



QUARTERLY REPORT March 31, 2020

TABLE OF CONTENTS

TABLE OF CONTENTS	2
DEFINITIONS.....	3
NOTICE	4
CONSOLIDATED FINANCIAL STATEMENTS SUMMARY	6
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	9
APPENDIX - UNAUDITED FINANCIAL STATEMENTS	23

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.

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, 2020 include 3 months of activity of Ramirent, acquired on July 24, 2019 and consolidated as of August 1, 2019.

The information provided at constant perimeter for the quarter ended March 31, 2020 compared to the quarter ended March 31, 2019 includes the financial information of Ramirent for the quarter ended March 31, 2020 while adding 3 months of results for Ramirent and Stavdal for the quarter ended March 31, 2019.

The purchase price allocation (“PPA”) of Ramirent group in the financial statements at December 31, 2019 was preliminary. The group has one year from acquisition date to allocate the purchase price. At March 31, 2020, the PPA was adjusted by introducing a Tax Amortization Benefit (“TAB”) in each of the Cash Generating Units. This had both an impact on the value of the intangible assets (increased) and associated depreciation, as well as on the residual goodwill. Depreciation rules at Ramirent group are still under analysis and were not modified at March 31, 2020.

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,	
	2019	2020
Revenue	367.3	494.1
Other income	9.3	12.5
Purchases consumed	(40.1)	(47.7)
Personnel expenses	(100.4)	(142.8)
Other current expenses	(103.0)	(161.7)
Taxes and duties	(6.9)	(6.2)
Depreciation – Property, plant and equipment.....	(71.9)	(100.3)
Amortization – Intangibles assets.....	(3.1)	(14.2)
Depreciation – Right of use of leased assets	(15.9)	(25.4)
Profit from ordinary operations	35.3	8.3
Other operating income and expense	0.3	0.1
Operating profit	35.6	8.3
Financial income and expense	(25.0)	(43.7)
Share of profit of associates	-	0.1
Income tax expense.....	(1.4)	2.1
Net profit	9.2	(33.2)
Non-controlling interests.....	(0.0)	(0.2)
Net profit, group share	9.3	(33.0)

Consolidated balance sheet according to IFRS

<i>(in millions of euros)</i>	As of	
	December 31, 2019	March 31, 2020
Intangible assets and goodwill.....	2,353.6	2,339.9
Property, plant and equipment.....	2,362.5	2,243.0
Investments in associates	9.8	7.1
Financial assets	21.4	20.8
Financial derivatives	-	2.8
Deferred tax assets	18.5	18.5
Non-current assets	4,765.7	4,632.1
Inventories	49.3	49.0
Trade and other receivables	496.6	437.6
Other current assets	75.0	75.9
Cash and cash equivalents	230.1	491.6
Current assets	851.0	1,054.1
TOTAL ASSETS	5,616.7	5,686.1
Shareholders' equity	698.0	625.9
Provisions for employees benefits	44.2	43.1
Deferred tax liabilities	191.0	196.0
Borrowings and financial debt - long term portion	3,771.6	3,832.4
Financial derivatives	7.6	6.0
Non-current liabilities.....	4,014.4	4,077.6
Provisions.....	19.5	16.5
Borrowings and financial debt - current portion	474.2	579.6
Supplier and other payables	205.3	186.8
Other current liabilities.....	205.4	199.8
Current liabilities	904.3	982.7
TOTAL EQUITY AND LIABILITIES.....	5,616.7	5,686.1

Consolidated condensed cash-flow statement according to IFRS ⁽¹⁾ <i>(in millions of euros)</i>	Quarter ended	
	March 31,	
	2019	2020
Cash flow from operations	167.8	133.7
Cash flow from investing activities	(226.5)	(48.2)
Cash flow from financing activities.....	9.0	173.6
Change in cash and cash equivalents	(49.7)	259.0
Cash and cash equivalents at the end of the period ⁽²⁾	92.4	486.7

Notes : (1) Post IFRS 16 impact.

(2) Including bank overdrafts.

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

Following the acquisition of Ramirent in July 2019, Loxam has become the leader in the European equipment rental industry and the third largest equipment rental group in the world based on pro forma revenue for the 12-months period ended March 2020 revenue of €2,243.5 million. The Group has operations in 30 countries.

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, 2020, 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, 2020, our specialist network in France includes 78 branches. We rent specialist equipment in France under several specific brands, such as LOXAM Access, LOXAM Module, LOXAM Power, LOXAM Laho TEC, LOXAM TP, LOXAM Event;
- International division, which comprises our specialist and generalist equipment offerings outside of France. We offer equipment rental services in Western Europe, which we consider as our core market. We have subsidiaries located in Sweden which is our largest market outside of France before Finland, the United Kingdom and Norway. We are also present in Spain, Denmark, the Benelux, Italy, Germany, Ireland, Switzerland, Portugal, the Baltic States as well as Poland, the Czech Republic and Slovakia. Outside of Europe, where we made 5% of our total revenue in 2019, we are present in the Middle East, in Brazil, Colombia and Morocco. Ramirent has also a 50% stake in a Russian joint venture which is consolidated in the accounts under the equity method. As of March 31, 2020, our International division had a network of 572 branches.

We strive to offer a large variety of equipment and we believe that our rental fleet is one of the most extensive fleets in the European market, representing over 1,500 different types of generalist and specialist equipment and tools. 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, 2020, our rental fleet consisted of approximately 550,000 pieces of equipment (excluding accessories) with a gross book value of €4.4 billion.

Economic conditions over the first three months of 2020.

Prior to the emergence of the Covid-19 pandemic, the Group was anticipating that its activity would slowdown in certain key markets, such as France, in line with the municipal election cycle, or in Sweden, following several years of consecutive growth.

During the first two months of 2020, LOXAM recorded a positive business performance in France in line with its anticipation ahead of the municipal elections. From mid-March onwards lockdown measures halted activity on construction sites and led to a decrease of revenue in France.

Outside of France, the Group had to face different impacts of slowdown across geographies, Spain and Italy being also hit by the pandemic, while business in other countries resisted better.

Investment in new equipment

Our gross capital expenditures in the first quarter of 2020 amounted to €55.0 million, of which €47.7 million was fleet Capex compared to €179.0 million, of which €172.3 million was fleet Capex in the first quarter of 2019. The Capex spend in Q1 2019 was at a high level 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 1,073 branches as of March 31, 2020 compared to 1,069 as December 31, 2019. Over the first three months of 2020, we opened 7 branches, and closed 3 branches as part of our network optimization.

Significant events of the three-month period

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

In an unprecedented market context linked to the Covid-19 pandemic, LOXAM reacted strongly to limit its impact and gave an immediate priority to the health and safety of the Group's employees and its customers.

In so far as possible key branches remained open on a “drive-in” basis and in application of the strictest safety protocols. The Group implemented strong and decisive measures in the most severely impacted countries:

- Reducing costs and discretionary spending and using all appropriate local measures, in particular in terms of furloughing staff, coupled in several countries such as France, to a temporary reduction in wages;
- Systematic review of all external charges (transport, premises, utilities, etc.) in view of cancelling, limiting or renegotiating terms to generate costs savings.

In line with the disciplined roll-out of LOXAM's financial contingency plan and in order to swiftly address the Covid-19 situation, the liquidity of the Group was significantly strengthened, and the cash position increased from €230 million on December 31, 2019 to €492 million as at end of March. This was achieved through mobilizing complementary bilateral facilities for €120 million, drawing the full

amount of its €75 million RCF facility, while Ramirent rolled over its commercial papers after the lockdown measures.

Post quarter events

From early April onwards the Group has actively prepared for the progressive lifting of lockdown measures throughout Europe. Such plan has allowed the French network to be fully open in complete application of the strictest hygiene protocols on May 11, 2020.

LOXAM confirms the communicated preliminary performance in April and its expectation that the activity recovery will be progressive: on a comparable structure and at constant exchange rates, the Group's revenues were down by 39% versus last year, in spite of a pick-up in activity levels in the second half of the month. All countries have now been impacted to a certain extent by the Covid-19 pandemic, but with high discrepancies depending on the magnitude of the sanitary crisis and the extension of lockdown measures. In May, revenue levels are progressively recovering, as the construction industry and business community are adapting to the situation. It is therefore expected that the Group performance will improve in comparison to April 2020 thanks to the additional contribution of countries where lockdown measures are progressively lifted. So far, business stands up relatively well in the Northern and Eastern European countries and outside of Europe.

Cost cutting measures first implemented in the most severely impacted countries have been generalized through-out operations. Q2 2020 performance will however be the most affected by the crisis. As a result of all actions undertaken to cut costs and postpone payments, the Group nonetheless anticipates to generate positive free cash flow in Q2.

Efforts to improve liquidity also continued in Q2, notably in France where the Group obtained a € 230 million loan with a state guarantee (Prêt Garanti par l'Etat), with a maturity up to 6 years, no covenants and no additional security. Banks have a guarantee from the French state covering 90% of the principal borrowed. LOXAM has obtained from its RCF lenders a waiver which entails a covenant suspension on its financial debt ratio until and including March 31, 2021.

