



QUARTERLY REPORT September 30, 2019

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DEFINITIONS

In this document:

- “Loxam” or “Company” means LOXAM SAS, and “we”, “us”, “our” and “our group” refer to LOXAM SAS and its consolidated subsidiaries, unless the context requires otherwise;
- “Profit from ordinary operations” means operating profit plus certain items disclosed separately under “other operating income and expense”, including a limited number of items, unusual, abnormal, and uncommon, with significant amounts. These items are disclosed separately in the income statement to make it easier to appreciate the Group’s current operating performance;
- “EBITDA” means profit from ordinary operations plus depreciation and amortization of fixed assets;
- “Free cash flow” means EBITDA (before capital gains on fleet disposals) plus the proceeds from disposals of fixed assets less the following: (i) gross capital expenditures, (ii) other operating income and expense (excluding non-cash expense or income), (iii) finance income and expense (excluding non-cash expense or income), (iv) income taxes (excluding deferred taxes), (v) increases in working capital requirement and (vi) miscellaneous items;
- “Gross book value” means the total acquisition cost of the fleet equipment;
- “Gross debt” means loans and debt owed to credit institutions, bonds, lease liabilities, bank overdrafts and other financial debt, plus accrued interest on debt excluding derivative instruments on the balance sheet;
- “Net debt” means gross debt less cash and cash equivalents (cash plus marketable investment securities);
- “At constant perimeter” means changes for the period indicated compared to the prior comparable period, excluding changes in the scope of consolidation.

NOTICE

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

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

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

Change in accounting policy

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

IFRS 16 - Leases: this standard replaces the IAS 17 and the associated IFRIC and SIC interpretations. It removes the distinction previously made between simple leases and financial leases. According to IFRS 16, a lessee employs a right-of-use asset and a lease liability representing the rental obligation.

The Group has identified its lease contracts previously classified as operating leases within the scope of IFRS 16 and applied the following exemptions and transition options provided by the standard:

- Exemption for contracts with a duration of less than one year (at the date of transition, exemption of old lease contracts with a remaining term of less than 12 months);
- Exemption for lease contracts of low-value assets (USD 5,000);
- Use of the modified retrospective method at the transition date, recording the transition impacts in the opening balance sheet without restating previous comparative data;
- The rental obligation and the right-of-use are initially measured at the discounted value of rental payments over the remaining lease term at transition date, using the incremental borrowing rate for Loxam and its subsidiaries (taking into account the borrowing conditions and the credit risk specific to each entity and reflecting the duration of lease contracts);
- The right-of-use assets are amortized on a straight-line basis over the lease term, which corresponds to the non-cancellable period of each contract (taking into consideration the position of the ANC-Autorité des Normes Comptables from February 2018).

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

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

In the statement of financial position, 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 and presents the lease liabilities within "Borrowings and financial debts" (see details in Note 6 and 14 of the Notes to the financial statements).

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 September 30, 2019 include:

- 3 months of activity of UK Platforms, acquired on January 14, 2019;
- 2 months of activity of Ramirent Group, acquired on July 24, 2019 and consolidated as of August 1, 2019.

The information provided at constant perimeter for Q3 2019 compared to Q3 2018 eliminates the financial information of UK Platforms and Ramirent Group for the quarter ended September 30, 2019.

In Q4 2018, the Degraus depreciation rules have been harmonized to the Loxam rules. This harmonization has not been done in Q3 2018 and Q3 2018 accounts have not been restated for this.

No changes to depreciation and other accounting estimates were yet made for the Ramirent Group at Q3 2019.

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	Nine months ended September 30,			
	2018	2019 (excl. IFRS 16 Impact)	IFRS 16 impact	2019 (incl. IFRS16 Impact)
<i>(in millions of euros)</i>				
Revenue	1,095.0	1,284.2	-	1,284.2
Other income.....	38.4	39.3	-	39.3
Purchases consumed	(116.8)	(131.7)	-	(131.7)
Personnel expenses	(283.0)	(321.7)	-	(321.7)
Other current expenses	(346.3)	(423.8)	53.2	(370.6)
Taxes and duties	(15.3)	(15.9)	-	(15.9)
Depreciation and amortization – Property, plant and equipment	(201.6)	(242.9)	(50.1)	(293.0)
Depreciation and amortization – Intangibles assets	(9.0)	(10.2)	-	(10.2)
Profit from ordinary operations.....	161.3	177.3	3.1	180.4
Other operating income and expense	(1.4)	(12.4)	-	(12.4)
Operating profit	159.9	165.0	3.1	168.1
Financial income and expense.....	(77.3)	(111.6)	(5.5)	(117.0)
Share of profit of associates	-	0.4	-	0.4
Income tax expense.....	(14.5)	(21.5)	0.6	(20.9)
Net profit	68.1	32.3	(1.7)	30.5
Non-controlling interests.....	(1.6)	(0.1)	(0.0)	(0.2)
Net profit, group share	69.6	32.4	(1.7)	30.7

Consolidated balance sheet according to IFRS

<i>(in millions of euros)</i>	As of	
	December 31, 2018	September 30, 2019
Intangible assets and goodwill.....	1,327.3	2,288.3
Property, plant and equipment.....	1,354.7	2,385.3
Investments in associates	-	9.1
Financial assets	14.4	20.5
Deferred tax assets	18.4	19.6
Non-current assets	2,714.8	4,722.7
Inventories	30.8	53.0
Trade and other receivables	388.5	517.4
Other current assets	68.5	86.7
Cash and cash equivalents	143.8	391.0
Current assets	631.5	1,048.1
TOTAL ASSETS	3,346.3	5,770.9
Shareholders' equity	630.5	664.0
Provisions for employees benefits	11.1	42.8
Deferred tax liabilities	70.4	126.3
Borrowings and financial debt - long term portion	2,063.0	3,821.8
Financial derivatives	2.3	6.6
Non-current liabilities.....	2,146.9	3,997.4
Provisions.....	11.1	15.3
Borrowings and financial debt - current portion	216.5	618.9
Supplier and other payables	202.2	248.7
Other current liabilities.....	139.2	226.5
Current liabilities	569.0	1,109.4
TOTAL EQUITY AND LIABILITIES.....	3,346.3	5,770.9

Consolidated condensed cash-flow statement according to IFRS ⁽¹⁾ <i>(in millions of euros)</i>	Nine months ended	
	September 30,	
	2018	2019
Cash flow from operations	242.7	285.6
Cash flow from investing activities	(287.2)	(1,326.4)
Cash flow from financing activities.....	6.2	1,282.9
Change in cash and cash equivalents	(38.4)	242.0
Cash and cash equivalents at the end of the period ⁽²⁾	80.2	384.6

Notes : (1) Excluding IFRS 16 impact.

(2) Including bank overdraft.

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

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

Overview

Following the acquisition of Ramirent in July 2019, Loxam is the undisputed leader in the European equipment rental market based on pro forma revenue for the 12-months period ended September 30, 2019 of €2,311 million. We also have a large international presence outside of Europe through operations in Morocco, the Middle East, Brazil and Colombia. We have historically managed our activity through three business divisions:

- Generalist France division, which includes equipment for earth moving (excavators, loaders and dumpers), aerial work (booms and scissors), handling (forklifts and tele-handlers), compaction, and building (concrete mixers and saws), as well as hand tools such as power drills, chainsaws and jackhammers. As of September 30, 2019, our Generalist network included 423 branches. Our Generalist network trades under the LOXAM Rental brand;
- Specialist France division, which includes high-access equipment, modular buildings, large compressors and generators, heavy compaction equipment, suspended platforms and scaffolding. As of September 30, 2019, 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 operated historically in 22 countries: France, Denmark, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg, Norway, Morocco, Portugal, Italy, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Colombia and Brazil. Following the acquisition of Ramirent, we now operate in 30 countries with the addition of Finland, Sweden, Estonia, Latvia, Lithuania, Poland, the Czech Republic and Slovakia. As of September 30, 2019, our International division had a network of 569 branches. We have a majority share and full operating control of joint ventures in Morocco, Brazil, Italy and the Middle East and have a 50% share of joint ventures in Colombia, and in Finland and Denmark since the acquisition of Ramirent.

As of September 30, 2019, our rental fleet consisted of approximately 550,000 pieces of equipment (excluding accessories) with a gross book value of €4.5 billion including the acquisition of Ramirent. We also provide services such as transportation, refueling, damage waiver and retail consumable products to complement and support our rental business.

Economic conditions over the first nine months of 2019.

During the period, market conditions have remained favorable for our rental operations in France as well as in the vast majority of the countries where we operate in Europe. At the International Division, two geographies have been affected by a more difficult environment. In the UK, the market has been slowing down because of the continuing uncertainty related to Brexit and in the Middle East, the level of business continues to be penalized by the lack of new projects.

Investment in new equipment

Our gross capital expenditures in the third quarter of 2019 amounted to €59.0 million, of which €52.7 million was fleet Capex compared to €89.5 million, of which €80.8 million was fleet Capex in the third quarter of 2018. The Capex spend in Q3 2019 decreased significantly in comparison to Q3 2018 and Q2 2019, as most of the fleet capex in France were delivered during the first half of the year.

Changes in our rental network

We operated 1,070 branches as of September 30, 2019 compared to 763 as December 31, 2018. Over the first nine months of 2019, our network increased by 12 branches thanks to the acquisition of UK Platforms, while the acquisition of Ramirent added another 303 customer centers. We also opened 3 branches, and closed or merged 11 branches as part of our usual network optimization.

Significant events of the nine-month period

On January 14, 2019, Nationwide Platforms acquired UK Platforms Limited (“UK Platforms”) from HSS Hire Group Plc. UK Platforms is specialized in renting powered access equipment in the United Kingdom.

