LOXAM

QUARTERLY REPORT March 31, 2016

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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;
- “Income from ordinary operations” means operating income plus certain items disclosed separately under “other operating income and expense”, including a limited number of items, unusual, abnormal, and uncommon, with significant amounts. These items are disclosed separately in the income statement to make it easier to appreciate the Group’s current operating performance;
- “EBITDA” means in IFRS income from operating income plus depreciation and amortization of fixed assets;
- “Free cash flow” means EBITDA (before capital gains on fleet disposals) plus the proceeds from disposals of fixed assets less the following: (i) gross capital expenditures, (ii) finance income and expense (excluding non cash expense or income), (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* excluding derivative instruments on the balance sheet;
- “Net debt” means gross debt less cash and cash equivalents (cash plus marketable investment securities), less cash management assets;
- “Like-for-like” means changes in revenue for the period indicated compared to the prior comparable period, excluding changes in the scope of consolidation;

NOTICE

All financial information in this quarterly report has been prepared in accordance with IFRS and is presented in million of euros. This financial information has not been reviewed 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 IFRS and should not be considered to be alternatives to operating income or any other performance measures derived in accordance with IFRS. They should not be considered to be alternatives to cash flows from operating, investing or financing activities as a measure of our liquidity as derived in accordance with IFRS.

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

Change in accounting policy

Loxam has adopted International Financial Reporting Standard "IFRS" as accounting standard for its 2015 full year financial statements. Loxam's auditors have audited the 2015 accounts under IFRS standard. Loxam reports the Q1 2016 quarterly performance under IFRS and has provided a restated historical quarterly performance under IFRS for comparable purpose. Neither Q1 2016 figures nor Q1 2015 figures have been audited or reviewed by Loxam's auditors.

The following discussion and analysis is based on, and should be read in conjunction with, our unaudited quarterly 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 according to IFRS *(in millions of euros)*	**Three months ended March 31, 2015**	**2016**
Revenue	**189.4**	**206.1**
Other operating income	14.4	8.4
Purchases consumed	(20.4)	(23.5)
Personnel expenses	(56.7)	(62.0)
Other operating expenses	(70.2)	(75.1)
Taxes and duties	(5.1)	(5.8)
Depreciation and amortization	(46.1)	(52.1)
Income from ordinary operations	**5.3**	**(3.9)**
Other operating income and expense	-	**-**
Operating income	**5.3**	**(3.9)**
Financial income and expense	(16.0)	(17.2)
Results of associates	-	0.0
Income tax	2.9	6.4
Consolidated net income	**(7.8)**	**(14.7)**
Non controlling interests	(0.1)	0.0
Net income, group share	**(7.6)**	**(14.7)**

Consolidated balance sheet according to IFRS *(in millions of euros)*	**As of December 31, 2015**	**As of March 31, 2016**
Intangible assets and goodwill	983.0	983.2
Tangible assets	560.1	546.0
Investments in associates	8.5	8.9
Financial assets	9.4	9.5
Derivatives	-	1.5
Deferred tax assets	8.6	9.7
Non-current assets	**1,569.6**	**1,558.9**
Inventories	18.4	20.0
Trade and other receivables	206.4	194.0
Other current assets	25.6	35.9
Cash and cash equivalents	158.2	239.7
Current assets	**408.6**	**489.6**
TOTAL ASSETS	**1,978.2**	**2,048.5**
Shareholders' equity	**547.2**	**532.7**
Provisions for employees benefits	15.0	15.5
Deferred tax liabilities	21.9	16.7
Loans and financial debt – long term portion	1,109.0	1,163.0
Derivatives	9.5	9.6
Non-current liabilities	**1,155.5**	**1,204.8**
Provisions	7.1	7.3
Loans and financial debt – current portion	73.7	93.6
Supplier and other payables	89.4	103.8
Other current liabilities	105.4	106.2
Current liabilities	**275.5**	**311.0**
TOTAL EQUITY AND LIABILITIES	**1,978.2**	**2,048.5**

Consolidated condensed cash-flow statement according to IFRS	**Three months ended March 31,**	
(in millions of euros)	**2015**	**2016**
Cash flow from operations	22.4	45.9
Cash flow from investing activities	(10.8)	(34.1)
Cash flow from financing activities	(7.2)	69.1
Change in cash and cash equivalents	**4.4**	**80.9**
Cash and cash equivalents at the end of the period (1)	**147.5**	**239.2**

Note : (1) Including bank overdraft and financial assets relating to cash management.

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

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

Overview

With total pro forma revenues of €898.0 million for the 12-month period ended March 31, 2016, we are a leading European equipment rental group focused primarily on the construction and civil engineering sectors with 667 branches as of March 31, 2016 of which 522 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 March 31, 2016, our generalist network included 455 branches. The generalist network is trading under the LOXAM Rental brand ;
- Specialist France division, which includes high-access equipment, modular shelters, large compressors and generators, heavy compaction equipment, suspended platforms and scaffolding. As of March 31, 2016, our specialist network in France includes 67 branches. We rent specialist equipment in France under several specific brands, such as LOXAM Access, LOXAM Module, LOXAM Power and LOXAM LahoTEC ;
- International division, which comprises our specialist and generalist equipment offerings in 11 other countries (Denmark, Norway, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg and Morocco) with a network of 145 branches as of March 31, 2016.

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 March 31, 2016, our rental fleet exceeded 200,000 pieces of equipment (excluding accessories) with a gross book value of €1.8 billion.

Economic conditions in the first three months of 2016

After a decrease of more than 1% in 2015, the French construction market is expected to rebound in 2016 with a growth of 3.9% according to Euroconstruct. Building construction should lead the market recovery especially in residential construction which should eventually increase by 6% after several years of decline. Non residential construction should also follow the recovery path although at a lower rate of increase (+3%). Civil engineering should however still be declining (-0.6%) due to the continuous pressure on local authorities to cut spending.

In other European countries, construction markets are expected to continue their expansion in 2016. In particular, construction markets are expected to enjoy healthy growth rates in the UK and Ireland.

This positive evolution of our end markets should be beneficial to the development of our rental revenue which we have seen growing organically in Q1 2016.

Investment in new equipment

Our gross capital expenditure in the first quarter of 2016 amounted to €41.4 million, of which €37.4 million was fleet Capex as compared to €25.1 million, of which €21.7 million was fleet Capex, in the first quarter of 2015.

Changes in our rental network

We operated 667 branches as of March 31, 2016, compared to 668 as of December 31, 2015. We opened four branches in the first three months of 2016 and we merged or closed five branches as part of our network efficiency management.

Significant events of the three month- period

No significant event has occurred during the first quarter 2016. In May 2016, Loxam refinanced its €300 million senior subordinated notes due in January 2020, thanks to the issue of €250 million of senior secured notes due in May 2023 to cut its interest expense. Loxam used approximately €70 million from its cash balance to finance the shortfall between the amount repaid and the amount raised as well as the call premium and the issuance costs.

Explanation of Key Line Items from the Income Statement

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

- ***Revenue*** includes the fees paid by customers to rent equipment and revenue from related services such as transportation, fuel, damage waivers and the cost of repair and maintenance services charged back to our customers, as well as the retail activities at our branches.
- ***Other operating income*** principally includes net capital gains on disposals of fleet assets and real estate rent paid by subtenants.
- ***Purchases consumed*** includes (1) the cost of goods purchased for resale in our retail activity, as well as the cost of fuel and maintenance parts that are rebilled to customers; and (2) the cost of parts used by the workshops in our branches to maintain our equipment.
- ***Personnel expenses*** relates primarily to the salaries, social security charges and profit sharing expenses for our employees.
- ***Other 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, net of change in provisions on current assets.

