



## **LOXAM – 2016 FIRST QUARTER RESULTS**

### **POSITIVE FIRST QUARTER REVENUE, CONFIRMING TREND REVERSAL IN FRANCE**

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LOXAM, Europe's leading equipment rental company to professionals, published today its financial statements for the first quarter of 2016.

Q1-2016 financial and business highlights:

- Revenue up by 9% at €206 million (+2% like-for-like)
- Confirmation of return to growth for Generalist France, while other divisions also recorded positive organic growth.
- EBITDA of €48 million, or a 23.4% margin, down 3.7pts, due to integration of HERC France and Spain and lower capital gains.
- Positive Free Cash Flow of €8m
- Net financial debt of €1,017 million and stable proforma leverage ratio at 3.55x

Overall, LOXAM recorded satisfactory results in Q1-2016 with a soft increase in both revenue and EBITDA before capital gains on fleet disposals, in the context of a fledging recovery of our main market France.

Gérard Déprez, Chairman and CEO of LOXAM commented:

“Our performance during the first quarter was satisfactory and in line with our expectation of a trend reversal of the French equipment rental market. During this quarter, the revenue of our three divisions has been growing organically, in addition to the contribution of the acquired HERC businesses. Our EBITDA performance has been stable, setting aside the impact of the integration of the HERC cost structure and lower capital gains on fleet disposals.

Our Free Cash Flow generation has remained positive in Q1, despite the early timing of fleet capex. Looking ahead, we remain confident that our revenue and EBITDA should benefit from the progressive turnaround of the French construction market.”

## KEY FIGURES (millions of Euro; IFRS)

	<u>Q1 2015</u>	<u>Q1 2016</u>
<b>Revenue</b>		
Generalist France	115.9	129.2
Specialist France	32.9	35.4
International	40.5	41.5
<b>Total Revenue</b>	<b>189.4</b>	<b>206.1</b>
<b>EBITDA</b>		
Generalist France	34.4	31.8
Specialist France	10.1	8.6
International	6.8	7.5
<b>Total EBITDA <sup>(1)</sup></b>	<b>51.4</b>	<b>48.3</b>
<b>EBITDA margin</b>		
Generalist France	29.6%	24.6%
Specialist France	30.8%	24.4%
International	16.7%	18.0%
<b>Total EBITDA <sup>(1)</sup> margin</b>	<b>27.1%</b>	<b>23.4%</b>
<b>Operating income</b>	<b>5.3</b>	<b>(3.9)</b>
<b>Net Income (Loss) <sup>(2)</sup></b>	<b>(7.6)</b>	<b>(14.7)</b>
Free Cash Flow <sup>(3)</sup>	7.7	7.9
Gross CAPEX	25.1	41.4

<sup>(1)</sup> including contribution from real estate

<sup>(2)</sup> Group share

<sup>(3)</sup> Free cash flow before acquisitions, dividends, FX effects and HY issuance cost amortization

The financial statements for Q1-2016 have been prepared according to IFRS and Q1-2015 financial statements have been restated under IFRS to provide a comparable basis.

## REVENUE

LOXAM's consolidated revenue increased by 8.8% during the quarter to €206 million. Like-for-like, and at constant exchange rates, consolidated revenue increased by 1.8%.

Revenue at the Generalist France division was up by 11.5% in 2015 at €129 million, thanks to the contribution of Hertz Equipment France. Like-for-like, revenue at the Generalist France division increased by 1.7%. This satisfactory performance was achieved in the context of a slowly recovering French construction market.

The Specialist France division revenue was up by 7.4% compared to Q1-2015, at €35 million, thanks to the contribution of the Hertz Equipment specialized branches which have become part of the division. Like-for-like revenue increased by 3.3%. This revenue increase is a further evidence of the market stabilization.

Overall, our revenue in France increased by 2% like-for-like.

Our International division recorded a revenue increase of 2.5% to €42 million, or +0.8% like-for-like and at constant exchange rate. This performance was the result of different patterns within the division, with a dynamic trend in the UK, Germany and Ireland while Northern Europe had a more subdued winter.

## **EBITDA**

EBITDA decreased by €3 million to €48 million, representing 23.4% of the quarter's revenue, or a margin decrease of 3.7 points compared to Q1-2015. This decrease is due to lower gains on fleet disposals, which decreased by €6 million.

Across divisions, the EBITDA of Generalist France was down by 7.5%, at €31.8 million and a 24.6% margin, reflecting a lower level of capital gains on fleet disposals as well as the lower margin contribution of the Hertz Equipment branches. Specialist France recorded a 14.9% decrease of its EBITDA, at €8.6 million and a 24.4% margin for the same reasons as Generalist France. The International division posted an improvement of its margin, as the EBITDA increased by 10.7% to €7.5 million, showing a margin improvement of 1.3pt, to 18.0%.

## **OPERATING INCOME AND NET INCOME**

Operating income was down at €(4) million, due to lower EBITDA and depreciation cost increased by 13%.

The net financial result decreased slightly to €(17) million because of bilateral loans put in place since Q1-2015. Profit-before-tax (PBT) amounted therefore to €(21) million. Taking into account an income tax credit of €6 million, net income was down to €(15) million.

## **CASH FLOW AND INDEBTEDNESS**

Gross fleet capex increased from €22 million in Q1-2015 to €37 million in Q1-2016 mostly because of early fleet deliveries enticed by a favorable French tax incentive.

However, despite higher capex, Free cash flow remained positive at €8 million, thanks to the evolution of working capital requirement.

At the end of March 2016, the net financial debt amounted to €1,017 million versus €1,025 million at the end of December 2015. The Group had €240 million of cash and cash equivalent on its balance sheet as well as an undrawn €50 million RCF. On a pro forma basis, the net leverage ratio stood at 3.55x at the end of March 2016.

## **POST QUARTER EVENT**

On May 4<sup>th</sup>, LOXAM issued new senior secured Notes for an amount of €250 million, due in April 2023. The proceeds of this issue, together with ca. €70m of available cash, have been used to redeem the €300 million 2020 subordinated Notes.

## **BUSINESS OUTLOOK**

We confirm our expectation that the building construction market will recover in the course of 2016 in France, while in the rest of Europe, we anticipate a continuation of the positive trend in most of our markets. All of our divisions should see a revenue growth over the year and we will maintain cost discipline at the International division. The integration of HERC operations in France and in Spain should be completed by the end of June.

## FINANCIAL CALENDAR

Publication of second quarter 2016 results on September 1<sup>st</sup>, 2016 (after market close) and conference call on September 2<sup>nd</sup>, 2016.

## INVESTOR CONTACTS

<u>LOXAM</u> Patrick Bourmaud / Maëg Videau +33 (0)158 440 400 <a href="mailto:ir@loxamgroup.com">ir@loxamgroup.com</a>	<u>Brunswick</u> Agnès Catineau / Tristan Bourassin +33 (0)1 53 96 83 83 <a href="mailto:loxam@brunswickgroup.com">loxam@brunswickgroup.com</a>
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## ABOUT LOXAM

LOXAM is the leading equipment rental Company in Europe with consolidated revenue of €838 million in 2015 and approximately 5,000 employees. LOXAM's network of more than 660 branches extends over 11 countries in Europe (France, Germany, the United Kingdom, Ireland, Belgium, Switzerland, Spain, Luxemburg, the Netherlands, Denmark and Norway) as well as in Morocco and Brazil.

## FORWARD-LOOKING STATEMENTS

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