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

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

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

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

The take-over period on the outstanding shares of Ramirent ended on July 18th. After the reopening of the take-over offer and open-market purchases, LOXAM owned on September 30, 2019 approximately 98.2% of Ramirent. Loxam launched in August a squeeze-out procedure for the shares of Ramirent it does not own. This process is expected to complete towards the end of 2019.

On July 22, 2019, Loxam successfully issued new bonds for a total of €1,400 million to finance the acquisition of Ramirent, to refinance certain of Ramirent’s gross debt including the debt related to its acquisition of Stavdal AB, and to pay the fees and expenses related to the offering and the acquisition.

The new bonds were split into three tranches:

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

Explanation of Key Line Items from the Income Statement

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

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

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

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

- **Depreciation and amortization** principally include depreciation of fixed assets (fleet and non-fleet). It also includes depreciation of intangible assets (trademarks and customer relationships) recognized as per purchase price allocations exercise for the Lavendon, Hune, Loxam Access SRL and UK Platforms acquisitions. This has not been finalized for the Ramirent acquisition so far. As per IFRS 16, as a lessee, the group is accounting for the right-of-use assets and is recognising its amortization on a straight-line basis over the lease term.
- **Other operating income and expense** includes a limited number of unusual, abnormal, and uncommon items, with significant amounts, which are disclosed separately in the income statement to make it easier to appreciate the Group's current operating performance.
- **Financial income** primarily includes interest income on cash balances, while **financial expense** comprises interest charges on bank loans, bonds, financial leases and hedging expenses. It also includes change in the fair value of derivative instruments and the interest cost related to the lease liability generated by the application of the IFRS 16 standard as of January 1, 2019.
- **Income tax** consists of current and deferred taxes calculated in accordance with the relevant tax laws in force in the jurisdictions in which we operate. As of December 31, 2018, the corporate tax rate in France was 32.02%. We are also subject to tax rates in the other countries in which we operate, which ranged from 0% to 34% as of that date.
- **Share of associates** includes the Group's share of the result of companies accounted for by the equity method. Following the acquisition of Ramirent, the Group has two joint ventures in Finland (with subsidiaries operating in Russia and Ukraine) and in Denmark.

Results of operations

The table disclosed below sets out our results of operations for the periods ended September 30, 2019 and 2018.

Consolidated Income Statement according to IFRS	Quarter ended September 30,			
	2018	2019 (excl. IFRS 16 Impact)	IFRS 16 impact	2019 (incl. IFRS16 Impact)
<i>(in millions of euros)</i>				
Revenue	377.9	523.6	-	523.6
Other income ⁽¹⁾	14.3	13.4	-	13.4
Purchases consumed	(40.1)	(49.9)	-	(49.9)
Personnel expenses	(89.3)	(119.6)	-	(119.6)
Other current expenses	(117.8)	(179.0)	21.4	(157.6)
Taxes and duties	(4.7)	(4.3)	-	(4.3)
Depreciation and amortization – Property, plant and equipment ...	(69.1)	(95.6)	(20.4)	(116.0)
Depreciation and amortization – Intangibles assets	(3.0)	(4.1)	-	(4.1)
Profit from ordinary operations.....	68.3	84.5	1.1	85.6
Other operating income and expense ⁽²⁾	(1.2)	(11.8)	-	(11.8)
Operating profit	67.1	72.7	1.1	73.7
Financial income and expense.....	(27.2)	(46.1)	(1.9)	(47.9)
Share of profit of associates	-	0.4	-	0.4
Income tax expense.....	(6.4)	(13.6)	0.2	(13.6)
Net profit	33.5	13.3	(0.6)	12.7
Non-controlling interests.....	(0.4)	(0.2)	0.0	(0.2)
Net profit, group share	34.0	(13.5)	(0.6)	(12.9)

Notes:

- (1) Other income includes capital gains on fleet disposals amounting to €10.8 million and €10.8 million in Q3 2019 and Q3 2018 respectively.
- (2) Other operating income and expense for Q3 2019 included acquisition costs related to Ramirent for €(11.8) million. For Q3 2018, it mainly relates to the cost for the acquisition of Nove, NVA and UK Platforms as well.

Consolidated Income Statement according to IFRS	Nine months ended September 30,			
	2018	2019 (excl. IFRS 16 Impact)	IFRS 16 impact	2019 (incl. IFRS16 Impact)
<i>(in millions of euros)</i>				
Revenue	1,095.0	1,284.2	-	1,284.2
Other income ⁽¹⁾	38.4	39.3	-	39.3
Purchases consumed	(116.8)	(131.7)	-	(131.7)
Personnel expenses	(283.0)	(321.7)	-	(321.7)
Other current expenses	(346.3)	(423.8)	53.2	(370.6)
Taxes and duties	(15.3)	(15.9)	-	(15.9)
Depreciation and amortization – Property, plant and equipment ...	(201.6)	(242.9)	(50.1)	(293.0)
Depreciation and amortization – Intangibles assets	(9.0)	(10.2)	-	(10.2)
Profit from ordinary operations.....	161.3	177.3	3.1	180.4
Other operating income and expense ⁽²⁾	(1.4)	(12.4)	-	(12.4)
Operating profit	159.9	165.0	3.1	168.1
Financial income and expense.....	(77.3)	(111.6)	(5.5)	(117.0)
Share of profit of associates	-	0.4	-	0.4
Income tax expense.....	(14.5)	(21.5)	0.6	(20.9)
Net profit	68.1	32.3	(1.7)	30.5
Non-controlling interests.....	(1.6)	(0.1)	(0.0)	(0.2)
Net profit, group share	69.6	32.4	(1.7)	30.7

Notes:

- (1) Other income includes capital gains on fleet disposals amounting to €31.3 million for the first nine months of 2019 and €28.5 million for the first nine months of 2018.
- (2) Other operating income and expense for the first nine months of 2019 included acquisition costs for UK Platforms for €(0.5) million and Ramirent for €(12.3) 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. For the first nine months of 2018, other operating income and expense mainly relate to the cost for the acquisition of Nove, NVA and UK Platforms.

The following table sets out these key figures in each of the Generalist France, Specialist France and International divisions for the nine months period ended September 30, 2019 and 2018.

	Quarter ended September 30, (IFRS)				Nine months ended September 30, (IFRS)			
	2018	2019 (excl. IFRS 16 impact)	IFRS 16 impact	2019 (incl. IFRS 16 Impact)	2018	2019 (excl. IFRS 16 impact)	IFRS 16 impact	2019 (incl. IFRS 16 Impact)
<i>(in millions of euros)</i>								
Revenue								
Generalist France ⁽¹⁾	164.0	170.4	-	170.4	482.0	506.9	-	506.9
Specialist France ⁽¹⁾	60.5	64.5	-	64.5	169.1	180.4	-	180.4
France.....	224.5	234.8	-	234.8	651.1	687.4	-	687.4
International	153.5	288.8	-	288.8	443.9	596.8	-	596.8
Total revenue.....	377.9	523.6	-	523.6	1,095.0	1,284.2	-	1,284.2
EBITDA								
Generalist France ⁽²⁾	63.2	61.4	7.6	69.0	165.7	180.1	22.9	203.0
Specialist France ⁽²⁾	22.3	23.0	1.4	24.3	59.2	60.2	4.0	64.2
France.....	85.6	84.3	9.0	93.3	224.8	240.3	26.9	267.3
International	54.0	99.3	11.5	110.8	145.9	188.0	23.5	211.5
Real Estate ⁽³⁾	0.8	0.6	0.9	1.5	1.3	2.1	2.8	4.9
Total EBITDA	140.4	184.2	21.4	205.6	372.0	430.4	53.2	483.6
EBITDA margin	37.1%	35.2%		39.3%	34.0%	33.5%		37.7%

(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. From Q2 2019, the EBITDA of an internal fleet purchasing company, previously reported in the Real estate division, has been reallocated to its internal customers for simplification. EBITDA has been restated accordingly for all quarters of 2018 (€4.3 million) and Q1 2019 (€1.3 million).

Quarter ended September 30, 2019 compared to quarter ended September 30, 2018

Revenue

Revenue increased by 38.5% to €523.6 million in the third quarter of 2019 from €377.9 million in the third quarter of 2018, mostly thanks to the consolidation of Ramirent's revenue since August 1st. At constant perimeter and at constant exchange rates, revenue increased by 2.2%.

Revenue from our Generalist France division increased by 3.9% in the third quarter of 2019 to €170.4 million compared to €164.0 million in the third quarter of 2018 as we continued to benefit from the growth of most segments of the French construction sector.

Revenue from our Specialist France division increased by 6.5% to €64.4 million in the third quarter of 2019 compared to €60.5 million in the third quarter of 2018, thanks to the growth in building construction and the level of projects from the industrial sector.

International revenue increased by 88.1% to €288.8 million in the third quarter of 2019 compared to €153.5 million in the third quarter of 2018, thanks to the consolidation of Ramirent from August 1st, 2019. At constant perimeter and at constant exchange rates, the revenue of the division decreased by 1.4%. While the vast majority of our business recorded an increase of their revenue, our operations in the Middle East continued to face challenging market conditions.

Other income

Other income decreased by 6.3% to €13.4 million in the quarter ended September 30, 2019 from €14.3 million in the quarter ended September 30, 2018, because of a temporary delay in tax refund in France.

Purchases consumed

Purchases consumed increased by 24.4% to €49.9 million for the quarter ended September 30, 2019 compared to €40.1 million for the quarter ended September 30, 2018. At constant perimeter, purchases consumed increased by 4.9% in line with the increase of activity.

Personnel expenses

Personnel expenses increased by 33.9% to €119.6 million in the quarter ended September 30, 2019 from €89.3 million in the quarter ended September 30, 2018. At constant perimeter, personnel expenses increased by 4.2% mainly explained by an increase in the number of staff in France and the phasing of some provisions for bonus and social charges.