- ***Taxes and duties*** relates mainly to property taxes and local taxes (including the CET or *Contribution Economique Territoriale* paid in France).
- ***Depreciation and amortization*** principally includes depreciation of fixed assets (fleet and non-fleet). Most of the equipment in our fleet is depreciated on a straight-line five-year basis.
- ***Other operating income and expense*** includes a limited number of items, unusual, abnormal, and uncommon, with significant amounts, disclosed separately in the income statement to make it easier to appreciate the Group's current operating performance.
- ***Financial income*** primarily includes interest income on cash balances, while ***financial expense*** comprises interest charges on bank loans and bonds and hedging expenses. It also includes change in fair value of derivatives instruments in IFRS.
- ***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. From January 1st , 2016, the corporate tax rate in France stands at 34.43% of the profit before tax. 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.
- ***Results of associates*** includes the result of companies accounted for by the equity method.

Results of operations

The table below sets out our results of operations for the quarter ended March 31, 2016 and 2015 according to IFRS.

Consolidated Income Statement	**Three Months ended March 31, (IFRS)**	
(in millions of euros)	**2015**	**2016**
Revenue	**189.4**	**206.1**
Other operating income [(1)]	14.4	8.4
Purchases consumed	(20.4)	(23.5)
Personnel expenses	(56.7)	(62.0)
Other operating expenses	(70.2)	(75.1)
Taxes and duties	(5.1)	(5.8)
Depreciation and amortization	(46.1)	(52.1)
Income from ordinary operations	**5.3**	**(3.9)**
Other income and expense	-	-
Operating income	**5.3**	**(3.9)**
Financial income and expense	(16.0)	(17.2)
Result of associates	-	0.0
Income tax	2.9	6.4
Consolidated net income	**(7.8)**	**(14.7)**
Minority interests	**(0.1)**	**0.0**
Net income, group share	**(7.6)**	**(14.7)**

Note :

(1) Other operating income include under IFRS net capital gains on fleet disposals amounting to €11.6 million and €5.4 million in Q1 2015 and Q1 2016, respectively.

The following table sets out these key figures in each of the Generalist France, Specialist France and International divisions for the quarter ended March 31, 2015 and 2016 in IFRS.

	Three months ended March 31, (IFRS)	
(in millions of euros)	**2015**	**2016**
Revenue (1)		
Generalist France	115.9	129.2
Specialist France	32.9	35.4
France	**148.9**	**164.6**
International	40.5	41.5
Total revenue	**189.4**	**206.1**
EBITDA		
Generalist France (2)	34.4	31.8
Specialist France (2)	10.1	8.6
France	**44.5**	**40.4**
International	6.8	7.5
Real Estate (4)	0.2	0.3
Total EBITDA	**51.4**	**48.3**
EBITDA margin	*27.1 %*	*23.4 %*

Notes:

(1) To present Generalist and Specialist revenue generated in France by division, we aggregate the revenue of each branch assigned to that division. Revenue 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 revenue, which are accounted for centrally, and then allocate direct expenses (which represent a majority) directly to a given branch. Indirect expenses are allocated centrally or regionally and are then allocated to a given branch according to a factor that is based on that branch’s revenue, the gross value of its equipment or the rental value of its equipment.

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

Quarter ended March 31, 2016 compared to quarter ended March 31, 2015

Revenue

Revenue increased by 8.8% to €206.1 million in the first quarter of 2016 from €189.4 million in the first quarter of 2015. On a like-for-like basis and at constant exchange rate, revenue increased by 1.8%.

Revenue from our Generalist France division increased by 11.5% in the first quarter of 2016 to €129.2 million as compared to €115.9 million in the first quarter of 2015, due to the integration of Hertz Equipment branches during the quarter. Like-for-like, revenue from our Generalist France division increased by 1.7%, as a stabilisation of the French rental market is confirmed in Q1 2016 after a similar performance in Q4 2015. Generalist France represented 63% of total revenue in the first quarter of 2016, compared to 61% in the first quarter of 2015.

Revenue from our Specialist France division increased by 7.4% to €35.4 million in the first quarter of 2016 as compared to €32.9 million in the first quarter of 2015 thanks to the contribution of the specialist branches acquired from Hertz in power generation and modular construction. Like-for-like, revenue at the Specialist France division grew by +3.3% in Q1 2016 also evidencing the stabilization of our markets. The Specialist France division represented a stable 17% of total revenue in the first quarter of 2016.

International revenue increased by 2.5% to €41.5 million in the first quarter of 2016 compared to €40.5 million in the first quarter of 2015, thanks to the contribution from the Spanish business of Hertz Equipment. Like-for-like and at constant exchange rate, International revenue increased by 0.8%, as revenue developed favourably in the UK and Ireland amongst others. Our International division represented 20% of total revenue in the first quarter of 2016, compared to 21% in the first quarter of 2015.

Other operating income

Other operating income decreased by €6.0 million to €8.4 million in the quarter ended March 31, 2016 from €14.4 million in the quarter ended March 31, 2015, because of lower fleet disposals which led to lower capital gains on these disposals.

Purchases consumed

Purchases consumed increased by 15.2% to €23.5 million for the quarter ended March 31, 2016 compared to €20.4 million for the quarter ended March 31, 2015. The increased in purchases consumed was mostly caused by higher retail sales in the quarter which increased by +16.3%.

Personnel expenses

Personnel expenses increased by 9.3% to €62.0 million in the quarter ended March 31, 2016 from €56.7 million in the quarter ended March 31, 2015. Like-for-like, personnel expenses decreased by 0.5%, as personnel expenses decreased slightly in France but grew by 1.5% at the International Division.

Other operating expenses

Other operating expenses increased by 7.0% to €75.1 million in the first quarter of 2016 from €70.2 million in the first quarter of 2015. Like-for-like, other operating expenses increased by 1.4%. Other operating expenses grew in France due to the integration of Hertz Equipment, while integration costs were recorded before Loxam can benefit from cost synergies. At the International division, other operating expenses decreased by 4.5% or 6.4% on a like-for-like basis.

Depreciation and amortization

Depreciation and amortization increased by 13.1% to €52.1 million in the quarter ended March 31, 2016, compared to €46.1 million in the quarter ended March 31, 2015. This increase was mostly driven by the contribution from Hertz whose depreciation policy has been aligned with Loxam's.

Financial income and expense

Net financial expense increased by €1.2 million to €17.2 million in the quarter ended March 31, 2016, compared to €16.0 million in the quarter ended March 31, 2015. The net interest charge increased by €0.6 million to €17.5 million in Q1 2016 versus €16.9 million Q1 2015 because of a higher amount of bilateral loans secured to finance the capex of 2015.

Income tax

Income tax was a credit of €6.4 million in the quarter ended March 31, 2016, compared to a credit of €2.9 million in the quarter ended March 31, 2015. In the quarter ended March 31, 2016, the loss before tax amounted to €21.1 million versus a loss of €10.7 million in the end of the first quarter of 2015, because Loxam recorded a lower amount of capital gains and was impacted by the integration costs of Hertz Equipment.

