

## **LOXAM**

Simplified Joint Stock Company  
256, rue Nicolas Coatanlem  
56850 CAUDAN

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### **Statutory auditors' report on the consolidated financial statements**

For the year ended December 31, 2017

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**CONSTANTIN ASSOCIES**  
*Member of Deloitte Touche Tohmatsu Limited*

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For the year ended December 31, 2017

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To annual general meeting of Loxam Company,

#### **Opinion**

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Loxam company for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## **Basis for Opinion**

### ***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

### ***Independence***

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

## **Justification of Assessments**

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

### ***Goodwill and other intangible fixed assets***

Notes 3.7 "Business Combination" and 3.14 "Impairment of intangible and tangible fixed assets" to the consolidated financial statements set out the principle of allocation of the identifiable assets and liabilities of the entities included in the scope of consolidation, together with the methods for determining the recoverable value of the intangible assets thus identified.

Impairment tests have been performed, in accordance to the methods set out in Note 3.14 "Impairment of intangible and tangible fixed assets" and Note 5 "Intangible assets and Goodwill" to the consolidated financial statements, on the Goodwill, recognised on the balance sheet at December 31, 2017 for a net amount of € 1,252,634 thousands euros.

We have reviewed the details of implementation for these tests and the overall consistency of the assumptions used; we have reviewed the calculations and have verified that Notes to the consolidated financial statements provides appropriate information.

### **Verification of the Information Pertaining to the Group Presented in the Management Report**

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Chairman.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Chairman.

### **Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Neuilly-sur-Seine et Rennes, March 26, 2018

The Statutory Auditors

**CONSTANTIN ASSOCIES**

*Member of Deloitte Touche Tohmatsu limited*

**KPMG Audit**

*A Division of KPMG S.A.*

Jean Paul SEGURET

Vincent BROYÉ

Free translation into English

**LOXAM GROUP**  
**IFRS FINANCIAL STATEMENTS**

**at 31 December 2017**

## CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

### Statement of financial position

ASSETS (€'000)	Notes	31.12.16	31.12.17
Intangible assets and goodwill	5	968,976	1,333,889
Property, plant and equipment	6	630,044	1,232,597
Investments in associates	7	9,738	0
Financial assets	8	9,919	15,626
Financial derivatives	14	765	1,181
Deferred tax assets	22	7,790	21,632
<b>Non-current assets</b>		<b>1,627,233</b>	<b>2,604,925</b>
Inventories	9	18,681	29,315
Trade and other receivables	10	224,636	370,842
Other current assets	11	26,137	64,701
Corporate income tax receivables	11	6,589	19,380
Cash and cash equivalents	12	155,857	117,544
<b>Current assets</b>		<b>431,899</b>	<b>601,782</b>
<b>Total assets</b>		<b>2,059,132</b>	<b>3,206,707</b>

LIABILITIES (€'000)	Notes	31.12.16	31.12.17
Share capital		232,400	229,818
Additional paid-in capital		1,882	1,882
Consolidated reserves		211,313	211,953
Net profit for the year		34,298	84,644
<b>Shareholders' equity (Group share)</b>		<b>479,894</b>	<b>528,297</b>
Non-controlling interests		938	15,391
<b>Total equity</b>	<b>13</b>	<b>480,832</b>	<b>543,688</b>
Employee benefits	16	18,716	16,608
Deferred tax liabilities	22	25,396	62,064
Borrowings and financial debt	15	1,189,195	2,037,490
Financial derivatives	14	4,854	2,855
<b>Non-current liabilities</b>		<b>1,238,161</b>	<b>2,119,017</b>
Provisions	17	4,948	11,245
Borrowings and financial debt	15	107,442	201,218
Trade and other payables	18	123,129	188,181
Other liabilities	18	103,938	135,400
Corporate income tax liabilities	18	683	7,958
<b>Current liabilities</b>		<b>340,139</b>	<b>544,003</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,059,132</b>	<b>3,206,707</b>



## Consolidated income statement and statement of comprehensive income

€'000	Notes	31.12.16	31.12.17
<b>Revenue</b>		<b>926,782</b>	<b>1,367,698</b>
Other income		56,265	62,611
<b>Operating income</b>		<b>983,047</b>	<b>1,430,309</b>
Purchases consumed		(105,482)	(144,444)
Personnel expenses	19	(244,362)	(360,111)
Other current expenses		(311,737)	(443,267)
Taxes and duties		(16,637)	(18,488)
Depreciation and amortisation		(143,705)	(238,383)
<b>Profit from ordinary operations</b>		<b>161,124</b>	<b>225,616</b>
Other operating incomes	20	17	14 045
Other operating expenses	20	(19,956)	(18,506)
<b>Operating profit</b>		<b>141,185</b>	<b>221,155</b>
Interest and financing-related expenses		(63,130)	(93,292)
Other financial expenses		(31,848)	(26,920)
Financial income		6,830	3,499
<b>Financial income (expense)</b>	21	<b>(88,148)</b>	<b>(116,714)</b>
<b>Profit before tax</b>		<b>53,037</b>	<b>104,441</b>
Share of profit of associates		(1,002)	(1,306)
Income tax expense	22	(17,649)	(18,860)
<b>Net profit</b>		<b>34,386</b>	<b>84,275</b>
Non-controlling interests		87	(369)
<b>Net profit, Group share</b>		<b>34,298</b>	<b>84,644</b>

