INVESTOR REPORT December 31, 2014

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DEFINITIONS

In this document:

- “Company” means LOXAM S.A.S., and “we”, “us”, “our” and “our group” refer to LOXAM S.A.S. and its consolidated subsidiaries, unless the context requires otherwise;
- “EBITDA” means operating income plus depreciation of fixed assets;
- “Adjusted EBITDA” means EBITDA plus certain costs that we do not consider to be representative of the results of our ongoing business operations, particularly costs associated with putting in place new financings;
- “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) finance income and expense, (iii) income taxes (excluding deferred taxes), (iv) increases in working capital requirement and (v) 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;
- “Net debt” means gross debt less cash and cash equivalents (cash plus marketable investment securities);
- “Like-for-like” means changes in revenues for the period indicated compared to the prior comparable period, excluding changes in the scope of consolidation;

NOTICE

All financial information in this report has been prepared in accordance with French GAAP and is presented in million of euros. This financial information has been subject to an audit by our statutory auditors.

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

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

No change in accounting policies has occurred since the end of the previous financial year.

The following discussion and analysis is based on, and should be read in conjunction with, our audited annual consolidated financial statements included elsewhere in this report.

This document contains certain statements that are forward-looking. These statements refer in particular to the Company's forecasts, projections, future events, trends or objectives that are naturally subject to risks and contingencies that may lead to actual results materially differing from those explicitly or implicitly included in these statements. Such forward-looking statements are not guarantees of future performance. The Company, as well as its affiliates, directors, advisors, employees and representatives, expressly disclaim any liability whatsoever for such forward-looking statements. The Company does not undertake to update or revise the forward-looking statements that may be presented in this document to reflect new information, future events or for any other reason and any opinion expressed in this document is subject to change without notice.

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 *(in millions of euros)*	**Year ended December 31, 2013**	**Year ended December 31, 2014**
Revenues	**804.7**	**812.3**
Other operating income	49.0	67.4
Purchases consumed	(97.1)	(92.1)
Personnel expenses	(210.1)	(220.2)
Other operating expenses	(279.1)	(295.7)
Taxes and duties	(14.7)	(14.8)
Depreciation, amortization and provisions	(146.3)	(176.9)
Operating income	**106.3**	**80.1**
Financial income and expense	(44.4)	(60.2)
Exceptional income and expense	(0.0)	(0.9)
Income tax	(23.4)	(9.7)
Amortization or depreciation of goodwill and intangible assets	(0.0)	(0.0)
Consolidated net income	**38.4**	**9.3**
Minority interests	(0.1)	(0.1)
Net income, group share	**38.5**	**9.4**

Consolidated balance sheet	**As of**	
(in millions of euros)	**December 31, 2013**	**December 31, 2014**
Intangible assets and goodwill	926.1	952.2
Tangible assets	409.6	534.2
Financial investments	5.6	6.0
Fixed assets	**1,341.2**	**1,492.4**
Inventory and work-in-progress	16.9	17.2
Trade receivables and related accounts	203.0	185.5
Other receivables and accruals	36.9	38.6
Marketable investment securities	128.0	114.3
Cash	12.7	30.2
Current assets	**397.5**	**385.6**
TOTAL ASSETS	**1,738.7**	**1,878.1**
Provisions for contingencies and charges	23.1	39.8
Loans and financial debt	983.0	1,114.1
Supplier payables and related accounts	75.8	62.9
Other liabilities and accruals	119.3	119.0
Shareholders' equity, group share	537.3	541.7
Minority interests	0.3	0.5
TOTAL LIABILITIES AND EQUITY	**1,738.7**	**1,878.1**

Consolidated condensed cash-flow statement	**Year ended December 31,**	
(in millions of euros)	**2013**	**2014**
Cash flow from operations	125.6	147.1
Cash flow from investing activities	(180.3)	(255.1)
Cash flow from financing activities	139.3	112.9
Change in cash and cash equivalents	**84.7**	**4.8**
Cash and cash equivalents at the end of the period [1]	**140.3**	**144.3**

Note

(1) Including bank overdraft.

BUSINESS

Overview

We are a leading European equipment rental group focused primarily on the construction and civil engineering sectors with 628 branches as of December 31, 2014 of which 482 were located in France. We are organized in three business divisions:

- Generalist France division, which includes equipment for earth moving (backhoes and loaders), aerial work (booms and scissors), handling (forklifts and tele-handlers), compaction (compactors and rollers), and building (concrete mixers and saws), as well as hand-operated tools such as power drills, chainsaws and jackhammers. As of December 31, 2014, our generalist network included 416 branches. We rent generalist equipment under our LOXAM Rental brand;
- Specialist France division, which includes powered-access equipment, modular shelters, large compressors and generators, heavy compaction equipment, suspended platforms and scaffolding. As of December 31, 2014, our specialist network in France includes 66 branches. We rent specialist equipment in France under several specific brands, such as LOXAM Access, LOXAM Module, LOXAM Power, LOXAM Laho TEC, LOXAM TP and LOXAM Event;
- International division, which comprises our specialist and generalist equipment offerings in 12 other countries (Denmark, Norway, Sweden, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg and Morocco) with a network of 146 branches as of December 31, 2014.

In addition to offering over 1,000 different types of generalist and specialist equipment and tools for rent, we also provide services such as transportation, refueling, damage waiver and retail consumable products to complement and support our rental business. As of December 31, 2014, our rental fleet amounted nearly 185,000 pieces of equipment (excluding accessories) with a gross book value of €1.6 billion.

We generated revenues of €812.3 million and adjusted EBITDA of €254.8 million for the year ended December 31, 2014, representing an adjusted EBITDA margin of 31.4%. In 2014, 62.9% of our revenues were generated from our generalist France division and 17.6% were generated from specialist France, with our international division contributing 19.5%.

As of December 31, 2014, we had the largest rental network in Europe with 628 branches, of which 482 were located in France. Our branches are deeply embedded in the local markets in which they operate, and we emphasize building and maintaining close relationships with clients at the local level. Our decentralized business model allows us to adapt our equipment fleet at the branch level in order to meet our clients’ needs in various markets, offering them a value-added alternative to owning and maintaining equipment in-house. Our dense network in France allows us to meet customer demand by moving equipment across branches.

Competitive Strengths

We believe that the following competitive strengths have been instrumental in our success and provide the foundation for our future growth:

Market leader with dense local network and strong brand recognition

We believe we are the largest equipment rental service provider in Europe based on 2014 revenue, with operations across 13 countries. In France, our largest market, we are the leading industry participant, with a national market share of 17.5% in 2014 (assuming a total market size of €3.8 billion as calculated by the ERA), and we believe that we are consistently one of the two largest players in most of the regions and metropolitan areas where we are active. As of December 31, 2014, our network included 416 generalist branches and 66 specialist branches in France, as well 146 branches in 12 other countries. The density of our network allows us to maintain close relationships with clients at the local level, which we see as an important competitive advantage in understanding our clients' needs and winning profitable business.

We are currently active in 12 European countries and in Morocco. Our position has been strengthened in Denmark in 2014 thanks to the acquisition of Dansk Lift. We also have reinforced our market position in the Netherlands through the acquisition of Workx in July 2014. We believe we are the only rental group to operate through a portfolio of generalist and specialist brands on this scale in several countries.

Diversified business model

Our business model and size result in a significant diversification in terms of offering, customers, end markets and regions.

With a total of nearly 185,000 machines representing approximately 1,000 references and a gross book value of €1.6 billion at the end of 2014, we believe we offer the largest fleet on the European market. Our fleet potentially addresses a full range of client needs for earth moving, aerial work, handling, compaction, energy, modular and building equipment, including both generalist and specialist equipment. Our fleet is continuously evolving as we seek to meet the demands of increasingly sophisticated technical aspects of our clients' operations and pursue opportunities to target new sectors. Our expanding product offering allows us to act as a one-stop shop with full and comprehensive rental solutions and to diversify our client portfolio.

Our broad and diversified customer base (representing approximately 139,000 customers across all divisions) includes construction, industrial and specialist customers, from small business and craftsmen to large international groups. Most of our largest customers operate multiple divisions, which results in a large portion of our business being carried out directly between our local branches and the local divisions or subsidiaries of larger groups, which further increases our level of customer diversification.

Our diversified end market exposure spans from residential and commercial construction sectors to public infrastructure and we are increasingly expanding into industry, municipal projects, as well as events and media, whether to support their day-to-day activities or occasional needs. The proportion of our business generated from the construction and civil engineering sectors in 2014 represented approximately two-third of our revenues. The proportion of our revenues generated from other end-markets stood at approximately one third. Of this amount, the share from the industrial sector represented 9%.

The significant density of our network and large number of customers we serve limit the impact of localized economic fluctuations in certain end-markets or geographies and reduces our dependence on any particular customer or group of customers

Strong financial track record

Operating in a cyclical industry, we have gained a significant amount of experience in managing risks and tracking signs of market slowdown and recovery.

We continuously monitor market indicators such as GDP growth and construction activity, as well as information generated from our local branch network and our strong customer relationships, to gain insight on future short- and medium-term demand for our services. This allows us to adjust our operating cost structure in a timely manner to changes in the industry, as demonstrated by our high level of profitability, with annual adjusted EBITDA margins consistently above 30% since 2006.

Our understanding of the business cycles affecting our industry and a close monitoring of our own set of key internal indicators, such as the age and utilization rates of the different products in our fleet, also allow us to make appropriate decisions with respect to our capital expenditure programs.

We believe that our focus on quickly adjusting our operating costs and our fleet to market conditions is a competitive advantage. We have been able to maintain a high level of profitability throughout the business cycles, while maintaining an active and modern fleet.

Flexibility and responsiveness of our network

Loxam’s reactivity and flexibility is driven by our dense branch network, which is supported by a well-trained and motivated workforce, a standardized premium rental equipment fleet and an optimized IT system.

The capacity to anticipate and adapt to changes in market environment is an important part of our business culture. Our branches are deeply embedded in local markets in which they operate, and we emphasize building and maintaining close relationships with clients at the local level to better anticipate their needs. Our business model combines a centrally-determined investment budget with large autonomy for regional and branch managers in spending their respective budget allocations, which allows us to adapt our equipment fleet at the branch level to accurately address local demand.

Branches serve as a continuous source of information by reporting the latest market opportunities and seamlessly feed information up to the rest of the organization.

We operate a high-quality and well-invested fleet that has the breadth to meet the specific and complex needs of our most demanding customers. Across our rental fleet, we aim to obtain standardized equipment from our suppliers by providing them with uniform specifications, according to Loxam's high standards. A standardized fleet lowers maintenance costs and reduces training time for our staff. It also makes it easier to share spare parts between branches and transfer equipment from one branch to another, resulting in greater fleet utilization.

To improve the efficiency of our French generalist network, all branches have been operating under the Loxam Rental brand from January 2014. We have streamlined and simplified the management of our network in order to optimize our network. In 2014, we have merged 50 branches in the generalist network in order to adapt to the decrease of the French construction market.

Our network is well-managed, with close quality control of our branches, optimized IT systems and strong reporting tools, allowing information sharing and internal benchmarking and resulting in a highly dynamic and flexible network. We monitor the quality of our branches through regular audits (both internal and external). In order to support our network and preserve its quality and dynamism, we provide our employees with different types of comprehensive internal training across all levels and divisions to foster the development of multiple skill sets, resulting in a more efficient utilization of our employees.

In 2014, we have completed the roll-out of a group-wide integrated ERP system based on the RentalMan platform, which is a dedicated, unified and multilingual rental system that links all aspects of our fleet management and back office in real time. We have access to immediate information that allows us to redeploy assets within our network to areas where the level of demand is higher and maximize our utilization rates.

In addition, we have deployed a new customer relationship management (CRM) system, which we call Loxforce, and which is a valuable commercial tool that helps us serve our customers more efficiently.

Our IT system also tracks maintenance and certification requirements, credit management and supplier e-invoicing.

Experienced and proven management team

Our senior management team is led by Mr. Gérard Déprez, our president and CEO and controlling shareholder, who has 28 years of experience with Loxam. The members of our management committee have significant industry experience and an average of more than 10 years with our company. Our management team has experienced several economic cycles of expansion and downturn in our industry and has proven its ability to consistently maintain strong financial performance and protect cash flow generation. Our top management is supported by divisional and regional managers in an organizational structure that empowers middle management and keeps bureaucratic processes at a minimum. This encourages strong commitment and entrepreneurial spirit across the Company and ensures lean corporate functions. Our shareholders include 3i and Pragma, who have a strong expertise in the rental industry stemming from previous investment in the sector. 3i and Pragma participate actively in our strategic decisions through their representatives on our Strategic Committee.

Our Strategy

We intend to pursue the following key elements of our business strategy:

Continuously refine our network coverage to capture profitable growth

We will continue to focus on generating profitable growth through the optimization of our branch network at the local, national and international levels.