Other current expenses

Other current expenses increased by 33.8% to €157.6 million in the third quarter of 2019 from €117.8 million in the third quarter of 2018.

Excluding the IFRS 16 impact (neutralization of €21.4 million of lease expenses), recurring external charges increased by 1.2% at constant perimeter in Q3 2019 compared to Q3 2018 mainly due to an increase in haulage expenses and some IT costs.

Depreciation, amortization and provisions

Depreciation and amortization for property, plant and equipment (excluding IFRS 16 impact) amounted to €95.6 million in the quarter ended September 30, 2019 compared to €69.1 million in the quarter ended September 30, 2018, as a consequence of the consolidation of Ramirent.

At constant perimeter, the fleet depreciation expense increased by 5,7% as a result of last year's higher capex and an earlier delivery of the capex this year.

Depreciation of intangible assets increased to €4.1 million in Q3 2019 from €3.0 million in Q3 2018 and is related to the depreciation of software, trademarks and customer relationships.

With the application of IFRS 16, as a lessee, the Group recognised the right-of-use assets and amortized them on a straight-line basis over the lease term of each contract. For the quarter ended September 30, 2019 the amortization related to the right-of-use amounted to €20.4 million, an increase compared to the Q2 2019 amortization mainly explained by the addition of Ramirent.

Other operating income and expense

Other operating income and expense amounted to €(11.8) million in the quarter ended September 30, 2019 and is related to the Ramirent acquisition costs.

Financial income and expense

Net financial expense increased by €20.8 million to €47.9 million in the quarter ended September 30, 2019, compared to €27.2 million in the quarter ended September 30, 2018. This increase is due to €12.2 million of non-recurring costs, including a provision of €9.0 million related to the commitment fees of the bridge loan for the Ramirent acquisition and the fair value adjustment on interest rate swaps in Ramirent, following the refinancing of its debt by Loxam SAS. Excluding these non-recurring costs and the interest costs related to IFRS 16 lease liabilities of €1.9 million, the net financial expense increased by €6.7 million because of the interest on the new bonds issued in July 2019 of €10.3 million.

Income tax

Our profit before tax amounted to €25.8 million in the quarter ended September 30, 2019 versus a profit before tax of €39.9 million in the quarter ended September 30, 2018.

Income tax was an expense of €13.5 million in the quarter ended September 30, 2019, compared to an expense of €6.4 million in the quarter ended September 30, 2018, an increase significantly incurred by Loxam France.

Net profit, group share

We recorded a net profit, group share of €12.9 million in the quarter ended September 30, 2019 compared to a net profit of €34.0 million in the quarter ended September 30, 2018. The net profit of Q3 2019 is impacted by a charge of €(0.6) million related to the first time application of IFRS 16.

EBITDA

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

	Quarter ended September 30,				Nine months ended September 30,			
	2018	2019 (excl. IFRS 16 impact)	IFRS 16 impact	2019 (incl. IFRS 16 impact)	2018	2019 (excl. IFRS 16 impact)	IFRS 16 impact	2019 (incl. IFRS 16 impact)
<i>(in millions of euros)</i>								
EBITDA	140.4	184.2	21.4	205.6	372.0	430.4	53.2	483.6
Depreciation of Property, plant and equipment	(69.1)	(95.6)	(20.4)	(116.0)	(201.6)	(242.9)	(50.1)	(293.0)
Depreciation of intangible assets	(3.0)	(4.1)	-	(4.1)	(9.0)	(10.2)	-	(10.2)
Other operating income and expense	(1.2)	(11.8)	-	(11.8)	(1.4)	(12.4)	-	(12.4)
Operating profit	67.1	72.7	1.1	73.7	159.9	165.0	3.1	168.1
Financial income and expense	(27.2)	(46.1)	(1.9)	(47.9)	(77.3)	(111.6)	(5.5)	(117.0)
Share of profit of associates	-	0.4	-	0.4	-	0.4	-	0.4
Income tax expense	(6.4)	(13.5)	0.2	(13.6)	(14.5)	(21.5)	0.6	(20.9)
Net income	33.5	13.3	(0.6)	12.7	68.1	32.3	(1.7)	30.5

EBITDA amounted to €205.6 million in Q3 2019 compared to €140.4 million in Q3 2018. Excluding the IFRS 16 impact of €21.4 million, EBITDA increased by 31.2% to €184.2 million in Q3 2019. At constant perimeter, the EBITDA margin decreased from 37.2% in Q3 2018 to 35.5% in Q3 2019.

Excluding the IFRS 16 impact, EBITDA from our Generalist France division amounted to €61.4 million in Q3 2019, compared to €63.2 million in Q3 2018. Our EBITDA margin for Generalist France was satisfying at 36.0% in Q3 2019.

Excluding the IFRS 16 impact, EBITDA from our Specialist France division increased to €23.0 million in Q3 2019, compared to €22.3 million in Q3 2018. Our EBITDA margin for Specialist France stood at 35.6% in Q3 2019.

Excluding the IFRS 16 impact, EBITDA from our International division amounted to €99.3 million in Q3 2019, compared to €54.0 million in Q3 2018, mainly impacted by the consolidation of Ramirent. Our EBITDA margin for International was 34.4% in Q3 2019.

Liquidity and Capital Resources

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

Our sources of financing consisted mainly of the following:

- cash generated from our operating activities;
- borrowings under bilateral credit facilities and finance leases and our revolving credit facility as well as bonds and commercial papers at Ramirent;
- net proceeds from our outstanding debt securities and any other debt securities that we may issue in the future.

As of September 30, 2019, our gross financial debt (excluding derivatives and lease liabilities under IFRS 16) amounted to €4,126.3 million, compared to €2,279.5 million as of December 31, 2018. Our net financial debt (excluding derivatives and lease liabilities under IFRS 16) as of September 30, 2019 amounted to €3,729.5 million, an increase of €1,593.8 million compared to December 31, 2018.

As of September 30, 2019, we had €2,967.6 million of outstanding bond debt, after deduction of €32.4 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.

We also had €610.4 million outstanding debt under bilateral facilities from banks, €306.8 million of finance leases, and commercial papers of €180.0 million.

Cash and cash equivalents net of bank overdrafts on our balance sheet amounted to €391.0 million as of September 30, 2019.

We also have a 5-year €75.0 million revolving credit facility which may be used for general corporate purposes. As of September 30, 2019, this revolving credit facility was not drawn.

We expect to finance future capital expenditures through cash flow from operations, finance leases or bilateral credit facilities. In the nine-month period ended September 30, 2019, new bilateral credit facilities and finance leases were entered into for €262.7 million and €90.6 million, respectively.

Capital expenditures

In Q3 2019, gross capital expenditures decreased significantly to €59.0 million, in comparison to €89.5 million in Q3 2018. Fleet capital expenditure amounted to €52.7 million in Q3 2019, compared to €80.8 million in Q3 2018.

In Q3 2019, the gross book value of disposed rental equipment was €59.5 million, compared to €45.8 million in Q3 2018. The amount of gross book value of fleet disposed was stable if we exclude Ramirent.

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 Q3 2019, Loxam recorded a positive recurring free cash flow of €77.1 million compared to a positive recurring free cash flow of €14.6 million in Q3 2018. The free cash flow in Q3 2019 was positive thanks to the increase in EBITDA as well as the lower level of capex paid in the quarter.

In Q3 2019, quarterly non-recurring cash items amounted to €5.5 million mainly as acquisition costs for Ramirent at €(11.8) million and the bridge commitment fees at €(9.0) million were offset by the impact on a positive change on working capital for €25.6 million. In Q3 2018, non-recurring cash items amounted to €1.0 million.

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

(in millions of euros)	Quarter ended September 30,		Nine months ended September 30,	
	2018	2019	2018	2019
EBITDA before capital gains on fleet disposals	130.1	173.4	344.4	399.1
+ Proceeds from disposals of fixed assets.....	16.0	15.5	45.1	46.7
- Gross capital expenditure	(89.5)	(59.0)	(315.2)	(321.6)
- operating income and expense	(0.1)	(0.0)	(0.3)	-
- Financial income and expense ⁽¹⁾	(22.5)	(32.0)	(70.8)	(75.9)
- Income taxes ⁽²⁾	(1.9)	(4.9)	(7.6)	(8.1)
- +/- Change in working capital requirement ⁽³⁾	(16.4)	(17.5)	(30.1)	(47.4)
Miscellaneous ⁽⁴⁾	(1.0)	1.5	(3.3)	1.2
Recurring Free cash flow	14.6	77.1	(37.8)	(6.1)
Non-recurring items ⁽⁵⁾	1.0	5.5	7.4	8.3
Free cash flow ⁽⁶⁾	15.6	82.6	(30.4)	2.2
Acquisition ⁽⁷⁾	1.4	(1,522.7)	(17.1)	(1,582.8)
Share capital decrease	-	-	-	-
Dividends.....	-	-	(6.9)	(6.9)
Issue costs amortization and currency variations.....	(1.5)	(1.6)	(1.4)	(6.2)
Change in net debt ⁽⁸⁾	15.5	(1,441.7)	(55.9)	(1,593.8)
IFRS 16 impact on net debt ⁽⁹⁾	-	(118.9)	-	(314.4)

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 interest on loans and change in other financial debt
- (4) Primarily composed of deduction of capital gains of non-fleet disposal and other non-cash items excluded from EBITDA, mainly related to change in provisions.
- (5) In Q3 2019, non-recurring cash items amounted to €5.5 million and are related to the decrease of the deposit paid to fixed assets suppliers for €0.7 million, the acquisition costs of Ramirent for €(11.8) million, the bridge commitment fees for €(9.0) million offset by the related impact on change in working capital for €25.6 million.

In Q3 2018, non-recurring items amounted to €1.0 million and are related to the decrease of the deposit paid to fixed assets suppliers for €2.0 million, the acquisition costs of Nove for €(1.1) million, the early redemption fees for €(1.6) million, the related corporate tax income for €0.6 million and an impact on change in working capital for €1.1 million.