	31.12.16	31.12.17
<b>Net profit</b>	<b>34,386</b>	<b>84,275</b>
Exchange gains or losses (1)	1,469	(24,615)
Value adjustments linked to hedging derivatives		(842)
Tax		
<b>Items recycled to profit or loss</b>	<b>1,469</b>	<b>(25,457)</b>
Remeasurement of liabilities for defined benefit retirement plans	(3,291)	3,568
Tax	858	(894)
<b>Items not recycled to profit or loss</b>	<b>(2,434)</b>	<b>2,674</b>
<b>Other comprehensive income</b>	<b>(964)</b>	<b>(22,783)</b>
<b>Comprehensive income</b>	<b>33,421</b>	<b>61,492</b>
(1) including associates:	2,090	
Of which exchange rate adjustments linked to the Lavendon Group: -€20,956k in 2017		

## Consolidated cash-flow statement

€'000	Notes	31.12.16	31.12.17
<b>Net profit</b>		<b>34,386</b>	<b>84,275</b>
Share of profit of associates	7	1,002	1,306
Income tax expense (including deferred tax)	22	17,649	18,860
Net finance costs	21	88,148	116,714
			(14,045)
Depreciation and provisions, net of reversals		157,809	247,049
Capital gains on asset disposals		(45,686)	(52,046)
<b>Cash flow from operations (before cost of financing and tax)</b>		<b>253,308</b>	<b>402,112</b>
Income tax paid		(12,710)	(9,323)
Financial interest paid		(83,128)	(92,696)
Financial interest received		1,293	1,440
Change in working capital requirements		6,804	(40,727)
<b>Cash flow from operating activities</b>	<b>A</b>	<b>165,566</b>	<b>260,805</b>
Impact of changes in scope		(2,019)	(817,570)
Acquisitions of fixed assets		(230,857)	(432,838)
Disposals of fixed assets		54,578	66,643
<b>Cash flow from investing activities</b>	<b>B</b>	<b>(178,298)</b>	<b>(1,183,764)</b>
Dividends paid		(4,906)	(4,941)
Capital decrease		(95,542)	(9,554)
Proceeds from loans and borrowings	15	485,483	1,918,950
Repayment of loans and borrowings	15	(377,989)	(1,021,040)
<b>Cash flow from financing activities</b>	<b>C</b>	<b>7,046</b>	<b>883,416</b>
<b>Change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>(5,686)</b>	<b>(39,544)</b>
Cash and cash equivalents at beginning of period		158,043	155,677
Cash and cash equivalents at end of period		155,677	116,583
Impact of exchange rate fluctuations		(3,320)	(450)
<b>Change in cash and cash equivalents</b>		<b>(5,686)</b>	<b>(39,544)</b>
Other marketable securities		65,262	89
Cash at bank and on hand		90,595	117,455
Current bank borrowings		(180)	(961)
<b>Cash and cash equivalents</b>		<b>155,677</b>	<b>116,583</b>

## 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
<b>At 1st January 2015</b>	<b>258,223</b>	<b>1,882</b>	<b>285,628</b>	<b>(2,324)</b>	<b>543,408</b>	<b>476</b>	<b>543,884</b>
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)
<b>Comprehensive income</b>			<b>8,008</b>	<b>490</b>	<b>8,498</b>	<b>(271)</b>	<b>8,227</b>
Capital movements					0		0
Dividends			(4,906)		(4,906)		(4,906)
<b>At 31 December 2015</b>	<b>258,223</b>	<b>1,882</b>	<b>288,730</b>	<b>(1,834)</b>	<b>547,000</b>	<b>204</b>	<b>547,204</b>
Net profit for the period			34,298		34,298	87	34,386
Employee benefits				(2,434)	(2,434)		(2,434)
Exchange gains or losses			5	1,450	1,455	14	1,469
<b>Comprehensive income</b>			<b>34,303</b>	<b>(984)</b>	<b>33,320</b>	<b>102</b>	<b>33,421</b>
Capital movements	(25,822)		(69,720)		(95,542)	633	(94,910)
Dividends			(4,884)		(4,884)	-	(4,884)
<b>At 31 December 2016</b>	<b>232,400</b>	<b>1,882</b>	<b>248,430</b>	<b>(2,818)</b>	<b>479,894</b>	<b>938</b>	<b>480,832</b>
Net profit for the period			84,644		84,644	(369)	84,275
Employee benefits (a)				2,674	2,674		2,674
Hedge of net investment				(842)	(842)		(842)
Exchange gains or losses (b)				(23,458)	(23,458)	(1,157)	(24,615)
<b>Comprehensive income</b>			<b>84,644</b>	<b>(21,626)</b>	<b>63,019</b>	<b>(1,526)</b>	<b>61,492</b>
Capital movements	(2,582)		(6,972)		(9,554)		(9,554)
Dividends			(4,941)		(4,941)		(4,941)
Changes in scope			(120)		(120)	15,979	15,859
<b>At 31 December 2017</b>	<b>229,818</b>	<b>1,882</b>	<b>321,041</b>	<b>(24,444)</b>	<b>528,297</b>	<b>15,391</b>	<b>543,688</b>

(a) Net of tax

(b) Of which exchange rate adjustments linked to the Lavendon Group: -€20,956k

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## **Note 1 – Overview**

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### **1.1. Presentation of the Group**

Loxam SAS is a French simplified joint stock company (“Société par actions simplifiée”) with a share capital of €229,818,150 at 31 December 2017, governed by all of the legislation and regulations for commercial companies in France, and particularly the French commercial code (“Code de commerce”). Its registered office is located at 256 rue Nicolas Coatanlem, 56850 Caudan, France.