We aim to defend our national leadership position in France on the back of strong market shares in all the local markets in which we are active. We continue to monitor the efficiency of our network of 482 branches in France through regular reviews of the profitability of each individual branch and the utilization rates of our fleet. Based on a certain number of key indicators relating to our network and our fleet, as well as our expectations of future local market conditions, we adjust our coverage and product offering accordingly. We are able to open new branches in dynamic areas while reducing our presence where demand is weaker. Having merged our generalist networks in 2013, we completed 50 branch consolidations in 2014. We also opened 5 new branches and acquired 11 branches from Phocomex. Our French generalist branch network on 31st December totaled therefore 416 branches. We consider most of the costs associated with branch openings and closings to be part of our normal activities and are therefore included in our operating costs. This approach has kept restructuring costs to a minimum in past years.

In complement to our organic growth, we will continue our selective acquisition strategy. We acquired Dansk Lift in December 2013, with 6 branches in Denmark, four branches in Norway and one branch in Sweden, and €18.8 million of revenues in 2013. In July 2014, we acquired Workx in the Netherlands which has a network of 42 branches and had revenues of €34.0 million in 2013. In November 2014 we acquired two branches in Spain and in December we acquired all the assets of Phocomex a French rental company based near Marseilles which had filed earlier in the year for bankruptcy. We consider that Phocomex will add 11 branches to our French generalist network. Through our acquisition strategy, we are seeking to strengthen our leading market position, increase the density of our network and reach a critical size to run profitable operations at a local level. We believe the fragmentation in the market will allow us to complete acquisitions at attractive prices and act as a market consolidator going forward, particularly during downturns.

Further diversify our end markets

We will continue to leverage our know-how and expertise in the construction market to strengthen our leadership position in the equipment rental industry. We are continuously seeking to enhance the value proposition for our customers through a comprehensive product and service offering in our generalist and specialist networks, and through IT innovation. We also intend to remain at the forefront of innovation in the industry and leverage our reputation for quality, safety, reliability and environmental commitment evidenced by our ISO 9001, ISO 14001 and MASE certifications. We issued our Corporate Responsibility brochure in 2014. Our offering is supported by a clear brand strategy to position Loxam as market leader in the generalist segment through the Loxam brand, a reference brand in the construction market since 1994, and in every construction specialist sub-segment.

We will continue our strategy of diversifying our end-markets. For example, we have strengthened our focus on renovation, which is less cyclical than the overall construction market, and we have also reduced the share of our business generated from civil engineering. We have increased as well our exposure to other end-markets, such as manufacturing, local authorities, event organizers, landscaping, retail, petro-chemical, training, demolition and facilities management. The customers in these sectors often have higher expectations in terms of quality of service (24 hours a day/7 days a week), which helps us maintain a high standard of service and equipment quality across our business. We are also seeking to target additional client categories, such as small and medium enterprises (SME) or craftsmen who need smaller equipment.

We are also broadening our customer base to retail customers, through the development of partnerships with major do-it-yourself retail chains based on a co-branding model. We already have co-branding partnerships in place with the Leroy Merlin do-it-yourself chain and expect to seek to develop this activity, including with builder merchant chains. We also continue to open shops in city centers branded LoxamCity to offer our customers proximity to their sites in places where traffic conditions are critical.

Managing lifecycle and performances of our rental equipment

We will continue to actively monitor the size, quality, age, composition and efficiency of our rental fleet. We are committed to the disciplined management of our fleet to optimize utilization and profitability by:

- Leveraging our scale to negotiate fleet purchase prices and develop customized services and bespoke equipment addressing Loxam's requirements in terms of quality, safety and low maintenance costs. In addition, our long-lasting relationship with key equipment suppliers will allow us to obtain useful information on new product innovations and assess market demand;
- Using our comprehensive information systems to increase our utilization rate and yield; we will continue redeploying assets within our branch network, optimizing pricing, adjusting our fleet mix on a real time basis and maintaining fleet quality and diversification; we will focus our primary investments in the most active markets where our fleet has a higher utilization rate and where we expect stronger market trends;
- Continuing a rigorous maintenance program by tracking the servicing history of each piece of equipment; and
- Seeking to remove older or idle equipment from our fleet at optimal times, and rejuvenating our fleet so as to be well positioned to serve customers and meet higher demands as a result of a strengthening market.

Continue to adapt our financial discipline to business cycles

Our management's experience in equipment rental gives us a long-term vision of cyclicality in the construction and public works industries and thus of demand for our equipment. Our diversified and flexible business model enables us to maintain high adjusted EBITDA margin and quickly adjust our capital expenditure investments to demand in order to protect cash flow generation. This strategy relies on strong financial discipline implemented across our platform as evidenced by our operating cash flows generated during the downturn.

We plan to continue using this experience to help us identify the inflection points in the business cycle, when we must decide whether to reduce capital investments and apply cash to debt repayment or make further expenses to meet a growing market demand. Our approach helps us to avoid either excess fixed costs related to over-investment when demand drops or lost revenue opportunities and customer dissatisfaction due to under-investment when demand picks up.

We intend to continue managing our operations with a clear focus on adjusted EBITDA and cash flow growth to fund our future investments and service or debt.

Products and Services

Our business is organized into three divisions:

- generalist France division, which comprises our generalist rental operations in France;
- specialist France division, which comprises our specialist rental operations in France; and
- international division, which is composed of our generalist and specialist rental operations in 12 countries other than France.

In each of our divisions, our principal activity is equipment rental, which accounted for approximately 70% of total revenues in 2014. We also provide rental services (approximately 24% of total revenues in 2014) that complement and support our rental offerings and, to a lesser extent, engage in retail activity at our branches (approximately 6% of total revenues in 2014).

We offer over 1,000 different types of equipment and tools for rent. Most of our rentals are short-term (often less than one week), although we are also expanding our offerings under longer-term rental contracts. For example, our “mini-leases” (one to three years) offer clients the ability to personalize equipment and use it for a longer period while having us handle maintenance and repair.

Generalist France

Our generalist offering in France is focused on equipment principally used in construction and civil engineering projects. These projects encompass a wide range of activities, including new buildings in the residential, industrial, commercial and governmental sectors, renovation, utilities, roadwork and infrastructure. We also provide equipment for general industrial, landscaping and other activities. Since January 1, 2014, we rent generalist equipment solely under the Loxam Rental brand. Our main product lines include:

- earth moving equipment, including backhoes, loaders, dumpers and excavators, which are designed for digging, lifting, loading and moving material and are frequently used in construction and civil engineering projects;
- aerial work platforms, including booms, scissors and vehicle-mounted platforms, which are mechanical elevation equipment used in various activities, including general industrial and service works and facility management;
- handling equipment, such as forklifts and telehandlers, which are used to lift and transport materials and are often used in the construction, manufacturing and warehousing industries;
- compaction equipment, including compactors, rammers and rollers, which are used to compact soil, gravel, concrete or asphalt in the construction of roads and foundations or to reduce the size of waste material;
- energy equipment, including compressors and generators, which are used to power machinery or construction sites;
- building equipment, such as concrete mixers and saws; and

- other equipment, including scaffolding, trucks, pumps, site surveillance systems, traffic management equipment and hand-operated tools such as power drills, chainsaws, and jackhammers, among others, mainly used in construction and renovation projects.

Specialist France

Our specialist equipment offerings in France serve specific client needs in terms of performance (such as power or reach) or quantity of equipment. Our different lines of specialist equipment are marketed and rented through dedicated subsidiaries and business units, as described below:

- powered-access elevation equipment, with or without operators, rented by Loxam Access and Loxam LEV, includes truck-mounted booms, telescopic and articulated booms and other platforms for reaching significant heights, used in construction, landscaping, events and by utilities and media customers;
- modular shelters, rented by Loxam Module, include portable accommodation, workspaces and containers, often used on major construction or civil engineering sites, for special events, for schools, administrative offices and for other applications;
- large compressors, generators and temperature control units, rented by Loxam Power, include air compressors used to provide power to construction machinery and electrical generators that convert mechanical energy into electrical energy to power heavy machinery or to provide electricity where the grid is not available, as well as welding and pumping equipment;
- heavy civil engineering equipment, rented by Loxam TP, is used for excavating, grading and compacting, principally for earthworks, road and railway construction, landscaping and demolition;
- equipment such as forklifts, super-silent generators and platforms, rented by Loxam Event for use in the production and logistical coordination of cultural, sporting and public events, concerts, exhibitions and television productions, and
- temporary suspended platforms, mobile and fixed scaffolding, modular portable formwork and lifting equipment, rented by Laho TEC.

We continue to add new products to our rental catalogue, including temperature controls and cooling equipment, deconstruction equipment and accessories, bi-energy equipment (such as excavators and access equipment) and site elevators, reflecting our ongoing innovation and response to customer needs.

International

In addition to our generalist and specialist offerings in France, we offer equipment rental in Denmark, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg, Norway, Sweden and Morocco.

Internationally, we are principally focused on generalist equipment used in construction and civil engineering projects, which we rent mainly through our Loxam Rental brand. We also offer specialist equipment in certain international markets, including: powered-access elevation equipment in Ireland, Luxembourg, the Netherlands, the United Kingdom, Denmark, Sweden and Switzerland through our

Loxam Access brand; modular shelters in Belgium and Denmark through our Loxam Module brand; and compressors, generators and temperature control units in the Netherlands through our Loxam Power brand.

Rental services and retail

In all three of our divisions, we offer a variety of services that complement and support our rental offerings. Rental services, which accounted for approximately 24% of total revenues in 2014, include transportation of equipment to a site and assembly, damage waivers, which act like a product warranty against theft and breakage, rebilling of other services such as equipment maintenance and fuel. Our rental services activity supports our core rental business and is not a separate division.

We also sell supplies, work site accessories and tools at our branches, including replacement parts, safety equipment and cleaning tools used by our end-customers. Retail activity accounted for approximately 6% of total revenues in 2014.

Customers

We have a broad customer base of approximately 139,000 clients across all divisions, ranging from individuals to large international companies. Our customers operate in many sectors, including residential, industrial, commercial and governmental construction, civil engineering such as transportation and infrastructure, utilities, building renovation, distribution, logistics, retail, environmental, events and media. A significant portion of our customers are large construction and civil engineering groups with national operations. These customers operate through a large number of divisions with whom our relationships are established locally at the branch level by our branch managers and sales executives (and supported by key accounts managers at our headquarters), providing multiple entry points in our contacts with customers and contributing to the diversification and stability of our customer base.

Our network of branches and our specialist equipment offerings enable us to provide tailored and attentive service to local and regional customers, while our developed full-service infrastructure allows us to effectively service large national and international customers. These large and diversified groups are significant operators in the construction and civil engineering sectors, as well as in road building, industrial maintenance and electrical works. They operate through hundreds of companies whom we serve through our network of 482 branches in France. No single customer on group basis accounted for more than 10% of our revenues in 2014. We are also developing our base of smaller customers, including small- and medium-sized enterprises (SMEs) and craftsmen.

We monitor counterparty risk, particular in respect of our smaller customers, and are attentive to signs of liquidity problems among our customers so that we can react quickly if needed. This policy has helped us to maintain a bad debt ratio of less than 1% of our revenues in 2014.

Sales and Marketing

We have a strong sales and marketing organization, which we believe allows us to expand our customer base and maintain loyalty with existing customers. Our sales and marketing organization operates at three levels: (i) locally, at the branch level; (ii) regionally, through commercial managers operating under the regional managers; and (iii) centrally, through our dedicated sales and marketing team. Branch managers and regional commercial managers develop relationships with local customers and assist them in planning their equipment and rental requirements, while our centralized sales and marketing team works with our largest customers and targets new customers to identify their needs and propose comprehensive solutions. In addition, we maintain an in-house call center staffed only with experienced sales staff, providing additional points of contact for our customers.

We also leverage our quality, safety and environmental certifications, including ISO 14001 for environmental commitment, ISO 9001 for product quality and MASE for employee safety, which we believe are factors used by some of our larger customers in selecting their rental partners.

We have also issued a brochure called “Responsible Rentals” to demonstrate our commitment to social responsibility.

Rental Fleet

We have a well-maintained fleet consisting of approximately 185,000 pieces of equipment (excluding accessories) as of December 31, 2014, with approximately 131,000 pieces of equipment in our generalist France division, approximately 22,000 in our specialist France division and approximately 31,000 in our international division. We strive to offer a large variety of equipment and we believe that our rental fleet is one of the most extensive fleets in the European market, representing over 1,000 different types of generalist and specialist equipment and tools. All of the equipment in our fleet is branded and painted in Loxam colors or those of the relevant business unit. As of December 31, 2014, our fleet had a gross book value of €1,638 million, of which generalist France accounted for €927 million, specialist France accounted for €305 million and international accounted for €406 million.

Our combined fleet is composed of the following principal equipment ranges and equipment types:

- earth moving: excavators, backhoes, loaders, dumpers;
- aerial work platforms: booms, scissors, van mount, truck mount;
- handling: forklifts and telehandlers;
- compaction: compactors, rammers, rollers;
- energy: compressors, generators, coolers, heaters;
- modular: modular spaces, containers, sanitaries; and
- building and other: concrete mixers, scaffolding, pumps, tools and other equipment, such as trucks and traffic management.