Explanation of Key Line Items from the Income Statement

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

- **Revenue** includes the fees paid by customers to rent equipment and revenue from related services such as transportation, fuel, damage waivers and the cost of repair and maintenance services charged back to our customers, as well as the retail activities at our branches.
- **Other income** principally includes net capital gains on disposals of fleet assets and real estate rent paid by subtenants.
- **Purchases consumed** includes (1) the cost of goods purchased for resale in our retail activity, as well as the cost of fuel and maintenance parts that are rebilled to customers; and (2) the cost of parts used by the workshops in our branches to maintain our equipment.
- **Personnel expenses** relates primarily to the salaries, social security charges, and profit sharing expenses for our employees.
- **Other current expenses** include (1) external expenses that are directly related to our rental activity, such as transportation, subcontracted maintenance costs, re-rent (subleasing equipment from external renters to fill customer orders when there is not sufficient quantity at our branches) and costs associated with temporary workers; (2) external expenses related to the group, such as rent on real estate and related expenses, general administrative expenses (including insurance, advisory fees, communications and IT), advertising expenses and other management costs; and (3) losses on bad debts, net of change in provisions on current assets.
Since January 1, 2019, following the application of the new IFRS 16 standard, the rent expenses related to lease contracts for real estate, heavy vehicles and light vehicles are cancelled (for lease contracts in the scope of the standard).
- **Taxes and duties** relate mainly to property and local taxes (including the CET or *Contribution Economique Territoriale* paid in France).
- **Depreciation and amortization** principally include depreciation of fixed assets (fleet and non-fleet). Depreciation and amortization also include amortization of intangible assets (trademarks and customer relationships) following the purchase price allocation completed on the acquisitions made since 2017. As per IFRS 16, as a lessee, the Group is accounting for the right-of-use assets and is recognizing its depreciation on a straight-line basis over the lease terms.
- **Other operating income and expense** includes a limited number of unusual, abnormal, and uncommon items, with significant amounts, which are disclosed separately in the income statement to make it easier to appreciate the Group's current operating performance.
- **Financial income** primarily includes interest income on cash balances, while financial expense comprises interest charges on bank loans and bonds and hedging expenses. It also includes changes in the fair value of derivatives instruments and the interest cost related to the lease liability generated by the application of the IFRS 16 standard as from 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 March 31, 2020, 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, 2020 and 2019.

Consolidated Income Statement according to IFRS <i>(in millions of euros)</i>	Quarter ended March 31,	
	2019	2020
Revenue	367.3	494.1
Other income ⁽¹⁾	9.3	12.5
Purchases consumed	(40.1)	(47.7)
Personnel expenses	(100.4)	(142.8)
Other current expenses.....	(103.0)	(161.7)
Taxes and duties	(6.9)	(6.2)
Depreciation – Property, plant and equipment.....	(71.9)	(100.3)
Amortization – Intangibles assets.....	(3.1)	(14.2)
Depreciation – Right of use of leased assets	(15.9)	(25.4)
Profit from ordinary operations	35.3	8.3
Other operating income and expense ⁽²⁾	0.3	0.1
Operating profit	35.6	8.3
Financial income and expense	(25.0)	(43.7)
Share of profit of associates	-	0.1
Income tax expense.....	(1.4)	2.1
Net profit	9.2	(33.2)
Non-controlling interests.....	(0.0)	(0.2)
Net profit, group share	9.3	(33.0)

Notes:

⁽¹⁾ Other income includes capital gains on fleet disposals amounting to €9.7 million and €6.7 million in Q1 2020 and Q1 2019 respectively.

⁽²⁾ Other operating income and expense for Q1 2020 included acquisition costs related to the buyout of minority interest of Ramirent for €(0.2) million and the net gain on disposal of Fehmarnbelt Solution Services A/S for €0.2 million.
For Q1 2019, it included UK Platforms acquisition costs 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 to be key measures in analyzing our business. EBITDA is a non-IFRS measure but we believe that it and similar measures are widely used by certain investors as supplemental measures of performance and liquidity. The financial information by segment is presented in our financial statements with the breakdown of the business in our three divisions.

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, 2020 and 2019.

<i>(in millions of euros)</i>	Quarter ended March 31, (Post IFRS 16)	
	2019	2020
Revenue		
Generalist France ⁽¹⁾	162.1	143.7
Specialist France ⁽¹⁾	54.6	51.5
France	216.8	195.1
International	150.5	299.0
Total revenue	367.3	494.1
EBITDA		
Generalist France ⁽²⁾	59.9	42.2
Specialist France ⁽²⁾	17.6	15.2
France	77.5	57.4
International	46.8	89.2
Real Estate ⁽³⁾	2.0	1.6
Total EBITDA	126.2	148.2
<u>EBITDA margin</u>	34.4%	30.0%

Notes:

- (1) To present the revenue of Generalist France and Specialist France, we allocate revenue by branch. Where revenue is related to events-related rentals handled by Loxam Event, which is not in a particular division, we allocate revenue to the branch whose equipment is rented.
- (2) To present Specialist and Generalist EBITDA generated in France by division, we allocate rebates pro rata based on revenue, which are accounted for centrally, and then allocate direct expenses (which represent a majority) directly to a given branch. Indirect expenses are allocated centrally or regionally and are then allocated to a given branch according to a factor that is based on that branch's revenue, the gross value of its equipment or the rental value of its equipment.
- (3) Real estate EBITDA corresponds to rental income from real estate held by the group that is not assigned to a division.

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

Revenue

Revenue increased by 34.5% to €494.1 million in the first quarter of 2020 from €367.3 million in the first quarter of 2019. At constant perimeter and at constant exchange rates, revenue decreased by 8.9%.

Revenue from our Generalist France division decreased by 11.4% in the first quarter of 2020 to €143.7 million compared to €162.1 million in the first quarter of 2019. Revenue of the Generalist France division was affected by the lockdown measures from mid-March onwards which halted activity on construction sites.

Revenue from our Specialist France division decreased by 5.8% to €51.5 million in the first quarter of 2020 compared to €54.6 million in the first quarter of 2019. Specialist France division revenue were more resilient thanks to the portfolio of activities such as energy and modular space.

International revenue increased by 98.7% to €299.0 million in the first quarter of 2020 compared to €150.5 million in the first quarter of 2019, thanks to the contribution of Ramirent. However, at constant perimeter and FX the international division posted a -8.1% decrease of its revenue, with different impacts of slowdown across geographies, Spain and Italy being hit by the pandemic, while business in other countries resisted better.

Other operating income

Other income increased by 35.0% to €12.5 million in the quarter ended March 31, 2020 from €9.3 million in the quarter ended March 31, 2019 mainly thanks to Ramirent. Excluding Ramirent, the capital gains on fleet disposals were stable at €6.7 million.

Purchases consumed

Purchases consumed increased by 19.0% to €47.7 million for the quarter ended March 31, 2020 compared to €40.1 million for the quarter ended March 31, 2019. At constant perimeter, purchases consumed decreased by 12.9% due to the lower activity and lower fuel prices.

Personnel expenses

Personnel expenses increased by 42.2% to €142.8 million in the quarter ended March 31, 2020 from €100.4 million in the quarter ended March 31, 2019. At constant perimeter, personnel expenses were stable thanks to a decrease in staff number at the international division as a result of the integration work carried out in 2019. Measures to cut staff costs including the furlough of staff and the decrease in wages will be reflected in Q2.

Other current expenses

Other current expenses increased by 57.0% to €161.7 million in the first quarter of 2020 from €103.0 million in the first quarter of 2019. Recurring external expenses decreased by 7.2% at constant perimeter in Q1 2020 compared to Q1 2019 thanks to cost savings on re-rent, haulage and sub-contracting.

Depreciation, amortization and provisions

Depreciation and amortization for property, plant and equipment amounted to €100.3 million in the quarter ended March 31, 2020 compared to €71.9 million in the quarter ended March 31, 2019.

At constant perimeter, the fleet depreciation expense increased by 0.9%.

The amortization expense of intangible assets amounted to €14.2 million in Q1 2020 compared to €3.1 million in Q1 2019. The increase in amortization expense is related to the amortization of trademarks and customer relationships at Ramirent after a preliminary Purchase Price Allocation was performed at the end of 2019 and adjusted in Q1 2020. The group has one year from acquisition date to allocate the purchase price.

Following the application of IFRS 16, as a lessee, the Group recognised the right-of-use assets and depreciated them on a straight-line basis over the lease term of each contract. For the quarter ended March 31, 2020, the depreciation related to the right-of-use amounted to €25.4 million compared to €15.9 million in Q1 2019.

Other operating income and expense

Other operating income and expense amounted to an income of €0.1 million in the quarter ended March 31, 2020 and is related to non-recurring costs relating to the buyout of minority interest of Ramirent and the net gain on disposal of Fehmarnbelt Solution Services A/S.