As at September 30, 2019, non-recurring cash items amounted to €8.3 million and include the decrease of the deposit paid to fixed assets suppliers for €15.3 million, less the early redemption premium paid for the refinancing of April of €(10.8) million, the acquisition costs of Ramirent and UK Platforms for €(12.8) million and the bridge commitment fees for €(16.5) million offset by the positive impact on change in working capital for €33.1 million.

As at September 30, 2018, non-recurring items amounted to €7.4 million and related to the decrease of the deposit paid to fixed assets suppliers for €8.5 million, the acquisition costs of Nove for €(1.1) million, the early redemption fees for €(1.6) million, the related corporate tax income for €0.6 million and an impact on change in working capital for €1.1 million.

- (6) Before payment of dividends, capital increases and acquisitions.
- (7) As at September 30, 2019, corresponds to the UK Platforms acquisition and Ramirent acquisition.
- (8) Excluding change in derivatives instruments and operating lease liabilities under IFRS 16.
- (9) Impact of restatement of operating leases following the first time application of IFRS 16 as of January 1, 2019. As at September 30, 2019, it corresponds to the initial recognition of IFRS 16 lease liabilities for €(223.5) million, the impact related to the acquisition of Ramirent for €(101.4) million, new leases contracts for €(34.4) and the decrease of lease liabilities for €45.5 million over the period. During Q3 2019, the net impact was an increase of lease liabilities for €(118.9) million, mainly due to the consolidation of Ramirent.

Net debt

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

The following table presents a reconciliation of net debt (excluding operating lease liabilities) to amounts included in the consolidated balance sheet as of the indicated dates.

<i>(in millions of euros)</i>	As of	
	December 31, 2018	September 30, 2019
Senior secured notes	1,089.3	2,300.0
Senior subordinated notes	475.0	700.0
Issuance costs related to notes	(12.1)	(32.4)
Bank loans on bilateral facilities	409.1	610.4
Commercial papers.....	-	180.0
Accrued interest on debt securities and loans	18.2	28.2
Finance leases.....	293.3	306.8
Other financial debt.....	4.4	27.0
Bank overdrafts	2.4	6.4
Loans and financial debt (gross debt)	2,279.5	4,126.3
Loan granted to Ramirent JV	-	(5.8)
Cash	(143.4)	(288.1)
Marketable investment securities.....	(0.4)	(102.8)
Cash and cash equivalents.....	(143.8)	(391.0)
Net debt	2,135.7	3,729.5

Net debt (excluding operating lease liabilities) increased by €1,593.8 million to €3,729.5 million as of September 30, 2019 from €2,135.7 million as of December 31, 2018, primarily due to the acquisition of UK Platforms and Ramirent for €(1,582.8), and to dividends paid of €(6.9) million.

Taking into account the IFRS 16 impact, the net debt amounts to €4,043.9 million as of September 30, 2019 including operating lease liabilities of €314.4 million.

Debt maturity profile

The table below provides the maturity profile of our outstanding indebtedness, as of September 30, 2019.

									2026 and later
(in millions of euros; excluding IFRS 16)	Total	2019	2020	2021	2022	2023	2024	2025	
Bilateral loans	610.4	76.9	144.8	126.9	84.5	153.4	19.2	4.4	0.2
Lease liabilities.....	306.8	25.4	96.5	83.3	59.7	35.0	6.5	0.4	-
Loans and financial debt owed to credit institutions	917.2	102.3	241.3	210.3	144.1	188.4	25.7	4.7	0.2
Other financial debt.....	27.0	21.8	-	5.1	-	-	-	-	-
2017 senior secured notes due 2022	299.0	-	-	-	299.0	-	-	-	-
2017 senior secured notes due 2024	297.2	-	-	-	-	-	297.2	-	-
2017 senior subordinated notes due 2025	247.2	-	-	-	-	-	-	247.2	-
2016 senior secured notes due 2023	249.0	-	-	-	-	249.0	-	-	-
2019 senior secured notes due 2026	297.7	-	-	-	-	-	-	-	297.7
2019 senior subordinated notes due 2027	198.5	-	-	-	-	-	-	-	198.5
2019 senior secured notes due 2025	689.6	-	-	-	-	-	-	689.6	-
2019 senior secured notes due 2026	443.2	-	-	-	-	-	-	-	443.2
2019 senior subordinated notes due 2027	246.2	-	-	-	-	-	-	-	246.2
Total debt ⁽¹⁾	3,911.7	124.2	241.3	215.4	443.1	437.4	322.9	941.5	1,185.8

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

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

- A Senior Secured Note of €300 million due in 2026
- A Subordinated Secured Note of €200 million due in 2027

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

On July 22, 2019, Loxam issued new bonds for a total of €1,400 million, split into three tranches:

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

Currency and interest rate derivatives

The Group still owns a portfolio of derivative financial instruments hedging interest rate variations for a notional amount of €21.3 million at September 30, 2019 for a maximum term in July 2022. These derivatives are recognised in financial liabilities for an amount of €4.5 million at September 30, 2019, of which Ramirent for €3.3 million (for a notional amount of €185.0 million) and Loxam for €1.2 million.

The majority of our revenue, expenses and obligations are denominated in euros. However, we are exposed to foreign exchange rate risk, primarily in respect of British pounds. Our foreign exchange rate derivative financial instruments as of September 30, 2019 covered current liabilities denominated in British pounds for GBP 70.9 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
30 September 2019

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

Condensed statement of financial position

ASSETS (€'000)	Notes	31.12.18 (a)	30.09.19
Intangible assets and goodwill	5	1,327,286	2,288,298
Property, plant and equipment	6	1,354,701	2,385,317
Investments in associates	8	-	9,113
Financial assets	8	14,381	20,463
Deferred tax assets	23	18,394	19,556
Non-current assets		2,714,762	4,722,747
Inventories	9	30,782	53,013
Trade and other receivables	10	388,497	517,436
Other current assets	11	56,215	66,489
Corporate income tax receivables	11	12,256	20,182
Cash and cash equivalents	12	143,789	390,983
Current assets		631,539	1,048,103
Total assets		3,346,301	5,770,850

LIABILITIES (€'000)	Notes	31.12.18 (a)	30.09.19
Share capital		229,818	229,818
Additional paid-in capital		1,882	1,882
Consolidated reserves		292,489	390,904
Net profit for the year		95,658	30,708
Shareholders' equity (Group share)		619,847	653,311
Non-controlling interests		10,621	10,691
Total equity	13	630,468	664,002
Employee benefits	16	11,111	42,767
Deferred tax liabilities	23	70,400	126,281
Borrowings and financial debt	15	2,063,029	3,821,802
Financial derivatives	14	2,313	6,565
Non-current liabilities		2,146,853	3,997,415
Provisions	17	11,098	15,311
Borrowings and financial debt	15	216,504	618,922
Trade and other payables	18	202,210	248,665
Other liabilities	18	135,462	209,575
Corporate income tax liabilities	18	3,706	16,960
Current liabilities		568,980	1,109,433
Total shareholders' equity and liabilities		3,346,301	5,770,850

(a) The Group has applied IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach. According to this approach, the comparative information has not been restated.

Condensed consolidated income statement and statement of comprehensive income

€'000	Notes	30.09.18 (a)	30.09.19
Revenue	19	1,095,049	1,284,181
Other income		38,440	39,343
Operating income		1,133,489	1,323,524
Purchases consumed		(116,821)	(131,652)
Personnel expenses	20	(283,049)	(321,743)
Other current expenses		(346,334)	(370,632)
Taxes and duties		(15,317)	(15,870)
Depreciation and amortization – Property, plant and equipment		(201,638)	(292,956)
Depreciation and amortization – Intangibles assets		(9,008)	(10,244)
Profit from ordinary operations		161,321	180,427
Other operating incomes	21	-	721
Other operating expenses	21	(1,430)	(13,097)
Operating profit		159,891	168,051
Interest and financing-related expenses		(73,143)	(85,425)
Other financial expenses		(6,411)	(33,436)
Financial income		2,205	1,886
Financial income (expense)	22	(77,348)	(116,975)
Profit before tax		82,542	51,076
Share of result in associates and joint ventures	7	-	363
Income tax expense	23	(14,490)	(20,903)
Net profit		68,052	30,535
Non-controlling interests		(1,565)	(172)
Net profit, Group share		69,617	30,708
		30.09.18	30.09.19
Net profit		68,052	30,535
Exchange gains or losses		4,343	8,592
Value adjustments linked to hedging derivatives		605	-
Fair value of derivative instruments		-	3,134
Tax		-	(627)
Items recycled to profit or loss		4,948	11,099
Remeasurement of liabilities for defined benefit retirement plans		-	(1,536)
Tax		-	329
Items not recycled to profit or loss		-	(1,207)
Other comprehensive income		4,948	9,892
Comprehensive income		73,000	40,427

(a) The Group has applied IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach. According to this approach, the comparative information has not been restated.

