



LOXAM – 2022 FOURTH QUARTER AND FULL YEAR RESULTS

“High organic growth delivers a record year”

Paris - March 14th, 2023

LOXAM, Europe’s leading equipment rental company to professionals, published today its financial statements for the fourth quarter and full year of 2022.

Fourth quarter highlights

- Revenue of €621 million, up by 6.1%
- EBITDA of €210 million with EBITDA margin of 34%
- High level of gross fleet capex at €211 million
- Comfortable liquidity of €228 million, excluding the undrawn €345 million RCF
- Signing of prestigious contract for the Paris 2024 Olympic & Paralympic Games energy back-up supply
- Acquisition of HR Aluguer de Equipamentos in Portugal

Full year 2022 highlights

- Record revenue of €2,403 million, up by 10.0% (+9.0% at constant perimeter and FX)
- EBITDA of €848 million, up by 9.1% (+7.8% at constant perimeter and FX)
- Strong increase of fleet capex at €738 million
- Net debt / Proforma LTM EBITDA ratio stable at 4.7x as of December 31st
- Network expansion at international divisions and selective bolt-on acquisitions

Gérard Déprez, Chairman and CEO of LOXAM commented:

“For the second year in a row, LOXAM has recorded a double-digit growth. While last year the growth was predominantly driven by post-pandemic recovery, the growth of 2022 is genuinely stimulated by growing rental markets for all our divisions. We are also pleased to have concluded a few bolt-on acquisitions in Europe which continue to densify our network in order to provide first class service to our customers.

Performance in Q4 concludes a very good year for the LOXAM Group. After the recovery of 2021, the Group seized the opportunities of a market growing in all regions to develop quickly, organically supported by a program of €738 million of fleet capex. We also expanded our network organically in the international business with 17 new branches and are extremely pleased to have launched a new division in France addressing the needs of international sports events.

During 2022, the inflation of energy prices pushed up haulage, travel and property costs, however the Group managed to recharge customers for the increase in services costs. Marketing and travel costs went back to a normal level to keep up with the organic development of the Group. We are therefore pleased to have maintained the level of our EBITDA margin at 35%.

The leverage ratio has been maintained at 4.7x despite the record amount of capex and a negative working capital requirement induced by revenue growth.

Laying the foundation of our CSR policies in 2021, throughout 2022 we have already acknowledged positive feedback from our stakeholders. In particular, we are pleased to have obtained the first green loan in France under the InvestEU programme from the European Investment Bank. LOXAM also introduced CSR KPI in its Revolving Credit Facility, linked to the increase of green Capex, the assessment of its CO2 reduction trajectory by SBTi, the reduction of staff accidents and the increase of staff training. Thanks to the delivery of the 2022 performance in terms of revenue growth and capex expansion, the Group is well prepared to face the challenges of slowdown in demand in 2023. Such a slowdown has not yet materialized in the first months of the year.”

KEY FIGURES (in millions of euros and post IFRS 16 unless otherwise indicated)

	<u>Q4 2021</u>	<u>Q4 2022</u>	<u>Change</u>	<u>12M 2021</u>	<u>12M 2022</u>	<u>Change</u>
Revenue						
France	236.1	252.6	7.0%	919.8	976.9	6.2%
Nordic countries	186.7	186.4	-0.1%	658.0	722.5	9.8%
Rest of the world	162.4	181.8	12.0%	607.3	703.3	15.8%
Total Revenue	585.2	620.9	6.1%	2 185.1	2 402.8	10.0%
EBITDA						
France	84.9	91.9	8.2%	339.7	363.5	7.0%
Nordic countries	55.8	50.8	-9.1%	203.8	217.6	6.8%
Rest of the world	61.1	67.7	10.9%	233.6	267.0	14.3%
Total EBITDA	201.8	210.3	4.2 %	777.1	848.1	9.1%
EBITDA margin						
France	36.0%	36.4%	0.4 pts	36.9%	37.2%	0.3 pts
Nordic countries	29.9%	27.2%	-2.7 pts	31.0%	30.1%	-0.8 pts
Rest of the world	37.6%	37.2%	-0.4 pts	38.5%	38.0%	-0.5 pts
Total EBITDA margin	34.5%	33.9%	-0.6 pts	35.6%	35.3%	-0.3 pts
EBIT	67.3	61.1	-9.3%	253.8	279.7	10.2%
Recurring Free Cash-Flow (pre-IFRS 16)	32.8	-7.4	n/a.	124.0	-209.1	n/a.
Gross capex	178.3	232.9	31%	444.2	792.5	79%

REVENUE

LOXAM’s consolidated revenue for the full year increased by 10% to €2,403 million (+9% at constant perimeter and exchange rates). Revenue increase was fueled both by the recharge of inflated services costs as well as growth in rental revenue. The latter benefited from an increase both in the size of fleet and in rental price.

The three divisions have kept a good momentum of growth over the course of the year. Revenue from activities in France increased by 6.2% after rebounding in 2021. In the Nordic countries, revenue increased by 9.8% thanks to a catch-up in H1 and the resumption of demand for large projects. In the Rest of the World division, revenue increased by 15.8% thanks to good markets as well as capex and network expansion.

During the fourth quarter of 2022, revenue from activities in France showed no sign of slowdown with a growth of 7.0% to €253 million. The division benefited from the contribution of Sofranel/SCL and good results of Power and Events activities.

Revenue for the Nordic countries was stable at €186 million, as revenue in Q4 2021 was benefitting from a post-Covid rebound and Q4 2022 was impacted by unfavorable foreign exchange variations (at constant rates, revenue increased by +4.0%). Revenue at the Rest of the world division pursued a double-digit growth for the 7th consecutive quarter, reporting an increase of 12.0% at €182 million.

