12,024	14,406
<b>Total</b>	<b>30,782</b>	<b>34,165</b>

## Note 10 – Trade and other receivables

€'000	31.12.18	31.03.19
Gross value	474,295	493,735
Impairment	(85,798)	(88,121)
<b>Total trade and other receivables</b>	<b>388,497</b>	<b>405,614</b>

## Note 11 – Income tax receivables and other current assets

€'000	31.12.18	31.03.19
Income tax receivables	12,256	10,588
Prepaid expenses	15,371	21,059
Other receivables	40,843	36,620
Other current assets	56,215	57,679
<b>Total income tax receivables and other current assets</b>	<b>68,470</b>	<b>68,267</b>

## Note 12 – Cash management assets, cash and cash equivalents

€'000	31.12.18	31.03.19
Other marketable securities	352	931
Cash	143,437	92,060
<b>Total</b>	<b>143,789</b>	<b>92,991</b>

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 (cf. Note 3.17).



## Note 13 – Shareholders' equity

The share capital amounts to €229,818,150, split into 22,981,815 shares with a par value of €10. It is fully paid up.

## Note 14 – Financial risk management - Financial instruments

### Financial instruments relating to interest rate risk:

As indicated in Note 3.18, the interest rate swaps entered into by the Group are classified as derivative financial instruments. No new contracts were entered into in 2018 and 2019.

At March 31, 2019, these agreements relate to a notional amount of €21.4 million against the 3 month Euribor, with a maximum maturity date of July 2022.

At March 31, 2019, the fair value of these derivative instruments amounts to €1,314k, compared to €1,400k at December 31, 2018. Fair value adjustments are accounted for in financial income for an amount of €86k in Q1 2019.

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 3.9.

### Financial instruments relating to foreign exchange risk:

As indicated in Note 3.19, foreign currency put options entered into by the Group are classified as derivative financial instruments.

Loxam SAS held forward contracts on the Pound Sterling for GBP 74,872k and in US dollars for USD 7,000k at March 31, 2019, unchanged from December 31, 2018.

The fair value of these financial instruments is a liability of €4,810 k at March 31, 2019, compared to a liability of €913k at December 31, 2018. The change in fair value between December 31, 2018 and March 31, 2019 is accounted as a financial loss for an amount of €3,897k.

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 3.9.

### Change in the valuation of financial instruments in 2019:

€'000	Interest Rate swaps	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 2	
<b>Value at beginning of year</b>	<b>1,400</b>	<b>913</b>	<b>2,313</b>
Acquisition			
Value adjustment	(86)	3,897	<b>3,811</b>
<b>Value at end of the period</b>	<b>1,314</b>	<b>4,810</b>	<b>6,124</b>
<b>Derivatives instruments included in the assets</b>			<b>-</b>
<b>Derivatives instruments included in the liabilities</b>			<b>6,124</b>

### Change in the valuation of financial instruments in 2018:

€'000	Interest Rate swaps	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 2	
<b>Value at beginning of year</b>	<b>2,855</b>	<b>1,181</b>	<b>1,674</b>
Changes in scope			-
Acquisition			-
Value adjustment	(1,455)	2,095	<b>640</b>
<b>Value at end of year</b>	<b>1,400</b>	<b>913</b>	<b>2,313</b>
<b>Derivatives instruments included in the assets</b>			-
<b>Derivatives instruments included in the liabilities</b>			<b>2,313</b>

### Net investment hedge

As indicated in Note 3.20, the net investment hedge applied by the Group was stopped as at March 31, 2018.

From this date, exchange differences are recognised in the income statement.

### 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. At March 31, 2019, the Group is in compliance with these ratios.

### Credit risk information

The Loxam Group put in place a credit management policy enabling it to ensure the financial solvency of its customers.

Outstanding balances are monitored with regular reports and financial information concerning customers is tracked daily. Provisions are recorded in the accounts for uncollectible amounts at each month end.

## Note 15 – Borrowings and financial debt

### Breakdown of current and non-current financial debt:

€'000	31.12.18	31.03.19
Bond (a)	1,552,170	1,553,568
Bilateral and bridge loans net of issuance costs	305,570	329,601
Lease debt	205,289	223,189
<b>Non-current financial debt</b>	<b>2,063,029</b>	<b>2,106,358</b>
Short-term bilateral loans	103,523	84,569
Short-term lease debt	88,043	93,794
Other financial debt	22,567	25,399
Current bank borrowings	2,371	545
<b>Current financial debt</b>	<b>216,504</b>	<b>204,306</b>
<b>Financial debt</b>	<b>2,279,533</b>	<b>2,310,665</b>

(a) Net of bond issue costs.