Fleet management

Our approach with respect to fleet management is to provide regional and branch managers with wide autonomy to develop their business and manage their own equipment with the objective of maximizing its own profitability, but with central fleet managers able to monitor and assist in fleet management across branches and regions and to ensure overall efficiency. Our approach to fleet management assumes the replacement of a fleet item upon the expiration of its useful rental life, which is usually when it is obsolete or no longer capable of generating revenue in excess of maintenance costs. Most of the equipment in our fleet is depreciated on a straight-line five-year basis. Our fleet equipment is almost always fully depreciated when we dispose of it. The disposal of a piece of equipment from the fleet is a technical decision made by a technical manager at the regional level. We have established metrics and guidelines for each category of equipment that help determine the desired replacement cycle. Most metrics are based on repair costs relative to rental income, utilization rate and age. We determine whether to use equipment that has been removed from our fleet for parts, sell it for scrap or sell it at auction. We monitor fleet utilization and other metrics to measure branch performance and maintain appropriate inventory levels and to manage fleet allocation across our networks as well as capital expenditures. Our ERP RentalMan platform, which has been customized to enhance our operating efficiency and equipment turnover rate by providing real time access to inventory data, enables us to track the location and availability of our equipment at our branches.

Maintenance and daily checks of equipment in the fleet are performed at each branch. Minor repairs and parts replacement, such as windshields, tires and hydraulic fittings, are outsourced to approved specialized suppliers, while major repairs are performed by manufacturer-approved dealers.

Suppliers

We purchase the equipment in our rental fleet from large, recognized original equipment manufacturers who we believe have the best product quality and support, and we typically choose to work with two or three manufacturers per equipment range. We have no long-term agreements with our fleet suppliers and no volume commitments or exclusivity clauses apply to these relationships. We also work in cooperation with our suppliers to adapt our fleet equipment to client needs and limit maintenance costs. We also purchase goods and services, principally non-fleet vehicles and equipment, fuel, lubricants, insurance and transportation, as well as the goods sold in our retail activities, from a number of third party suppliers.

Our Network of Branches

As of December 31, 2014, we had a network of 628 branches, primarily located in Western Europe. The table below shows the number of branches we operate in each country:

Country	Number of branches as of December 31, 2014
France	482
The Netherlands	54
Denmark	26
Belgium	15
Germany	14
United Kingdom	10
Spain	10
Switzerland	7
Norway	4
Morocco	3
Ireland	1
Luxembourg	1
Sweden	1
Total	**628**

Our business model combines a centrally-determined strategy, budget and back-office with wide autonomy for regional and branch managers to develop their business and spend their budget allocation, which allows us to adapt at the local level to meet our clients' needs in different markets. Each branch manages its own fleet, budget and financial reporting and is responsible for bringing in business by developing local relationships and monitoring local construction sites. Branches serve as a continuous source of information about the latest market opportunities, such as planned construction projects, allowing us to offer our services early and to the right client. A typical branch includes a branch manager, a rental consultant, a sales representative, one or more mechanics and one or more drivers. At the regional level, technical managers, commercial managers and administrative managers support the branches in their region, under the oversight of a regional manager.

We conduct periodic network optimization plans to enhance profitability. Since January 1, 2014, the generalist France division is operated under a single brand, Loxam Rental, to capitalize on the stronger brand of our portfolio.

Branches in France and International Branches

Most of our branches are located in France. Of our 482 branches in France as of December 31, 2014, 416 were generalist branches and 66 were specialist branches. Most of our branches are located in industrial zones in or near medium and large metropolitan areas. Our broad geographical coverage in France reduces our exposure to regional variations in economic activity.

Our generalist branches in France operate under the Loxam Rental name. Our specialist branches operate under the names Loxam Access (37 branches), Loxam Power (10 branches), Loxam Module (8 branches), Laho TEC (7 branches), Loxam TP (3 branches) and Loxam LEV (1 branch).

In Denmark, the Benelux and Switzerland, where we operate dense networks, we compete at a national level and enjoy strong competitive positioning. In other countries we generally compete at the regional level. Our international branches operate under the Loxam name.

Loxam City

In 2011, we opened LoxamCity, the first store in our urban branch initiative, in Paris. LoxamCity offers a wide range of immediately available and easily transportable generalist equipment, such as portable power tools that are often used in urban construction, renovation and other projects. LoxamCity also provides service and support, including advice and solutions to tackle specific urban construction site challenges, and is adapted in terms of location, selection and operating hours to the needs of smaller customers, including craftsmen and individuals. At the end of 2014, we had 9 LoxamCity branches in Paris.

Branch ownership and leasing

We lease the vast majority of our facilities in order to maintain flexibility in growing and developing our network and to be able to respond to demographic and other changes in the areas where we operate and the customers we serve. As of December 31, 2014, we owned the premises of approximately 10% of our branches, which were owned by companies we acquired, and leased the rest. Most of these leases provide for standard terms and renewal options.

Most of our French branches are leased pursuant to “commercial leases” (baux commerciaux) which grant significant rights under French law to lessees compared to leases in many other jurisdictions, in particular the lessee’s right of renewal, which the lessor can avoid only by indemnifying the lessee. Most of these commercial leases are for nine-year terms (the statutory minimum) and provide termination rights for the tenant at the end of each three-year period upon six-months’ prior notice. The rent paid under most of our commercial lease agreements is a fixed sum which is annually reviewed relative to national rental indices. In addition, in accordance with applicable regulations governing commercial leases, commercial rents can be adjusted upon the renewal of the lease in certain cases, and if not mutually agreed, may be determined by a competent court. In the year ended December 31, 2014, our real estate rental expense was €46 million, compared to €44 million for the corresponding period in 2013.

In other countries, our leases generally provide for standard terms under the relevant national laws and regulations. Generally, rent adjustment upon renewal of our leases is based on market value.

Employees

As of December 31, 2014 we had 4,671 employees (including apprentices and trainees), nearly all of which were salaried personnel. At this date, approximately 79% of our employees were based in France.

Developing quality rental equipment staff is one of our priorities and staff training plays a key role in ensuring a consistent customer experience across our branches and the adoption of common internal procedures. Our group-wide training center is available to all members of our staff and provides training in areas such as customer relations, sales methods, group processes, regulation, quality and environmental management, technical expertise and management.

Information Technology

Our IT strategy is designed to reinforce our overall business strategy, and in particular, to optimize the management of our fleet and improve synergies as we expand our network. Our IT team, which is centralized in Paris, maintains our hardware and services the software we use. We also use dedicated software such as Salesforce (CRM), Sidetrade (accounts management) and Kyriba (treasury management) for specific purposes and therefore work with external support teams provided by the publishers of these software.

We recently completed the implementation of an ERP ("Rentalman") specialized in rental activity. It is designed to support all of our business needs, other than finance. RentalMan has a role in our operating efficiency and equipment turnover rate by providing real-time access to inventory data, including the availability and location of equipment.

Intellectual Property

We use the trademark "Loxam", which enjoys high brand recognition in France and other European countries, as our trading name wherever we are present. "Loxam" is protected in the countries where we do business, including France and the other members of the European Economic Community.

Environmental and Safety Matters

We are subject to comprehensive and frequently changing local, national and European Community-level laws and regulations, including those relating to discharges of substances to the air, water and land, the handling, storage, transportation, use and disposal of hazardous materials and wastes and the cleanup of properties affected by pollutants. Under these laws and regulations, we may be liable for, among other things, the cost of investigating and remediating contamination at our sites and fines and penalties for non-compliance. Our operations generally do not raise significant environmental risks, but we use hazardous materials to clean and maintain equipment and dispose of solid and hazardous waste and wastewater from equipment washing.

To our knowledge, there is no pending or likely remediation and compliance cost that could have a material adverse effect on our business. We cannot be certain, however, as to the potential financial impact on our business if new adverse environmental conditions are discovered or compliance or remediation costs are imposed that we do not currently anticipate.

We have obtained certifications under ISO 14001 for environmental commitment and MASE for employee safety.

We have issued our first Corporate and Social Responsibility Report in order to inform our staff and customers of our significant efforts in this regard.

Competition

Our main competitors include medium-sized and large regional and national, and to a certain extent, international equipment rental groups, but we also compete at a local level with smaller competitors, including those that operate just in a single location.

Competition in our business tends to be based primarily on geographic proximity and availability of equipment, as well as on equipment quality, price, quality of sales relationships, delivery times, quality of service and, for our largest clients, possession of relevant health and safety certifications. We believe our extensive network of branches in France and decentralized approach give us an advantage over competitors. Our main competitors in France are Kiloutou, with an estimated 12.5% market share, and Hertz Equipment, both of which are competing with us on a national scale. We also have a few regional competitors and many more local competitors.

Insurance

We maintain the types and amounts of insurance customary in our industry and countries of operation. Our group insurance policies, which may be supplemented locally in certain countries where we operate, comprise, in particular, our automotive fleet policy, civil liability policy, multi-risks industrial policy, direct or indirect loss crime and data policy and include coverage for, among other things, employee-related occupational accidents and injuries, property damage, fraud, theft of vandalism of equipment, machinery break-down, and damage and injury that could be caused to third parties by poorly-maintained equipment. We have also subscribed to directors and officers insurance. We consider our insurance coverage to be adequate both as to risks and amounts for our business. We have not had any material claims that were not covered under our insurance policies.

Legal Proceedings

We are party to certain pending legal proceedings arising in the ordinary course of business. We cannot estimate with certainty our ultimate legal and financial ability with respect to such pending matters. We are exposed to various risks related to legal proceedings or claims that may exceed the level of our insurance coverage.” Based on our examination of these matters and the provisions we have made, we believe that any ultimate liability we may have for such matters will not have a material adverse effect on our business or financial condition.

MANAGEMENT'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 French GAAP.

Overview

We generated revenues of €812.3 million in 2014, representing an increase of 0.9% compared to revenues of €804.7 million in 2013 thanks to the integration of Dansk Lift from 1st January 2014, and Workx from 1st July 2014. In the 4th quarter of 2014, we also purchased two branches in Spain and completed the acquisition of the assets of Phocomex on 1st December 2014. However, on a like-for-like basis, our revenues decreased by 3.3%. Revenues of our generalist France division decreased by 6.5%. Revenues of our specialist Division increased by 3.3% like-for-like and grew by 3.3% at our international division also on a like-for-like basis. In 2014, 63% of our revenues were generated from our generalist France division (down from 68% in 2013), 18% were generated from specialist France division (up from 17% in 2013), with our international division contributing to 19% (up from 15% in 2013).

We generated adjusted EBITDA of €254.8 million in 2014, representing a increase of 4.2% compared to €244.5 million in 2013. Our adjusted EBITDA margin was 31.4% in 2014 compared to 30.4% in 2013. The increase in the adjusted EBITDA was mainly fuelled by the contribution of the acquisitions but even on a like-for-like basis, the adjusted EBITDA grew by 0.7%.

Our adjusted operating income decreased by 18.8% in 2014 to €90.5 million from €111.5 million in 2013. The decrease was the consequence of higher depreciation charges which increased by 23.5% in 2014 to €164.3 million, following the higher level of capital expenditures spent in 2013 and 2014.

Our financial expense grew by 35.5% to €60.2 million. The net interest expense grew by 14.9% to €6.6 million, as a consequence of the refinancing of our financial debt through the bond market in July 2014. Moreover, a provision of €9.2 million was taken in Q4 2014 covering the cost of future payments for the interest rate swaps. Following the refinancing of Loxam's bank debt in July 2014, the swaps had no longer a hedging purpose.

In July 2014 we issued €250.0 million of senior subordinated notes due 2022 and €410 million of senior secured notes due 2021 which increased the maturity of our financial debt. The proceeds from the issuance of these notes enabled us to repay fully the syndicated debt and all bilateral debt of Loxam SAS with the exception of financial leases.

Taking into account all the elements described above, the reported consolidated net income of the Group was of €9.4 million in 2014. In 2013, the net income amounted to €38.5 million.

We increased capital expenditures relating to our fleet, from €189.8 million in 2013 to €233.8 million in 2014. The increase reflected our decision to diversify and rejuvenate the fleet in France, and to sustain the organic growth of the international division.

Key Factors Affecting Results of Operations

Our results of operations are primarily affected by factors that impact the equipment rental industry generally, particularly cyclicality and economic conditions affecting the construction and civil engineering sectors, and our management of capital expenditures in response to changes in the cycle. Our results of operations can also be significantly affected in the short-term by one-time factors such as weather conditions in our principal market. Our results of operations are also affected by the expansion of our rental network through the opening and closing of branches and acquisitions. These factors are described in greater detail below.

Cyclicality and economic conditions

Demand for our products is dependent on the industries in which our customers operate, the general economy, the stability of the global credit markets and other factors. The construction and civil engineering sectors in France and in Europe generally, which are the primary markets for our rental equipment, are cyclical industries with activity levels that tend to increase during periods of economic growth and decline during economic downturns. Demand for our products is correlated to conditions in these industries and in the general economy.