Net income

As a result of the various factors described above, we recorded a net loss of €14.7 million in the quarter ended March 31, 2016 compared to a net loss of €7.8 million in the quarter ended March 31, 2015.

EBITDA

In IFRS, we define EBITDA as income from ordinary operations plus depreciation and amortization of fixed assets.

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

	Three Months ended March 31, (IFRS)	
(in millions of euros)	**2015**	**2016**
EBITDA	**51.4**	**48.3**
Depreciation and Amortization	(46.1)	(52.1)
Operating income	**5.3**	**(3.9)**
Financial income and expense	(16.0)	(17.2)
Results of associates	-	0.0
Income tax	2.9	6.4
Consolidated net income	**7.8**	**14.7**

EBITDA amounted to €48.3 million in Q1 2016 decreasing by 6.1% from €51.4 million in Q1 2015. The EBITDA margin in Q1 2016 stood at 23.4% versus an EBITDA margin of 27.1% in Q1 2015. The decrease of the overall EBITDA margin is the result on one hand of the integration of Hertz Equipment whose EBITDA margin in Q1 2016 was lower than Loxam's, and on the other hand a reduction in fleet sales in Q1 2016 which led to a reduction by €6.0 million of the amount of capital gains recorded in the quarter.

EBITDA from our Generalist France division amounted to €31.8 million in Q1 2016, compared to €34.4 million in Q1 2015. Our EBITDA margin for Generalist France was 24.6% in Q1 2016 compared to 29.6% in Q1 2015.

EBITDA from our Specialist France division amounted to €8.6 million in Q1 2016, compared to €10.1 million in Q1 2015. Our EBITDA margin for Specialist France was 24.4% in Q1 2016 compared to 30.8% in Q1 2015.

EBITDA from our International division amounted to €7.5 million in Q1 2016, compared to €6.8 million in Q1 2015. Our EBITDA margin for International was 18.0% in Q1 2016 compared to 16.7% in Q1 2015.

Liquidity and Capital Resources

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

Our sources of financing consisted mainly of the following:

- cash generated from our operating activities;
- borrowings under our syndicated credit facilities (including the revolving credit facility), and bilateral credit facilities and finance leases; and
- net proceeds from our outstanding debt securities and any other debt securities that we may issue in the future.

As of March 31, 2016, the gross debt (excluding derivatives) amounted to €1,256.6 million, compared to €1,182.7 million as of December 31, 2015. Our net debt (excluding derivatives) as of March 31, 2016 amounted to €1,017.0 million, a decrease of €7.5 million compared to December 31, 2015.

As of March 31, 2016, we had €945.5 million of outstanding bond debt, after deduction of €14.5 million of issuance costs to be amortized over the duration of the bonds using the effective interest rate method. Our bond debt 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. We also had €163.6 million outstanding debt under bilateral facilities from banks and finance leases in a total amount of €131.8 million. Cash and cash equivalents net of bank overdrafts on our balance sheet amounted to €239.7 million as of March 31, 2016.

We also have a 5-year €50 million revolving credit facility, which was entered into in connection with the issuance of the 2014 Notes and which we may use for general corporate purposes. As of March 31, 2016, this revolving credit facility was not drawn.

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. In the first quarter 2016, new bilateral credit facilities and finance leases were entered into for respectively €40.0 million and €42.0 million.

Capital expenditures

In Q1 2016, gross capital expenditures increased to €41.4 million, compared to €25.1 million in Q1 2015. Fleet capital expenditure amounted to €37.4 million in Q1 2016, compared to €21.7 million in Q1 2015. The step-up in our fleet capex was caused by the prospect of an ending tax break for investment in April 2016. This measure has since been extended until the end of April 2017.

In Q1 2016, the gross book value of disposed rental equipment was reduced to €23.2 million, compared to €41.6 million in Q1 2015.

Free Cash flow

We define free cash flow as EBITDA less net capital expenditures, financial income and expense (excluding non cash financial income and expense), taxes (excluding deferred taxes), capital gains on fleet disposals and certain other income and expenses and changes in working capital requirement. Free cash flow is presented before the payment of dividends to shareholders, capital increases and acquisitions. Free cash flow is not a measure of financial performance under IFRS and should not be considered as an alternative to operating income as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS.

Free cash flow amounted to €7.9 million for the quarter ended March 31, 2016 compared to €7.7 million for the quarter ended March 31, 2015.

The following table presents a reconciliation of EBITDA to free cash flow for the first quarters of 2016 and 2015.

	Three Months Ended March 31, (IFRS)	
	2015	**2016**
	(in millions of euros)	
EBITDA before capital gains on fleet disposals	**39.8**	**42.8**
+ Proceeds from disposals of fixed assets	14.4	7.2
- Gross capital expenditure	(25.1)	(41.4)
- Financial income and expense (1)	(16.1)	(16.8)
- Income taxes (2)	(2.0)	(0.0)
- +/- Change in working capital requirement	(2.6)	15.6
Miscellaneous	(0.6)	0.4
Free cash flow	**7.7**	**7.9**
Acquisition	-	-
Dividends	-	-
Other	(1.9)	(0.3)
Change in net debt	**5.8**	**7.6**

Notes:

(1) Corresponds to financial income and expense payable (i.e., excluding non-cash items)

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

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

Net debt

We define net debt as gross debt less cash and cash equivalents (cash plus marketable investment securities).

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, 2015	March 31, 2016
	(in millions of euros)	
Senior secured notes	410.0	410.0
Senior subordinated notes	550.0	550.0
Issuance costs related to notes	(15.2)	(14.5)
Bilateral credit facilities	125.5	163.6
Accrued interest on debt securities and loans	9.6	13.5
Lease liabilities	100.8	131.8
Other financial debt	1.8	1.8
Bank overdrafts	0.2	0.4
Loans and financial debt (gross debt)	**1,182.7**	**1,256.6**
Cash	(71.8)	(174.5)
Marketable investment securities	(86.4)	(65.1)
Cash and cash equivalents	**(158.2)**	**(239.7)**
Net debt	**1,024.5**	**1,016.9**

Net debt decreased to €1,016.9 million as of March 31, 2016 from €1,024.5 million as of December 31, 2015 as a result of the positive free cash flow of €7.9 million recorded in Q1.

Debt maturity profile

The table below provides the maturity profile of our outstanding indebtedness, as of March 31, 2016.

(in millions of euros)	Total	2016	2017	2018	2019	2020	2021	2022 and later
Bilateral loans	163.6	24.4	33.6	33.6	32.0	28.2	9.2	2.7
Lease liabilities	131.8	34.3	38.2	31.5	17.9	8.6	0.8	0.5
Loans and financial debt owed to credit institutions	**295.4**	**58.8**	**71.8**	**65.0**	**49.9**	**36.8**	**10.0**	**3.1**
Other financial debt (1)	(12.7)	1.5	0.3	-	-	(7.6)	(4.2)	(2.7)
Senior secured notes	410.0	-	-	-	-	-	410.0	-
Senior subordinated notes	550.0	-	-	-	-	300.0	-	250.0
Total debt	**1,242.7**	**60.2**	**72.1**	**65.0**	**49.9**	**329.3**	**415.8**	**250.4**

Note : (1) Includes issuance costs related to notes

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 in January 2013, 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 entire refinancing of our bank debt in July 2014 and covered a notional amount of €132.6million at March 31, 2016 for a maximum term in July 2022. These derivatives are recognized in financial liabilities for an amount of €8.1 million at March 31, 2016.