Financial income and expense

Net financial expense increased by €18.8 million to €43.7 million in the quarter ended March 31, 2020, compared to €25.0 million in the quarter ended March 31, 2019. The increase is mainly because of the higher interest expenses following the issue of bonds for the acquisition of Ramirent in July 2019 for a cash cost of €(11.1) million and also because of a net negative foreign exchange impact of €(4.2) million in the quarter mainly related to Norwegian krone and Swedish krona.

Income tax

Our profit before tax amounted to €(35.4) million in the quarter ended March 31, 2020 versus €(10.6) million in the quarter ended March 31, 2019.

Income tax was a profit of €2.1 million in the quarter ended March 31, 2020, compared to an expense of €(1.4) million in the quarter ended March 31, 2019.

Net profit, group share

We recorded a net loss, group share of €(33.0) million in the quarter ended March 31, 2020 compared to a profit of €9.3 million in the quarter ended March 31, 2019.

EBITDA

We define EBITDA as profit from ordinary operations plus depreciation and amortization of fixed assets and right-of-use of leased assets (in accordance with the application of IFRS 16). The following table presents a reconciliation of EBITDA to operating income and net income for the periods indicated.

	Quarter ended March 31 ,	
	2019	2020
<i>(in millions of euros)</i>		
EBITDA	126.2	148.2
Depreciation of Property, plant and equipment	(71.9)	(100.3)
Amortization of intangible assets.....	(3.1)	(14.2)
Depreciation of right of use assets.....	(15.9)	(25.4)
Other operating income and expense.....	0.3	0.1
Operating profit	35.6	8.3
Financial income and expense	(25.0)	(43.7)
Share of profit of associates.....	-	0.1
Income tax expense	(1.4)	2.1
Net income.....	9.2	(33.2)

EBITDA amounted to €148.2 million in Q1 2020 compared to €126.2 million in Q1 2019. At constant perimeter, the EBITDA margin decreased from 33.5% in Q1 2019 to 30.0% in Q1 2020. The resilience of our three divisions was satisfying as Generalist France Specialist France and International divisions recorded a margin at or close to 30% in the first quarter.

EBITDA from our Generalist France division amounted to €42.2 million in Q1 2020, compared to €59.9 million in Q1 2019. Our EBITDA margin for Generalist France was 29.3% in Q1 2020 compared to 36.9% in Q1 2019, as the benefit of the cost cutting measure implemented from March onwards will be visible in Q2.

EBITDA from our Specialist France division amounted to €15.2 million in Q1 2020, compared to €17.6 million in Q1 2019. Our EBITDA margin for Specialist France decreased from 32.2% in Q1 2019 to 29.6% in Q1 2020, as revenue of the division was less affected than at the Generalist division. EBITDA from our International division amounted to €89.2 million in Q1 2020, compared to €46.8 million in Q1 2019, thanks to the Ramirent contribution. At constant perimeter and exchange rates, EBITDA decreased by 13.0%. Our EBITDA margin for International was 29.9% in Q1 2020 compared to 31.5% in Q1 2019 thanks to the integration work done.

Capital expenditures

In Q1 2020, gross capital expenditures amounted to €55.0 million, compared to €179.0 million in Q1 2019. Fleet capital expenditure amounted to €47.7 million in Q1 2020, compared to €172.3 million in Q1 2019. Fleet capital expenditures have been stopped and/or cancelled since the end of Q1 2020 as part of the plan to safeguard cash.

In Q1 2020, the gross book value of disposed rental equipment was €63.2 million, compared to €41.1 million in Q1 2019 mainly caused by Ramirent. Otherwise the gross book value of the fleet disposed was stable at € 42.5 million.

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 2020, Loxam recorded a positive recurring free cash flow of €67.6 million compared to a negative recurring free cash flow of €(24.0) million in Q1 2019. The positive free cash flow was achieved thanks to the increase in EBITDA, the lower capital expenditure spends and the positive impact of the trade working capital requirement in Q1 2020.

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 costs paid for the acquisition of UK Platforms.

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

<i>(in millions of euros)</i>	Quarter ended March 31,	
	2019	2020
EBITDA before capital gains on fleet disposals	119.6	138.5
+ Proceeds from disposals of fixed assets.....	12.7	15.1
- Gross capital expenditure	(179.0)	(55.0)
- Operating income and expense	0.0	(0.2)
- Financial income and expense ⁽¹⁾	(24.1)	(36.5)
- Income taxes ⁽²⁾	(1.5)	(2.3)
- +/- Change in working capital requirement ⁽³⁾	63.4	33.8
Miscellaneous ⁽⁴⁾	(0.1)	(1.4)
Repayment of lease liability – IFRS 16 ⁽⁵⁾	(15.1)	(24.5)
Recurring Free cash flow	(24.0)	67.6
Non-recurring items ⁽⁶⁾	7.6	0.0
Free cash flow ⁽⁷⁾	(16.4)	67.6
Acquisition ⁽⁸⁾	(60.1)	-
Dividends.....	-	-
Issue costs amortization and currency variations.....	(5.4)	0.7
Change in IFRS 16 lease liability	(215.0)	22.3
Change in net debt ⁽⁹⁾	(297.0)	90.5

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 €(1.7) million in Q1 2020 compared to €(2.8) million in Q1 2019.
- (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) Corresponds to IFRS 16 impact on leases and interest expenses (non-cash adjustment to be excluded from EBITDA).
- (6) In Q1 2019, non-recurring cash items amounted to €7.6 million and were 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).
- (7) Before payment of dividends, capital increases and acquisitions.
- (8) In Q1 2019, corresponds to the UK Platforms acquisition.
- (9) Excluding change in derivatives instruments.

Net debt

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

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

<i>(in millions of euros)</i>	As of	
	December 31, 2019	March 31, 2020
Senior secured notes	2,300.0	2,300.0
Senior subordinated notes	700.0	700.0
Issuance costs related to notes	(30.1)	(27.6)
Bank loans on bilateral facilities	486.2	680.7
Commercial papers	115.0	112.0
Accrued interest on debt securities and loans	25.9	28.4
Finance leases	288.5	278.1
Lease debt liability (IFRS 16)	336.1	313.9
Other financial debt	18.3	21.7
Bank overdrafts	1.1	4.9
Loans and financial debt (gross debt)	4,241.1	4,412.0
Cash	(127.8)	(389.6)
Marketable investment securities	(102.3)	(102.0)
Cash and cash equivalents	(230.1)	(491.6)
Net debt	4,011.0	3,920.4

Net debt decreased by €90.5 million to €3,920.4 million as of March 31, 2020 from €4,011.0 million as of December 31, 2019, primarily as a result of a positive free cash flow of €67.6 million and a positive impact in change on IFRS 16 lease liability of €22.3 million.

As of March 31, 2020, our gross financial debt (excluding derivatives and including lease liabilities) amounted to €4,412.0 million, compared to €4,241.1 million as of December 31, 2019. In order to increase the liquidity on the balance sheet, the Group drew all its bilateral facilities at the end March as well as its €75 million RCF facility, while Ramirent rolled over its commercial papers after the lockdown measures. During Q12020 the amount of bilateral loans, finance leases and Commercial Papers increased by € 119 million net of repayments made during the quarter.

As of March 31, 2020, we had €2,972.4 million of outstanding bond debt, after deduction of €27.6 million of issuance costs. Our bond debt of €3,000.0 million comprised €300.0 million of senior

secured notes due in April 2022, €250.0 million of senior secured notes due in May 2023, €300.0 million of senior secured notes due in April 2024, €250.0 million of senior subordinated notes due in April 2025, €300.0 million of senior secured notes due in April 2026 and €200.0 million of senior subordinated notes due in April 2027, €700.0 million of senior secured notes due in January 2025, €450.0 million of senior secured notes due in July 2026, €250.0 million of senior subordinated notes due in July 2027.

As of March 31, 2020, bilateral facilities from banks amounted to €605.7 million, finance leases €278.1 million, Commercial Papers at Ramirent for €112.0 million and also the RCF of €75.0 million which was fully drawn. In the three-month period ended March 31, 2020, new bilateral credit facilities and finance leases were entered into for €161.4 million and €14.7 million, respectively.

Cash and cash equivalents on our balance sheet amounted to €491.6 million as of March 31, 2020.