The Group is the European equipment rental market leader, with its business focused primarily on construction and civil engineering professionals. The Group operates mainly in Europe, as well as North Africa, and has a 50.1% stake in a rental company in Brazil. Following the acquisitions of the Lavendon and Hune Groups, the Group also operates in the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait as well as Colombia.

### **1.2. Context for the preparation of the IFRS consolidated financial statements**

The consolidated financial statements for the period from 1 January to 31 December 2017 include Loxam SAS and its subsidiaries (together “the Group” or “the Loxam Group”), including the Group’s share in equity affiliates and joint ventures.

### **1.3. Functional and reporting currency**

The Group’s 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

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### Overview of keys developments in 2017:

Salmat Nord which was acquired in 2016 was merged into Loxam SAS as at January 1, 2017.

In January 2017, Loxam SAS completed its share buy-back programme and bought 258,222 shares, of which 100,000 shares were kept as treasury shares according to L225-228 and were restated in our consolidated financial statements in deduction of Equity. The remaining 158,222 shares were cancelled.

On February 6, 2017, Loxam SAS bought a 100% interest in the Spanish rental company Hune Rental S.L. (together with its subsidiaries, the “Hune Group”), that operates in Spain, Portugal, and France, and has two joint-ventures in Saudi Arabia and Colombia.

On February 13, 2017, Loxam SAS took control of the British company Lavendon plc (together with its subsidiaries, the “Lavendon Group”), which was listed on the London Stock Exchange. The Lavendon Group specializes in renting out powered access equipment through 70 branches located in the UK, Germany, France, Belgium and the Middle East.

The Lavendon and Hune Groups have been integrated within Loxam’s consolidated financial statements with effect from February 1, 2017.

On April 4, 2017, Loxam SAS issued €850 million of new bonds in order to repay the bridge facility which it entered into to finance the acquisition of Lavendon. The bond issuance was composed of €300 million of senior secured notes due in April 2022, €300 million of senior secured notes due in April 2024, and €250 million of senior subordinated notes due in April 2025.

On April 28, 2017, Loxam SAS acquired 100% of the shares of Hune France from Hune Rental SLU in Spain. Hune France was merged on July 1, 2017 into Loxam SAS.

On June 29, 2017, the German subsidiaries of the Lavendon Group, Lavendon Holding (Deutschland) GmbH and Gardemann Arbeitsbühnen GmbH, were sold to the TVH Group.

On August 7, 2017, Loxam SAS used available cash to redeem €110.7 million out of the €410 million outstanding nominal amount of its senior secured notes due in 2021.

On August 31, 2017, Loxam SAS completed the acquisition of the Danish equipment rental operation of Cramo Plc. This operation was structured as an asset deal. The seven branches acquired have since been integrated into Loxam’s Danish operations.

On October 31, 2017, Loxam SAS acquired the activities of the Italian powered access equipment rental company Nacanco SpA. This transaction was structured as an asset deal through Loxam Access SRL, a newly created company 80% owned by Loxam SAS and the remaining 20% by the previous owners of Nacanco. Loxam Access SRL now operates a network of 14 branches.

On November 30, 2017, Loxam SAS acquired an Irish company, Swan Plant Hire, which operates out of two branches in Dublin.

In October and December of 2017, the Loxam Group increased its stake in the Degraus company by 24.4%, bringing its total stake to 50.1% as at December 31, 2017.

On December 31, 2017, the assets and liabilities of Loxam Access Ltd were sold to Nationwide Platforms Ltd (Lavendon UK).

On December 31, Workx Sloop- en Graafdiensten BV ceased trading.

**Overview of key developments in 2016:**

On March 31, 2016, Loxam Alquiler merged with Hertz Alquiler de Maquinaria with an accounting and tax effect from January 1, 2016. This merger had no consequences on Loxam's financial consolidated accounts.

In April 2016, Loxam SAS increased its stake in the Degraus company, buying 0.7% of additional shares for a total consideration of €0.3 million, to reach a total controlling interest of 25.7%.

In May 2016, Loxam SAS refinanced its €300 million senior subordinated notes due in January 2020, thanks to the issuance of €250 million of senior secured notes due in May 2023.

On May 31, 2016, Safelift AB Sweden was liquidated and removed from the scope of consolidation.

On October 28, 2016, Loxam SAS acquired 100% of the share capital of Salmat Nord, which has been included within the scope of consolidation since January 1, 2017.

Loxam SAS decreased its share capital by 2,582,226 shares in December 2017 by launching a share buy-back from minority shareholders, which resulted in a capital decrease of €95.5 million.

The Group changed its accounting estimate of the average depreciation lengths of rental fleet equipment effective from January 1, 2016.