As of March 31, 2016, 88% of our loans and other financial debt were at fixed rate.

The large majority of our revenue, 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. Our foreign exchange rate derivative financial instruments as of March 31, 2016 covered current liabilities denominated in British Pounds for GBP 16.2 million and in Danish krone for DKK 20.0 million.

Critical Accounting Policies and Estimates

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

Change in accounting policy

Loxam has adopted International Financial Reporting Standard “IFRS” as accounting standard in 2015 financial statements. Loxam has prepared restated quarterly financial statements for Q1 2015 to provide historical comparable data. Loxam’s auditors have not audited nor reviewed the Q1 2016 and Q1 2015 accounts under IFRS standard.

APPENDIX :

LOXAM GROUP

UNAUDITED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016

Statement of financial position

ASSETS (€'000)	Notes	31.03.16	31.12.15
Intangible assets and goodwill	5	983,209	983,015
Property, plant and equipment	6	546,036	560,095
Investments in associates	8	8,888	8,465
Financial assets	7	9,488	9,425
Financial derivatives	14	1,521	-
Deferred tax assets	20	9,735	8,618
Non-current assets		**1,558,877**	**1,569,617**
Inventories	9	20,030	18,364
Trade and other receivables	10	193,995	206,361
Other current assets	11	29,112	21,767
Corporate income tax receivables	11	6,769	3,865
Cash and cash equivalents	12	239,681	158,211
Current assets		**489,588**	**408,569**
Total assets		**2,048,465**	**1,978,185**

LIABILITIES (€'000)	Notes	31.03.16	31.12.15
Share capital		258,223	258,223
Additional paid-in capital		1,882	1,882
Consolidated reserves		287,077	278,887
Net profit for the year		(14,669)	8,008
Shareholders' equity (Group share)		**532,513**	**547,000**
Non-controlling interests		213	204
Total equity	**13**	**532,726**	**547,204**
Employee benefits		15,510	15,044
Deferred tax liabilities	20	16,654	21,904
Borrowings and financial debt	15	1,163,008	1,109,036
Financial derivatives	14	9,604	9,532
Non-current liabilities		**1,204,775**	**1,155,518**
Provisions	16	7,322	7,064
Borrowings and financial debt	15	93,628	73,680
Trade and other payables	17	103,828	89,386
Other liabilities	17	106,111	105,254
Corporate income tax liabilities	17	74	80
Current liabilities		**310,964**	**275,464**
Total shareholders' equity and liabilities		**2,048,465**	**1,978,185**

Consolidated income statement and statement of comprehensive income

€'000	Notes	31.03.16	31.03.15
Revenue		206,131	189,371
Other income		8,427	14,408
Operating income		**214,558**	**203,779**
Purchases consumed		(23,453)	(20,359)
Personnel expenses	18	(61,987)	(56,734)
Other current expenses		(75,090)	(70,189)
Taxes and duties		(5,770)	(5,083)
Depreciation and amortisation		(52,146)	(46,088)
Profit from ordinary operations		**(3,889)**	**5,325**
Other operating income			
Other operating expenses			
Operating profit		**(3,889)**	**5,325**
Interest and financing-related expenses		(17,711)	(17,218)
Other financial expenses		(1,330)	(311)
Financial income		1,876	1,525
Financial income (expense)	19	**(17,165)**	**(16,004)**
Profit before tax		**(21,054)**	**(10,679)**
Share of profit of associates		37	-
Income tax expense	20	6,359	2,890
Net profit		**(14,658)**	**(7,789)**
Non-controlling interests		11	(141)
Net profit, Group share		**(14,669)**	**(7,648)**

	31.03.16	31.03.15
Net profit	**(14,658)**	**(7,789)**
Exchange gains or losses	179	-
Value adjustments linked to hedging derivatives	-	-
Tax	-	-
Items recycled to profit or loss	***179***	
Remeasurement of liabilities for defined benefit retirement plans	-	287
Tax	-	(81)
Items not recycled to profit or loss	***-***	***207***
Other comprehensive income	**179**	**207**
Comprehensive income	**(14,478)**	**(7,582)**

Consolidated cash-flow statement

€'000	Notes		31.03.16	31.12.15
Net profit			**(14,658)**	**7,732**
Share of profit of associates	8		(37)	397
Income tax expense (including deferred tax)	20		(6,359)	15,286
Net finance costs	19		17,165	66,593
Depreciation and provisions, net of reversals			52,722	186,871
Capital gains on asset disposals			(5,599)	(47,565)
Cash flow from operations (before cost of financing and tax)			**43,234**	**229,313**
Income tax paid			(6)	(17,918)
Financial interest paid			(13.274)	(66,413)
Financial interest received			355	2,393
Change in working capital requirements			15,564	5,879
Cash flow from operating activities		**A**	**45,873**	**153,254**
Impact of changes in scope			-	(125,081)
Acquisitions of fixed assets			(41,357)	(150,756)
Disposals of fixed assets			7,234	58,580
Cash flow from investing activities		**B**	**(34,123)**	**(217,257)**
Dividends paid			-	(4,906)
Capital increase			-	-
Proceeds from loans and borrowings	15		81,965	125,882
Repayment of loans and borrowings	15		(12,851)	(43,240)
Cash flow from financing activities		**C**	**69,114**	**77,736**
Change in cash and cash equivalents		**A+B+C**	**80,863**	**13,733**
Cash and cash equivalents at beginning of period			158,043	144,253
Cash and cash equivalents at end of period			239,240	158,043
Impact of exchange rate fluctuations			(334)	(57)
Change in cash and cash equivalents			**80,863**	**13,733**
Other marketable securities			65,134	86,429
Cash at bank and on hand			174,548	71,782
Current bank borrowings			(442)	(168)
Cash and cash equivalents			**239,239**	**158,043**

Consolidated statement of changes in equity

€'000	Share capital	Additional paid-in capital	Consolidated reserves	Reserves to be recycled (OCI)	Shareholders' equity (Group share)	Non-controlling interests	Total equity
At 31 December 2014	**258,223**	**1,882**	**285,628**	**(2,324)**	**543,408**	**476**	**543,884**
Net profit for the period			8,008		8,008	(276)	7,732
Employee benefits				1,716	1,716	-	1,716
Exchange gains or losses				(1,226)	(1,226)	5	(1,221)
Comprehensive income			**8,008**	**490**	**8,498**	**(271)**	**8,227**
Dividends			(4,906)		(4,906)		(4,906)
At 31 December 2015	**258,223**	**1,882**	**288,730**	**(1,834)**	**547,000**	**204**	**547,204**
Net profit for the period			(14,669)		(14,669)	11	(14,658)
Employee benefits				-	-	-	-
Exchange gains or losses				181	181	(2)	179
Comprehensive income			**(14,669)**	**181**	**(14,487)**	**9**	**(14,478)**
Dividends			-	-	-	-	-
At 31 March 2016	**258,223**	**1,882**	**274,061**	**(1,653)**	**532,513**	**213**	**532,726**

Notes to the financial statements

Note 1 – Overview

1.1. Presentation of the Group

Loxam is a French simplified joint-stock company (*société par actions simplifiée*) with a capital of €258,222,630, governed by all the legislation and regulations for commercial companies in France, and particularly the French commercial code (*Code de commerce*). Its registered office is located at 256 rue Nicolas Coatanlem, 56850 Caudan, France.