Debt maturity profile

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

	Total	2020	2021	2022	2023	2024	2025	2026	2027 and later
<i>(in millions of euros; excluding IFRS 16)</i>									
RCF	75.0		-	75.0	-	-	-	-	-
Bilateral loans.....	605.7	88.3	176.2	101.1	197.2	29.9	9.0	3.8	0.2
Commercial papers	112.0	112.0	-	-	-	-	-	-	-
Lease liabilities	278.1	75.1	87.3	63.9	39.4	10.8	1.5	0.1	0.0
Loans and financial debt owed to credit institutions	1,070.8	275.5	263.5	240.0	236.6	40.7	10.5	3.9	0.2
Other financial debt.....	21.7	21.3	0.4	-	-	-	-	-	-
2017 senior secured notes due 2022.....	299.9	-	-	299.9	-	-	-	-	-
2017 senior secured notes due 2024.....	297.7	-	-	-	-	297.7	-	-	-
2017 senior subordinated notes due 2025	247.6	-	-	-	-	-	247.6	-	-
2016 senior secured notes due 2023.....	249.3	-	-	-	249.3	-	-	-	-
2019 senior secured notes due 2026.....	298.0	-	-	-	-	-	-	298.0	-
2019 senior subordinated notes due 2027	198.6	-	-	-	-	-	-	-	198.6
2019 senior secured notes due 2025.....	691.1	-	-	-	-	-	691.1	-	-
2019 senior secured notes due 2026.....	443.8	-	-	-	-	-	-	443.8	-
2019 senior subordinated notes due 2027	246.4	-	-	-	-	-	-	-	246.4
Total debt ⁽¹⁾	4,064.9	296.7	263.9	539.9	485.9	338.4	949.1	745.7	445.2

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

Currency and interest rate derivatives

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

The Group still owns a portfolio of derivative financial instruments hedging interest rate variations for a notional amount of €206.0 million at March 31, 2020 for a maximum term in February 2024. These derivatives are recognized in financial liabilities for an amount of €3.2 million at March 31, 2020, of which Ramirent for €2.4 million (for a notional amount of €185.0 million) and Loxam for €0.8 million. As of March 31, 2020, 83% of our financial debt has a fixed interest rate compared to 85% at the end of 2019.

The majority of our revenue (63% in Q1 2020), expenses and obligations are denominated in euros. However, we are exposed to foreign exchange rate risk, primarily in respect of British pounds, Norwegian krone, Swedish krona and Polish zloty. Our foreign exchange rate derivative financial instruments as of March 31, 2020 covered current liabilities denominated in British pounds for GBP 46.3 million, in Norwegian krone for NOK 405.0 million, in Swedish krona for SEK 250.0 million and in Polish Zloty for PLN 10.0 million.

Critical Accounting Policies and Estimates

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

APPENDIX - UNAUDITED FINANCIAL STATEMENTS

LOXAM GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
31 March 2020

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

Condensed statement of financial position

ASSETS (€'000)	Notes	31.12.19	31.03.20
Intangible assets and goodwill	5	2,353,604	2,339,897
Property, plant and equipment	6	2,362,477	2,242,991
Investments in associates	7	9,815	7,060
Financial assets	8	21,369	20,780
Financial derivatives	14	-	2,794
Deferred tax assets	23	18,461	18,536
Non-current assets		4,765,726	4,632,058
Inventories	9	49,302	48,973
Trade and other receivables	10	496,581	437,582
Other current assets	11	52,466	55,264
Corporate income tax receivables	11	22,570	20,661
Cash and cash equivalents	12	230,087	491,612
Current assets		851,006	1,054,092
Total assets		5,616,732	5,686,149

LIABILITIES (€'000)	Notes	31.12.19	31.03.20
Share capital	13	229,818	229,818
Additional paid-in capital		1,882	1,882
Consolidated reserves		407,439	419,936
Net profit for the year		49,389	(32,984)
Shareholders' equity (Group share)		688,528	618,652
Non-controlling interests		9,507	7,274
Total equity		698,035	625,926
Employee benefits	16	44,188	43,125
Deferred tax liabilities	23	191,004	196,018
Borrowings and financial debt	15	3,771,635	3,832,408
Financial derivatives	14	7,608	6,021
Non-current liabilities		4,014,436	4,077,572
Provisions	17	19,468	16,476
Borrowings and financial debt	15	474,173	579,620
Trade and other payables	18	205,265	186,799
Other liabilities	18	193,415	194,192
Corporate income tax liabilities	18	11,942	5,565
Current liabilities		904,262	982,651
Total shareholders' equity and liabilities		5,616,732	5,686,149

Condensed consolidated income statement and statement of comprehensive income

€'000	Notes	31.03.19	31.03.20
Revenue	19	367,269	494,086
Other income		9,267	12,507
Operating income		376,536	506,593
Purchases consumed		(40,083)	(47,715)
Personnel expenses	20	(100,361)	(142,759)
Other current expenses		(102,979)	(161,695)
Taxes and duties		(6,871)	(6,222)
Depreciation and amortization – Property, plant and equipment		(87,852)	(125,769)
Depreciation and amortization – Intangibles assets		(3,060)	(14,171)
Profit from ordinary operations	19	35,330	8,263
Other operating incomes	21	735	225
Other operating expenses	21	(471)	(157)
Operating profit		35,595	8,331
Interest and financing-related expenses		(25,878)	(39,589)
Other financial expenses		(737)	(8,124)
Financial income		1,664	3,973
Financial income (expense)	22	(24,950)	(43,740)
Profit before tax		10,644	(35,408)
Share of result in associates and joint ventures	7	-	150
Income tax expense	23	(1,417)	2,075
Net profit		9,227	(33,184)
Non-controlling interests		(25)	(200)
Net profit, Group share		9,253	(32,984)

	31.03.19	31.03.20
Net profit	9,227	(33,184)
Exchange gains or losses	18,573	(38,925)
Value adjustments linked to hedging derivatives	-	-
Fair value of derivative instruments	-	-
Tax	-	-
Items recycled to profit or loss	18,573	(38,925)
Remeasurement of liabilities for defined benefit retirement plans	-	-
Tax	-	-
Items not recycled to profit or loss	-	-
Other comprehensive income	18,573	(38,925)
Comprehensive income	27,800	(72,109)

EBITDA (a)	126,242	148,202
-------------------	----------------	----------------

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

Condensed consolidated cash-flow statement

€'000	Notes	31.03.19	31.12.19	31.03.20
Net profit		9,227	48,176	(33,184)
Share of result in associates and joint ventures	7	-	(899)	(150)
Income tax expense (including deferred tax)	23	1,417	9,697	(2,075)
Net finance costs	22	24,950	153,817	43,740
Other operating income and expense		(472)	5,139	(225)
Depreciation and provisions, net of reversals		91,134	466,145	138,935
Capital gains on asset disposals		(6,934)	(48,455)	(10,033)
Cash flow from operations (before cost of financing and tax)		119,323	633,620	137,008
Income tax paid		(1,456)	(4,718)	(2,318)
Financial interest paid		(21,560)	(140,546)	(35,138)
Financial interest received		228	1,194	357
Change in working capital requirements		71,273	(35,047)	33,763
Cash flow from operating activities	A	167,808	454,503	133,672
Impact of changes in scope		(60,112)	(1,052,460)	-
Acquisitions of fixed assets		(179,045)	(466,086)	(63,259)
Disposals of fixed assets		12,708	73,234	15,055
Cash flow from investing activities	B	(226,450)	(1,445,313)	(48,203)
Dividends paid		-	(6,895)	-
Proceeds from loans and borrowings	15	66,399	2,244,609	296,320
Repayment of loans and borrowings	15	(57,413)	(1,160,437)	(122,760)
Cash flow from financing activities	C	8,986	1,077,278	173,560
Change in cash and cash equivalents	A+B+C	(49,656)	86,468	259,028
Cash and cash equivalents at beginning of period		141,418	141,418	229,035
Cash and cash equivalents at end of period		92,447	229,035	486,707
Impact of exchange rate fluctuations		(685)	(1,150)	1,356
Change in cash and cash equivalents		(49,656)	86,468	259,028
Other marketable securities		931	102,269	102,029
Cash at bank and on hand		92,060	127,818	389,583
Current bank borrowings		(545)	(1,052)	(4,905)
Cash and cash equivalents		92,447	229,035	486,707

Condensed consolidated statement of changes in equity

€'000	Share capital	Additional paid-in capital	Other consolidated reserves	Reserves to be recycled (OCI)	Shareholders' equity (Group share)	Non-controlling interests	Total equity
At 31 December 2018	229,818	1,882	408,945	(20,798)	619,847	10,621	630,468
Net profit for the period			49,389		49,389	(1,213)	48,176
Employee benefits				416	416	(40)	376
Exchange gains or losses				25,880	25,880	138	26,018
Comprehensive income			49,389	26,296	75,685	(1,115)	74,570
Capital movements					-		-
Dividends			(6,895)		(6,895)		(6,895)
Changes in scope					-		-
Other movements			(110)		(110)	1	(109)
At 31 December 2019	229,818	1,882	451,330	5,498	688,528	9,507	698,035
Net profit for the period			(32,984)		(32,984)	(200)	(33,184)
Employee benefits					-		-
Exchange gains or losses				(36,892)	(36,892)	(2,033)	(38,925)
Comprehensive income			(32,984)	(36,892)	(69,876)	(2,233)	(72,109)
Capital movements					-		-
Dividends					-		-
Changes in scope					-		-
Other movements					-		-
At 31 March 2020	229,818	1,882	418,346	(31,394)	618,652	7,274	625,926

Notes to the financial statements

Note 1 – Overview	29
Note 2 – Highlights	30
Note 3 – Accounting principles	30
Note 4 – Scope of consolidation	41
Note 5 – Intangible assets and goodwill	43
Note 6 – Property, plant and equipment	44
Note 7 – Investments in associates	45
Note 8 – Financial assets	45
Note 9 – Inventories	46
Note 10 – Trade and other receivables	46
Note 11 – Income tax receivables and other current assets	46
Note 12 – Cash management assets, cash and cash equivalents	46
Note 13 – Shareholders' equity	46
Note 14 – Financial risk management - Financial instruments	47
Note 15 – Borrowings and financial debt	48
Note 16 – Employee benefits	50
Note 17 – Provisions	51
Note 18 – Trade payables and other current liabilities	51
Note 19 – Segments information	51
Note 20 – Personnel expenses	53
Note 21 – Other operating income and expenses	53
Note 22 – Financial income (expense)	53
Note 23 – Corporate income tax	54
Note 24 – Off-balance sheet commitments	54
Note 25 – Related-party transactions	55
Note 26 – Impact of IFRS 16 on financial statements	55

Note 1 – Overview

1.1 Presentation of the Group

Loxam is a French simplified joint stock company (“Société par actions simplifiée”) with a capital of €229,818,150 as of March 31, 2020, governed by all of the legislation and regulations for commercial companies in France, and particularly the French commercial code (“Code de commerce”).