**Subsequent events to the closing:**

On February 13, 2018, Loxam SAS sold Loxam Alquiler to Hune Rental.

On February 15, 2018, Loxam SAS purchased Lavendon Access Services SAS from the Lavendon Group.

## Note 3 – Accounting principles

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### 3.1 Declaration of compliance

The Loxam Group has prepared its consolidated financial statements at 31 December 2017, approved by the Chairman on [22 March 2018], in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at 31 December 2017, with mandatory compliance at this date, with comparative information presented for 2016, established with the same reporting standards.

These standards include International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), as well as the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Standards Interpretations Committee (IFRS IC).

These standards are available on the European Commission site:

[http://ec.europa.eu.internal\\_market/accounting/ias/index\\_fr.htm](http://ec.europa.eu.internal_market/accounting/ias/index_fr.htm)

The consolidated financial statements include the financial statements of Loxam SAS and its subsidiaries for the financial year from January 1, 2017 to December 31, 2017.

The list of consolidated companies is presented in Note 4.

### 3.2 Application and interpretation of standards and regulations

New mandatory IFRS standards, IFRIC interpretations or amendments to be applied from January 1, 2017:

<b>Standards, amendments or interpretations</b>	<b>Dates adopted by the European Union</b>	<b>Application dates: financial year starting on or after</b>
Amendments to IAS 7: Disclosure initiative	06.11.2017	01.01.2017
Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses	06.11.2017	01.01.2017
Annual improvements for 2014-2016	Q4 2017	01.01.2017

The application of these standards and amendments did not have a material impact on the consolidated financial statements.



Amendments published by the IASB and applicable by anticipation:

Standards, amendments or interpretations	Adoption in Europe	IASB application dates: financial year starting on or after
IFRS 15 – Revenue from ordinary activities from contracts with customers	22.09.2016	01.01.2018
Amendment to IFRS 15 – Clarification	31.10.2017	01.01.2018
IFRS 9 Financial Instruments – Classification and measurement - amendments to IFRS 9, IFRS 7 and IAS 39 – general hedge accounting	22.11.2016	01.01.2018
Amendments to IFRS 4 – For insurance contracts: “Application of IFRS 9 financial instruments with IFRS 4”	03.11.2017	01.01.2018
IFRS 16 – Leases contracts	31.10.2017	01.01.2019
Amendments to IAS 40 – Investment property	Q1 2018	01.01.2018
Annual improvements for 2014-2016	Q4 2017	01.01.2018
IFRIC 22 Interpretation – Foreign currencrecognisedy transactions and advance consideration	Q1 2018	01.01.2018
Interprétation IFRIC 23 – Incertitude relative aux traitements fiscaux	2018	01.01.2019

Impact of the new standards on the 2017 financial statements:

**IFRS 15, Recognition of revenue:**

On September 22, 2016, the European Union published IFRS 15 standard “Revenue from Contracts with Customers” in the Official Journal. This standard will replace the IAS 11 and IAS 18 standards and the associated IFRIC and SIC interpretations. This standard offers a new recognition approach for revenue, described in five stages.

This standard will not have any significant impact on the Group’s income and financial situation.

The Group will apply IFRS 15 standard from January 1, 2018 using the simplified retrospective method: the 2018 financial statements will be prepared by applying IFRS 15 principles while the comparatives from 2017 will be retained according to the former framework.

**IFRS 9, Financial Instruments:**

On 22 November 2016, the European Union published IFRS 9 standard “Financial Instruments” in the Official Journal. The changes made by this standard include:

- a new approach to the classification and valuation of financial assets which reflects the management model as well as their contractual cash flows: loans and debt securities that are not considered “basic” in accordance with the standard (Solely Payments of Principal and Interest) will be measured at fair value through income, while the “basic” loans and debt securities will be measured at amortised cost or at fair value by shareholders’ equity; shareholders’ equity instruments will be measured at fair value through income or, by irrevocable election, at fair value by Other Comprehensive Income;

- a single model client risk depreciation: IFRS 9 aims to move from the provision of incurred losses on trade receivables to a forward-looking provision model based on expected credit losses;
- a significantly reformed approach of hedge accounting allowing risk management to be better reflected, particularly in expanding the field of eligible hedging instruments. While awaiting a future standard on macro hedging, IFRS 9 makes it possible to maintain the current regulations (IAS 39) on hedge accounting to any hedging relations or macro-hedging relations only.

The impact of the application of this new standard on the Group accounts is being finalised but should not lead to significant impacts.

**IFRS 16, Leases:** This standard was not applied in advance.

On October 31, 2017, the European Union published IFRS 16 standard “Leases” in the Official Journal, which will replace the IAS 17 standard and the associated IFRIC and SIC interpretations and will remove the distinction previously made between simple leases and finance leases for the lessee. According to IFRS 16, a lessee employs a right-of-use asset and a financial debt representing the rental obligation. Right-of-use assets are amortised and the rental obligation is initially valued at the present value of lease payments during the lease, at the interest rate implicit in the lease if the rate can be readily determined, or the incremental borrowing rates. However, this standard is very close to the existing standard for the treatment of leases by the lessor.

The Group is currently recording its leases falling within the scope of IFRS 16 as per the legacy IAS 17 standards and is studying their valuation in accordance with the principles of the new standard. It is expected that property leases will represent the Group’s main obligations and will represent most of the contracts to be impacted.