Conditions in the construction and civil engineering markets have an impact on both the utilization rate of our equipment and on prices. As demand increases, utilization follows and we can then, subject to fixed pricing arrangements, choose to allocate equipment to customers who are willing to pay higher prices. When demand decreases, the opposite occurs, and we may reduce prices to preserve utilization levels. Demand can be affected by short-term factors that affect utilization rates and prices for a brief period, such as the adverse weather conditions, or by general economic trends that can have an impact (positive or negative) over a longer period. We seek to manage the impact of medium- and long-term trends through the adjustment of our investments in new equipment, increases or decreases in sales of our equipment, and the management of our branch network.

Investment in new equipment and asset sales

The management of our level of capital expenditure, by increasing or decreasing the amount of investment in our fleet, is an important factor in our results of operations and cash flow. Decisions about investment in new equipment are based on the condition and remaining useful life of our existing equipment as well as on our views of future demand. We sell assets in our fleet when we believe that these assets have reached the end of their useful life because they have become obsolete or when the cost of maintaining them in proper condition for customer use is too high. We also sell assets in our fleet before the end of their useful life if we believe a decline in demand in a given market is likely to last for a significant period of time. We believe that our experience in the rental equipment market allows us to recognize inflection points (the points at which demand is poised to level off or change direction) in the cycles affecting the construction and civil engineering sectors, so that we can increase investment just before the bottom of the cycle (before we expect demand to expand) and decrease investment just before the top of the cycle (before we expect demand to contract). We believe that our anticipation of trends in the construction and civil engineering cycle has helped us to control our levels of investment and related debt, and thus maintain strong levels of cash flow and positive net income during the periods under review.

The allocation of investments in our rental fleet is determined by the type of equipment and the requirements of our business units. Following the onset of the global financial crisis, we significantly reduced our investments in new equipment and increased our asset sales. We have started to increase our fleet investments significantly in 2013 and in 2014, with a view to diversification and rejuvenation of our fleet and positioning our international businesses for a potential rebound in market demand in the coming years.

Changes in our rental network

Changes in the size of our rental network as a result of opening or acquiring new branches and closing existing ones can have a significant impact on our revenues from one period to the next. This change in scale affects the comparability of our results during those periods by increasing both revenues and expenses.

We adapt our network in line with changes in the cycle by expanding existing branches or opening new branches in areas that meet certain criteria in terms of size and client activity and closing or consolidating existing branches that are less profitable. Branch opening decisions are driven by factors such as the coordination of the overall network, the specificity of a particular market, the competitive environment and our development in the specialist division. Decisions to close or consolidate branches are influenced by changes in the local market, for example due to the closing of a major construction or industrial site, or the proximity of branches whose clients could be served by a single location, which may occur as the result of an acquisition. In some cases we will relocate an existing branch to take advantage of changes in demographics, urban planning or infrastructure.

The following table shows the number of branches we have opened or acquired, and the number of branches we have closed or consolidated in the last two years.

	Branches opened or acquired		**Branches closed or consolidated**		**Total branches at period end**	
	France	**International**	**France**	**International**	**France**	**International**
2014 (*)	21	59	51	1	482	146
2013.........................	12	1	10	1	512	88

* including Dansk Lift A/S, which had 6 branches in Denmark, 4 branches in Norway and 1 branch in Sweden.

Since January 1, 2014, our generalist division operates under a single brand, Loxam Rental, to capitalize on the strength of the Loxam brand. We believe this consolidation should generate cost and revenue synergies through better coordination of commercial activities and capital expenditures, enabling the pooling of resources, improved exchanges of staff and equipment among branches and savings in back-office and marketing costs and enhancing branch positioning.

Operating Expenses

Our business, like that of all equipment rental groups, is capital-intensive with a relatively high level of fixed costs, principally related to the depreciation of our equipment fleet, as well as other operating expenses that are fixed for short or long periods of time, such as certain personnel charges and rent on real estate. The management of our costs is an important factor in our results of operations and cash flow. To the extent possible we seek to deploy our fleet so as to match increases and decreases in demand.

Acquisitions

We make acquisitions from time to time to take advantage of opportunities for consolidation, to increase the density of our network in our existing markets or to enter new geographical or specialist markets. During the periods under review, we made the following acquisitions:

- In December 2014, we acquired all the assets of Phocomex, a French generalist rental company with a network predominantly in the South of France. The company had been under receivership since the Autumn. This acquisition has brought 11 branches to our French generalist network.
- In November 2014, we acquired two branches in Spain diversifying our offer in Access equipment.
- On July 4, 2014, we acquired Workx, a Dutch rental company with 42 branches and €34.0 million of revenues in 2013. The acquisition of Workx enables Loxam to reinforce its position in general plant rental and to become a leading equipment rental company, as it will be able to offer its clients a national coverage on the Dutch market.
- In December 2013, we acquired an 85% controlling interest in Dansk Lift, a Danish rental company with revenues totalling €16 million in 2013, including Dansk Lift A/S, operator of 6 branches in Denmark, Safelift AS, operator of 4 branches in Norway and Safelift AB, operator of 1 branch in Sweden. The remaining 15% interest was acquired in December 2014.

Seasonality

Our revenues and operating income are significantly dependent on construction and civil engineering activity in the areas where our branches are located. Construction activity tends to decrease in the winter and during extended periods of inclement weather and increase in the summer and during extended periods of mild weather. This results in lower demand for our rental equipment in the first quarter on average compared to the rest of the year.

Explanation of Key Line Items from the Income Statement

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

- ***Revenues*** include 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 operating income*** principally includes net capital gains on disposals of fleet assets, write-backs of provisions on current assets (which mainly correspond to recoveries of written-down debt) 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 operating 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. Under French GAAP accounting principles, our other operating expenses also include the costs associated with our financing transactions, such bank commissions and fees, and the costs associated with our bond issuance realized in January 2013 and in July 2014.
- ***Taxes and duties*** relates mainly to property taxes and local taxes (the CET or *Contribution Economique Territoriale*) paid in France.
- ***Depreciation, amortization, and provisions*** principally includes depreciation of fixed assets (fleet and non-fleet), as well as provisions on current assets. Most of the equipment in our fleet is depreciated on a straight-line five-year basis.
- ***Financial income*** primarily includes interest income on cash balances, while ***financial expense*** comprises interest charges on bank loans and bonds and hedging expenses.
- ***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, 2014, the corporate tax rate in France was 38%. We are also subject to tax rates in the other countries in which we operate, which ranged from 12.5% to 33.99% as of that date.
- ***Amortization or depreciation of goodwill and intangible assets*** consists of provisions for amortization of goodwill, depreciation of market share or other intangible assets related to impairment tests conducted on a yearly basis, and recognition of negative goodwill.

Results of operations

The table below sets out our results of operations for the years ended December 31, 2013 and 2014 and the quarters ended December 31, 2013 and 2014.

Consolidated Income Statement	**Year ended December 31,**		**Quarter ended December 31,**	
(in millions of euros)	**2013**	**2014**	**2013**	**2014**
Revenues	**804.7**	**812.3**	**213.3**	**211.5**
Other operating income [(1)]	49.0	67.4	15.7	17.2
Purchases consumed	(97.1)	(92.1)	(28.6)	(25.7)
Personnel expenses	(210.1)	(220.2)	(56.5)	(57.4)
Other operating expenses	(279.1)	(295.7)	(74.8)	(75.1)
Taxes and duties	(14.7)	(14.8)	(3.7)	(4.1)
Depreciation, amortization and provisions	(146.3)	(176.9)	(37.0)	(48.6)
Operating income	**106.3**	**80.1**	**28.4**	**17.9**
Financial income and expense	(44.4)	(60.2)	(10.3)	(26.0)
Exceptional income and expense	(0.0)	(0.9)	0.2	(0.8)
Income tax	(23.4)	(9.7)	(6.6)	3.1
Amortization or depreciation of goodwill and intangible assets	(0.0)	(0.0)	(0.0)	(0.1)
Consolidated net income	**38.4**	**9.3**	**11.7**	**(5.9)**
Minority interests	(0.1)	(0.1)	(0.0)	(0.1)
Net income, group share	**38.5**	**9.4**	**11.7**	**(5.8)**

Note :

(1) Other operating income include write-backs of provisions on current assets amounting to €15.5 million and €9.5 million in 2013 and 2014 respectively, and capital gains on fleet disposals amounting to €18.5 million and €41.5 million in 2013 and 2014, respectively.

We consider revenues, EBITDA and adjusted EBITDA (despite the fact that they are non GAAP financial measures) to be key measures in analyzing our business. We do not present financial information by segment in our financial statements, but we consider our business to have three divisions: generalist France, specialist France and international. Each of our branches is assigned to one of these divisions, and as of December 31, 2014 we had 416 branches in generalist France, 66 in specialist France and 146 in international. The following table sets out these key figures in each of the generalist France, specialist France and international divisions for the years ended December 31, 2013 and 2014.

(in millions of euros)	**Year ended December 31, 2013**	**Year ended December 31, 2014**	**Quarter ended December 31, 2013**	**Quarter ended December 31, 2014**
Revenues [1]				
Generalist France	546.6	511.2	144.1	127.4
Specialist France	138.3	142.8	36.7	37.6
France	**684.9**	**654.0**	**180.8**	**165.0**
International	119.8	158.3	32.5	46.5
Total revenues	**804.7**	**812.3**	**213.3**	**211.5**
EBITDA				
Generalist France [2]	159.5	157.6	40.4	39.2
Specialist France [2]	47.3	47.1	12.1	10.9
France	**206.8**	**204.7**	**52.5**	**50.1**
International	30.9	38.2	8.9	12.4
Real Estate [4]	1.7	1.5	0.4	0.5
Total EBITDA	**239.4**	**244.4**	**61.8**	**63.0**
EBITDA margin	*29.7%*	*30.1%*	*28.9%*	*29.8%*
Adjusted EBITDA [3]				
Generalist France [2]	164.7	167.0	40.4	40.2
Specialist France [2]	47.3	47.1	12.1	10.9
France	**212.0**	**214.1**	**52.5**	**51.1**
International	30.9	39.2	8.9	12.4
Real Estate [4]	1.7	1.5	0.4	0.5
Total adjusted EBITDA	**244.5**	**254.8**	**61.8**	**64.0**
Adjusted EBITDA margin	*30.4%*	*31.4%*	*28.9%*	*30.2%*

Notes:

(1) To present generalist and specialist revenues generated in France by division, we aggregate the revenue of each branch assigned to that division. Revenues for generalist France and specialist France are presented net of rebates.

(2) To present specialist and generalist EBITDA generated in France by division, we allocate rebates pro rata based on revenues, 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 revenues, the gross value of its equipment or the rental value of its equipment.

(3) Adjusted EBITDA corresponds to EBITDA excluding certain costs that we do not consider to be representative of the results of our ongoing business operations, particularly costs associated with putting in place new financings (in contrast, ongoing bank commissions are not excluded from adjusted EBITDA). In 2013, adjusted EBITDA excludes, €5.2 million of costs related to the issuance of senior subordinated notes in January 2013. In 2014, adjusted EBITDA excludes, €8.5 million of costs related to the issuance of senior subordinated notes and senior secured notes in July 2014, and €0.9 million relating to the actuarial losses corresponding to the pension obligations. These costs were allocated to the generalist France division. Moreover, adjusted EBITDA excludes €1 million costs related to the Workx transaction in 2014, allocated to the international division.

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

Year ended December 31, 2014 compared to year ended December 31, 2013

<u>*Construction Market in France and Europe in 2014*</u>

After a decline of 3.2% in 2013, the French construction market is expected to have decreased further by 2.8% according to Euroconstruct figures released in November 2014. Among the construction segments, residential construction is thought to have decreased by 4%. Civil engineering is expected to have decreased by 2.5% as municipalities have cut expenses after the municipal elections of March 2014. Non-residential construction also dropped by 1.1% in 2014 because of weaker public and private demand notably in the construction of new office building.

In Europe, construction markets have been recovering in most countries, although may be not as strongly as was anticipated at the end of Q1. The most dynamic countries were the United Kingdom and Ireland followed by the Nordic countries (Sweden, Denmark and Norway).

Revenues

Our revenues increased by 0.9% to €812.3 million in 2014 from €804.7 million in 2013 thanks to the growth of our international division which grew by 32.1% in 2014. Like-for-like, our revenues decreased by 3.3%, mainly due to a decrease in generalist France division of 6.5%, while specialist France and international divisions increased respectively by 3.3% and 3.3%.

Revenues from our generalist France division decreased by 6.5% in 2014 to €511.2 million as compared to €546.6 million in 2013. This decrease was the consequence of the persistent weak construction market in France. Generalist France represented 63% of total revenues in 2014 compared to 68% in 2013.

Revenues from our specialist France division increased by 3.3% to €142.8 million in 2014 compared to €138.3 million in 2013. Our specialist France division benefited from increased revenues from Loxam Access as its branch network and fleet expanded and from Loxam TP which benefited from its exposure to large-scale civil engineering projects. The specialist France division represented 18% of total revenues in 2014, compared to 17% in 2013.