Its registered office is located at 256 rue Nicolas Coatanlem, 56850 Caudan, France.

Loxam is the European equipment rental market leader, with its business focused primarily on construction and civil engineering professionals.

The Group operates mainly in Europe but also in North Africa, the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait as well as in Brazil and Colombia.

Following the acquisition of Ramirent in July 2019, Loxam has become the 3rd largest player in the world with a presence in 30 countries (based on total pro forma revenue), now including Finland, Sweden, Poland, Czech Republic, Slovakia and also Estonia, Lithuania and Latvia.

1.2 Basis of preparation

The interim consolidated financial statements (the “interim financial statements”) for the three-month period ended March 31, 2020 include Loxam SAS and its subsidiaries (together “the Group” or “Loxam Group”), including the Group’s share in equity affiliates and joint ventures.

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 2019 (“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

Highlights of the period ended March 31, 2020

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

In January 2020, Fortrent LLC (Ukraine), a subsidiary of Fortrent Oy, was liquidated.

On March 3rd, 2020, Loxam purchased Gruas y Equipos' stake in Hune Pronto (Colombia), which is now 100% owned.

In an unprecedented market context linked to the Covid-19 pandemic, LOXAM reacted strongly to limit its impact and gave an immediate priority to the health and safety of the Group's employees and its customers.

The second priority was to strengthen the Group's liquidity and cash position, reduce capital expenditure projects and strictly control costs by using measures made available by governments, particularly in terms of short-time working and bank loans guarantees ("PGE" in France).

The Revolving Credit Facility was fully drawn for €75 million as from March 26, 2020, for a period of 6 months.

Post quarter events

In France, LOXAM SAS secured a €230 million loan (PGE), with a maturity up to 6 years without any security or covenant. Banks have a guarantee from the French State on this loan covering 90% of the principal borrowed. The funds were received on May 15, 2020.

Note 3 – Accounting principles

3.1 Presentation of the financial statements

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. This standard is composed of IFRS, IAS (International Accounting Standards) and their interpretations that were adopted by the European Union as of March 31, 2020.

The 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.

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

3.3 Comparability of the financial statements

Loxam's consolidated financial statements for the quarter ended March 31, 2020 include 3 months of activity of Ramirent, acquired on July 24, 2019 and consolidated as of August 1, 2019.

The purchase price allocation ("PPA") of Ramirent group in the financial statements at December 31, 2019 was preliminary. The group has one year from acquisition date to allocate the purchase price. At March 31, 2020, the PPA was adjusted by introducing a Tax Amortization Benefit ("TAB") in each of the Cash Generating Units. This had both an impact on the value of the intangible assets (increased) and associated depreciation, as well as on the residual goodwill. Depreciation rules at Ramirent group are still under analysis and were not modified at March 31, 2020.

3.4 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. Significant judgments made by management to apply the Group's accounting policies and the main sources of uncertainty in estimates are identical to those described in the financial statements at December 31, 2019.

3.5 Business combinations

- a) Business combinations

In accordance with IFRS 3R, business combinations are accounted for on the acquisition date, which is the date when control is transferred to the Group.

Goodwill represents the fair value of the consideration transferred (including the fair value of any interest previously held in the company acquired), plus the amount recognised for any non-controlling interest in the company acquired, less the net amount recognised (generally at fair value) for the identifiable assets and liabilities assumed.

When the difference is negative, this is badwill, representing a profit resulting from acquisitions under preferential conditions. Badwill is recognised immediately in profit or loss.

The costs relating to the acquisition are expensed as incurred.

Corrections or adjustments may be made to the fair value of the assets and liabilities assumed and the consideration transferred within 12 months of the acquisition. As a result, the goodwill may be revised.

Contingent consideration relating to business combinations is measured at fair value on the acquisition date and subsequently measured at fair value at each future reporting date. After a one-year period from the acquisition date, any change in the fair value of the contingent consideration classified as a financial liability will be recognised in profit or loss. During this one-year period, any changes to this fair value explicitly related to events occurring after the acquisition date will also be recognised in profit or loss. Other changes will be recognised as adjustments to goodwill.

Goodwill is not amortized. In accordance with IAS 36 Impairment of Assets, it is subject to impairment tests at least once a year and more frequently if there are any indications of impairment.

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

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

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

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

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

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

3.6 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 March 31, 2020 (Euro vs. currency):

1 EUR =		Closing period rate	Average rate	Opening period rate
AED	Arabic Emirates dirham	4,0600	4,0459	4,1128
BHD	Bahraini dinar	0,4119	0,4126	0,4222
BRL	Brazilian real	5,6753	4,8933	4,5111
CHF	Swiss franc	1,0580	1,0826	1,0874
COP	Colombian peso	4445,10	3852,2641	3 683,83
CZK	Czech koruna	27,3205	25,5670	25,4309
DKK	Danish krone	7,4651	7,4717	7,4693
GBP	Pound sterling	0,8920	0,8610	0,8533
MAD	Moroccan dirham	10,8250	10,3829	10,6140
NOK	Norwegian krone	11,6743	10,4384	9,8582
OMR	Omani rial	0,4247	0,4229	0,4311
PLN	Polish zloty	4,5398	4,3153	4,2575
QAR	Qatari riyal	4,0264	3,9042	4,0934
SAR	Saudi riyal	4,1536	4,1313	4,2012
SEK	Swedish krona	11,0457	10,6480	10,4449

3.7 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.

3.8 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 3.16 Cash and cash equivalents, and Note 3.17 Derivative financial instruments - relating to the interest rate risk.

3.9 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 3.5.

b) Trademarks and customer relationships

The application of IFRS 3R may lead to the allocation of an acquisition price to identified intangible assets such as trademarks and client relationships. These intangible assets could be depreciated over 5 to 12 years. Trademarks are depreciated over 5 to 12 years and customer relationships over 8 to 15 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.

3.10 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.

3.11 Leases

Leases contracts are governed by IFRS 16 since January 1, 2019. The standard has removed the distinction previously made between simple leases and finance leases for the lessee; the lessee recognizes a right-of-use asset and a financial debt representing the rental obligation.

The Group presents the right-of-use within "Property, plant and equipment" on the same line as the underlying assets of same nature of which it has full ownership (see Note 6) and the lease liabilities within "Borrowings and financial debts" in the statement of financial position (see details in Note 15).

3.12 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.

For the first quarter of 2020, the Group has not identified any indication of impairment for intangible and tangible assets and will stress the assessment at the end of each reporting date whether there are any indications of impairment. The impairment test will be carried out only if there are such indications.

3.13 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.

3.14 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.

3.15 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 adopted an expected credit loss impairment model from January 1, 2018 following the simplified method allowed by the IFRS 9 standard.

At March 2020, the Group has assessed the expected credit loss considering reasonable and supportable information at the reporting date. The analysis of the need to update the provision matrix used in determining the expected credit losses has been performed and will be updated at each reporting date in order to consider the consequences of the Covid-19 pandemic.

3.16 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.

3.17 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 3.8. Since the hedging relationship is not documented, changes in fair value are recognised in profit or loss.

3.18 Derivative financial instruments – relating to the foreign exchange risk

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

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

3.19 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 R.

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 19 R, 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.

For the interim financial statements, the Group uses the projections made by actuaries for 2020 and keeps a pro rata portion for the period. Variations are only accounted for in profit or loss.

3.20 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.

3.21 Borrowings and financial debt

Interest-bearing liabilities are initially measured at their fair value, less any directly attributable transaction costs. Subsequently, borrowings and financial debt are measured at their amortized cost using with the effective interest rate method.

The Loxam Group regularly issues loans on the bond market in order to finance its acquisitions. As part of its policy aimed at renewing its debt, the Group's Finance Division weighs up the renewal of tranches reaching maturity at least two years before the redemption term.

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

3.22 Trade payables and related

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

3.23 Tax

Income tax includes both current and deferred tax.