The Group is the European equipment rental market leader, with 60% of its business focused primarily on construction and civil engineering professionals. The Group operates mainly in Europe, as well as North Africa, and has a 25% stake in a rental company in Brazil.

1.2. Functional and reporting currency

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

Note 2 – Highlights

Highlights of the period ended March, 31 2016 :

No significant event has occurred during the first quarter 2016. In May 2016, Loxam refinanced its €300 million senior subordinated notes due in January 2020, thanks to the issue of €250 million of senior secured notes due in May 2023. Loxam used its cash balance to finance the shortfall between the amount repaid and the amount raised as well as the call premium and the issuance costs.

Note 3 - Accounting principles

3.1 Presentation of the financial statements

The Group's consolidated financial statements are prepared on a historical cost basis, with the exception of certain categories of assets and liabilities, measured at fair value, in accordance with IFRS. The categories concerned are mentioned in the following notes.

The financial year-end for all the Group's subsidiaries and entities is 31 December.

3.2 Consolidation principle

A subsidiary is an entity controlled by Loxam SAS. An entity's control is based on three criteria:

- Power over the entity, i.e. the ability to direct the activities with the greatest impacts on its profitability;
- Exposure to the entity's variable returns, which may be positive, based on dividends or any other economic benefits, or negative;
- Link between power and these returns, i.e. the ability to exercise power over the entity to influence the returns achieved.

The financial statements of subsidiaries are consolidated from the date on which the Group acquires effective control until such time as control is transferred outside the Group.

The consolidated financial statements include all of the subsidiary's assets, liabilities, income and expenses. Equity and income are shared between the owners of the Group and non-controlling interests.

Transactions between consolidated companies and intragroup profits are eliminated when preparing the consolidated financial statements.

An associate is an entity in which the Group has significant influence, without having control or joint control over financial and operational policies. The share in the associate's assets and liabilities, including goodwill, is presented on a separate line on the balance sheet.

3.3 Accounting judgments and estimates

To prepare the consolidated financial statements in accordance with IFRS, the Group makes a certain number of estimates and assumptions that are based on historical information and other factors, including expectations for future events that are considered reasonable in view of the circumstances.

The Group's estimates and judgments with the most significant impacts on the financial statements concern the following elements:

- Impairment tests for intangible assets with an indefinite useful life (primarily goodwill) (Note 5),
- Measurement of obligations relating to defined benefit plans ,
- Measurement of financial instruments at fair value (Note 14),
- Qualification of leases (Note 3.10)

These estimates are based on the information available when they were prepared. They are continuously assessed based on past experience and various other factors that are considered to be reasonable, which form the basis for assessments of the book value of assets and liabilities. Estimates may be revised if the circumstances on which they were based change or new information becomes available. Actual results may differ significantly from these estimates depending on different conditions or assumptions.

3.4 Business combinations

a) Business combinations

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

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

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

The costs relating to the acquisition are expensed as incurred.

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

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

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

The conditions for these tests are presented in Section 3.11.

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

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

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

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

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

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

3.5 Foreign currency translation methods

a) Transactions in foreign currencies

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

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

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

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

b) Financial statements in foreign currencies

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

Exchange rates applied at 31 March 2016 (euro vs. currency):

1 EUR =	GBP	CHF	DKK	MAD	SEK	NOK	BRL
Reporting date rate	0,79155	1,09310	7,45120	10,94200	9,22530	9,41450	4,11740
Average rate	0,77013	1,09597	7,46053	10,80802	9,32597	9,52757	4,30563

3.6 Breakdown of current / non-current assets and liabilities

Under IAS 1, assets and liabilities are classified as “current” or “non-current”.
Loxam applies the following rules for classifying the main balance sheet aggregates:

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

3.7 Fair value of financial assets and liabilities

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

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

Further information on thee classification of financial instruments for each category is presented in Note 3.15 Cash and cash equivalents and Note 3.16 Financial instruments.

3.8 Intangible assets and goodwill

a) Goodwill

The goodwill resulting from acquisitions of subsidiaries is included in intangible assets. It represents an asset with an indefinite useful life. For the valuation of goodwill, see Note 3.4.

b) Other intangible assets

Other intangible assets have a finite useful life and are recorded at their acquisition cost, after deducting accumulated amortization and impairment losses.
The amortization of intangible assets is recorded as an expense on a straight-line basis over the estimated useful life from the moment assets are brought into service.
These other intangible assets are primarily software products, amortized over one to three years.

3.9 Property, plant and equipment

Property, plant and equipment are recognised at their acquisition cost, after deducting accumulated depreciation and impairment losses. They are not remeasured.
The cost includes the expenditure directly attributable to the asset's acquisition.
Depreciation charges for property, plant and equipment are calculated on a straight-line basis over the useful lives indicated below. Land is not depreciated:

- Buildings 10 to 20 years
- Building fixtures and fittings 5 to 20 years
- Plant and equipment 1 to 10 years
- Other property, plant and equipment 2 to 5 years

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

3.10 Leases

The Group holds finance leases in accordance with IAS 17.
Finance-leased fixed assets, transferring substantially all the risks and rewards of ownership of the leased asset to the Group, are recorded as assets on the balance sheet at the lower of the fair value of the equipment leased and the present value of minimum future lease payments. The corresponding liability is recorded as financial liabilities.
Lease payments are apportioned between financial expense and the reduction of the liability in order to obtain a constant periodic rate of interest on the remaining liability.
Finance-leased assets are depreciated over their useful life in accordance with the accounting policy applicable to the other property, plant and equipment (cf. Note 3.9- Property, plant and equipment).
Leases under which the lessor retains substantially all the risks and rewards of ownership of the asset are operating leases. Payments for these leases are recorded as expenses on a straight-line basis over the term of the lease.

3.11 Impairment of intangible assets and property, plant and equipment

Assets are reviewed at each reporting date to determine whether there are any indications of impairment. If such indications are identified, the asset's recoverable amount is estimated.

Goodwill is tested annually and whenever indications of impairments arise.
To be tested, the assets that do not generate independent cash inflows are grouped in cash generating units (CGU), which correspond to the countries in which the Group operates. These countries may be grouped together by geographic area (aggregation of CGU's), particularly for financial reporting. For impairment testing, the CGUs which the goodwill is allocated to are grouped together to ensure that the level at which impairment tests are carried out reflects the lowest level at which goodwill is monitored for internal management requirements. Goodwill acquired in connection with a business combination is allocated to the CGU that is expected to benefit from the synergies of the business combination.

The CGU's recoverable amount is the higher of its fair value less costs of disposal and the value in use.
The value in use retained by the Group corresponds to the value of the future economic benefits expected to be earned from their use and disposal. It is assessed using the discounted cash flow (DCF) method, based on the following principles:

- The cash flows are based on the medium-term business plan drawn up by top management,
- The discount rate is determined based on the weighted average cost of capital for the business and the region concerned,
- The terminal value is calculated by discounting cash flows to infinity, based on standard cash flows and a perpetuity growth rate. The growth rate is consistent with the development potential of the markets in which the Group operates, as well as its competitive position on these markets.