International revenues increased by 32.1% to €158.3 million in 2014 compared to €119.8 million in 2013. Like-for-like, international revenues increased by 3.3% in 2014 compared to 2013. In 2014, the growth of the international division was stimulated by the growth of our business in the UK, Ireland, Spain and Morocco. Our International division represented 19 % of total revenues in 2014, compared to 15% in 2013.

Other operating income

Other operating income increased by 37.7% to €67.4 million in 2014 from €49.0 million in 2013, principally due to an increase in net gains on fleet disposals.

EBITDA and Adjusted EBITDA

EBITDA increased by 2.1% to €244.4 million in 2014 from €239.4 million in 2013, and EBITDA margin increased to 30.1% in 2014 from 29.7% in 2013. Adjusted EBITDA increased by 4.2%, to €254.8 million in 2014 from €244.5 million in 2013. Adjusted EBITDA margin increased to 31.4% in 2014 from 30.4% in 2013. The €5.2 million adjustment recorded in 2013 was related to the issue of the €300 million senior subordinated notes due 2020. The €10.4 million adjustment recorded in 2014 was broken down as follows : €8.5 million in relation to the issuance of €410 million senior secured notes due 2021 and of €250 million senior subordinated notes due 2022; €0.9 million in relation of an actuarial loss of pension obligations in 2014; and €1.0 million of non recurring transaction costs.

Overall, the increase in our EBITDA and adjusted EBITDA was achieved despite the like-for-like decrease of our revenues in the French generalist division. It was fuelled by the acquisitions of Dansk Lift and Workx and higher capital gains on our fleet disposals. Also the staff and cost reduction efforts at our French generalist division had a positive impact on the EBITDA.

EBITDA from our generalist France division decreased by 1.2% to €157.6 million in 2014 from €159.5 million in 2013. All of our bond issuance costs were allocated to our generalist France division. This is also the case for the actuarial losses of pension obligations. Adjusted EBITDA of this division was €167.0 million in 2014, representing a growth of 1.4% compared to €164.7 million in 2013 as this division benefited from higher capital gains on the fleet disposals but also benefited from a reduction in staff and operating costs. Excluding staff taken over from Phocomex, the number of staff decreased by 4% during the year and the number of branches was cut by 50.

EBITDA and adjusted EBITDA from our specialist France division decreased by 0.3% to €47.1 million in 2014 compared to €47.3 million in 2013 as the number of branches increased by 5 to 66.

EBITDA from our international division increased by 23.7% to €38.2 million from €30.9 million in 2013. Excluding non recurring costs related to M&A transactions which amounted to €1 million, adjusted EBITDA of this division increased by 26.9% to €39.2 million in 2014 compared to €30.9 million in 2013. Like-for-like, adjusted EBITDA decreased by 0.6% compared to the previous year as in anticipation to an expected recovery in the international markets, our cost structure increased.

Purchases consumed

Purchases consumed decreased by 5.2% to €92.1 million in 2014 compared to €97.1 million in 2013, reflecting a decrease in retail sales, but also a decline in fuel and cost of spare parts for maintenance.

Personnel expenses

Personnel expenses increased by 4.8% to €220.2 million in 2014 from €210.1 million in 2013, mainly due to the integration of Dansk Lift and Workx. Like-for-like, personnel expenses decreased by 1.4%, The decrease of staff costs amounted to 3.7% at the generalist division as we benefited from a decrease in the number of our staff by 4.2%. Also social charges decreased by 4.9% helped by an increase in the rate of the “Crédit d’Impôt Compétitivité Emploi” (CICE), a reduction in social charges in France .

Other operating expenses

Other operating expenses increased by 5.9% to €295.7 million in 2014 from €279.1 million in 2013. Like-for-like, other operating expenses increased by 1.7%. The increase resulted mainly from external costs which increased by 7.6% to €285.8 million in 2014 from €265.7 million in 2013. Like-for-like, external costs increased by 3.3%, mainly due to non recurring costs related to the issuance of senior notes (€8.5 million). We noticed an increase of administration and IT costs while costs more directly linked to the operations such as maintenance, haulage and property costs showed a slight decrease on a like-for-like basis.

Depreciation, amortization, and provisions

Depreciation, amortization, and provisions increased by 20.9% to €176.9 million in 2014 compared to €146.3 million in 2013. Like-for-like, the increase amounted to 16.1%, as a consequence of the capex spent in 2013 and 2014.

Financial income and expense

Net financial expense increased by 35.5% to €60.2 million in 2014 from €44.4 million in 2013. In 2014, the financial expense includes also a non cash cost of €9.2 million which corresponds for a full provision for the cost of the interest rate swaps as our financial debt concluded on variable rates has been repaid in July 2014. This provision represents the mark-to-market value, corresponding to the anticipation of future payments based on discounted interest rates projections as at December 31, 2014 over the remaining life of swaps. Excluding the €9.2 million provision, our financial expense grew by 13.8% to €53.3 million due to a higher cost of financing.

As at December 31, 2014, 97% of Loxam's gross financial debt was at fixed rate.

Income tax

Income tax decreased by 58.5% to €9.7 million in 2014 from €23.4 million in 2013 principally as a result of the decrease in profit before tax. €4.3 million of the income tax is due to the fact that only 75% of the net financial expense is tax deductible in France.

The income tax rate in France amounts to 38% of the profit before tax.

Amortization or depreciation of goodwill and intangible assets

During 2014, no impairment of intangible assets was accounting for.

Net income, group share

Net income decreased by 75.6% to €9.4 million in 2014 from €38.5 million in 2013 as a result of factors described above.

Excluding the impact of operating and financial non-recurring costs after tax, adjusted net income amounted to €21.7 million in 2014.

Quarter ended December 31, 2014 compared to quarter ended December 31, 2013

Revenues

Revenues decreased by 0.9% to €211.5 million in the fourth quarter of 2014 from €213.3 million in the fourth quarter of 2013. In France, revenues decreased by 8.7% in the quarter while the growth of the international division reached 43.0%.

Revenues from our generalist France division decreased by 11.6% in the fourth quarter of 2014 to €127.4 million as compared to €144.1 million in the fourth quarter of 2013. This decrease was in line with the decline observed in Q3. 14 branch consolidations took place in the quarter. Generalist France represented 60% of total revenues in the fourth quarter of 2014, compared to nearly 68% in the fourth quarter of 2013.

Revenues from our specialist France division increased by 2.4% to €37.6 million in the fourth quarter of 2013 as compared to €36.7 million in the fourth quarter of 2013, as this division continues to benefit from the growth of its network and increase of the size of its fleet. The specialist France division represented 18% of total revenues in the fourth quarter of 2014, compared to 17% in the fourth quarter of 2013.

International revenues increased by 43% to €46.5 million in the fourth quarter of 2014 compared to €32.5 million in the fourth quarter of 2014, as the division continues to benefit from the acquisition of Dansk Lift and Workx. Like-for-like, International revenues increased by 2.3%. The level of activity was good in the UK, Ireland, Spain and Morocco while it remained subdued in other countries. Our International division represented 22% of total revenues in the fourth quarter of 2014, compared to 15% in the fourth quarter of 2013.

Other operating income

The increase of other operating income by 9.8% to €17.2 million in the quarter ended December 31, 2014 from €15.7 million in the quarter ended December 31, 2013 is mainly due to an increase in capital gains on fleet disposals.

Purchases consumed

Purchases consumed decreased by 10.3% to €25.7 million for the quarter ended December 31, 2014 compared to €28.6 million for the quarter ended December 31, 2013. This increase was due to the decrease in retail activity as well as lower cost of spare parts for maintenance.

Personnel expenses

Personnel expenses increased by 1.5% to €57.4 million in the quarter ended December 31, 2014 from €56.5 million in the quarter ended December 31, 2013. Like-for-like, personnel expenses decreased by 6.4%. Personnel expenses decreased by 9.1% at generalist France given the reduction in staff number and reduction of social charges due to the (CICE). Staff costs decreased by 3.9% at the specialist France Division and increased 7.1% like for like at the international Division.

Other operating expenses

Other operating expenses increased by 0.4% to €75.1 million in the fourth quarter of 2014 from €74.8 million in the fourth quarter of 2013. Like-for Like, other operating expenses decreased by 2.0% as cost control measures produced more effect notably in France where external costs decreased by 4.8% in Q4.

Depreciation, amortization, and provisions

Depreciation, amortization, and provisions increased by 31.5% to €48.6 million in the quarter ended December 31, 2014, compared to €37.0 million in the quarter ended December 31, 2013. Like-for-like, the increase amounted to 24.2%, consequence of the capex spent in 2014.

Financial income and expense

Net financial expense increased by €15.6 million to €26.0 million in the quarter ended December 31, 2014, compared to €10.3 million in the quarter ended December 31, 2013. The net interest charge has increased by €5.7 million in Q4 2014 versus Q4 2013 as a consequence of the refinancing which took place in July 2014. Moreover, a provision of €9.2 million was taken in Q4 2014 covering the cost of future payments for the interest rate swaps. Following the refinancing of Loxam’s bank debt in July 2014, the swaps had no longer a hedging purpose.

Income tax

As a consequence to the write-off of the interest rate swap, we recorded a loss before tax of €8.8 million. Income tax was a profit of €3.1 million in the quarter ended December 31, 2014, compared to a charge of €6.6 million in the quarter ended December 31, 2013.

Amortization or depreciation of goodwill and intangible assets

During the fourth quarter of 2014, no impairment of intangible assets was accounted for.

Net income

As a result of the various factors described above, we recorded a net loss of €5.8 million in the quarter ended December 31, 2014 compared to a profit of €11.7 million in the quarter ended December 31, 2013.

Excluding operating and financial non-recurring costs after tax, adjusted net income amounted to €0.5 million in the quarter ended December 31, 2014. Financial non-recurring costs related to the provision for the mark-to-market value of swaps amounted to €5.7 million after tax in Q4 2014 and operating non recurring costs after tax amounted to respectively €0 in Q4 2013 and €0.6 million in Q4 2014.

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.

In 2014, our sources of financing consisted mainly of the following:

- cash generated from our operating activities;
- net proceeds from the senior secured notes and senior subordinated notes that we issued in July 2014;
- and borrowings under finance leases

As of December 31, 2014, our syndicated credit facilities and most of our bilateral credit facilities were repaid. A new 5-year €50 million Revolving Credit Facility was concluded on 18th July in connection with the issuance of the notes in July 2014.

As of December 31, 2014, the gross debt amounted to €1,114.1 million, compared to €983.0 million as of December 31, 2013. Our adjusted net debt as of December 31, 2014 amounted to €969.7 million, an increase of €136.6 million compared to year-end 2013.

As of December 31, 2014, we had €960.0 million of bond debt which was made of €300.0 million of senior subordinated notes due in January 2020, €410.0 million of senior secured notes due in July 2021, and €250.0 million of senior subordinated notes due in July 2022, both issued in July 2014. We also had €28.7 million outstanding debt under bilateral facilities and finance leases in a total amount of €115.0 million. Cash and cash equivalents net of bank overdrafts on our balance sheet amounted to €144.3 million as of December 31, 2014.

We expect to finance future capital expenditures mainly through cash flow from operations. We may also negotiate finance leases or bilateral credit facilities from time to time to finance the development of our operations. Such financing would be concluded either at the level of our operating subsidiaries or at Loxam SAS level.

Capital expenditures

Our capital expenditures consist principally of investments in fixed assets (i.e., our equipment fleet). We determine and allocate our budget for capital expenditures on an annual basis. Decisions about investment in new equipment are based in significant part on our views of future demand. During growth cycles we may decide to invest in our business by replacing aging or end-of-life equipment and by expanding the total size of the fleet, while in downturns we tend to restrict capital expenditures to the replacement of end-of-life equipment and conserve cash.

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

(in millions of euros)	Year Ended December 31, 2013	2014
Purchases of rental equipment	189.8	233.8
Purchases of non-rental equipment[1]	12.4	18.9
Gross capital expenditures	202.2	252.8
Proceeds from disposals of rental equipment	21.2	49.5
Proceeds from disposals of non-rental equipment	1.2	1.5
Proceeds from disposals of fixed assets	22.4	51.0
Net fleet capital expenditures[2]	168.6	184.4
Net capital expenditures[3]	179.8	201.8

Notes:

(1) Non-rental equipment principally includes equipment used in our workshops, equipment used to outfit or maintain our branches, and information technology.

(2) Net fleet capital expenditures is the net amount of purchases of rental equipment less proceeds from disposals of rental equipment.

(3) Net capital expenditures is gross capital expenditures less proceeds from disposals of fixed assets.

In 2014, gross capital expenditures increased to €252.8 million, compared to €202.2 million in 2013. Fleet capital expenditure amounted to €233.8 million in 2014, compared to €189.8 million in 2013. The increased investment in our fleet in 2014 reflected our decision to rejuvenate our fleet and diversify our asset base in France and develop organically our international business. This increase in capital expenditures followed years in which we have maintained cautious levels of capital expenditure in light of difficult or uncertain market conditions in Europe, most notably France, following the downturn affecting the construction and civil engineering sectors in 2009.