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

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

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

3.24 Revenue

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

Rental revenue

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

Additional services to the equipment rental and other services

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

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

Retail revenue and sale of equipment

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

3.25 Other income

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

3.26 Other current expenses

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

3.27 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.

3.28 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 following the application of IFRS 16 since 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
SAS LOXAM	450776968	100%	100%	Parents
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%	100%	Full
HUNE SICO LLC	Saudi Arabia	100%	100%	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
NATIONWIDE PLATFORMS LTD	United Kingdom	100%	100%	Full
UK PLATFORMS LTD	United Kingdom	100%	100%	Full
BLUESKY TOPCO LTD	United Kingdom	100%	100%	Full
BLUESKY SOLUTIONS LTD	United Kingdom	100%	100%	Full
DK RENTAL NV	Belgium	100%	100%	Full
RAPID ACCESS BV	Netherland	100%	100%	Full
RAPID ACCESS LLC (a)	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 (b)	Oman	100%	70%	Full
RAPID ACCESS MIDDLE EAST LLC	United Arab Emirates	100%	100%	Full
RAPID ACCESS TRADING WLL (c)	Bahrain	100%	49%	Full
LOXAM ACCESS SRL	Italia	100%	80%	Full
SWAN	Ireland	100%	100%	Full
LIR HOLDINGS LTD	Ireland	100%	100%	Full

RAMIRENT OYJ	Finland	100%	100%	Full
RAMIRENT INTERNAL SERVICES AB	Sweden	100%	100%	Full
SAFETY SOLUTIONS JONSEREDS AB	Sweden	100%	96,4%	Full
RAMIRENT AB	Sweden	100%	100%	Full
RAMIRENT SAFE ACCESS AB	Sweden	100%	100%	Full
RENTSAFE SVERIGE AB	Sweden	100%	100%	Full
RAMIRENT FINLAND OY	Finland	100%	100%	Full
KOY NUMMELANRINNE	Finland	100%	100%	Full
FORTRENT OY	Finland	50%	50%	Equity
FORTRENT LLC	Russia	50%	50%	Equity
RAMIRENT AS	Norway	100%	100%	Full
BAUTAS AS	Norway	100%	100%	Full
RAMIRENT BALTIC AS	Estonia	100%	100%	Full
RAMIRENT MODULAR FACTORY AS	Estonia	100%	100%	Full
RAMIRENT AS VILNIAUS FILIALAS	Lithuania	100%	100%	Full
RAMIRENT AS RIGAS FILIALE	Latvia	100%	100%	Full
RAMIRENT SHARED SERVICES AS	Estonia	100%	100%	Full
RAMIRENT S.A.	Poland	100%	100%	Full
RAMIRENT S.R.O.	Czech Republic	100%	100%	Full
RAMIRENT SPOL S.R.O.	Slovakia	100%	100%	Full
STAVDAL AB	Sweden	100%	100%	Full
STAVDAL AS	Norway	100%	100%	Full
STAVDAL BOD AB	Sweden	100%	100%	Full
STAVDAL I JONKOPING AB	Sweden	100%	100%	Full
HYRCITY I KARLSTAD AB	Sweden	100%	100%	Full
STAVDAL I SKOVDE AB	Sweden	100%	66%	Full

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

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

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

Note 5 – Intangible assets and goodwill

Changes in intangible assets and goodwill in 2020

€'000	Intangible assets	Goodwill	Total
Net book value at beginning of year	430,516	1,923,088	2,353,604
Changes in scope	-	-	-
PPA allocation (a)	63,665	(51,103)	12,561
Increase	1,512	-	1,512
Amortization and depreciation of the year	(14,171)	(673)	(14,844)
Decrease / disposals	-	-	-
Reclassification	810	-	810
Exchange gains or losses (b)	(2,966)	(10,781)	(13,747)
Net book value at end of the period	479,365	1,860,531	2,339,897

(a) Preliminary PPA of Ramirent group adjusted by introducing a Tax Amortization Benefit ("TAB").

(b) Exchange variations mainly concern the Lavendon group.

Changes in intangible assets and goodwill in 2019

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

(a) Corresponds to the depreciation on goodwill for Loxam A/S (Denmark).

(b) Exchange variations mainly concern the Lavendon group.

Trademarks and customer relationships in 2020

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

€'000	Trademarks	Customer Relationships	Total
Lavendon Group	12,210	43,857	56,067
Hune Group	1,013	3,932	4,945
Loxam Access SRL	504	1,138	1,642
Ramirent Group (a)	110,715	288,958	399,672
Net value at end of period	124,442	337,885	462,327

(a) Preliminary PPA of Ramirent group adjusted by introducing a Tax Amortization Benefit ("TAB").

Note 6 – Property, plant and equipment

Change in property, plant and equipment in 2020

At March 31, 2020, the gross book value of the Group's fleet amounts to € 4,374,429k.

€'000	Rental equipment	Other	Total
Net value at beginning of year	1,891,220	471,257	2,362,477
Increase	47,738	13,914	61,652
Amortization and depreciation of the year	(92,340)	(33,429)	(125,769)
Decrease / disposals	(4,729)	(299)	(5,029)
Reclassification	(4,369)	3,631	(738)
Exchange gains or losses	(42,783)	(6,820)	(49,603)
Net value at end of the period (a)	1,794,737	448,253	2,242,991

(a) Property acquired under finance leases and historically accounted for in accordance with IAS 17 are almost entirely included in the "Rental Equipment" column and amount to €370,621k of net book value.

Since the application of IFRS 16, the Group presents the "right-of-use" assets within "Property, plant and equipment" on the same line as the underlying assets of same nature of which it has full ownership. At March 31, 2020, the breakdown by assets' category is the following:

€'000	Real Estate	Heavy Vehicles	Light Vehicles & other	Total
Net value at end of the period	253,562	29,007	24,222	306,791
Gross book value	340,787	44,491	40,618	425,896
Cumulated depreciation	(87,225)	(15,484)	(16,396)	(119,105)

Change in property, plant and equipment in 2019

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

€'000	Rental equipment	Other	Total
Net value at beginning of year	1,247,993	106,708	1,354,701
Changes in scope	624,622	133,970	758,592
Increase	344,915	113,973	458,888
Impact of first time application IFRS 16	-	224,887	224,887
Amortization and depreciation of the year	(320,800)	(108,019)	(428,819)
Decrease / disposals	(21,281)	(2,373)	(23,653)
Reclassification	(2,200)	(772)	(2,972)
Exchange gains or losses	17,972	2,883	20,855
Net value at end of the period (a)	1,891,220	471,257	2,362,477

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

Note 7 – Investments in associates

Investments in associates relate to Fortrent Oy in Finland (with a subsidiary operating in Russia, Fortrent LLC). Fehmarnbelt Solution Services A/S in Denmark was sold in January (Note 2 Highlights).

€'000	31.12.19	31.03.20
Value at beginning of the period	-	9,815
Changes in scope (a)	8,734	(444)
Increase in capital of associates	899	150
Group share in earnings for the year	-	-
Dividends paid	-	-
Exchange gains or losses (b)	182	(2,461)
Value at end of the period	9,815	7,060

(a) Related to the disposal of the JV Fehmarnbelt Solution Services A/S (Denmark).

(b) Related to Fortrent Russia.

Note 8 – Financial assets

Change of Financial assets in 2020

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

€'000	Deposits and guarantees	Loans and other non-current financial assets	Total
Net value at beginning of period	13,244	8,125	21,369
Increase	93	2	95
Decrease	(70)	(2)	(72)
Exchange gains or losses	(502)	(110)	(612)
Net value at end of the period	12,765	8,015	20,780

Change of Financial assets in 2019

€'000	Deposits and guarantees	Loans and other non-current financial assets	Total
Net value at beginning of period	13,284	1,097	14,381
Changes in scope (a)	-	7,133	7,133
Increase	507	1,878	2,385
Decrease	(515)	(1,983)	(2,498)
Reclassification	(1)	1	-
Exchange gains or losses	(32)	-	(33)
Net value at end of the period	13,244	8,125	21,369

(a) Relates to Ramirent.

Note 9 – Inventories

€'000 - Net value	31.12.19	31.03.20
Trade	20,606	23,001
Parts and consumables	28,696	25,972
Total	49,302	48,973

Note 10 – Trade and other receivables

€'000	31.12.19	31.03.20
Gross value	596,657	538,960
Impairment	(100,076)	(101,378)
Total trade and other receivables - net	496,581	437,582

Note 11 – Income tax receivables and other current assets

€'000	31.12.19	31.03.20
Income tax receivables	22,570	20,661
Prepaid expenses	26,096	32,425
Other receivables	26,370	22,839
Other current assets	52,466	55,264
Total income tax receivables and other current assets	75,036	75,924

Note 12 – Cash management assets, cash and cash equivalents

€'000	31.12.19	31.03.20
Other marketable securities	102,269	102,029
Cash	127,818	389,583
Total	230,087	491,612

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 3.16).

Note 13 – Shareholders' equity

The share capital amounts to €229,818,150, split into 22,981,815 shares with a par value of €10 at March 31, 2020. It is fully paid up.