Condensed consolidated cash-flow statement

€'000	Notes	30.09.18 (a)	31.12.18 (a)	30.09.19
Net profit		68,052	90,446	30,535
Share of result in associates and joint ventures	7	-	-	(363)
Income tax expense (including deferred tax)	23	14,490	20,571	20,903
Net finance costs	22	77,348	102,135	116,975
Other operating income and expense			(2,416)	(455)
Depreciation and provisions, net of reversals		209,445	289,585	305,287
Capital gains on asset disposals		(29,627)	(44,079)	(32,156)
Cash flow from operations (before cost of financing and tax)		339,710	456,241	440,727
Income tax paid		(7,056)	(8,927)	(8,148)
Financial interest paid		(71,960)	(95,476)	(100,883)
Financial interest received		2,584	1,299	755
Change in working capital requirements		(20,582)	8,734	(1,329)
Cash flow from operating activities	A	242,695	361,872	331,122
Impact of changes in scope		(17,128)	(17,128)	(1,052,460)
Acquisitions of fixed assets		(315,239)	(412,497)	(356,105)
Disposals of fixed assets		45,118	62,752	47,646
Cash flow from investing activities	B	(287,249)	(366,873)	(1,360,918)
Dividends paid		(6,895)	(6,895)	(6,895)
Proceeds from loans and borrowings	15	265,936	492,270	2,261,709
Repayment of loans and borrowings	15	(252,887)	(456,843)	(982,980)
Cash flow from financing activities	C	6,154	28,532	1,271,834
Change in cash and cash equivalents	A+B+C	(38,400)	23,531	242,038
Cash and cash equivalents at beginning of period		116,583	116,583	141,418
Cash and cash equivalents at end of period		80,211	141,418	384,552
Impact of exchange rate fluctuations		(2,029)	(1,303)	(1,096)
Change in cash and cash equivalents		(38,400)	23,531	242,038
Other marketable securities		162	352	102,847
Cash at bank and on hand		80,822	143,437	288,136
Current bank borrowings		(772)	(2,371)	(6,431)
Cash and cash equivalents		80,211	141,418	384,552

(a) The Group has applied IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach. According to this approach, the comparative information has not been restated.

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 2017	229,818	1,882	321,041	(24,444)	528,297	15,391	543,688
Net profit for the period			95,658		95,658	(5,212)	90,446
Employee benefits				1,607	1,607	(9)	1,597
Net Investment hedge				601	601		601
Exchange gains or losses				1,438	1,438	(289)	1,149
Comprehensive income			95,658	3,645	99,304	(5,510)	93,793
IFRS 9			(1,026)		(1,026)		(1,026)
Capital movements					-		-
Dividends			(6,895)		(6,895)		(6,895)
Changes in scope					-	542	542
Other movements			167		167	199	366
At 31 December 2018	229,818	1,882	408,945	(20,798)	619,847	10,621	630,468
Net profit for the period			30,708		30,708	(172)	30,535
Employee benefits				(1,207)	(1,207)		(1,207)
Net Investment hedge					-		-
Exchange gains or losses				8,352	8,352	240	8,592
Fair Value of derivatives				2,507	2,507		2,507
Comprehensive income			30,708	9,652	40,360	67	40,427
IFRS 9					-		-
Capital movements					-		-
Dividends			(6,895)		(6,895)		(6,895)
Changes in scope					-		-
Other movements			(1)		(1)	2	1
At 30 September 2019	229,818	1,882	432,758	(11,146)	653,311	10,691	664,002

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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 September 30, 2019, governed by all of the legislation and regulations for commercial companies in France, and particularly the French commercial code (“Code de commerce”).

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

The Group is the European equipment rental market leader, with its business focused primarily on construction and civil engineering professionals. Following the acquisition of Ramirent, the Group operates in 30 countries.

1.2. Basis of preparation

The interim consolidated financial statements (the “interim financial statements”) for the nine-month period ended September 30, 2019 include Loxam SAS and its subsidiaries (together “the Group” or “Loxam Group”), including the Group’s share in equity affiliates and joint ventures.

The Ramirent Group has been consolidated in Loxam’s consolidated accounts from August 1st, 2019.

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

1.3. Functional and reporting currency

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

Note 2 – Highlights

Highlights of the period ended September 30, 2019

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

On April 11, 2019, Loxam issued €500 million of new bonds: a senior secured bond of €300 million due in 2026 and a subordinated secured bond of €200 million due in 2027.

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

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

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

The take-over period on the outstanding shares of Ramirent ended on July 18th. After the reopening of the take-over offer and open-market purchases, LOXAM owns approximately 98.2% of Ramirent. During August, the squeeze-out procedure of the outstanding shares of Ramirent has started. This process should terminate during Q4 2019.

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

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

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 September 30, 2019.

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.

3.3. Change in accounting policy

IFRS 16 - Leases: this standard is applied by the Group since the January 1, 2019 and replaces the IAS 17 and the associated IFRIC and SIC interpretations.

It removes the distinction previously made between simple leases and financial leases. According to IFRS 16, a lessee employs a right-of-use asset and a lease liability representing the rental obligation.

At the transition date, the Group chose to apply the modified method which consists in keeping the analyses performed for the identification of leases and to apply IFRS 16 only to contracts previously classified as leases. Contracts that were not identified as leases in accordance with IAS 17 and IFRIC 4 have not been re-analysed. As a result, the definition of a lease as defined by IFRS 16 only applies to contracts entered into or modified as from January 1st, 2019.

Leases previously classified as financial leases under IAS 17 have not been analyzed at the transition date and have not been restated. The corresponding leased assets are accounted for as "Tangible assets" in accordance with prior year classification.

The Group has identified its lease contracts previously classified as operating leases within the scope of IFRS 16 and applied the following exemptions and transition options provided by the standard:

- Exemption for contracts with a duration of less than one year (at the date of transition, exemption of old lease contracts with a remaining term of less than 12 months);
- Exemption for lease contracts of low-value assets (USD 5,000);
- Use of the modified retrospective method at the transition date, recording the transition impacts in the opening balance sheet without restating previous comparative data;
- The rental obligation and the right-of-use are initially measured at the discounted value of rental payments over the remaining lease term at transition date, using the incremental borrowing rate for Loxam and its subsidiaries (taking into account the borrowing conditions and the credit risk specific to each entity and reflecting the duration of lease contracts);
- The right-of-use assets are amortized on a straight-line basis over the lease term, which corresponds to the non-cancellable period of each contract (taking into consideration the position of the ANC-Autorité des Normes Comptables from February 2018).

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

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

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 (Note 6).

The Group presents the lease liabilities within "Borrowings and financial debts" in the statement of financial position.

3.4. Comparability of the financial statements

Considering the acquisitions of companies and businesses completed in 2018 and 2019, Loxam's consolidated financial statements for the period ended September 30, 2019 include:

- 9 months of activity of UK Platforms, acquired on January 14, 2019
- 2 months of activity of Ramirent, acquired on July 24, 2019 and consolidated as of August 1, 2019.

In Q4 2018, the Degraus depreciation rules have been harmonized to the Loxam rules. This harmonization has not been done during the nine-month period ending September 30, 2018 and corresponding accounts have not been restated for this.

No changes to depreciation and other accounting estimates were yet made for the Ramirent Group at Q3 2019.

3.5. Accounting judgments and estimates

To prepare the consolidated financial statements in accordance with IFRS, the Group makes a certain number of estimates and assumptions that are based on historical information and other factors, including expectations for future events that are considered reasonable in view of the circumstances. 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 most recent annual financial statements, with the exception of significant new judgments related to the accounting treatment of subsidiaries lease agreements in application of IFRS 16, described in Note 3.3.

3.6. Business combinations

a) Business combinations

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

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

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

The costs relating to the acquisition are expensed as incurred.

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

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

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

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

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

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

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

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

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

3.7. Foreign currency translation methods

- a) Transactions in foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are converted based on the exchange rate at the reporting date.

Profit and loss data denominated in foreign currencies are converted using the average rate for the period.

The resulting exchange gains or losses are recognised in profit or loss for the year under financial income and expenses.

- b) Financial statements in foreign currencies

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

Exchange rates applied at September 30, 2019 (euro vs. currency):

1 EUR =		Closing period rate	Average rate	Opening period rate
AED	Arabic Emirates dirham	4.0167	4.1248	4.2116
BHD	Bahraini dinar	0.4122	0.4213	0.4323
BRL	Brazilian real	4.5492	4.362	4.4465
CHF	Swiss franc	1.086	1.1184	1.1255
COP	Colombian peso	3,720.7	3,618.6296	3,726.2700
CZK	Czech koruna	25.842	25.8373	25.724
DKK	Danish krone	7.4661	7.465	7.4663
GBP	Pound sterling	0.8878	0.8832	0.8990
MAD	Moroccan dirham	10.6523	10.5944	10.9579
NOK	Norwegian krone	9.9155	9.7711	9.9034
OMR	Omani rial	0.421	0.4314	0.4415
PLN	Polish zloty	4.3865	4.3535	4.3014
QAR	Qatari riyal	3.9972	3.9638	4.1917
SAR	Saudi riyal	4.1022	4.2116	4.3021
SEK	Swedish krona	10.6908	10.6812	10.2548

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

Under IAS 1, assets and liabilities are classified as “current” or “non-current”.

Loxam applies the following rules for classifying the main balance sheet aggregates:

- Fixed assets are classified as “non-current”,
- Assets and liabilities included in working capital requirements in connection with the business’ normal operating cycle are classified as “current”,
- All deferred tax assets and liabilities are presented as “non-current”,
- All provisions are classified as “current”,
- Financial liabilities are classified as “current” or “non-current”, depending on whether they are due within or later than one year after the reporting date.

3.9. Fair value of financial assets and liabilities

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

- Level 1: fair value determined based on quoted prices in active markets for identical assets or liabilities;
- Level 2: fair value estimated based on observable data for the asset or liability, either directly (i.e. prices) or indirectly (i.e. pricing-derived data);
- Level 3: fair value estimated using valuation techniques that include data relating to the asset or liability that are not based on observable market data.

Further information on the classification of financial instruments for each category is presented in Note 3.17 (Cash and cash equivalents), and Note 3.18 (Derivative financial instruments – relating to the interest rate risk).

3.10. Intangible assets and goodwill

a) Goodwill

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

b) Trademarks and customer relationships

The application of IFRS 3 may lead to the allocation of an acquisition price to identified intangible assets such as trademarks and client relationships. These intangible assets could be depreciated over 5 to 12 years. Trademarks are depreciated over 5 to 10 years and customer relationships over 8 to 12 years.

c) Other intangible assets

Other intangible assets have a finite useful life and are recorded at their acquisition cost, after deducting accumulated amortization and impairment losses.