In 2014, the gross book value of disposed rental equipment was €184.4 million, compared to €98.0 million in 2013, as we sold end-of-life assets but also under utilized equipment.

Cash flow

The following is a discussion of our cash flow from operations, cash flow from investing activities and cash flow from financing activities for the years ended 2014, 2013.

Cash flow from operations include the fluctuations in our working capital requirements. In addition to typical variations in our accounts receivables and payables, working capital is also affected by the level of income tax debt or credit at the end of the year and by payables to fleet suppliers.

Cash flow from investing activities consists of our net capital expenditures, i.e., capital expenditures less the proceeds from the sale of the equipment retired from operations, as well as the cash impact of external acquisitions.

Cash flow from financing activities reflects the net issuance of new debt or equity, less debt repayments and dividend payments.

Year ended December 31, 2014 compared to year ended December 31, 2013

The following table presents a summary of our cash flow for the year ended December 31, 2014 as compared to the year ended December 31, 2013:

	Year Ended December 31,	
	2013	**2014**
	(in millions of euros)	
Cash flow from operations	125.6	147.1
Cash flow from investing activities	(180.3)	(255.1)
Cash flow from financing activities	139.3	112.9
Change in cash and cash equivalents	84.7	4.8

Cash flow from operations

Net cash provided by operations increased to €147.1 million in 2014 compared to €125.6 million in 2013. Before changes in working capital requirements, net cash provided by operations was €146.6 million in 2014 and €153.1 million in 2013, due to higher financial expenses. Changes in working capital had a positive impact of €0.4 million in 2014, following a negative impact of €27.4 million in 2013.

Cash flow from investing activities

Net cash used in investing activities increased to €255.1 million in 2014 compared to €180.3 million in 2013 due to the increase in fleet capital expenditures and the refinancing of newly acquired business (Dansk Lift and Workx) . Purchases of fixed assets in 2014 amounted to €252.8 million, of which our rental fleet accounted for €233.8 million. In 2013, purchases of fixed assets amounted to €202.2 million, of which our rental fleet accounted for €189.8 million. Cash from fixed asset disposals amounted to €51.0 million in 2014 compared to €22.4 million in 2013, most of which related to our rental fleet.

Cash flow from financing activities

Net cash provided by financing activities was €112.9 million in 2014 compared to €139.3 million in 2013.

In 2014, we issued €838.0 million of debt, including the issuance of €410.0 million senior secured notes and €250.0 senior subordinated notes in July 2014. We also secured €124.2 million new bilateral facilities and €53.8 million of new finance leases. In 2013, we issued €492.5 million of debt, including the issuance of €300.0 million senior subordinated notes, €138.1 million bilateral credit facilities and €54.4 million of new finance leases.

In 2014, we repaid €720.5 million of debt. We used the net proceeds of the issuance of the notes in July to repay €211.0 million under our syndicated credit facilities and €449.0 million of our bilateral facilities. Besides, we also repaid €27.6 million under our bilateral facilities and €32.9 million under our finance leases at maturity. In 2013, we repaid €348.3 million of debt. We used a portion of the net proceeds of the issuance of the senior subordinated notes to repay €150.0 million under our syndicated credit facilities. We also repaid €32.0 million under our syndicated facilities, €150.4 million under our bilateral facilities and €15.9 million under our finance leases at maturity.

EBITDA and Adjusted EBITDA

We define EBITDA as operating income plus depreciation of fixed assets and amortization of goodwill. We define adjusted EBITDA as EBITDA excluding certain charges that we consider not to be reflective of our ordinary operating activities. However, other companies may present EBITDA differently than we do. We present EBITDA and adjusted ABITDA as additional information because we believe it is helpful to investors in highlighting trends in our business. EBITDA is not a measure of financial performance under French GAAP 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 French GAAP.

The following table presents a reconciliation of EBITDA and adjusted EBITDA to operating income and net income for the periods indicated.

	Year ended December 31,		**Quarter ended December 31,**	
(in millions of euros)	**2013**	**2014**	**2013**	**2014**
Adjusted EBITDA	**244.5**	**254.8**	**61.7**	**64.0**
Excluded charges relating to new financings...................	(5.1)	(8.5)	0.0	(0.1)
Excluded other non operating costs(1)	-	(1.9)	-	(0.9)
EBITDA...	**239.4**	**244.4**	**61.7**	**63.0**
Depreciation of fixed assets...	(133.1)	(164.3)	(33.3)	(45.1)
Operating income	**106.3**	**80.1**	**28.4**	**17.9**
Financial income and expense...	(44.4)	(60.2)	(10.3)	(26.0)
Exceptional income and expense.....................................	(0.0)	(0.9)	0.2	(0.8)
Income tax	(23.4)	(9.7)	(6.6)	3.1
Amortization or depreciation of goodwill and intangible assets...	-	-	-	-
Consolidated net income	**38.4**	**9.3**	**11.7**	**(5.9)**

Note :

(1) excluding M&A transaction costs for €1.0 million and actuarial losses relating to the pension obligations for €0.9 million in 2014.

Adjusted EBITDA amounted to €254.8 million in 2014 compared to €244.5 million in 2013, with an adjusted EBITDA margin of 31.4%. Adjusted EBITDA amounted to €64.0 million in the quarter ended December 31, 2014 compared to €61.7 million in the quarter ended December 31, 2013.

Adjusted EBITDA from our generalist France division amounted to €167.0 million in 2014, compared to €164.7 million in 2013. Our adjusted EBITDA margin for generalist France was 32.7% in 2014 compared to 30.1% in 2013. Adjusted EBITDA from our generalist France division amounted to €40.2 million in the quarter ended December 31,2014, compared to €40.4 million in the quarter ended December 31, 2013.

Adjusted EBITDA from our specialist France division amounted to €47.1 million in 2014, compared to €47.3 million in 2013. Our adjusted EBITDA margin for specialist France was 33.0% in 2014 compared to 34.2% in 2013. Adjusted EBITDA from our specialist France division amounted to €10.9 million in the quarter ended December 31, 2014 compared to €12.1 million in the quarter ended December 31, 2013.

Adjusted EBITDA from our international division amounted to €39.2 million in 2014, compared to €30.9 million in 2013. Our adjusted EBITDA margin for international was 24.8% in 2014 compared to 25.8% in 2013. Adjusted EBITDA from our international division amounted to €12.4 million in the quarter ended December 31, 2014, compared to €8.9 million in the quarter ended December 31, 2013.

Free cash flow

We define free cash flow as EBITDA less net capital expenditures, 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 and acquisitions. We present free cash flow as additional information because we believe it is helpful to investors in highlighting trends in our business. However, other companies may present free cash flow differently than we do. Free cash flow is not a measure of financial performance under French GAAP 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 French GAAP.

For the years ended December 31, 2014 and 2013, free cash flow was €(55.3) million and €(49.6) million respectively. The decrease in free cash flow in 2014 compared to 2013 was caused by higher net capital expenditures, higher financial expenses (resulting from the new notes issued in July 2014).

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

	Year Ended December 31,		Quarter ended December 31,	
	2013	2014	2013	2014
	(in millions of euros)			
EBITDA before capital gains on fleet disposals	**220.9**	**202.9**	**54.9**	**52.9**
+ Proceeds from disposals of fixed assets	22.4	50.9	8.0	12.7
- Gross capital expenditure	(202.2)	(252.8)	(51.0)	(43.5)
- Financial income and expense	(44.4)	(51.0)	(10.3)	(16.8)
- Income taxes (1)	(24.7)	(6.4)	(7.5)	3.9
- +/- Change in working capital requirement (2)	(22.9)	(0.1)	19.1	6.8
Miscellaneous	1.2	1.2	0.5	0.7
Free cash flow(3)	**(49.6)**	**(55.3)**	**13.8**	**16.7**
Acquisition (4)	(0.5)	(75.8)	(0.5)	(2.1)
Dividends	(4.9)	(4.9)	-	-
Other	-	(0.6)	-	(0.2)
Change in net debt	**(55.0)**	**(136.6)**	**13.3**	**14.4**

Notes:

(1) Corresponds to taxes immediately payable (i.e., excluding deferred taxes).

(2) Excluding change in accrued interests on loans and change in other financial debt, which together totalled €-4.6 million in 2013 and € 0.5 million in 2014.

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

(4) Corresponds in Q4 2013 to the acquisition costs of 85% of Dansk Lift group, and in Q4 2014 to the acquisition of the remaining 15% interest of Dansk Lift from minority shareholders.

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 French GAAP and should not be considered as an alternative to any other measures of performance derived in accordance with French GAAP.

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

	As of December 31, 2013	As of December 31, 2014
	(in millions of euros)	
Senior secured notes	-	410.0
Senior subordinated notes	300.0	550.0
Bank loans	589.8	28.7
of which syndicated credit facilities	*211.0*	-
of which bilateral loans	*378.8*	*28.7*
Accrued interest on debt securities and loans	8.9	9.5
Lease liabilities	83.1	115.0
Other financial debt	0.8	0.7
Bank overdrafts	0.4	0.2
Loans and financial debt (gross debt)	**983.0**	**1,114.1**
Cash	(12.7)	(30.2)
Marketable investment securities	(128.0)	(114.3)
Cash and cash equivalents	**(140.7)**	**(144.4)**
Adjustments to cash and cash equivalents(1)	(9.2)	-
Net debt	**833.1**	**969.7**

Notes:

(1) Cash adjustment related to a cash advance of €9.2 million to the new acquired Dansk Lift company, not consolidated in the balance sheet.

Net debt increased to €969.7 million as of December 31, 2014 from €833.1 million as of December 31, 2013, as a result of the negative free cash flow of €55.3 million of the operations, and because of the impact of the acquisitions of the year (mostly Dansk Lift and Workx) for €(75.8) million. A dividend of €4.9 million was also paid during the year.

Debt maturity profile

The table below provides the maturity profile of our outstanding indebtedness, as of December 31, 2014.

(in millions of euros)	Total	2015	2016	2017	2018	2019	2020	2021 and later
Bilateral loans	28.7	7.8	6.1	5.6	4.8	3.2	0.6	0.8
Lease liabilities	115.0	33.0	33.1	25.6	18.6	4.7	-	-
Loans and financial debt owed to credit institutions	**143.7**	**40.8**	**39.2**	**31.2**	**23.4**	**7.9**	**0.6**	**0.8**
Other financial debt	0.7	0.1	0.3	0.3	0.0	-	-	-
Senior secured notes	410.0	-	-	-	-	-	-	410.0
Senior subordinated notes	550.0	-	-	-	-	-	300.0	250.0
Total debt	**1,104.4**	**40.9**	**39.5**	**31.5**	**23.4**	**7.9**	**300.6**	**660.8**

We have no major financial debt amortization before January 2020 when the senior subordinated notes are due.

Currency and interest rate derivatives

Before we decided to refinance the financial debt of the group in the bond market, we used derivative financial instruments (interest rate swaps) to mitigate the adverse effects of interest rate risks.

The derivative financial instruments were maintained after the refinancing of July 2014 and covered a notional amount of €188.1 million at December 31, 2014 for a maximum term in July 2022. A provision for mark-to-market value of swaps of €9.2 million was recognized in Q4 2014, as the interest-rate derivatives are no longer hedging our financial debt.

As of December 31, 2013, 56.0% of our loans and other financial debt were at variable rates, mostly linked to EURIBOR. As of December 31, 2013, these derivative financial instruments covered a notional amount of €328.5 million against three month EURIBOR for a maximum term of 10 years. For the year ended December 31, 2013, these instruments covered an average of €566.6 million at an average fixed rate of 2.42%.

The table below sets out our hedging levels for the periods indicated.

	As of December 31,	
	2013	2014
	(in millions of euros, except percentages)	
Bank loans	589.9	28.7
Amount covered	328.5	188.1
% hedged	55.7%	n.a
Average interest derivative rate	2.42%	1.77%

The large majority of our revenues, expenses and obligations are denominated in euros. However, we are exposed to limited foreign exchange rate risk, primarily in respect of Danish krone, pounds Sterling, Swiss francs, Moroccan dirham, Norwegian krone and Swedish krone. Our foreign exchange rate derivative financial instruments as of December 31, 2014 covered current liabilities denominated in British Pounds for GBP 13.8 million and in Danish krone for DKK 33.0 million.

Critical Accounting Policies and Estimates

French GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on the information available at the time of preparation of the financial statements and affect the published amounts. Actual results may differ from these estimates.

We consider the following policies and estimates to be the most critical in understanding the assumptions and judgments that are involved in preparing our financial statements and the uncertainties that could affect our financial results, financial condition and cash flows. A more detailed description of the accounting rules and methods that we apply is provided in the note “Accounting Rules and Policies” to our consolidated financial statements.

Goodwill

Goodwill is the difference between the acquisition cost of securities and (i) the overall value of the assets and liabilities identified and (ii) the market shares (*parts de marché*) at the acquisition date. The cost of acquisition includes expenses directly related to the acquisition, as well as the discounted value of the debt in cases where payment is deferred or made in installments. Goodwill is amortized on a straight-line basis, over a term that factors in the assumptions selected, and the goals established and documented at the time of the acquisition. This term shall not exceed 20 years.