Note 14 – Financial risk management - Financial instruments

Financial instruments relating to interest rate risk:

As indicated in Note 3.19, the interest rate swaps entered into by the Group are classified as derivative financial instruments.

At March 31, 2020, these agreements relate to a notional amount of €206,000k, with next maturity date in September 2021 (mainly concerning the Ramirent group for €185,000k). At March 31, 2020, the fair value of these derivative instruments amounts to €3,180k compared to €3,168k at December 31, 2019. Fair value adjustments are accounted for in financial loss for an amount of €12k.

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 3.10.

Financial instruments relating to foreign exchange risk:

As indicated in Note 3.20, foreign currency put options entered into by the Group are classified as derivative financial instruments.

At March 31, 2020, Loxam SAS held forward contracts on the British pound sterling for GBP 46,290k, unchanged from December 31, 2019. Ramirent held contracts on the Norwegian krone for NOK 405,000k, the Swedish krona for SEK 250,000k as well as the Polish zloty for PLN 10,000k.

The fair value of these financial instruments is a liability of €47k at March 31, 2020, compared to a liability of €4,440k at December 31, 2019. The change in fair value is accounted as a financial income for an amount of €4,393k at March 31, 2020.

The fair value is estimated based on forecasted exchange rates observable on the currency market and is classified as Level 2 in accordance with the classification presented in Note 3.10.

Change in the valuation of financial instruments in 2020:

€'000	Interest Rate swaps	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 2	
Value at beginning of year	3,168	4,440	7,608
Changes in scope	-	-	-
Value adjustment in P&L	12	(4,393)	(4,381)
Value at end of the period	3,180	47	3,227
Derivatives instruments included in the assets			2,794
Derivatives instruments included in the liabilities			6,021

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	
Value at beginning of year	1,400	913	2,313
Changes in scope	3,227	(264)	2,963
Value adjustment in P&L	(1,459)	3,791	2,332
Value at end of the period	3,168	4,440	7,608
Derivatives instruments included in the assets			-
Derivatives instruments included in the liabilities			7,608

Liquidity risk information

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

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

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

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

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

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

Credit risk information

The Loxam group has a credit management policy in place enabling it to evaluate the creditworthiness of the customers.

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

Note 15 – Borrowings and financial debt

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

Breakdown of current and non-current financial debt:

€'000	31.12.19	31.03.20
Bond (a)	2,969,877	2,972,407
Bilateral and bridge loans net of issuance costs	366,912	452,412
Lease debt	191,542	179,424
Lease liability	242,790	227,761
Other financial debt	514	404
Non-current financial debt	3,771,635	3,832,408
Revolving Credit Facility (b)	-	75,000
Short-term bilateral loans	119,337	153,308
Commercial papers	115,000	112,000
Short-term lease debt	96,975	98,658
Short-term lease liability	93,354	86,122
Other financial debt	48,455	49,628
Current bank borrowings	1,052	4,905
Current financial debt	474,173	579,620
Financial debt	4,245,808	4,412,028

(a) Net of bond issuance costs.

(b) Classified as current, initially drawn for 6 months.

Breakdown of financial debt by interest rate

€'000	31.12.19	31.03.20
Variable-rate debt	571,948	768,497
Fixed-rate debt	3,671,441	3,638,331
Bank overdrafts	1,052	4,905
Other	1,367	295
TOTAL	4,245,808	4,412,028

Change in borrowings and financial debt during 2020

€'000	Beginning of year	Change in scope	Increase	Decrease	Other (a)	31.03.20
Bond issues	2,969,877	-	-	-	2,530	2,972,407
Revolving Credit Facility	-	-	75,000	-	-	75,000
Bilateral loans	486,249	-	161,361	(33,851)	(8,039)	605,720
Commercial papers	115,000	-	37,000	(40,000)	-	112,000
Lease debt	288,517	-	14,650	(24,377)	(708)	278,082
Lease liability	336,145	-	8,308	(24,531)	(6,038)	313,883
Other financial debt	50,020	-	-	-	4,916	54,936
TOTAL	4,245,808	-	296,320	(122,760)	(7,339)	4,412,028

(a) Including exchanges gains or losses.

Changes in 2019

€'000	Beginning of year	Change in scope (a)	First time application IFRS 16	Increase	Decrease	Other (a)	31.12.19
Bond issues	1,552,170	-	-	1,873,774	(464,300)	8,233	2,969,877
Bilateral loans	409,093	232,945	-	174,495	(337,279)	6,995	486,249
Commercial papers	-	280,000	-	-	(165,000)	-	115,000
Lease debt	293,332	66	-	113,336	(118,360)	144	288,517
Lease liability	-	102,934	224,887	83,004	(75,498)	817	336,145
Other financial debt	24,938	20,706	-	-	-	4,375	50,020
TOTAL	2,279,533	636,651	224,887	2,244,609	(1,160,437)	20,565	4,245,808

(a) Including exchanges gains or losses.

Note 16 – Employee benefits

€'000	31.12.19	31.03.20
Net Defined Benefit Obligation	44,188	43,125

Reconciliation of the commitment and the provision

Commitment	46,072	45,009
Plan assets	(1,884)	(1,884)
Net Defined Benefit Obligation at year-end / period	44,188	43,125

Movement in Defined Benefit Liability

Net Defined Benefit Liability at beginning of year	11,111	44,188
Expense for the financial year	2,063	865
Recognition of actuarial gains or losses through OCI	(498)	-
Benefits or contributions paid by the employer	(1,025)	(191)
Exchange gains or losses	656	(1,738)
Changes in scope and other (a)	31,881	-
Net Defined Benefit Obligation at year-end / period	44,188	43,125

(a) At December 31, 2019, concerns the defined benefit pension plan "ITP2" of Ramirent Sweden.

Breakdown of the expense for the financial year	31.12.19	31.03.20
Current service cost	1,583	691
Other	89	6
Interest cost	391	167
Expense for the year / period	2,063	865

The provisions for employee benefits concern retirement benefits for €42,169k at March 31, 2020 compared to €43,222k at December 31, 2019, and jubilee awards for €956k at March 31, 2020 compared to €966k at December 31, 2019.

Note 17 – Provisions

Change in provisions in 2020

€'000	Provisions for contingencies	Provisions for charges	Total
Balance at beginning of year	16,088	3,380	19,468
Allocations	224	255	479
Reversals	(1,187)	(803)	(1,991)
Exchange gains or losses and other	(1,444)	(36)	(1,480)
Balance at end of year / period	13,681	2,795	16,476

Change in provisions in 2019

€'000	Provisions for contingencies	Provisions for charges	Total
Balance at beginning of year	6,959	4,139	11,098
Changes in scope	3,676	578	4,254
Allocations	8,364	1,116	9,481
Reversals	(2,664)	(968)	(3,632)
Exchange gains or losses and other	(247)	(1,486)	(1,733)
Balance at end of year / period	16,088	3,380	19,468

Note 18 – Trade payables and other current liabilities

€'000	31.12.19	31.03.20
Trade payables	178,598	155,202
Payables to fixed asset suppliers	26,666	31,597
Trade payables and related	205,265	186,799
Corporate income tax liabilities	11,942	5,565
Tax and social security liabilities	160,102	160,807
Other liabilities	32,086	32,140
Accrued income	1,227	1,245
Other liabilities and accruals	193,415	194,192
Total current liabilities	410,621	386,555

Note 19 – Segments information

The business of LOXAM group is organized into three divisions:

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

Revenue by division

€'000	31.03.19	% of total	31.03.20	% of total
Generalist France	162,141	44.1	143,661	29.1
Specialist France	54,639	14.9	51,450	10.4
Total France	216,780	59.0	195,111	39.5
International	150,489	41.0	298,975	60.5
Total Revenue	367,269		494,086	

EBITDA by division

EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net profit as an indicator of the operating performance or any other measures of performance derived in accordance with IFRS.

EBITDA is defined by the Group as profit from ordinary operations plus depreciation and amortization of tangible and intangible assets.

€'000	31.03.19	EBITDA margin	31.03.20	EBITDA margin
Generalist France	59,900	36.9%	42,156	29.3%
Specialist France	17,567	32.2%	15,223	29.6%
Total France	77,468	35.7%	57,379	29.4%
International	46,789	31.1%	89,244	29.9%
Real estate (a)	1,985	n.a	1,579	n.a
Total EBITDA	126,242	34.4%	148,202	30.0%

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

Profit from ordinary operations by division

€'000	31.03.19	% of total	31.03.20	% of total
Generalist France	22,213	62.9	3,624	43.9
Specialist France	4,159	11.8	1,696	20.5
France	26,372	74.6	5,320	64.4
International	7,878	22.3	2,330	28.2
Real estate	1,080	n.a	613	n.a
Total Profit from ordinary operations	35,330		8,263	

Note 20 – Personnel expenses

€'000	31.03.19	31.03.20
Salaries	75,573	106,286
Payroll taxes	22,407	34,189
Employee benefits	72	507
Incentive and employee profit-sharing	2,310	1,777
Total personnel expenses	100,361	142,759
Average headcount	8,064	11,302

Note 21 – Other operating income and expenses

At March 31, 2020 other operating income and expense for the first quarter included non-recurring costs relating to the squeeze out process of the remaining stakeholder's of Ramirent for €(157)k and the net gain on disposal of the JV in Denmark for €225k.