New standards, reviews of IFRS regulatory and statutory framework, as well as interpretations published by the IASB, but not yet applicable, or not applied in advance by the Group:

<b>Standards, amendments or interpretations</b>	<b>Dates adopted by the European Union</b>	<b>Application dates: financial year starting on or after</b>
IFRS 14 – Regulatory deferral accounts	not adopted	01.01.2016
Amendments to IFRS 2 – Classification and measurement of transactions whose payment is based on shares	not adopted	01.01.2018
Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture	postponed	postponed
IFRS 17 – Insurance Contracts	not adopted	01.01.2021
Amendments to IFRS 9 - Prepayment Features with Negative Compensation	not adopted	01.01.2019
(Amendments to IAS 28) Long-term Interests in Associates and Joint Ventures	not adopted	01.01.2019
Annual improvements for 2015-2017	not adopted	01.01.2019

### **3.3 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 December 31, with the exception of Swan Plant Hire Ltd and Lir Holdings Ltd, for which the financial year-end is 30 September.

### **3.4 Consolidation principle**

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

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

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

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

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

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

### **3.5 Comparability of the financial statements**

The consolidated financial statements at 31 December 2017 included:

- 11 months of operations for the Hune and Lavendon Groups
- 4 months of operations for the Cramo's Danish branches
- 2 months of operations for Loxam Access SRL
- 1 month of operations for Swan

Degraus was consolidated using the equity method until 31 December 2017, and was then fully consolidated as at 31 December 2017 (see Note 7).

This change in consolidation method is reflected in the recognition of:

- the income of 2017 at 25.71% as a share of profit of associates, and
- the balance sheet at 31 December 2017.

The impact of the 2017 acquisitions is presented in note 27 and allows comparability of the financial statements between 2016 and 2017 for the historical scope of Loxam Group.

A “Pro –forma” information on the income statement at 31/12/17 reflecting 12 months of activity for the Hune Group, Lavendon Group, the Danish activities of the Cramo group, Swan, Loxam Access Srl and Degraus is presented in note 28. The 2016 financial year has not been restated.

### **3.6 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 (Note 16),
- Measurement of financial instruments at fair value (Note 14),
- Qualification of leases (Note 3.13),
- Purchase price allocation of Hune and Lavendon Groups.

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.

### **3.7 Business combinations**

#### **a) Business combinations**

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

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

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

The costs relating to the acquisition are expensed as incurred.

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

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

Goodwill is not amortized. In accordance with IAS 36 Impairment of Assets, it is subject to impairment tests at least once a year and more frequently if there are any indications of impairment. The conditions for these tests are presented in Section 3.14.

- 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.

### **3.8 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 December 2017 (euro vs. currency):

1 EUR =	GBP	CHF	DKK	MAD	NOK	BRL
Closing date rate	0,8881	1,1703	7,4442	11,2218	9,8432	3,9785
Average rate	0,8763	1,1115	7,4383	10,8401	9,3285	3,6036
Opening date rate	0,85618	1,07390	7,43440	10,65860	9,08630	3,43050
(*) 1 EUR =	AED	SAR	QAR	BHD	OMR	COP
Closing date rate	4,4095	4,5018	4,3978	0,4526	0,4622	3 586,4100
Average rate	4,1467	4,2325	4,0968	0,4237	0,4338	3 295,8142
Opening date rate	3,87813	4,04400	3,84466	0,39804	0,40645	3 075,0000

(\*) These currencies are now used following the integration of the Lavendon and Hune Groups during the period:

- AED: United Arab Emirates Dirham
- SAR: Saudi Riyal
- QAR: Qatari Riyal
- BHD: Bahraini Dinar
- OMR: Omani Riyal
- COP: Colombian Peso

### 3.9 Breakdown of current / non-current assets and liabilities

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

The Group 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.

### **3.10 Fair value of financial assets and liabilities**

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

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

Further information on the classification of financial instruments for each category is presented in Note 3.18 (Cash and cash equivalents), Note 3.19 (Derivative financial instruments – relating to the interest rate risk), and Note 3.20 (Derivative financial instruments – relating to the foreign exchange risk).

### **3.11 Intangible assets and goodwill**

#### a) Goodwill

The goodwill resulting from acquisitions of subsidiaries is included in intangible assets and represents an asset with an indefinite useful life. For the valuation of goodwill, see Note 3.7.

#### b) Brands and client relationships

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

#### c) Other intangible assets

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

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

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

### **3.12 Property, plant and equipment**

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

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

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

- |                                  |                |
|----------------------------------|----------------|
| - Buildings                      | 10 to 50 years |
| - Building fixtures and fittings | 5 to 20 years  |

- Tools	3 to 5 years
- Fleet equipment	3 to 15 years
- Other property, plant and equipment	2 to 5 years

Property, plant and equipment are depreciated from the moment they are brought into service. A residual value is applied to some categories of equipment, in order to take into account the resale value of this equipment at the end of its life.

A "high heights/large equipment" sub-segment was created with a prospective application from 01/01/17, taking into account a 10 year depreciation period.

### **3.13 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 3.12- 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.

### **3.14 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.

For the purposes of testing goodwill, 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 to which the goodwill is allocated 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 (five years) 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.