Market shares (parts de marché)

In the case of the acquisition of an operating company that was acquired with a view to increasing the group's market shares (*parts de marché*), by expanding the coverage of the branch network (which has been the case for all companies acquired to date), a separate asset, market shares (*parts de marché*), is recognized on a separate line under intangible assets. The value of that asset is assessed according to the results generated, the development of the company and its ability to build customer loyalty through national agreements. This market share item (*parts de marché*) is not amortized, but its value is tested every year and when the group identifies evidence of impairment. The test consists of comparing the net book value of the market shares (*parts de marché*) with future cash flows, as determined on the basis of medium-term plans. Where the net book value is higher than the value of the discounted cash flows, a provision for impairment is recognized.

Other intangible assets

Other intangible assets (mainly software) are shown at their acquisition cost on the balance sheet, excluding financial expenses. They are depreciated on a straight-line basis over three years.

Tangible assets

Tangible assets are shown at their historic acquisition cost. Impairment charges are calculated according to the straight-line method, based on the useful life of the assets. In the case of equipment, the useful life is two to seven years. Most of the equipment in our rental fleet is depreciated on a straight-line basis over five years.

According to the rules determined by CRC Regulations 2002-10 and 2004-06, French companies' tangible assets must be broken down into individual components with different useful lives. However, we have not identified any assets in our pool that are likely to be subject to a breakdown by component. The useful lives of our equipment are very close to the usage values for these assets. The characteristic features that are specific to the rental sector do not enable residual values for all equipment to be determined on a consistent and accurate basis.

Leases

Some fixed assets are subject to lease agreements, under the terms of which we assume the benefits and risks of ownership. In this case, we record the value of the leased asset under the assets portion of the balance sheet and the corresponding financial liability under the liabilities portion of the balance sheet. The fixed asset is depreciated according to our established policies and the asset's economic useful life. The liability is amortized over the length of the lease agreement. Other fixed assets are subject to lease agreements whereby we do not assume the benefits and risks of ownership. In that case, the rental charges are expensed as incurred.

Provision for contingencies and charges

Provision for contingencies and charges includes provisions for retirement benefits, deferred taxes, long-service awards and other contingencies and charges that are justified by certain or probable risks, and have been estimated on a case-by-case basis.

We use the following procedures for calculating provisions for retirement benefits: (1) benefits are calculated by factoring in age, seniority, life expectancy, and the staff turnover ratio; (2) acquired benefits are capped at 3.5 months' salary for employees who have worked for the company for over 30 years; and (3) the provision is then discounted at the Iboxx rate for bonds issued by investment grade companies (AA) in order to take into account the length of time between the employee's age and their retirement at 65. For companies joining the Group, the amount of the portion relating to the years before their inclusion in the scope of consolidation, net of tax, is deducted from opening shareholders' equity.

Change in accounting policy

No change in accounting policies has occurred since the end of the previous financial year.

APPENDIX
AUDITED FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	(€ '000s)	12.31.2014 (audited)	12.31.2013 (audited)
Fixed assets		**1,492,437**	**1,341,234**
Goodwill		150	193
Intangible assets		952,031	925,868
Tangible assets		534,237	409,566
Financial investments		6,019	5,607
Current assets		**385,625**	**397,465**
Inventory and work-in-progress		17,207	16,940
Trade receivables and related accounts		185,492	202,970
Other receivables and accruals		38,503	36,896
Marketable investment securities		114,269	127,966
Cash		30,154	12,692
Total assets		**1,878,062**	**1,738,699**

LIABILITIES AND SHAREHOLDER'S EQUITY	(€ '000s)	12.31.2014 (audited)	12.31.2013 (audited)
Shareholders' equity		**541,745**	**537,269**
Equity capital		258,223	258,223
Additional paid-in capital		1,882	1,882
Reserves and retained earnings (1)		281,641	277,164
Minority interests		**476**	**283**
Provision for contingencies and charges		**39,790**	**23,078**
Debt		**1,296,051**	**1,178,069**
Loans and financial debt		1,114,146	982,987
Suppliers payables and related accounts		62,905	75,827
Other liabilities and accruals		118,999	119,256
Total liabilities and shareholders' equity		**1,878,062**	**1,738,699**
(1) Including net income for the period		*9,403*	*38,513*

(€ '000s)	**12.31.2014** **(12 months)** (audited)	**12.31.2013** **(12 months)** (audited)
Revenues	**812,329**	**804,723**
Other operating income	67,427	48,966
Total revenues	**879,756**	**853,689**
Purchases consumed	92,078	97,117
Personnel expenses	220,222	210,098
Other operating expenses	295,730	279,128
Taxes and duties	14,755	14,729
Depreciation, amortization and provisions	176,918	146,319
Operating income	**80,053**	**106,299**
Financial income and expense	(60,159)	(44,398)
Current income before tax and exceptional items	**19,894**	**61,900**
Exceptional income and expense	(867)	(33)
Income tax	(9,707)	(23,386)
Net income from consolidated companies	**9,320**	**38,481**
Amortization or depreciation of goodwill and intangible assets	(42)	(42)
Consolidated net income	**9,278**	**38,439**
Minority interests	(126)	(75)
Net income, group share	**9,403**	**38,513**
Earnings per share in euros	*0.36*	*1.49*

CASH FLOW STATEMENT

(€ '000s)		12.31.2014 (12 months) (audited)	12.31.2013 (12 months) (audited)
Cash flows from operating activities			
Net income from consolidated companies		9,320	38,481
Elimination of expense and income that have no cash impact or are unrelated to the operations			
- Change in deferred taxes		3,307	(1,279)
+ Amortization, depreciation and provisions		176,106	134,635
- Gains on disposals of fixed assets		(42,085)	(18,785)
= Gross operating cash flow from consolidated companies		146,648	153,052
+/- Change in Working capital requirements		(77)	(22,874)
+/- Change in accrued interest on loans and other financial debt		492	(4,568)
= Cash flows from operating activities	**A**	**147,062**	**125,610**
Cash flows from investing activities			
- Purchase of fixed assets		(252,793)	(202,176)
+ Proceeds from disposal of fixed assets		50,950	22,371
+ Impact of changes in scope of consolidation		(53,289)	(451)
= Cash flows from investing activities	**B**	**(255,132)**	**(180,256)**
Cash flows from financing activities			
- Dividends paid to parent company shareholders		(4,906)	(4,906)
+ Capital increase in cash		308	-
+ Issuance of loans		837,958	492,524
- Repayment of loans		(720,489)	(348,310)
= Cash flows from financing activities	**C**	**112,872**	**139,308**
Change in cash and cash equivalents	**A+B+C**	**4,802**	**84,663**
Opening cash and cash equivalents (incl. overdrafts on current accounts)		140,280	55,663
Closing cash and cash equivalents (incl. overdrafts on current accounts)		144,253	140,280
Effect of exchange rate differences		829	46
Change in cash and cash equivalent		**4,802**	**84,663**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant events of the period

The Group consolidated the Dansk Lift group from January 1, 2014. 85% of shares of this group were acquired at the end of December 2013, and 15% in December 2014. This group is composed of :

- Dansk Lift A/S, company operating 6 branches in Denmark,
- Safelift AS, company operating 4 branches in Norway,
- Safelift AB, company operating 1 branch in Sweden.

On July 4, 2014, the Group acquired 100% of shares of Workx Group, which operate 42 branches in the Netherlands. This Group is composed of :

- Workx Holding BV, holding company,
- Workx BV, holding company
- Workx Materieelverhuur BV, operating company
- Workx Sloop-en Graafdiensten BV, operating company.

In July 2014, the Group refinanced its existing syndicated debt and almost all bilateral debts of Loxam SAS by issuing bonds for a total amount of €660 million.

At the end of the year, the Group acquired two goodwill in Spain and acquired the Phocomex goodwill, a French company in liquidation.

Accounting rules and policies

The consolidated financial statements comply with generally accepted French accounting principles, specifically with the Decree on June 22, 1999 enacting Regulation 99-02 issued by the French Accounting Committee (CRC).

1. __Consolidation scope and methods__

As the parent company has exclusive control over all Group companies, all the companies are fully consolidated.
All the consolidated companies close their statutory accounts on December 31.

The financial statements are denominated in thousands of euros, and rounded up to the nearest thousand euro. In the various tables, the totals shown can differ from the sum of the items as a result of roundings.

2. *Currency translation method*

Assets and liabilities in foreign currencies are translated into euros according to the closing rate method :

- Assets and liabilities accounts are translated at the closing rate for the period ended December 31, 2014.
- income and expenses are translated at the average exchange rate,
- Translation differences arising from opening balance sheet and from income statement are recorded directly within equity.

Exchange rates applied for the period ended 12.31.2014 (euro against foreign currency) :

	GBP	CHF	DKK	MAD	SEK	NOK
Closing rate	0.77890	1.20240	7.44530	10.93700	9.39300	9.04200
Average rate	0.80642	1.21463	7.45490	11.12583	9.09688	8.35511

3. *Elimination of intercompany transactions*

All transactions between Group companies have been eliminated, as well as any income or loss generated internally.

4. *Change in accounting policies*

No change in accounting policies has occurred since the end of the previous financial year.

5. *Comparability of the accounts*

The acquisitions of the Dansk Lift and Workx groups did not have significant impact to require pro forma information.

6. *Goodwill and intangible assets*

6.1. *Goodwill*

Goodwill is the difference between the acquisition cost of the shares and the overall value of the assets and liabilities, and market share identified at the acquisition date.

The acquisition cost includes expenses directly related to the acquisition, as well as the discounted value of the debt in cases where payment is deferred or spread.

Furthermore, assets and liabilities that can be identified at the acquisition date are valued at fair value, which may result in recognizing valuation difference.

Goodwill is amortized on a straight-line basis, over a period that considers the assumptions made, and the objectives established and documented at the time of the acquisition. This period may not exceed 20 years.

6.2. Other intangible items

In the case of operating companies that have been acquired in order to increase the Group's market share by increasing its network of branches (which is the case for all the companies acquired), a separate asset is recognised on a separate line (market share) under intangible assets. The market share value is assessed based on the results generated by these companies, their development, and their ability to increase their customer loyalty through national agreements.

Market share is not amortized, but its value is tested annually and when the Group identifies evidence of impairment. The impairment test on market share consists in comparing its carrying amount with future cash flows, as determined on the basis of medium-term plans. When the carrying amount of the market share is higher than the value of the discounted cash flows, an impairment loss is recognized.

Other intangible assets are recorded at their acquisition cost on the balance sheet, excluding financial expenses.

The Group has not identified any impairment over the preceding financial year..

6.3. Analyses and variations

Following 2014 takeovers, and minority interests buy-outs realised in 2014, movements correspond to:

- Dansk Lift group : goodwill of €1,974 thousand, recognised in market shares,
- Workx group : goodwill of €24,191 thousand, recognised in market shares.

7. Tangible assets

Tangible assets are shown at their historical acquisition cost, less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the useful life of the assets.

The main useful lives used are as follows:

- Buildings .... 10 to 20 years
- Building fixtures and fittings... 5 to 20 years
- Plant, equipment and tools .... 1 to 7 years
- Other tangible assets .... 2 to 5 years

The depreciation rules applied by the Company comply with current professional practices.

According to the rules determined by CRC Regulations 2002-10 and 2004-06, the tangible assets of French companies must be broken down into individual components with different useful lives. We have not identified any asset likely to be subject to a breakdown by component.

The Group did not therefore review its accounting depreciation schedules as part of the application of CRC Regulations 2002-10 and 2004-06.

The features specific to the rental companies profession do not allow us to assess residual values for all the equipment on a consistent and accurate basis.

8. ***Finance leases***

Some fixed assets are subject to lease agreements, under the terms of which the Group assumes the benefits and risks of ownership. In this case, the assets are adjusted in order to recognize and classify the value of the leased items under fixed assets and the corresponding financial liability under liabilities. The fixed asset is depreciated according to the Group's policy and its economic useful life. The liability is amortized over the term of the lease agreement.

9. ***Financial investments***

Investments held in the fully-consolidated companies are eliminated in consolidation. They are replaced by the assets, liabilities, and net financial position of the companies concerned.

The gross values of the investments in non-consolidated companies are assessed at their historical acquisition cost.

Potential impairment losses are determined in relation to market value.

10. ***Inventories***

Inventories are valued at weighted average cost, or at the last known purchase price.
A write-down of inventory is recognized when the realisable value is lower than the book value.

11. ***Receivables and payables***

Receivables and payables are valued at their nominal amounts. An allowance for bad and doubtful receivables is recognized when the recoverable amount of receivables is lower than their book value.
Transactions in foreign currencies are translated at the exchange rate on the transaction date.
Gains and losses arising from the translation of balances at the closing rate are recorded in the income statement.

12. ***Marketable securities***

The historical cost of the marketable securities reported on the balance sheet is compared with their market value at the closing date. If the recoverable value falls below the market value, an impairment loss is recognized.