### Breakdown of financial debt by interest rate

€'000	31.12.18	31.03.19
Variable-rate debt	379,967	387,290
Fixed-rate debt	1,896,900	1,922,534
Bank overdrafts	2,371	545
Other	295	295
<b>TOTAL</b>	<b>2,279,533</b>	<b>2,310,665</b>

### Breakdown of financial debt by maturity

€'000	31.12.18	31.03.19
< 1 year	216,504	204,306
1 to 5 years	1,518,329	1,561,329
> 5 years	544,700	545,030
<b>TOTAL</b>	<b>2,279,533</b>	<b>2,310,665</b>

### Change in borrowings and financial debt

#### Changes in 2019

€'000	Beginning of year	Change in scope	Increase	Decrease	Other	Exchange gains or losses	31.03.19
Bond issues	1,552,170				1,398		1,553,568
Bilateral loans	409,093		18,340	(17,814)	77	4,475	414,170
Lease debt	293,332		48,059	(24,526)		117	316,983
Other financial debt	24,938				966	40	25,944
<b>TOTAL</b>	<b>2,279,533</b>	<b>-</b>	<b>66,399</b>	<b>(42,340)</b>	<b>2,441</b>	<b>4,632</b>	<b>2,310,665</b>

## Changes in 2018

€'000	Beginning of year	Change in scope	Increase	Decrease	Other	31.12.18
Bond issues	1,631,419			(85,000)	5,751	1,552,170
Bilateral loans	364,611		325,630	(279,459)	(1,690)	409,093
Lease debt	218,653	795	166,640	(92,384)	(372)	293,332
Other financial debt	24,024				914	24,938
<b>TOTAL</b>	<b>2,238,708</b>	<b>795</b>	<b>492,270</b>	<b>(456,843)</b>	<b>4,603</b>	<b>2,279,533</b>

## Note 16 – Employee benefits

€'000	31.12.18	31.03.19
Net Defined Benefit Obligation	11,111	11,235

### Reconciliation of the commitment and the provision

Commitment	13,271	13,396
Plan assets	(2,160)	(2,160)
<b>Net Defined Benefit Obligation at year-end / period</b>	<b>11,111</b>	<b>11,235</b>

### Movement in Defined Benefit Liability

<b>Net Defined Benefit Liability at beginning of year</b>	<b>16,608</b>	<b>11,111</b>
Expense for the financial year	(3,378)	242
Recognition of actuarial gains or losses through OCI	(2,269)	-
Benefits or contributions paid by the employer	(906)	(121)
Exchange gains or losses	58	4
Changes in scope	997	-
<b>Net Defined Benefit Obligation at year-end / period</b>	<b>11,111</b>	<b>11,235</b>

### Breakdown of the expense for the financial year

Current service cost	1,046	188
Other	(41)	5
Interest cost	202	49
Gain related to contract amendment (a)	(4,585)	-
<b>Expense for the year / period</b>	<b>(3,378)</b>	<b>242</b>

(a) Since January 1, 2018, employees of Loxam BV have been transferred to a defined contribution plan (DC). All financial risks of the old defined benefit plan (DB) have been outsourced. There is no longer commitment on this plan and the gain related to the amendment of the contract has been recorded into the other operational incomes for €4,585k.

The provisions for employee benefits concern retirement benefits for €10,347k at March 31, 2019 compared to €10,220k at December 31, 2018, and jubilee awards for €888k at March 31, 2019 compared to €891k at December 31, 2018.

## Note 17 – Provisions

### Change in provisions in 2019:

€'000	Provisions for contingencies	Provisions for charges	Total
<b>Balance at beginning of year</b>	<b>6,959</b>	<b>4,139</b>	<b>11,098</b>
Changes in scope	-	-	-
Allocations	520	703	1,223
Reversals	(463)	(610)	(1,073)
Reclassifications	(31)	(1,755)	(1,786)
<b>Balance at end of year / period</b>	<b>6,984</b>	<b>2,477</b>	<b>9,461</b>

### Change in provisions in 2018:

€'000	Provisions for contingencies	Provisions for charges	Total
<b>Balance at beginning of year</b>	<b>6,857</b>	<b>4,388</b>	<b>11,245</b>
Changes in scope	7	(49)	(42)
Allocations	2,086	906	2,993
Reversals	(1,706)	(2,005)	(3,712)
Reclassifications (a)	(285)	899	614
<b>Balance at end of year</b>	<b>6,959</b>	<b>4,139</b>	<b>11,098</b>

(a) Related to exchange differences (mainly Degraus) and a provision for the refurbishment work amounted to €(1,106)k.