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

Note 22 – Financial income (expense)

€'000	31.03.19	31.03.20
Interest and financing-related expenses (a)	(25,878)	(39,589)
Income from cash and cash equivalents	-	10
Net finance costs	(25,878)	(39,579)
Fair value adjustments of interest rate Swaps	86	(11)
Foreign exchange gains or losses (b)	725	(4,186)
Other financial expenses	(107)	(311)
Other financial income	224	347
Financial income (expense)	(24,950)	(43,740)

(a) At March 31, 2020, includes expenses related to lease financial debt €(1,345)k and interest related to lease liabilities €(2,576)k.
At March 31, 2019, includes expenses related to lease financial debt €(1,333)k and interest related to lease liabilities €(1,885)k.

(b) At March 31, 2020, includes the variation of the fair value of financial instrument relating to foreign exchange risk, intercompany debt in local currency.

Note 23 – Corporate income tax

Analysis of tax expense

€'000	31.03.19	31.03.20
Current tax	(1,456)	(2,318)
Deferred tax	39	4,393
Total	(1,417)	2,075

Deferred tax assets and liabilities

€'000	31.12.19	31.03.20
Opening balance	(52,006)	(172,543)
Income (expense)	(4,979)	4,393
Change in scope (a)	(117,254)	(13,029)
Own funds allocation	316	-
Other changes	1,380	3,697
Closing balance	(172,543)	(177,481)
Deferred tax assets	18,461	18,536
Deferred tax liabilities	(191,004)	(196,018)

- (a) Mainly related to the preliminary PPA of Ramirent and the “TAB” methodology introduced as of March 31, 2020.

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 24 – Off-balance sheet commitments

€'000	31.12.19	31.03.20
Guarantee given to banks for payment of real estate rentals	2,106	2,106
Pledging of business assets as collateral	360	360
Total commitments given	2,466	2,466
Other bank guarantees received	727	727
Total commitments received	727	727

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

- Guarantees from Loxam SAS on subsidiaries' borrowings (bilateral loans and finance leases) for €28,979k at March 31, 2020.
- Pledge of Loxam Power, Loxam Module, Lavendon Group Ltd and Ramirent OYJ shares as well as the Loxam brand as collateral to guarantee €2,300 million of Senior Secured 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 fully drawn during the period.

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

Note 25 – Related-party transactions

There is no significant change in related-party transactions compared with the information given in the financial statements as at December 31, 2019.

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

Note 26 – Impact of IFRS 16 on financial statements

For the sake of comparison with last year, the impact of the adjustment related to operating leases following the adoption of IFRS 16 on the interim financial statements as of March 31, 2020 is presented below.

Statement of financial position

ASSETS (€'000)	31.03.20 (excluding IFRS 16)	IFRS 16 Impact*	31.03.20
Intangible assets and goodwill	2,339,897	-	2,339,897
Property, plant and equipment	1,936,200	306,791	2,242,991
Investments in associates	7,060	-	7,060
Financial assets	20,780	-	20,780
Financial derivatives	2,794	-	2,794
Deferred tax assets	18,536	-	18,536
Non-current assets	4,325,267	306,791	4,632,058
Inventories	48,973	-	48,973
Trade and other receivables	437,582	-	437,582
Other current assets	55,264	-	55,264
Corporate income tax receivables	20,661	-	20,661
Cash and cash equivalents	491,612	-	491,612
Current assets	1,054,092	-	1,054,092
Total assets	5,379,358	306,791	5,686,149

* The Group presents the right-of-use within “Property, plant and equipment” on the same line as the underlying assets of same nature of which it has full ownership (see also Note 6).

LIABILITIES (€'000)	31.03.20 (excluding IFRS 16)	IFRS 16 Impact*	31.03.20
Share capital	229,818	-	229,818
Additional paid-in capital	1,882	-	1,882
Consolidated reserves	424,311	(4,375)	419,936
Net profit for the year	(32,308)	(677)	(32,984)
Shareholders' equity (Group share)	623,703	(5,051)	618,652
Non-controlling interests	7,303	(29)	7,274
Total equity	631,006	(5,080)	625,926
Employee benefits	43,125	-	43,125
Deferred tax liabilities	198,029	(2,012)	196,018
Borrowings and financial debt	3,604,647	227,761	3,832,408
Financial derivatives	6,021	-	6,021
Non-current liabilities	3,851,822	225,750	4,077,572
Provisions	16,476	-	16,476
Borrowings and financial debt	493,498	86,122	579,620
Trade and other payables	186,799	-	186,799
Other liabilities	194,192	-	194,192
Corporate income tax liabilities	5,565	-	5,565
Current liabilities	896,530	86,122	982,651
Total shareholders' equity and liabilities	5,379,358	306,791	5,686,149

* The Group presents the lease liabilities within "Borrowings and financial debts" in the statement of financial position (see also Note 15).

Consolidated income statement

€'000	31.03.20 (excluding IFRS 16)	IFRS 16 Impact*	31.03.20
Revenue	494,086	-	494,086
Other income	12,507	0	12,507
Operating income	506,593	0	506,593
Purchases consumed	(47,715)	-	(47,715)
Personnel expenses	(142,759)	-	(142,759)
Other current expenses	(188,802)	27,107	(161,695)
Taxes and duties	(6,222)	-	(6,222)
Depreciation and amortization – Property, plant and equipment	(100,324)	(25,444)	(125,769)
Depreciation and amortization – Intangibles assets	(14,171)	-	(14,171)
Profit from ordinary operations	6,600	1,663	8,263
Other operating incomes	225	-	225
Other operating expenses	(157)	-	(157)
Operating profit	6,668	1,663	8,331
Interest and financing-related expenses	(37,003)	(2,576)	(39,579)
Other financial expenses	(8,124)	-	(8,124)
Financial income	3,963	-	3,963
Financial income (expense)	(41,164)	(2,576)	(43,740)
Profit before tax	(34,496)	(913)	(35,408)
Share of result in associates and joint ventures	150	-	150
Income tax expense	1,842	233	2,075
Net profit	(32,504)	(680)	(33,184)
Non-controlling interests	(196)	(3)	(200)
Net profit, Group share	(32,308)	(677)	(32,984)
EBITDA	121,095	27,107	148,202

* The implementation of the standard since January 1, 2019 has led to the cancellation of lease expenses ("Other current expenses") for lease contracts listed in the scope of IFRS 16 standard, the depreciation of the right-of-use (on a straight line basis over the lease term) and the recognition of financial expenses (interest cost of the lease liability).

Consolidated cash-flow statement

€'000	31.03.20 (excluding IFRS 16)	IFRS 16 Impact *	31.03.20
Net profit	(32,504)	(680)	(33,184)
Share of result in associates and joint ventures	(150)	-	(150)
Income tax expense (including tax)	(1,842)	(233)	(2,075)
Net finance costs	43,740	-	43,740
Other operating income and expense	(225)	-	(225)
Depreciation and provisions, net of reversals	113,491	25,444	138,935
Capital gains on asset disposals	(10,033)	0	(10,033)
Cash flow from operations (before cost of financing and tax)	112,477	24,531	137,008
Income tax paid	(2,318)	-	(2,318)
Financial interest paid	(35,138)	-	(35,138)
Financial interest received	357	-	357
Change in working capital requirements	33,763	-	33,763
Cash flow from operating activities	109,140	24,531	133,672
Impact of changes in scope	-	-	-
Acquisitions of fixed assets	(54,951)	(8,308)	(63,259)
Disposals of fixed assets	15,055	-	15,055
Cash flow from investing activities	(39,895)	(8,308)	(48,203)
Dividends paid	-	-	-
Proceeds from loans and borrowings	288,012	8,308	296,320
Repayment of loans and borrowings	(98,228)	(24,531)	(122,760)
Cash flow from financing activities	189,783	(16,223)	173,560
Change in cash and cash equivalents	259,028	-	259,028
Cash and cash equivalents at beginning of period	229,035	-	229,035
Cash and cash equivalents at end of period	486,707	-	486,707
Impact of exchange rate fluctuations	1,356	-	1,356
Change in cash and cash equivalents	259,028	-	259,028
Other marketable securities	102,029	-	102,029
Cash at bank and on hand	389,583	-	389,583
Current bank borrowings	(4,905)	-	(4,905)
Cash and cash equivalents	486,707	-	486,707

* The main impacts of IFRS 16 on the consolidated cash-flow statement are the followings:

- the depreciation of the right-of-use (on a straight line basis over the lease term) for €25,444k ;
- the increase of right of use assets related to the new contracts for €(8,308)k and the corresponding increase of lease liability for €8,308k ;
- the decrease of lease liability related to the repayments for €(24,531)k.