### **3.15 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 recognized 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.

### **3.16 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.

### **3.17 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.

### **3.18 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 in profit or loss, with their fair value based on their net asset value.

### **3.19 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 3.10. 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. Following the refinancing in July 2014, virtually all the variable-rate loans held by Loxam SAS were repaid and replaced with fixed-rate bonds. 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 underlying items disappeared.

### **3.20 Derivative financial instruments – relating to the foreign exchange risk**

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

As these instruments concern intra-group receivables, which are eliminated in the consolidated financial statements, the Group has not opted to apply hedge accounting, except for the Lavendon Group (3.21). These foreign exchange derivative instruments are recognised at fair value on the balance sheet. Fair value adjustments are recognised in profit or loss.

Furthermore, the Group bought a currency £/€ call option as part of its external development projects. This instrument is valued at fair value on the balance sheet. Changes in fair value are recognised in the income statement. This fair value corresponds to Category 2, according to the definition specified in Note 3.10.

This £/€ call option, which matured in March 2017, was reversed to income.

### **3.21 Net investment hedge (NIH)**

Net investment hedging is a hedge against foreign exchange changes in a net investment in a foreign operation as designated by the parent company. The net investment is hedged by a financial debt contracted in the same currency than that of the investment. The “efficient” part of the net investment hedge is recorded as adjustments to equity reserves. These adjustments are reversed into profit or loss upon termination of the net investment hedge. The termination of hedge accounting may result from:

- the disappearance of the hedged item: the amounts recorded in the shareholders’ equity are transferred to profit or loss;
- the voluntary termination of the net investment hedging: the corresponding balances recorded in the equity reserves are taken to profit or loss on a straight-line basis based on the residual life of the underlying item.

The Lavendon Group controls entities whose functional currency is the euro (Lavendon Access Services SAS in France, Gardemann GmbH in Germany), Dk Rental NV in Belgium) and the dollar (Rapid Access WLL in Bahrain); these companies are classified as “foreign operations” in accordance with IAS 21.

The Lavendon Group hedges its net investment in these companies with a debt in euros and dollars and designates this hedging relationship as a “net investment hedge” (NIH).

As a result of the Lavendon Group acquisition, debts in euros and dollars were taken over by the Loxam Group and an intercompany euro and dollar financing was set up between Loxam SAS and Lavendon.

In accordance with IFRIC 16 section 12, a foreign exchange risk may be hedged as part of a net investment hedge when the functional currency of a foreign operation is different from the functional currency of one of the parent entities of this foreign operation.

Accordingly, from the date of acquisition of the Lavendon Group, the Loxam Group decided to maintain the net investment hedge in the Lavendon sub-group for its foreign operations: Lavendon Access Services SAS, Gardemann GmbH, Dk Rental NV and Rapid Access WLL. The intercompany loan set up by Loxam SAS for the Lavendon sub-group presents similar characteristics to those of the external loan.

The impacts of the net investment hedge are presented in Note 14.

### **3.22 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 jubilee awards. Remeasurements of the obligation are recognised in profit or loss.

### **3.23 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.

### **3.24 Borrowings and financial debt**

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

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

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

### **3.25 Trade payables and related**

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

### **3.26 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 realized 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 recognised 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.

### **3.27 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.

### **3.28 Other income**

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

### **3.29 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.

### **3.30 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.

### **3.31 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	% of control	% of interest	Consolidation method
<b>SAS LOXAM</b>	<b>450776968</b>	<b>100%</b>	<b>100%</b>	<b>Parents</b>
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
LOXAM AS	Norway	100%	100%	Full
DEGRAUS (a)	Brazil	100%	50.1%	Full
SCI AVENUE ARISTIDE BRIAND	384564472	100%	100%	Full
SCI EST POSE	340583160	100%	100%	Full
SAS LOXAM GRANDE ARMEE	572045953	100%	100%	Full
EURL NORLEU	409981024	100%	100%	Full
SCI TARTIFUME	328948013	100%	100%	Full
SCI THABOR	332962125	100%	100%	Full
LOXAMAM	799097944	100%	100%	Full
HUNE RENTAL S.L.	Spain	100%	100%	Full
HUNE ALUGUER LDA	Portugal	100%	100%	Full
HUNE LOCATION FRANCE SAS	537790537	100%	100%	Full
GRUAS Y EQUIPO HUNE	Colombia	100%	50%	Full
HUNE SPECIALIZED INTERNATIONAL COMPANY	Saudi Arabia	100%	49%	Full
LAVENDON HOLDINGS LTD	United Kingdom	100%	100%	Full
ZOOM HOLDINGS LTD	United Kingdom	100%	100%	Full
ACCESS SOLUTIONS LTD	United Kingdom	100%	100%	Full
LAVENDON ACCESS SERVICES LTD	United Kingdom	100%	100%	Full
ZOOM LTD	United Kingdom	100%	100%	Full
NATIONWIDE PLATFORMS LTD	United Kingdom	100%	100%	Full
LOGICAL COMMERCE LTD	United Kingdom	100%	100%	Full
PANTHER PLATFORM RENTALS LTD	United Kingdom	100%	100%	Full
AMP ACCESS LTD	United Kingdom	100%	100%	Full
BLUE SKY TOPCO LTD	United Kingdom	100%	100%	Full
BLUE SKY SOLUTIONS LTD	United Kingdom	100%	100%	Full
RAPID JERSEY (N°2) LTD	United Kingdom	100%	100%	Full