When the recoverable amount is lower than the net book value of the asset or the cash generating unit, an impairment is recognised in profit or loss.
Impairments recorded for goodwill are irreversible.

3.12 Financial assets

Financial assets include:

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

Financial assets are measured and recognised in accordance with IAS 39.
Financial assets are initially recognised at their fair value.
Financial assets maturing in under one year are classified as current financial assets.

3.13 Inventories

Inventories primarily include trade products, parts and consumables. Inventories are measured using the weighted average cost method.
An impairment is recognised when the realisable value, less costs of disposal, is lower than the book value.

3.14 Trade receivables and other current assets

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

3.15 Cash management assets and cash and cash equivalents

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

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

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

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

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

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

3.16 Derivative financial instruments – relating to the interest rate risk

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

These derivative financial instruments are initially recognised at their fair value. This fair value corresponds to Category 2 consistent with the definitions given in Note 3.7. Since the hedging relationship is not documented, changes in fair value are recognised in profit or loss.

The swaps that were eligible for hedge accounting on the transition date have been recognised in other comprehensive income on the opening balance sheet. This reserve is amortized over the term of the swap agreements. With the refinancing in July 2014, virtually all the variable-rate loans held by Loxam SAS were repaid and fixed-rate bonds were subscribed to. Since July 2014, the swaps retained are no longer effective. As a result, the remaining reserve was fully recycled to profit or loss when the underlyings disappeared.

3.17 Derivative financial instruments – relating to the foreign exchange risk

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

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

3.18 Financial instruments - Equity warrants

a) Equity warrant features

Under the terms of a delegation of authority granted by the Company's General Meeting on 29 July 2011, the Chairman, as decided on 28 February 2012, issued 3,165,713 BSA 1 equity warrants and 22,391,550 BSA 2 equity warrants to shareholders.

The BSA 1 and BSA 2 equity warrants were subscribed for in full by beneficiaries and both subscription agreements acknowledging the operation's completion were closed on 2 April 2012.
The BSA 1 and BSA 2 equity warrants were issued freely and concomitantly. The BSA 1 and 2 equity warrants may be exercised until 31 December 2022.
As a result of the conditions for exercising the BSA1 and BSA2 equity warrants, and variable future target yields, they can be assimilated with derivative instruments to be measured at fair value in profit or loss under IAS 39.

b) Accounting treatment

In accordance with IAS 32, these equity warrants have been classified as derivatives and recorded as liabilities. They are measured at fair value through profit or loss, in accordance with IAS 39. This fair value corresponds to Category 3, in line with the definitions given in Note 3.9. The fair value of the BSA 1 and 2 warrants is determined by applying a model incorporating, on the one hand, transaction and market data to determine the value of Loxam's share (underlying for BSA 1 and 2 warrants), and on the other hand, market data for equity warrants with comparable maturities to estimate the discount reflecting the lock-up period to be taken into consideration.

3.19 Employee benefits

Under IAS 19 (revised), all current and future benefits or compensation acquired by employees in return for services rendered during the current period and prior periods must be recognised as an expense over the period when rights are vested.
In accordance with the laws and practices in each country where it operates, the Group is part of various plans for retirement and post-employment benefits.

a) Defined contribution plans

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

b) Defined benefits plans

Retirement and related benefits under defined benefit plans are subject to provisions based on an actuarial calculation carried out at least once a year in accordance with IAS 19 (revised).
To assess retirement benefits, the projected unit credit method is applied: each period of service gives rise to an additional unit of benefit entitlements, and each unit is valued separately to determine the obligation in relation to employees.
The calculations consider the specific features of the various plans, as well as the assumptions for retirement dates, career development and wage increases, and the probability of employees still being employed by the Group when they reach retirement age (staff turnover, mortality tables, etc.). The present value of the obligation is determined based on the interest rates for long-term bonds from top-tier issuers.
An employee benefit liability is recorded for the obligation net of any plan assets measured at fair value.

The net expenses for retirement and related benefits are recognised in operating profit for the period in relation to the cost of services provided during the period. The net financial cost is recognised in financial income and expenses.
Under IAS 19R, the actuarial gains or losses generated by changes in assumptions on the net defined benefit liability or differences between interest income and the actual returns on plan financial assets are recognised immediately in other comprehensive income and cannot be recycled to profit or loss.

c) Other long-term benefits
Certain other long-term benefits are also subject to provisions, which are determined with a similar actuarial calculation to that applied for defined benefit plans.
These benefits primarily concern long-service awards (*médailles du travail*). Remeasurements of the obligation are recognised in profit or loss.

3.20 Provisions

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

3.21 Borrowings and financial debt

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

3.22 Trade payables and related

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

3.23 Tax

Income tax includes both current and deferred tax.
Current tax corresponds to the cumulative amount of corporate income tax payable on taxable income for all the Group’s companies and is determined using the tax rates adopted on the reporting date.
There are three tax consolidations within the Group: one for the French companies, with Loxam SAS as head of the group, one for the Danish companies and one for the Workx group companies in the Netherlands.
Deferred tax is recorded, using the accrual method, generally for temporary differences on the reporting date between the taxable base for assets and liabilities and their book value on the balance sheet.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets will be realised or the liabilities settled, based on the tax rates - and tax regulations - that have been enacted or substantively enacted at the reporting date.

In the event of deductible temporary differences and tax losses, deferred tax assets are recognized for the amount of the deferred tax liabilities whose repayment will make it possible to allocate these tax losses, and beyond that if it is likely that the Group will have future taxable profits.
Deferred taxes are recorded for each entity. Deferred tax assets and liabilities are offset on the balance sheet when taxes are levied by the same tax authority and they relate to the same taxable entity.
Taxes relating to elements recorded in other comprehensive income are recognised in other comprehensive income and not in profit or loss.
The Group does not consider the French CVAE business value-added tax to be an income tax under IAS 12 and accounts for it as taxes other than on income.

3.24 Revenue

Revenue comprises income from equipment rental, services and sales related to rental activities (transportation, damage waivers, labour charges invoiced for repairs) and sales of goods.
Income is recognised over the period services are provided.

3.25 Other income

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

3.26 Other current expenses

Other current expenses primarily include external services (particularly subcontracted maintenance and transportation costs, property and real estate rentals, and general administrative costs), in addition to losses on receivables net of changes in provisions.

3.27 Other operating income and expenses

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

3.28 Financial income and expenses

Financial income primarily concerns interest on investments.
Financial expenses primarily concern interest on bank borrowings and bonds, adjustments to the fair value of financial instruments, and the amortization of the recyclable reserve included in other comprehensive income for swaps classified as hedging on the transition date, then disqualified due to a lack of documentation.
Exchange gains and losses are recorded as financial income or expenses consistent with fluctuations in foreign currencies resulting in gains or losses.