The amortization of intangible assets is recorded as an expense on a straight-line basis over the estimated useful life from the moment assets are brought into service.

These other intangible assets are primarily software products, amortized over one to three years.

3.11. Property, plant and equipment

Property, plant and equipment are recognised at their acquisition cost, after deducting accumulated depreciation and impairment losses. They are not revalued.

The cost includes the expenditure directly attributable to the asset's acquisition.

Depreciation charges for property, plant and equipment are calculated on a straight-line basis over the useful lives indicated below. Land is not depreciated.

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

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

A residual value is applied to some categories of equipment, in order to take into account the resale value of this equipment at the end of its life.

3.12. Leases

As stated in Note 3.3 Changes in Accounting Policies, as of January 1, 2019, leases contracts are governed by IFRS 16 which modifies the accounting treatment of leases. The standard removes 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.

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

Assets (including right-of-use assets created following the first application of IFRS 16 as of January 1, 2019, see note 3.3 and note 6) 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 period ended September 30, 2019, the Group has not identified any indication of impairment.

3.14. Financial assets

Financial assets include:

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

Financial assets are measured and recognised in accordance with IAS 32 and IFRS 9.

Financial assets are initially recognised at their fair value.

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

3.15. Inventories

Inventories primarily include trade products, parts and consumables. Inventories are measured using the weighted average cost method.

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

3.16. Trade receivables and other current assets

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

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

3.17. Cash management assets and Cash and cash equivalents

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

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

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

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

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

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

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

The Group holds interest rate swaps to reduce its net interest rate risk exposure.

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

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

On an ad hoc basis, and consistent with its market forecasts, the Loxam Group uses financial instruments to reduce its net foreign exchange risk exposure, mainly on Pound Sterling, Danish krone and US Dollar. The Group primarily uses forward currency sales options.

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

3.20. Net investment hedge (NIH)

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

3.21. Employee benefits

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

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

a) Defined contribution plans

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

b) Defined benefits plans

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

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

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

An employee benefit liability is recorded for the obligation net of any plan assets measured at fair value.

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

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

c) Other long-term benefits

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

These benefits primarily concern jubilee awards. Remeasurements of the obligation are recognised in profit or loss.

For the interim financial statements, the Group uses the projections made by actuaries for 2019 and keeps a pro rata portion for the period. Variations are accounted for only in profit or loss.

3.22. Provisions

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

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

3.23. Borrowings and financial debt

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

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

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

3.24. Trade payables and related

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

3.25. Tax

Income tax includes both current and deferred tax.

Current tax is calculated on the basis of the estimated 2019 tax results.

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.

3.26. Revenue

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

Rental revenue

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

Additional services to the equipment rental and other services

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

Retail revenue and sale of equipment

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

3.27. Other income

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

3.28. Other current expenses

Other current expenses primarily include external services (particularly subcontracted maintenance and transportation costs, property and real estate rentals 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.

3.29. Other operating income and expenses

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

3.30. Financial income and expenses

Financial income primarily concerns interest on investments.

Financial expenses primarily concern interest on bonds, bilateral loans and leasing, amortized cost related to bonds, as well as changes to the fair value of financial instruments. It also includes the interest cost related to the lease liability since the first time application IFRS 16 as of January 1, 2019. Exchange gains and losses are recorded as financial income or expenses consistent with fluctuations in foreign currencies resulting in gains or losses.

Note 4 – Scope of consolidation

Legal entities	SIREN number (France) or country	% of control	% of interest	Consolidation method
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%	50%	Full
HUNE SICO LLC	Saudi Arabia	100%	49%	Full
LAVENDON HOLDINGS LTD	United Kingdom	100%	100%	Full
ZOOM HOLDINGS LTD	United Kingdom	100%	100%	Full
ACCESS SOLUTIONS LTD	United Kingdom	100%	100%	Full
LAVENDON ACCESS SERVICES LTD	United Kingdom	100%	100%	Full
ZOOM LTD	United Kingdom	100%	100%	Full
NATIONWIDE PLATFORMS LTD	United Kingdom	100%	100%	Full
UK PLATFORMS LTD	United Kingdom	100%	100%	Full
LOGICAL COMMERCE LTD	United Kingdom	100%	100%	Full
PANTHER PLATFORM RENTALS LTD	United Kingdom	100%	100%	Full
AMP ACCESS LTD	United Kingdom	100%	100%	Full
BLUESKY TOPCO LTD	United Kingdom	100%	100%	Full
BLUESKY SOLUTIONS LTD	United Kingdom	100%	100%	Full
<i>RAPID JERSEY (N°2) LTD</i>	<i>United Kingdom</i>	-	-	<i>Liquidated</i>
<i>ZOOM STERLING LTD</i>	<i>Jersey</i>	-	-	<i>Liquidated</i>
<i>ZOOM EURO LTD</i>	<i>Jersey</i>	-	-	<i>Liquidated</i>
<i>ZOOM DOLLAR LTD</i>	<i>Jersey</i>	-	-	<i>Liquidated</i>
DK RENTAL NV	Belgium	100%	100%	Full
RAPID ACCESS BV	Netherland	100%	100%	Full
RAPID ACCESS LLC	United Arab Emirates	100%	49%	Full

RAPID ACCESS Holdings S.P.C	Bahrain	100%	100%	Full
RAPID Saudi Arabia Ltd	Saudi Arabia	100%	100%	Full
RAPID ACCESS LLC	Oman	100%	70%	Full
RAPID ACCESS MIDDLE EAST LLC	United Arab Emirates	100%	100%	Full
RAPID ACCESS TRADING BAHRAIN WLL	Bahrain	100%	49%	Full
LOXAM ACCESS SRL	Italia	100%	80%	Full
SWAN PLANT HIRE	Ireland	100%	100%	Full
LIR HOLDINGS LTD	Ireland	100%	100%	Full
RAMIRENT OYJ	Finland	100%	98%	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
FORTRENT LLC	Ukraine	50%	50%	Equity
RAMIRENT AS	Norway	100%	100%	Full
BAUTAS AS	Norway	100%	100%	Full
FEHMARNBELT SOLUTION SERVICES A/S	Denmark	50%	50%	Equity
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

Note 5 – Intangible assets and goodwill

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 (a)	15,554	948,500	964,053
Increase	2,270	-	2,270
Amortization and depreciation of the year	(10,244)	-	(10,244)
Decrease / disposals	(10)	-	(10)
Reclassification	1,091	-	1,091
Exchange gains or losses (b)	861	2,991	3,852
Net book value at end of the period	84,530	2,203,768	2,288,298

(a) Goodwill relating to the UK Platforms acquisition after the PPA allocation and preliminary goodwill relating to the Ramirent acquisition before PPA allocation.

(b) Exchange variations mainly concern the Lavendon group.

The goodwill arising from the acquisition of UK Platforms and Ramirent have been calculated as follows:

€'000	UK Platforms	Ramirent (a)
Consideration transferred	49,552	1,022,057
Net identifiable assets	(33,951)	(89,158)
Goodwill	15,601	932,899

(a) The PPA of Ramirent has not been completed at September 30, 2019 (preliminary goodwill).

Changes in intangible assets and goodwill in 2018

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

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

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

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

Trademarks and customer relationships in 2019

The purchase price for the following acquisitions was allocated to intangible assets and valued as follows at September 30, 2019:

€'000	Trademarks	Customer Relationships	Total
Lavendon Group	12,476	40,606	53,082
Hune Group	1,289	4,338	5,627
Loxam Access SRL	596	1,237	1,833
UK Platforms	753	5,884	6,637
Net value at end of period	15,115	52,065	67,180

Note 6 – Property, plant and equipment

As stated in Note 3.3 Change in accounting policy and 3.12 Leases, 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.

Change in property, plant and equipment in 2019

At September 30, 2019, the gross book value of the Group’s fleet amounts to € 4,522,451k.

€'000	Rental equipment	Other	Total
Net value at beginning of year	1,247,993	106,708	1,354,701
Changes in scope	622,660	133,962	756,622
Impact of first time application IFRS 16 ^(a)	-	223,458	223,458
Increase	301,664	51,877	353,541
Amortization and depreciation of the year	(224,030)	(68,926)	(292,956)
Decrease / disposals	(14,537)	(257)	(14,794)
Reclassification	(103)	(472)	(575)
Exchange gains or losses	4,567	753	5,320
Net value at end of the period (b)	1,938,214	447,103	2,385,317

(a) The group has applied IFRS16 for the first time on January 1, 2019, using the modified retrospective approach. The breakdown of gross values by assets’ category is the following:

€'000	Real Estate	Heavy vehicles	Light vehicles & other	Total
01.01.19	176,181	29,923	17,354	223,458

At September 30, 2019, the gross value of right-of-use assets increased from €223.458k to €377,703k as a result of the acquisition of Ramirent and of the new head office lease in France.

(b) Property acquired under finance leases and historically accounted for in accordance with IAS 17 are almost entirely included in the "Rental Equipment" column and amount to €383,554k of net book value.

Change in property, plant and equipment in 2018

At December 31, 2018, the Group's fleet had a gross book value of € 3,045,712k.

€'000	Rental equipment	Other	Total
Net value at beginning of year	1,134,278	98,319	1,232,597
Changes in scope	10,893	469	11,362
Increase	373,414	33,861	407,274
Amortization and depreciation of the year	(255,107)	(22,237)	(277,345)
Decrease / disposals	(16,718)	(2,124)	(18,841)
Reclassification	1,543	(1,697)	(154)
Exchange gains or losses	(310)	117	(193)
Net value at end of year	1,247,993	106,708	1,354,701

Note 7 – Financial assets

Change of Financial assets in 2019

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

€'000	Loans and other borrowings	Other non-current financial assets	Total
Net value at beginning of period	14,369	12	14,381
Changes in scope ^(a)	297	6,836	7,133
Increase	294	-	294
Decrease	(390)	(903)	(1,293)
Reclassification	-	-	-
Exchange gains or losses	(51)	(1)	(52)
Net value at end of the period	14,519	5,944	20,463

(a) Relates to Ramirent.