## Note 18 – Trade payables and other current liabilities

€'000	31.12.18	31.03.19
Trade payables	132,547	141,115
Payables to fixed asset suppliers	69,663	148,032
<b>Trade payables and related</b>	<b>202,210</b>	<b>289,147</b>
<b>Corporate income tax liabilities</b>	<b>3,706</b>	<b>4,334</b>
Tax and social security liabilities	115,035	114,527
Other liabilities	19,094	19,165
Accrued income	1,333	1,262
<b>Other liabilities and accruals</b>	<b>135,462</b>	<b>134,954</b>
<b>Total current liabilities</b>	<b>341,378</b>	<b>428,435</b>

## Note 19 – Personnel expenses

€'000	31.03.18	31.03.19
Salaries	72,380	75,645
Payroll taxes	22,257	22,407
Employee profit-sharing	2,443	2,310
<b>Total personnel expenses</b>	<b>97,079</b>	<b>100,361</b>
Average headcount	7,865	8,064

Until year 2018 the French tax credit, “Crédit d’Impôt Compétitivité Emploi (C.I.C.E.)”, was deducted from payroll taxes. From January 1, 2019 the C.I.C.E has been replaced by a relief of employer’s social contribution on the lowest salaries.

## Note 20 – Other operating income and expenses

At March 31, 2019 other operating income and expense for Q1 2019 included non-recurring costs relating to the UK Platforms acquisition for €(207)k, an impairment loss on fleet of €(264)k, an exceptional profit related to a tax relief program in Brazil of €735k.

## Note 21 – Financial income (expense)

€'000	31.03.18	31.03.19
Interest and financing-related expenses	(24,497)	(23,993)
Income from cash and cash equivalents	-	-
<b>Net finance costs</b>	<b>(24,497)</b>	<b>(23,992)</b>
Fair value adjustments for financial instruments	(1,808)	(3,811)
Foreign exchange gains or losses	1,027	(4,621)
Other financial expenses	(116)	(107)
Other financial income	174	224
<b>Financial income (excl. IFRS 16)</b>	<b>(25,220)</b>	<b>(23,065)</b>
Expenses related to lease liabilities	-	(1,885)
<b>Financial income (expense)</b>	<b>(25,220)</b>	<b>(24,950)</b>

## Note 22 – Corporate income tax

### Analysis of tax expense

€'000	31.03.18	31.03.19
Current tax	(2,108)	(1,456)
Deferred tax	619	39
<b>Total</b>	<b>(1,489)</b>	<b>(1,417)</b>

## Reconciliation between actual tax and theoretical tax expense

€'000	31.03.18	31.03.19
Consolidated income before tax and "CICE" French tax credit	7,456	10,644
Tax rate (parent)	32,02%	28,92%
<b>Theoretical tax expense</b>	<b>(2,387)</b>	<b>(3,078)</b>
Difference in parent / subsidiary rates	1,697	3,924
Unused tax losses for the year	(870)	(1,624)
Use of previously unused losses	309	-
Permanent differences	(195)	(697)
Tax credits and other	(42)	59
<b>Actual tax expense</b>	<b>(1,489)</b>	<b>(1,417)</b>

## Deferred tax assets and liabilities

€'000	31.12.18	31.03.19
<b>Opening balance</b>	<b>(40,432)</b>	<b>(52,006)</b>
Income (expense)	(11,644)	39
Change in scope	300	-
Own funds allocation	(441)	-
Other changes	211	(632)
<b>Closing balance</b>	<b>(52,006)</b>	<b>(52,599)</b>
Deferred tax assets	18,394	18,235
Deferred tax liabilities	(70,400)	(70,834)

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.

## Note 23 – Off-balance sheet commitments

€'000	31.12.18	31.03.19
Guarantee given to banks for payment of real estate rentals	2,106	2,106
Pledging of business assets as collateral	360	360
<b>Total commitments given</b>	<b>2,466</b>	<b>2,466</b>
Bank guarantee received for payment of real estate rentals	7,308	7,308
Other bank guarantees received	450	450
<b>Total commitments received</b>	<b>7,758</b>	<b>7,758</b>

There was no change in the commitments between both financial years.

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 €35,723k at March 31, 2019.

- Pledge of Loxam Power, Loxam Module and Lavendon Group Ltd shares as well as the Loxam brand as a collateral to guarantee €1,089.3 million of secured senior bonds.
- €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 not drawn during the period.

#### **Note 24 – Related-party transactions**

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There is no significant change in related-party transactions compared with the information given in the financial statements as at December 31, 2018.

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