EBITDA

EBITDA increased by 9.1% to €848 million for the full year. Excluding capital gains, EBITDA increased organically and at constant FX by 7.3%. EBITDA margin was almost constant at 35.3%. The Group managed to match the increase in energy prices with recharges to customers. However, the impact of higher fuel costs on travel and property costs could not be fully recharged through increases in rental rates.

France EBITDA increased by 7.0%, resulting in a robust EBITDA margin of 37.2%. Nordic Countries posted a 6.8% increase of their EBITDA during 2022 with a standard EBITDA margin of 30.1%. The Rest of the World registered a strong overall performance with an EBITDA increase of 14.3% and maintained a strong margin at 38.0% despite the organic development of the network.

During the fourth quarter of 2022, EBITDA increased by 4.2% to €210 million. EBITDA in France increased by 8.2% thanks to capital gains on fleet disposals, organic growth and the contribution of the acquisitions. EBITDA in the Nordic countries decreased because of non-recurring cost in Q4 2022. Finally, Rest of the World EBITDA grew by 10.9% during Q4 keeping an EBITDA margin of 37.2%.

FINANCIAL INCOME

For the full year, net financial expense totaled €147 million, recording a decrease of €12 million. The reduction in interest expense was achieved thanks to capital gain of €6.4 million on the €31.9 million of bonds bought back during Q3 and Q4. In 2021, financial costs included the set-up costs for the new RCF of €345 million.

The Group saved some interest expense following the subordinated bond partial repayment in H2 2021 and the senior secured bonds refinancing in February 2022 while the interest charge for bilateral and finance leases increased as the Group financed the 2022 capex with new facilities.

Net financial expense for the fourth quarter 2022 amounted to €40 million, which was stable compared to the same quarter last year thanks to a €3 million capital gain on some bonds buy back.

CASH FLOW AND INDEBTEDNESS

Recurring free cash flow for the full year turned negative at € -209 million because of the increase in fleet capex reaching €738 million and due to the increase of working capital requirement which returned to a standard position at the end of the year.

During the fourth quarter 2022, recurring free cash flow stood at € -7 million despite high level of gross capex of €233 million.

At December 31, 2022, the liquidity of the Group remained comfortable at €228 million of cash on the balance sheet, as the Group has started to optimize the level of cash on the balance sheet. Besides, the €345 million RCF remained undrawn. The loan from EIB was partially drawn for €44 million out of a total of €130 million.

After taking into account the financial impact of bolt-on acquisitions, the dividend payment and IFRS 16 impact, net debt amounted to €4,066 million as of December 31st and the net debt to pro forma EBITDA leverage ratio was kept at 4.7x. In 2022, the Group successfully managed the strong growth of the business and the increase of the capex spending without affecting its leverage ratio.

ENVIRONMENT, SOCIAL & GOVERNANCE RESPONSIBILITY

In 2022, LOXAM confirmed its maturity in terms of sustainable development. Among the many actions undertaken, the Group can highlight the publication of the first Group extra-financial report submitted to the review of an independent third-party, a 15% drop in work-related accidents and the continuation of investments in favor of the energy transition (26% of capex in favor of electric, hybrid and hydrogen equipment, which is in line with the defined trajectory). The Group's commitments to reduce CO2 emissions in line with the Paris agreements have attracted the interest of the financial world, through the RCF and the EIB loan.

Lastly, LOXAM has confirmed this performance with all the extra-financial evaluators (CDP, Ecovadis, etc.) and has received numerous awards from professional federations and independent third parties.

BUSINESS OUTLOOK FOR 2023

For the first months of the year, the growth of revenue has continued at the same pace as during the last quarter of 2022. The Group is aware of the warnings hinting at a macro-economic slowdown in 2023. The capex spend for this year will be reduced. However, it should still enable the Group to achieve its expected growth.

In 2023, the Group will consider opportunistic bolt-on acquisitions.

According to our expectations, the leverage ratio should stand at 4.5x at the end of the year.

FINANCIAL CALENDAR

Publication of Q1 2023 results on May 30, 2023 after market close and conference call on May 31, 2023.

INVESTOR CONTACTS

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ABOUT LOXAM

LOXAM is the French and European leading equipment and tooling rental company for building and public works, industry, landscaping, event management and services. The Group is the 4th largest player in the world, with consolidated revenues of €2.4 billion in 2022, and leverages the know-how and commitment of its 11,800 employees in more than 1,090 branches over 30 countries.

Firmly committed to the energy transition in industry and construction, LOXAM has been contributing to the development of a circular economy since its creation in 1967 and has placed Corporate Social Responsibility (CSR) at the heart of its development and growth model. Its strategy of electrification and greening of its fleet is supported by the European Investment Bank, and it has been evaluated as a "Top-rated company" regarding its CSR policy by the rating agency Sustainalytics. LOXAM is an Official Sponsor of the Rugby World Cup France 2023 and an Official Supporter of the Paris 2024 Olympic and Paralympic Games.

FORWARD-LOOKING STATEMENTS

This document includes "forward-looking statements" about LOXAM and its subsidiaries (the "Group"), including in relation to its strategy, plans or intentions. These statements may also address management's expectations regarding the Group's business, growth, future financial condition, results of operations and prospects. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, the Group's actual results may differ materially from those that management expected. The Group has based these forward-looking statements on its current views and assumptions about future events. While it believes that these assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect the Group's actual results. All forward-looking statements are based upon information available to management on the date of this document. Investors are cautioned not to place undue reliance on such forward-looking statements.