Note 4 - Scope of consolidation

Legal entities	SIREN number (France) or country	% control	% interest	Consolidation method
SAS LOXAM	**450776968**	**100%**	**100%**	**Parent**
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 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
SAFELIFT AS	Norway	100%	100%	Full
SAFELIFT AB	Sweden	100%	100%	Full
DEGRAUS	Brazil	25%	25%	Equity
SCI AVENUE ARISTIDE BRIAND	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
LOXAMAM	799097944	100%	100%	Full

Note 5 – Intangible assets and goodwill

Change in intangible assets in the period ended March 31, 2016 :

€'000	Intangible assets	Goodwill	Total
Gross value at year-start	**15,682**	**981,462**	**997,145**
Changes in scope			
Increase	533		**533**
Decrease / disposals	(303)		**(303)**
Contingent consideration			
Reclassification			
Exchange gains or losses		(12)	**(12)**
Gross value at end of period ended March 31, 2016	**16,012**	**981,450**	**997,462**
Depreciation and amortisation at year-start	**(14,130)**	**-**	**(14,130)**
Changes in scope			
Depreciation and amortisation for the year	(427)		**(427)**
Withdrawals / reversals on withdrawals	303		**303**
Reclassification			
Exchange gains or losses			
Depreciation and amortisation of the period	**(14,253)**		**(14,253)**
Net value at year-start	**1,552**	**981,462**	**983,015**
Net value at end of period ended March 31, 2016	**1,759**	**981,450**	**983,209**

Change in intangible assets in 2015

€'000	Intangible assets	Goodwill	Total
Gross value at year-start	**13,118**	**950,083**	**963,200**
Changes in scope	1,216	31,230	**32,446**
Increase	1,488	150	**1,638**
Decrease / disposals	(1,013)		**(1,013)**
Contingent consideration			**-**
Reclassification	870		**870**
Exchange gains or losses	5		**5**
Gross value at year-end	**15,682**	**981,462**	**997,145**
Depreciation and amortisation at year-start	**(11,555)**	**-**	**(11,555)**
Changes in scope	(1,205)		**(1,205)**
Depreciation and amortisation for the year	(1,831)		**(1,831)**
Withdrawals / reversals on withdrawals	1,012		**1,012**
Reclassification	(546)		**(546)**
Exchange gains or losses	(5)		**(5)**
Depreciation and amortisation at year-end	**(14,130)**	**-**	**(14,130)**
Net value at year-start	**1,563**	**950,083**	**951,645**
Net value at year-end	**1,552**	**981,462**	**983,015**

Impact of changes in scope on goodwill:

No impact in the period ended March, 31 2016.

The impact of the changes in scope concerned the following companies at 31 December 2015:

€'000	Total
Maroc Elevation	886
Hertz Equipement France	30,344
FY 2015	**31,230**

Note 6 – Property, plant and equipment

Change in property, plant and equipment the period ended March, 31 2016 :

€'000	Rental equipment	Other	Total
Gross value at beginning of year	**1,766,238**	**252,468**	**2,018,706**
Changes in scope			
Acquisitions	37,397	3,295	**40,692**
Disposals	(31,357)	(5,449)	**(36,806)**
Reclassification	(134)	33	**(101)**
Exchange gains or losses	(3 914)	(197)	**(4 111)**
Gross value at end of year	**1,768,229**	**250,151**	**2,018,380**
Cumulative depreciation at beginning of year	**(1,276,911)**	**(181,700)**	**(1,458,612)**
Changes in scope			
Depreciation for the year	64,460	3,795	**68,255**
Disposals	(46,494)	(5,300)	**(51,793)**
Reclassifications	(176)	176	**(0,0)**
Exchange gains or losses	(2,618)	(111)	**(2 729)**
Cumulative depreciation at end of year	**(1,292,084)**	**(180,260)**	**(1,472,344)**
Net value at beginning of year	**492,149**	**67,946**	**560,095**
Net value at end of year	**476,145**	**69,891**	**546,035**

Change in property, plant and equipment in 2015

€'000	Rental equipment	Other	Total
Gross value at beginning of year	1,637,720	204,341	**1,842,061**
Changes in scope	175,739	40,843	**216,583**
Acquisitions	123,642	23,350	**146,992**
Disposals	(173,366)	(17,751)	**(191,117)**
Reclassification	(2,228)	1,359	**(870)**
Exchange gains or losses	4,731	326	**5,057**
Gross value at end of year	1,766,238	252,468	**2,018,706**
Cumulative depreciation at beginning of year	(1,154,451)	(153,372)	**(1,307,824)**
Changes in scope	(110,973)	(31,816)	**(142,790)**
Depreciation for the year	(174,751)	(10,745)	**(185,495)**
Disposals	164,813	15,763	**180,576**
Reclassifications	1,711	(1,165)	**546**
Exchange gains or losses	(3,260)	(365)	**(3,625)**
Cumulative depreciation at end of year	(1,276,911)	(181,700)	**(1,458,612)**
Net value at beginning of year	483,268	50,969	**534,237**
Net value at end of year	492,149	67,946	**560,095**

Note 7 - Financial assets

Gross and net values (1)

€'000	Loans and other borrowings	Other non-current financial assets	Gross value
Value at 31 Dec 2014	**6,018**	**1**	**6,019**
Changes in scope	1,896		**1,896**
Increase	2,104		**2,104**
Decrease	(572)		**(572)**
Exchange gains or losses	(21)		**(21)**
Value at 31 Dec 2015	**9,424**	**1**	**9,425**
Changes in scope			
Increase	132		**132**
Decrease	(69)		**(69)**
Exchange gains or losses	(0)		**(0)**
Value at 31 March 2016	**9,487**	**1**	**9,488**

Note 8 - Investments in associates

Gross and net values [1]

€'000	Associates
Value at 31 Dec 2014	**-**
Increase in capital of associates	-
Group share in earnings for the year	(397)
Dividends paid	(45)
Changes in scope	10,928
Exchange gains or losses	(2,020)
Value at 31 Dec 2015	**8,465**
Exchange gains or losses	423
Value at 31 March 2016	**8,888**

Note 9 - Inventories

€'000 - Net value	31.03.16	31.12.15
Trade	13,197	11,509
Parts and consumables	6,833	6,855
Total	**20,030**	**18,364**

Note 10 – Trade and other receivables

€'000	31.03.16	31.12.15
Gross value	219,537	232,154
Impairment	(25,541)	(25,793)
Total trade and other receivables	**193,995**	**206,361**

Note 11 – Income tax receivables and other current assets

€'000	31.03.16	31.12.2015
Income tax receivables	6,769	3,865
Prepaid expenses	10,535	3,923
Other receivables	18,577	17,845
Other current assets	29,112	21,767
Total income tax receivables and other current assets	**35,882**	**25,632**

Note 12 – Cash and cash equivalents

€'000	31.03.16	31.12.2015
Other marketable securities	65,134	86,429
Cash	174,548	71,782
Total	**239,681**	**158,211**

Marketable securities comprise cash investment funds (SICAV) included in the AMF's "short-term money market" category, as well as term accounts and deposits in line with the IAS 7 definition of cash and cash equivalents (cf. Note 3.15).

The cash management financial assets comprise money-market securities, bonds and shares in UCITS invested with a short-term management horizon that do not satisfy the criteria for classification as cash equivalents under IAS 7 (cf. Note 3.15).

Note 13 – Shareholders' equity

The share capital amounts to €258,222,630, split into 25,822,263 shares with a par value of €10. It is fully paid up.

Note 14 – Financial risk management - Financial instruments

Financial instruments relating to interest rate risk:

As indicated in Note 3.16, the interest rate swaps entered into by the Group are classified as derivative financial instruments.

At 31 March 2016, these agreements relate to a notional amount of €132,600 K against the 3-month Euribor, with a maximum maturity date of July 2022.

The fair value is estimated based on forecasts of observable interest rates on the derivatives market and classified as Level 2 in accordance with the classification presented in Note 3.7.