ZOOM STERLING LTD	Jersey	100%	100%	Full
ZOOM EURO LTD	Jersey	100%	100%	Full
ZOOM DOLLAR LTD	Jersey	100%	100%	Full
LAVENDON ACCESS SERVICES SAS	France	100%	100%	Full
LAVENDON HOLDINGS GMBH (b)	Germany	100%	100%	Full
GARDEMANN ARBEITSBUHNEN GMBH (b)	Germany	100%	100%	Full
DK RENTAL NV	Belgium	100%	100%	Full
RAPID ACCESS BV	Netherlands	100%	100%	Full
RAPID ACCESS LLC (c)	United Arab Emirates	100%	49%	Full
RAPID ACCESS WLL (d)	Bahrain	100%	49%	Full
RAPID ACCESS LTD (e)	Saudi Arabia	100%	52%	Full
RAPID ACCESS LLC (f)	Oman	100%	34%	Full
RAPID ACCESS MIDDLE EAST LLC	United Arab Emirates	100%	100%	Full
LOXAM ACCESS SRL	Italy	100%	80%	Full
SWAN PLANT HIRE	Ireland	100%	100%	Full

(a) Change to consolidation method of Degraus as at 31 December 2017: the income is recognized proportionally to the ownership share over 12 months in 2017, and the balance sheet is fully consolidated as at 31 December 2017.

(b) Sale of Gardemann as at 29 June 2017. The consolidated income statement as at 31 December 2017 incorporates the contributions of Gardemann from 1 February 2017 to 29 June 2017.

(c) Rapid Access BV has a 49% interest in the shares of Rapid Access LLC (UAE). The Company has a right to give directions with respect to the operating and financial policies of Rapid Access LLC (UAE) and is considered to have control and as such treats Rapid Access LLC (UAE) as a wholly owned subsidiary for the group's accounting purposes.

(d) Lavendon Access Services LTD has a 49% interest in the shares of Rapid Access WLL. The Company has a right to give directions with respect to the operating and financial policies of Rapid Access WLL and is considered to have control and as such treats Rapid Access WLL as a wholly owned subsidiary for the group's accounting purposes.

(e) Rapid Access WLL and Lavendon Access Services LTD jointly own 100% interest in the shares of Rapid Saudi Arabia LTD. The Company has a right to give directions with respect to the operating and financial policies of Rapid Saudi Arabia LTD and is considered to have control and as such treats Rapid Saudi Arabia LTD as a wholly owned subsidiary for the group's accounting purposes.

(f) Rapid Access WLL has a 70% interest in the shares of Rapid Access LLC (Oman). The Company has a right to give directions with respect to the operating and financial policies of Rapid Access LLC (Oman) and is considered to have control and as such treats Rapid Access LLC (Oman) as a wholly owned subsidiary for the group's accounting purposes.



## Note 5 – Intangible assets and goodwill

### Changes in intangible assets and goodwill in 2017

€'000	Intangible assets	Goodwill	Total
<b>Gross value at year-start</b>	<b>16,906</b>	<b>982,517</b>	<b>999,423</b>
Changes in scope	132,211	300,743	432,954
Increase	4,049		4,049
Decrease / disposals	(3,311)		(3,311)
Reclassification	580		580
Exchange gains or losses	(4,123)	(9,772)	(13,895)
<b>Gross value at year-end</b>	<b>146,312</b>	<b>1,273,489</b>	<b>1,419,801</b>
<b>Depreciation and amortisation at year-start</b>	<b>(15,447)</b>	<b>(15,000)</b>	<b>(30,447)</b>
Changes in scope	(40,656)		(40,656)
Depreciation and amortisation for the year	(13,471)		(13,471)
Withdrawals / reversals on withdrawals (a)	3,311	(5,934)	(2,623)
Reclassification	23		23
Exchange gains or losses	1,182	80	1,263
<b>Depreciation and amortisation at year-end</b>	<b>(65,057)</b>	<b>(20,855)</b>	<b>(85,912)</b>
<b>Net value at year-start</b>	<b>1,459</b>	<b>967,517</b>	<b>968,976</b>
<b>Net value at year-end</b>	<b>81,255</b>	<b>1,252,634</b>	<b>1,333,889</b>

(a) Impairment of goodwill linked to the sale of Gardemann: -€5,934k

### Changes in intangible assets and goodwill in 2016

€'000	Intangible assets	Goodwill	Total
<b>Gross value at year-start</b>	<b>15,682</b>	<b>981,462</b>	<b>997,145</b>
Changes in scope	2	744	746
Increase	1,544	300	1,844
Decrease / disposals	(543)		(543)
Reclassification	221		221
Exchange gains or losses	(1)	11	11
<b>Gross value at year-end</b>	<b>16,906</b>	<b>982,517</b>	<b>999,423</b>
<b>Depreciation and amortisation at year-start</b>	<b>(14,130)</b>	<b>0</b>	<b>(14,130)</b>
Changes in scope	(2)		(2)
Depreciation and amortisation for the year	(1,828)	(15,000)	(16,828)
Withdrawals / reversals on withdrawals	543		543
Reclassification	(29)		(29)
Exchange gains or losses	0		0
<b>Depreciation and amortisation at year-end</b>	<b>(15,447)</b>	<b>(15,000)</b>	<b>(30,447)</b>
<b>Net value at year-start</b>	<b>1,552</b>	<b>981,462</b>	<b>983,015</b>
<b>Net value at year-end</b>	<b>1,459</b>	<b>967,517</b>	<b>968,976</b>