Change of Financial assets in 2018

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

Note 8 – Investments in associates

The investments in associates are related to the two joint ventures owned by Ramirent group : Fortrent Oy (with subsidiaries operating in Russia and Ukraine) and Fehmarnbelt Solution Services A/S in Denmark.

€'000	31.12.18	30.09.19
Value at beginning of the period	-	-
Changes in scope		8,734
Increase in capital of associates		-
Group share in earnings for the year		379
Dividends paid		-
Exchange gains or losses		-
Value at end of the period	-	9,113

Note 9 – Inventories

€'000 - Net value	31.12.18	30.09.19
Parts and consumables	18,759	21,269
Trade	12,024	31,744
Total	30,782	53,013

Note 10 – Trade and other receivables

€'000	31.12.18	30.09.19
Gross value	474,295	617,608
Impairment	(85,798)	(100,171)
Total trade and other receivables - net	388,497	517,436

Note 11 – Income tax receivables and other current assets

€'000	31.12.18	30.09.19
Income tax receivables	12,256	20,182
Prepaid expenses	15,371	21,176
Other receivables	40,843	45,313
Other current assets	56,215	66,489
Total income tax receivables and other current assets	68,470	86,671

Note 12 – Cash management assets, cash and cash equivalents

€'000	31.12.18	30.09.19
Other marketable securities	352	102,847
Cash	143,437	288,136
Total	143,789	390,983

Marketable securities comprise cash investment funds (SICAV) as well as term accounts and deposits in line with the IAS 7 definition of cash and cash equivalents (cf. Note 3.17).

Note 13 – Shareholders' equity

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

Note 14 – Financial risk management - Financial instruments

Financial instruments relating to interest rate risk:

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

Ramirent had entered into interest rate swaps to hedge his financial debt and applied the hedge accounting. The change in fair value was recognized in OCI. During the period, Loxam SAS has refinanced Ramirent's debt by an intercompany loan. This refinancing has led Ramirent to transfer €(3,1) million from OCI to the income statement.

At September 30, 2019, the fair value of these derivative instruments amounts to €4,457k compared to €1,400k at December 31, 2018. Fair value adjustments are accounted for in financial income for an amount of €(247)k at September 30, 2019.

As September 30, 2019, the interest rate swaps relate to a notional amount of €21.2 million for Loxam and €185.0 million for Ramirent.

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

Financial instruments relating to foreign exchange risk:

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

Loxam SAS held forward contracts on the Pound Sterling for GBP 70,872k at September 30, 2019, unchanged from December 31, 2018.

The fair value of these financial instruments is a liability of €2,108k at September 30, 2019, compared to a liability of €913k at December 31, 2018. The change in fair value between December 31, 2018 and September 30, 2019 is accounted as a financial loss for an amount of €1,195k.

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

Change in the valuation of financial instruments in 2019:

€'000	Interest Rate swaps	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 2	
Value at beginning of year	1,400	913	2,313
Changes in scope	3,227		3,227
OCI	(3,134)		(3,134)
FV recycled to profit or loss	3,212		3,212
Value adjustment in P&L	(247)	1,195	948
Value at end of the period	4,457	2,108	6,565
Derivatives instruments included in the assets			-
Derivatives instruments included in the liabilities			6,565

Change in the valuation of financial instruments in 2018:

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

Net investment hedge

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

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

Liquidity risk information

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

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

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

Transfers between the parent company and its subsidiaries are covered by cash management agreements or loan agreements. The group is subject to financial ratios pursuant to its bond issuances. At September 30, 2019, the Group is in compliance with these ratios.

Credit risk information

The Loxam Group has a credit management policy in place enabling it to evaluate the creditworthiness of the customers and take appropriate decisions.

Outstanding balances are monitored with regular reports and financial information concerning customers is tracked daily. 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, as explained in note 3.3 Changes in accounting policy and note 3.12 Leases, 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	31.12.18	30.09.19
Bond (a)	1,552,170	2,967,579
Bilateral and bridge loans net of issuance costs	305,570	412,129
Lease debt	205,289	208,460
Lease liability	-	228,500
Other financial debt	-	5,135
Non-current financial debt	2,063,029	3,821,802
Short-term bilateral loans	103,523	198,264
Commercial papers	-	180,000
Short-term lease debt	88,043	98,312
Short-term lease liability	-	85,888
Other financial debt	22,567	50,026
Current bank borrowings	2,371	6,431
Current financial debt	216,504	618,922
Financial debt	2,279,533	4,440,724

(a) Net of bond issuance costs.

Breakdown of financial debt by interest rate

€'000	31.12.18	30.09.19
Variable-rate debt	379,967	761,576
Fixed-rate debt	1,896,900	3,666,877
Bank overdrafts	2,371	6,431
Other	295	5,839
TOTAL	2,279,533	4,440,724

Breakdown of financial debt by maturity

€'000	31.12.18	30.09.19
< 1 year	216,504	618,922
1 to 5 years	1,518,329	1,685,960
> 5 years	544,700	2,135,842
TOTAL	2,279,533	4,440,724

Change in borrowings and financial debt

Changes in 2019

€'000	Beginning of year	Change in scope (a)	First time application IFRS 16	Increase	Decrease	Other	Exchange gains or losses	30.09.19
Bond issues	1,552,170	-	-	1,873,948	(464,300)	5,761	-	2,967,579
Bilateral loans	409,093	232,945	-	262,700	(295,835)	236	1,254	610,393
Commercial papers	-	280,000	-		(100,000)			180,000
Lease debt	293,332	66	-	90,571	(77,340)		143	306,772
Lease liability	-	101,413	223,458	34,489	(45,506)		534	314,388
Other financial debt	24,938	24,100	-			12,590	(36)	61,592
TOTAL	2,279,533	638,523	223,458	2,261,709	(982,980)	18,587	1,895	4,440,724

(a) Relates mainly to Ramirent.

Changes in 2018

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

Note 16 – Employee benefits

€'000	31.12.18	30.09.19
Net Defined Benefit Obligation	11,111	42,767

Reconciliation of the commitment and the provision

Commitment	13,271	44,927
Plan assets	(2,160)	(2,160)
Net Defined Benefit Obligation at year-end / period	11,111	42,767

Movement in Defined Benefit Liability

Net Defined Benefit Liability at beginning of year	16,608	11,111
Expense for the financial year	(3,378)	1,163
Recognition of actuarial gains or losses through OCI	(2,269)	1,539
Benefits or contributions paid by the employer	(906)	(366)
Exchange gains or losses	58	(301)
Changes in scope and other (a)	997	29,621
Net Defined Benefit Obligation at year-end / period	11,111	42,767

(b) At September 30, 2019, concerns the defined benefit pension plan "ITP2" of Ramirent Sweden.

Breakdown of the expense for the financial year	31.12.18	30.09.19
Current service cost	1,046	892
Other	(41)	14
Interest cost	202	257
Gain related to contract amendment (b)	(4,585)	-
Expense for the year / period	(3,378)	1,163

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

The provisions for employee benefits concern retirement benefits for €41,734k at September 30, 2019 compared to €10,220k at December 31, 2018, and jubilee awards for €1,032k at September 30, 2019 compared to €891k at December 31, 2018.

Note 17 – Provisions

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	3,597	657	4,254
Allocations	3,132	760	3,891
Reversals	(1,126)	(896)	(2,022)
Exchange gains or losses and other ^(a)	(155)	(1,755)	(1,910)
Balance at end of year / period	12,406	2,905	15,311

(a) Reclassification in fixed assets for €1,789k.

Change in provisions in 2018

€'000	Provisions for contingencies	Provisions for charges	Total
Balance at beginning of year	6,857	4,388	11,245
Changes in scope	7	(49)	(42)
Allocations	2,086	906	2,993
Reversals	(1,706)	(2,005)	(3,712)
Exchange gains or losses and other ^(a)	(285)	899	614
Balance at end of year	6,959	4,139	11,098

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

Note 18 – Trade payables and other current liabilities

€'000	31.12.18	30.09.19
Trade payables	132,547	206,702
Payables to fixed asset suppliers	69,663	41,964
Trade payables and related	202,210	248,665
Corporate income tax liabilities	3,706	16,960
Tax and social security liabilities	115,035	120,474
Other liabilities	19,094	87,860
Accrued income	1,333	1,241
Other liabilities and accruals	135,462	209,575
Total current liabilities	341,378	475,200

Note 19 – Segments operations

Revenue by division

€'000	30.09.18	% of total	30.09.19	% of total
Generalist France	482,032	44.0	506,928	39.5
Specialist France	169,112	15.5	180,447	14.0
France	651,144	59.5	687,375	53.5
International	443,904	40.5	596,806	46.5
Total Revenue	1,095,049		1,284,181	

Depreciation by division

€'000	30.09.18 ^(a)	30.09.19
Generalist France	-84,068	-115,594
Specialist France	-36,044	-40,854
France	-120,112	-156,448
International	-90,319	-144,107
Real estate	-215	-2,646
Total Depreciation	-210,646	-303,201

a) The Group has applied IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach: the comparative information has not been restated.

Profit from ordinary operations by division

€'000	30.09.18 ^(a)	% of total	30.09.19	% of total
Generalist France	81,591	50.6	87,442	48.4
Specialist France	23,127	14.3	23,376	13.0
France	104,718	64.9	110,818	61.4
International	55,556	34.4	67,392	37.4
Real estate ^(b)	1047	0.7	2,218	1.2
Total Profit from ordinary operations	161,321		180,428	

(a) The Group has applied IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach: the comparative information has not been restated.