Financial instruments relating to foreign exchange risk:

As indicated in Note 3.17, foreign currency put options entered into by the Group are classified as derivative financial instruments.

The Group held options on the Pound Sterling for GBP 16,160 K at 31 March 2016 and GBP 16,535 K at 31 December 2015, and on the Danish Krone for DKK 20,000 K at 31 March 2016 and DKK 29,500 K at 31 December 2015.

The fair value is estimated based on forecasted exchange rates observable on the currency market and is classified as Level 2 in accordance with the classification presented in Note 3.7.

Financial instruments relating to the equity warrants:

These financial instruments and their accounting treatment are presented in Note 3.18.

These financial instruments are valued using an option model based on the following assumptions. This valuation of equity warrants is classified as Level 3 in accordance with the classification presented in Note 3.7. the valuation is made once a year for the annual closing.

€'000	Interest Rate swaps	Equity warrants	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 3	Level 2	
Value at 31 Dec 2014	**9,153**	**2,523**	**156**	**11,832**
Changes in scope				-
Value adjustment	(2,540)	221	19	**(2,300)**
Other				-
Value at 31 Dec 2015	**6,613**	**2,744**	**175**	**9,532**
Changes in scope				
Value adjustment	72	0	(1,521)	(1,449)
Other				
Value at 31 March 2016	6,685	2,744	(1,346)	8,083

Liquidity risk information

Liquidity risk is managed by Loxam's Finance Department, which provides subsidiaries with access to adequate short or long-term financing facilities.
The subsidiaries can look to local financing to fund their investments; in this case, these agreements are validated by the Group's Finance Department.
Liquidity is optimised at the parent company level through investment tools with capital guarantees (particularly marketable securities or instant access term deposit accounts).
Transfers between the parent company and its subsidiaries are covered by cash management agreements or loan agreements.

In 2013, the Group issued a bond in the amount of €300 million , in which €150 million had been used to pay down part of its syndicated debt.
In 2014, the Group refinanced its syndicated debt and virtually all the bilateral debt lines of Loxam SAS through a €660 million bond issue.

Credit risk information

The Loxam Group put in place a credit management policy enabling it to ensure its customers' financial solvency.
Outstanding balances are monitored with regular reports and financial information concerning customers is tracked daily. Provisions are recorded in the accounts for uncollectible amounts at each month-end.

Note 15 – Borrowings and financial debt

Breakdown of current and non-current financial debt:

€'000	31.03.16	31.12.2015
Bonds	960,000	960,000
Issuance costs	(14,461)	(15,160)
Bilateral loans	130,050	100,187
Lease debt	87,419	64,010
Non-current financial debt	**1,163,008**	**1,109,036**
Short-term bilateral loans	33,549	25,356
Short-term lease debt	44,387	36,789
Other financial debt	15,251	11,368
Current bank borrowings	442	168
Current financial debt	**93,632**	**73,680**
Financial debt	**1,256,636**	**1,182,717**

Breakdown of financial debt by interest rate:

€'000	31.03.16	31.12.2015
Variable-rate debt	153,663	115,967
Fixed-rate debt	1,102,212	1,066,259
Bank overdrafts	442	168
Other	319	323
TOTAL	**1,256,636**	**1,182,717**

Breakdown of financial debt by maturity:

€'000	31.03.16	31.12.2015
< 1 year	93,326	73,378
1 to 5 years (1)	505,961	451,653
> 5 years	657,349	657,686
TOTAL	**1,256,636**	**1,182,717**

(1) Including other financial debt due in more than one year (classified as current liabilities)

Change in borrowings and financial debt:

Changes in the period ended March, 31 2016

	31.03.16					
€'000	Beginning of Year	Change in scope	Increase	Decrease	Other	Year-end
Bond issues	960,000					960,000
Issuance costs	(15,160)				699	(14,461)
Bilateral loans	125,543		40,000	(1,911)	(34)	163,598
Lease debt	100,799		41,965	(10,940)	(17)	131,806
Other financial debt	11,536				4,157	15,693
TOTAL	**1,182,717**		**81,965**	**(12,851)**	**4,805**	**1,256,636**

Changes in 2015

	31.12.15					
€'000	Beginning of Year	Change in scope	Increase	Decrease	Other	Year-end
Bond issues	960,000					960,000
Issuance costs	(17,740)				2,580	(15,160)
Bilateral loans	28,730		105,197	(8,334)	(50)	125,543
Lease debt	115,011		20,685	(34,906)	9	100,799
Other financial debt	10,405				1,131	11,536
TOTAL	**1,096,406**	**-**	**125,882**	**(43,240)**	**3,669**	**1,182,717**

Note 16 - Provisions

€'000	Provisions for contingencies	Provisions for charges	Total
Balance at 31 Dec 2014	**4,366**	**1,206**	**5,572**
Changes in scope	512	2,435	**2,947**
Allocations	1,272	1,340	**2,613**
Reversals	(2,451)	(1,621)	**(4,072)**
Reclassifications	4	1	**4**
Balance at 31 Dec 2015	**3,703**	**3,361**	**7,064**
Changes in scope			
Allocations	397	387	**784**
Reversals	(284)	(238)	**(523)**
Reclassifications			
Balance at 31 Mar 2016	**3,813**	**3,509**	**7,322**

Note 17 – Trade payables and other current liabilities

€'000	31.03.16	31.12.15
Trade payables	72,342	65,813
Payables to fixed asset suppliers	31,486	23,572
Trade payables and related	**103,828**	**89,386**
Corporate income tax liabilities	**74**	**80**
Tax and social security liabilities	90,320	87,350
Other liabilities	13,848	15,880
Accrued income	1,943	2,024
Other liabilities and accruals	**106,111**	**105,254**
Total current liabilities	**210,013**	**194,720**

Note 18 - Personnel expenses

€'000	31.03.16	31.03.15
Salaries	45,105	41,975
Payroll taxes	16,425	14,759
Employee profit-sharing	457	-
Total personnel expenses	**61,987**	**56,735**
Average headcount	5,032	4,626

The French tax credit, “Crédit d’Impôt Compétitivité Emploi (C.I.C.E.)”, is deducted from payroll taxes.

Note 19 - Financial income (expense)

€'000	31.03.16	31.03.15
Interest and financing-related expenses	(17,711)	(17,218)
Income from cash and cash equivalents	210	292
Net finance costs	**(17,501)**	**(16,926)**
Fair value adjustments for financial instruments	352	787
Other financial expenses	(160)	(106)
Other financial income	145	241
Financial income (expense)	**(17,165)**	**(16,004)**

Note 20 - Corporate income tax

Analysis of tax expense

€'000	31.03.16	31.03.15
Current tax	(6)	(1,998)
Deferred tax	6,365	4,889
Total	**6,359**	**2,890**

Reconciliation between actual tax and the theoretical tax expense

€'000	31.03.16	31.03.15
Consolidated income before tax and "CICE" French tax credit	(22,612)	(12,075)
Tax rate (parent)	34,43%	34,43%
Theoretical tax expense	**7,785**	**4,157**
Difference in parent / subsidiary rates	(541)	360
Unused tax losses for the year	(560)	(406)
Use of previously unused losses	3	18
Permanent differences	(324)	(1,188)
French tax on dividends	0	0
Tax credits and other	(3)	(52)
Actual tax expense	**6,359**	**2,890**