13. ***Provision for contingencies and charges***

This item includes provisions for pension and jubilee awards, deferred taxes liabilities, and other provisions for contingencies and charges that are justified by certain or probable risks, and have been estimated on a case-by-case basis.

Calculation terms for pension provisions:

- Benefits are calculated based on age, seniority, life expectancy, and the staff turnover ratio.
- Acquired benefits are capped at 3.5 months' salary for employees who have worked for the company for over 30 years.
- The calculated provision is then discounted at the Iboxx rate for bonds issued by investment grade companies (AA) (1,50%), in order to take into account the length of time between the employee's age and their retirement at 65.
- Social security charges at a rate of 44% have been recognised.

Actuarial gains and losses are recognised through the income statement.

Group companies that are included in a defined contribution scheme pay their contributions to pension management funds and are not subject to this restatement.

14. ***Other operating income***

Other operating income primarily includes provision reversals, expense transfers, net gains on rental equipment disposals, and the property rents invoiced.

15. ***Extraordinary income***

Net extraordinary income consists of net gains on the disposal of fixed assets, excluding rental equipment disposals, and of non-recurring events in the operation of the business.

16. ***Income tax***

The income tax charge for the period comprises both current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is also recognised in equity.

Current tax corresponds to the accumulated income tax payable on the taxable income of all the group's companies. There are three tax consolidation schemes in the Group : one for the French companies, one for the Danish companies and one for Workx group's companies.

Deferred taxes result from:

- temporary differences between the tax base and the accounting base;
- consolidation adjustments.

Deferred tax is calculated using the liability method, at the tax rate in effect at the beginning of the next financial year.

Deferred tax assets and liabilities are offset against each other at the company level.

In case of tax losses, deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against these losses in a close future, or if it is possible to offset deferred tax assets with deferred tax liabilities.

17. Currency and interest-rate derivatives

- Exchange rate risk:

The foreign currency hedging agreements in place at December 31, 2014 covered receivables denominated in British pound for GBP 13,860 thousand and in Danish Kroners for DKK 33,000 thousand.

- Interest-rate risk:

The Group have used derivatives until the refinancing of its debt by bonds to reduce its net exposure to interest rate risk when it determined conditions were appropriate to mitigate risks based on market expectations. The group entered into “swap” agreements to hedge such risk.

As at December 31, 2014, these instruments covered a notional amount of €188,100 thousand at 3-month EURIBOR for a maximum term in July 2022.

The income and expense generated by interest rate swaps is recorded in the income statement on a *pro rata* basis.

The refinancing of July 2014 led to the repayment of almost all floating-rate loans held by Loxam SAS and to the issuance of a fixed-rate bond. The maintained interest-rate derivatives are not backed by debts anymore and a provision amounting to €9,153 thousand has been recognized as at December 31, 2014. This provision represents the anticipation of future payments based on discounted interest rates projections as at December 31, 2014 over the remaining life of swaps.

18. Minority interests

This is the non-controlling shareholders’ interest in the financial position and results of the consolidated subsidiaries.

19. Related parties

No material transactions were entered into otherwise than at arm’s length.

SCOPE OF CONSOLIDATION

Legal entity	Company number (France) or country	% control	% interest	Consolidation method
SAS LOXAM	**450776968**	**100%**	**100%**	**Mother**
SAS LOXAM MODULE	433911948	100%	100%	full
SAS LOXAM POWER	366500585	100%	100%	full
LOXAM ACCESS UK	United Kingdom	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 ALQUILER	Spain	100%	100%	full
LOXAM BV	Netherlands	100%	100%	full
WORKX HOLDING BV	Netherlands	100%	100%	full
WORKX BV	Netherlands	100%	100%	full
WORKX MATERIEELVERHUUR BV	Netherlands	100%	100%	full
WORKX SLOOP EN GRAAFDIENSTEN 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
DANSKLIFT A/S	Denmark	100%	100%	full
SAFELIFT AS	Norway	100%	100%	full
SAFELIFT AB	Sweden	100%	100%	full
SCI BAGNEUX	384564472	100%	100%	full
SCI EST POSE	340583160	100%	100%	full
SAS LOXAM GRANDE ARMEE	572045953	100%	100%	full
EURL NORLEU	409981024	100%	100%	full
SCI TARTIFUME	328948013	100%	100%	full
SCI THABOR	332962125	100%	100%	full
MAILLOT 13	799097944	100%	100%	full

FIXED ASSETS

(€ '000s)

GROSS AMOUNT	12.31.13	Change in scope	Increases	Decreases	Transfers	Translation adjustments	12.31.14
Goodwill	847						847
Intangible assets	973,888	26,165	2,545	2,262	497	2	1,000,836
Tangible assets (1)	1,677,733	104,962	249,239	193,066	213	2,981	1,842,061
Financial investments	5,607	(274)	1,010	328		4	6,019
TOTAL	**2,658,075**	**130,853**	**252,793**	**195,656**	**710**	**2,987**	**2,849,763**
(1) inc. rental equipment	1,500,274	87,271	233,845	184,386	(2,143)	2,859	1,637,720

DEPRECIATION AND AMORTIZATION	12.31.13	Change in scope	Increases	Decreases	Transfers	Translation adjustments	12.31.14
Goodwill	654		43				697
Intangible assets	48,020	-	3,018	2,254	19	2	48,805
Tangible assets (1)	1,268,167	59,899	161,306	184,393	690	2,156	1,307,824
Financial investments	-						-
TOTAL	**1,316,841**	**59,899**	**164,366**	**186,647**	**709**	**2,157**	**1,357,326**
(1) inc. rental equipment	1,132,138	47,368	150,205	176,385	892	2,018	1,156,235

CURRENT ASSETS

INVENTORIES

NET AMOUNT *(€ '000s)*	**12.31.14**	**12.31.13**
Spare parts and consumables	5,854	5,931
Trade	11,352	11,009
TOTAL	**17,207**	**16,940**

TRADE RECEIVABLES AND RELATED ACCOUNTS

(€ '000s)	**12.31.14**	**12.31.13**
Gross amount	208,932	226,062
Allowance for bad and doubtful receivables	(23,439)	(23,092)
TOTAL	**185,492**	**202,970**

OTHER RECEIVABLES AND ACCRUALS

(€ '000s)	**12.31.14**	**12.31.13**
Deferred tax assets (1)	6,251	935
Cash advances outside of the Group (2)		9,188
Other receivables (3)	29,379	24,169
Prepaid expenses	2,872	2,604
TOTAL	**38,503**	**36,896**

(1) Deferred tax assets include mainly temporary differences and activation of losses carried forward. The increase is mainly due to newly-consolidated companies in 2014.

(2) The cash advances outside of the group are related to the Dansk Lift Group not consolidated as at 12.31.13.

(3) The other net receivables have a maturity of less than one year.

SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (GROUP SHARE)

(€ '000s)	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	CONSOLI-DATED RESERVES	NET INCOME FOR THE YEAR	TRANSLATION DIFFERENCES	TOTAL SHAREHOLDERS' EQUITY
Position at 12.31.2012	**258,223**	**1,882**	**197,881**	**46,344**	**(764)**	**503,565**
Capital increase						
Appropriation of earnings			46,344	(46,344)		-
Distributions			(4,906)			(4,906)
Other changes				38,513	97	38,610
Position at 12.31.2013	**258,223**	**1,882**	**239,319**	**38,513**	**(667)**	**537,269**
Capital increase						
Appropriation of earnings			38,513	(38,513)		-
Distributions			(4,906)			(4,906)
Other changes				9,403	(21)	9,382
Position at 12.31.2014	**258,223**	**1,882**	**272,926**	**9,403**	**(688)**	**541,745**

PROVISIONS FOR CONTINGENCIES AND CHARGES

(€ '000s)	**12.31.13**	**Change in scope**	**Additions**	**Reversals**	**Other**	**12.31.14**
Provision for contingencies	3,325	105	11,319	(1,225)	(4)	13,519
Provisions for charges (1)	7,160	214	2,659	(969)	0	9,064
Deferred tax liabilities (2)	12,592				4,614	17,207
TOTAL	**23,078**	**318**	**13,977**	**(2,194)**	**4,611**	**39,790**
(1) Inc. pension commitments	5,718		1,289	-	-	7,006

(2) Deferred tax liabilities are mainly related to temporary differences.

LOANS AND FINANCIAL DEBT

Maturity schedule (€ ‘000s)	**Less than one year**	**Between 1 and 5 years**	**Over 5 years**	**12.31.14**
Notes			960,000	960,000
Other bank loans	7,751	19,643	1,336	28,730
Financial lease liabilities	33,027	81,984	-	115,011
Other financial debt (1)	9,803	602	-	10,405
LOANS AND FINANCIAL DEBT AT 12.31.2014	**50,581**	**102,228**	**961,336**	**1,114,146**
LOANS AND FINANCIAL DEBT AT 12.31.2013	**201,878**	**480,756**	**300,353**	**982,987**

(1) Other financial debt includes interest accrued on loans, bank overdrafts, and deposits and guarantees received.

Breakdown between fixed and floating-rate debt	**12.31.14**	**12.31.13**
Floating-rate debt	33,038	589,931
Fixed-rate debt	1,080,605	392,346
Bank overdrafts	170	378
Other	333	332
TOTAL	**1,114,146**	**982,987**

OTHER LIABILITIES AND ACCRUALS

(€ '000s)	**12.31.14**	**12.31.13**
Tax and social security liabilities	78,543	82,373
Debt on fixed assets	27,218	23,666
Other liabilities	11,885	11,796
Prepaid income	1,354	1,421
TOTAL	**118,999**	**119,256**

INCOME TAX

(€ ‘000s)

BREAKDOWN OF THE INCOME TAX CHARGE	**12.31.14**	**12.31.13**
Current tax	(6,400)	(24,665)
Deferred tax	(3,307)	1,279
TOTAL	**(9,707)**	**(23,386)**

ANALYSIS OF THE INCOME TAX CHARGE	**12.31.14**	**12.31.13**
Consolidated income before tax, C.I.C.E. and amortization of goodwill	13,425	58,138
THEORETICAL TAX CHARGE	**(5,102)**	**(22,092)**
	38%	*38%*
Tax rate differences	122	1,684
Impact of previously unrecognized tax losses	(460)	(371)
Use of tax losses previously unrecognized	251	118
Impact of permanent differences	(4,512)	(2,593)
Tax on dividends France	(147)	(147)
Tax credits and other	142	15
ACTUAL TAX CHARGE	**(9,707)**	**(23,386)**

HEADCOUNT

The average number of employees for financial year 2014 was 4,680, including 3,702 in France and 978 in International.

It includes in France 747 executives, 2,886 supervisors and employees and 69 apprentices and occupational contracts.

As at the end of December 31, 2014, the number of staff employed by the group was 4,671, including 3,686 in France and 985 in International.

Management remuneration is not provided, as it would lead to the indirect disclosure of individual remuneration.

OFF-BALANCE SHEET COMMITMENTS

(€ '000s)	**12.31.14**	**12.31.13**
- Property rental guarantee granted to banks	9,780	9,780
- Interest-rate hedging derivatives	188,100	328,500
- Pledge of a business	360	
TOTAL COMMITMENTS GIVEN	**198,240**	**338,280**
- Bank guarantee received for payment of a property rental	6,919	6,919
- Other bank guarantees received	200	200
TOTAL COMMITMENTS RECEIVED	**7,119**	**7,119**

Other commitments given to secure the bank loans recognized on the balance sheet:

- Guarantee from the Loxam parent company for the subsidiaries' loans amounting to €5,250K as at 12.31.2014.
- Pledge of the Loxam Power and Loxam Module shares, and of the Loxam brand as guarantee for the €410 million Senior Secured bond.
- Dailly assignment of receivables : 120% of the drawn credit revolving outstanding and pledge of a bank account guarantying the credit revolving. As at 12.31.2014 and during the year 2014, the credit revolving was not drawn.

Other miscellaneous commitments:

Under the terms of a delegation of authority granted by the Company's General Meeting on July 29,2011, the Chairman issued 3,165,713 Series 1 warrants (BSA 1) and 22,391,550 Series 2 warrants (BSA 2) in a decision dated February 28, 2012.

The Series 1 and Series 2 warrants were fully subscribed by the beneficiaries, and both subscription agreements recording the definitive completion of the transaction were approved on 2 April 2012.

The Series 1 and Series 2 warrants were issued free of charge and simultaneously. The Series 1 and Series 2 warrants may be exercised over a period that expires on 12.31.2022. The exercise of one Series 1 warrant entitles the holder to subscribe to one ordinary share in the Company, i.e. a maximum of 3,165,713 ordinary shares in the event that all 3,165,713 Series 1 warrants are exercised.

The exercise of one Series 2 warrant entitles the holder to subscribe to one-seventh of an ordinary share, which means that the exercise of seven series 2 warrants will be required in order to subscribe to one A or B share, depending on the case, i.e. a maximum of 3,198,793 A and B shares (depending on the case) in the event that all 22,391,550 Series 2 warrants are exercised.