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

Note 20 – Personnel expenses

€'000	30.09.18	30.09.19
Salaries	211,489	241,534
Payroll taxes	65,411	73,559
Personal benefits	425	540
Employee profit-sharing	5,724	6,111
Total personnel expenses	283,049	321,743
Average headcount	7,860	11,372

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

Note 21 – Other operating income and expenses

At September 30, 2019 other operating income and expense include:

- acquisition costs relating to the UK Platforms for €(530)k and Ramirent for €(12,300)k,
- an impairment loss on fleet of €(266)k,
- an exceptional profit related to a tax relief program in Brazil of €721k.

At September 30, 2018 other operating income and expense amounted to €(1,430)k and were related to the acquisition costs of Nove €(267)k, NVA €(65)k and UK Platforms €(1,098)k.

Note 22 – Financial income (expense)

€'000	30.09.18	30.09.19
Interest and financing-related expenses ^(a)	(73,142)	(85,396)
Net finance costs	(73,142)	(85,396)
Fair value adjustments of interest rate Swaps	731	247
Exceptional financial costs ^(b)	(1,938)	(31,522)
Foreign exchange gains or losses ^(c)	(3,387)	(620)
Other financial expenses	(393)	(397)
Other financial income	780	713
Financial income (expense)	(77,348)	(116,975)

(a) At September 30, 2019, includes expenses related to lease financial debt €(4,293)k and interest related to lease liabilities €(5,451)k, as presented in Note 15.

(b) At September 30, 2019, mainly related to exceptional fees following the early repayment of bonds in April 2019 €(10,792)k, fees relating to the bridge loan €(16,500)k, the fair value adjustments on swaps of Ramirent €(3,212)k, Note 15.

(c) Including the change in fair value of financial instruments relating to foreign exchange risk.

Note 23 – Corporate income tax

Analysis of tax expense

€'000	30.09.18	30.09.19
Current tax	(7,056)	(8,148)
Deferred tax	(7,434)	(12,755)
Total	(14,490)	(20,903)

Reconciliation between actual tax and theoretical tax expense

€'000	30.09.18	30.09.19
Consolidated income before tax and "CICE"		
French tax credit	(77,942)	(51,439)
Tax rate (parent)	32,02%	28,92%
Theoretical tax expense	(24,957)	(14,876)
Difference in parent / subsidiary rates	5,936	10,535
Unused tax losses for the year	(1,673)	(14,596)
Use of previously unused losses	24	1,928
Permanent differences	4,126	(3,274)
Tax on dividends	-	-
Tax credits and other	2,054	(619)
Actual tax expense	(14,490)	(20,903)

Deferred tax assets and liabilities

€'000	31.12.18	30.09.19
Opening balance	(40,432)	(52,006)
Income (expense)	(11,644)	(12,755)
Change in scope	300	(44,196)
Own funds allocation	(441)	(299)
Other changes	211	2,530
Closing balance	(52,006)	(106,726)
Deferred tax assets	18,394	19,556
Deferred tax liabilities	(70,400)	(126,281)

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	31.12.18	30.09.19
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
Bank guarantee received for payment of real estate rentals	7,308	7,308
Other bank guarantees received	450	450
Total commitments received	7,758	7,758

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 €33,038k at September 30, 2019.
- Pledge of Loxam Power, Loxam Module, Lavendon Group Ltd and Ramirent OYJ shares as well as the Loxam brand as a collateral to guarantee €2,300.0 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 not drawn during the period.

In addition, following the application of IFRS 16, as stated in note 3.3 Changes in accounting methods, 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, 2018.

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 the first application of IFRS 16 on financial statements

Reconciliation between lease commitments considered under IAS 17 to lease liabilities recognized following the first time application of IFRS 16

€'000	
Total lease commitments (not discounted) as at 31.12.2018	246,517
Exclusion of low value equipment	(9,489)
Exclusion of short-term contracts	(10,398)
Total retained commitments (not discounted)	226,630
Discounting impact	(3,172)
Total lease liabilities recognized as at 01.01.19	223,458

In accordance with Notes 3.3 Changes in Accounting Policies and 3.12 Leases, the Group presents the right-of-use assets within "Property, Plant and Equipment", on the same line as the underlying assets of the same nature of which it has full ownership and lease liabilities within "Borrowings and financial debts" in the statement of financial position.

The impact of the application of IFRS 16 on the interim financial statements as of September 30, 2019 is presented below, in order to detail the restatement of operating leases as from January 1, 2019, since finance leases are already accounted for in accordance with IAS 17.

Statement of financial position

ASSETS (€'000)	30.09.19 (excluding IFRS 16)	IFRS 16 Impact*	30.09.19
Intangible assets and goodwill	2,288,298	-	2,288,298
Property, plant and equipment	2,073,780	311,537	2,385,317
Investments in associates	9,113	-	9,113
Financial assets	20,463	-	20,463
Deferred tax assets	19,556	-	19,556
Non-current assets	4,411,211	311,537	4,722,747
Inventories	53,013	-	53,013
Trade and other receivables	517,436	-	517,436
Other current assets	66,489	-	66,489
Corporate income tax receivables	20,182	-	20,182
Cash and cash equivalents	390,983	-	390,983
Current assets	1,048,103	-	1,048,103
Total assets	5,459,314	311,537	5,770,850
LIABILITIES (€'000)	30.09.19 (excluding IFRS 16)	IFRS 16 Impact*	30.09.19
Share capital	229,818	-	229,818
Additional paid-in capital	1,882	-	1,882
Consolidated reserves	391,513	(610)	390,904
Net profit for the year	32,409	(1,701)	30,708
Shareholders' equity (Group share)	655,622	(2,311)	653,311
Non-controlling interests	10,717	(25)	10,691
Total equity	666,339	(2,336)	664,002
Employee benefits	42,767	-	42,767
Deferred tax liabilities	126,874	(593)	126,281
Borrowings and financial debt	3,593,302	228,500	3,821,802
Financial derivatives	6,565	-	6,565
Non-current liabilities	3,769,509	227,907	3,997,415
Provisions	15,311	-	15,311
Borrowings and financial debt	533,034	85,888	618,922
Trade and other payables	248,665	-	248,665
Other liabilities	209,497	78	209,575
Corporate income tax liabilities	16,960	-	16,960
Current liabilities	1,023,466	85,966	1,109,433
Total shareholders' equity and liabilities	5,459,314	311,537	5,770,850

* impact of restatement of operating leases

Consolidated income statement

€'000	30.09.19 (excl. IFRS 16)	IFRS 16 Impact*	30.09.19
Revenue	1,284,181	-	1,284,181
Other income	39,293	50	39,343
Operating income	1,323,474	50	1,323,524
Purchases consumed	(131,652)	-	(131,652)
Personnel expenses	(321,743)	-	(321,743)
Other current expenses	(423,815)	53,183	(370,632)
Taxes and duties	(15,870)	-	(15,870)
Depreciation and amortization – Property, plant and equipment	(242,854)	(50,103)	(292,956)
Depreciation and amortization – Intangibles assets	(10,244)	-	(10,244)
Profit from ordinary operations	177,296	3,131	180,427
Other operating incomes	721	-	721
Other operating expenses	(13,097)	-	(13,097)
Operating profit	164,920	3,131	168,051
Interest and financing-related expenses	(79,945)	(5,451)	(85,396)
Other financial expenses	(33,436)	-	(33,436)
Financial income	1,857	-	1,857
Financial income (expense)	(111,524)	(5,451)	(116,975)
Profit before tax	53,396	(2,320)	51,076
Income tax expense	(21,496)	593	(20,903)
Net profit	32,262	(1,727)	30,535
Non-controlling interests	(147)	(25)	(172)
Net profit, Group share	32,409	(1,701)	30,708

* impact of restatement of operating leases

Consolidated cash-flow statement

€'000	30.09.19 (excl. IFRS 16)	IFRS 16 impact*	30.09.19
Net profit	32,262	(1,727)	30,535
Share of result in associates and joint ventures	(363)	-	(363)
Income tax expense (including deferred tax)	21,496	(593)	20,903
Net finance costs	116,975	-	116,975
Other operating income and expense	(455)	-	(455)
Depreciation and provisions, net of reversals	255,184	50,103	305,287
Capital gains on asset disposals	(32,156)	-	(32,156)
Cash flow from operations (before cost of financing and tax)	392,944	47,783	440,727
Income tax paid	(8,148)	-	(8,148)
Financial interest paid	(100,883)	-	(100,883)
Financial interest received	755	-	755
Change in working capital requirements	948	(2,277)	(1,329)
Cash flow from operating activities	285,617	45,506	331,122
Impact of changes in scope	(1,052,460)	-	(1,052,460)
Acquisitions of fixed assets	(321,616)	(34,489)	(356,105)
Disposals of fixed assets	47,646	-	47,646
Cash flow from investing activities	(1,326,430)	(34,489)	(1,360,918)
Dividends paid	(6,895)	-	(6,895)
Capital variation	-	-	-
Proceeds from loans and borrowings	2,227,220	34,489	2,261,709
Repayment of loans and borrowings	(937,475)	(45,506)	(982,980)
Cash flow from financing activities	1,282,851	(11,017)	1,271,834
Change in cash and cash equivalents	242,038	(0)	242,038
Cash and cash equivalents at beginning of period	141,418	-	141,418
Cash and cash equivalents at end of period	384,552	-	384,552
Impact of exchange rate fluctuations	(1,096)	-	(1,096)
Change in cash and cash equivalents	242,038	0	242,038
Other marketable securities	102,847	-	102,847
Cash at bank and on hand	288,136	-	288,136
Current bank borrowings	(6,431)	-	(6,431)
Cash and cash equivalents	384,552	0	384,552

* impact of restatement of operating leases