## Trademarks and customer relationships

According to the purchase price allocation of Lavendon and Hune Groups, the intangible assets of each group have been identified and valued as follows:

€'000	Customer		Total
	Trademarks	Relationships	
Lavendon Group	17,903	52,134	70,037
Hune Group	2,755	6,500	9,255
<b>Gross value at 12/31/17</b>	<b>20,658</b>	<b>58,634</b>	<b>79,292</b>

## Impact of changes in scope on goodwill:

The entities below have been impacted by the change of scope at December 31, 2017:

€'000	Total
Lavendon Group	256,239
Hune Rental (a)	30,145
Nacanco	13,175
Swan	1,185
<b>Total changes in scope</b>	<b>300,743</b>

(a) The calculation of goodwill of Hune Rental takes into account the adjustment of the original depreciation based on group rules.

The goodwill resulting from the transactions on Lavendon and Hune Groups have been calculated as follows:

€'000	Lavendon Group	Hune Group
Intangible assets (including trademarks and customer relationships)	82,909	9,281
Tangible assets	392,451	46,430
Other non-current assets		6,987
Current assets	126,691	41,871
Non-current liabilities	(232,944)	(50,156)
Current liabilities	(80,514)	(21,874)
<b>Net Assets at fair value</b>	<b>288,593</b>	<b>32,539</b>
Non-controlling interest share		(10,575)
<b>Share of net assets acquired</b>	<b>288,593</b>	<b>21,964</b>

€'000	Lavendon Group	Hune Group
Consideration transferred	544,832	52,109
Net assets acquired	288,593	21,964
<b>Goodwill</b>	<b>256,239</b>	<b>30,145</b>

The entity below has been impacted by the change of scope at December 31, 2016:

€'000	Total
Salmat Nord	744
<b>FY 2016</b>	<b>744</b>

### Goodwill impairment tests:

Goodwill and other intangible assets with an indefinite useful life acquired through business combinations are allocated to the CGUs for impairment testing. The CGUs correspond to the countries where the Group operates. For financial reporting, the Group has combined its CGUs for each region: France and International.

Allocation of goodwill for each CGU group:

€'000	31.12.16	31.12.17
France	820,486	820 486
International	147,031	432 148
<b>FY 2016</b>	<b>967,517</b>	<b>1 252 634</b>

Goodwill is tested at least once a year and whenever indications of impairment arise.

The last test was performed in December 2017. In these tests, the book value of the net asset, including goodwill allocated to a CGU, is compared with its recoverable amount. The recoverable amount is determined using the "Discounted Cash Flow" method. The cash flow forecasts used for the calculations are based on amounts from the following year's budget approved by management, and forecasts for the next four years.

The cash flow forecasts covering a five-year period are based on experience and development forecasts for the markets in which the Group operates. Cash flows are calculated net of tax and discounted to their present value with a discount rate reflecting the risks associated with the cash flows. The discount rates correspond to the weighted average cost of capital (WACC) calculated for each CGU, in line with the sector's financial structure and market data.

No impairments were recorded as a result of this test since the recoverable value exceeded the book value for each CGU.

The following assumptions, considered to be key assumptions, were used to calculate the discounted value of cash flow forecasts for the CGUs:

	31.12.16		31.12.17	
	Perpetuity growth rate	Discount rate	Perpetuity growth rate	Discount rate
France	1.50%	6.82%	1.5%	6.97%
International	1.5% to 3.0%	6.1% to 7.5%	1.5% to 5%	6.2% to 11.6%

Perpetuity growth rate: The perpetuity growth rate reflects a moderate level of inflation expected for the entire region in which the Group operates.

Discount rate: The cash flow forecasts are discounted with a specific rate for each CGU. The weighted average cost of capital (WACC) represents the discount rate. To determine the specific rate for each CGU, the specific risk for each country is taken into account, including assumptions for fluctuations in inflation and/or exchange rates.

Sensitivity analysis regarding the key assumptions: the amounts presented below include the value assigned to the main parameters, for each assumption taken separately, for which the book value is equal to its recoverable amount. In the sensitivity analysis, the parameters for the perpetuity growth rate and discount rate are modified independently, while holding the other assumptions constant.

Sensitivity tests: value of the parameter to reach the book value:

	31.12.2016		31.12.2017	
	Perpetuity growth rate	Discount rate	Perpetuity growth rate	Discount rate
France	-1.4%	8.8%	-3.4%	10.4%
International	-5.4%	10.9%	-3.8%	10.6%

## Note 6 – Property, plant and equipment

### Change in property, plant and equipment in 2017

€'000	Rental equipment	Other	Total
<b>Gross value at beginning of year</b>	<b>1,783,068</b>	<b>257,195</b>	<b>2,040,264</b>
Changes in scope	980,862	48,673	1,029,535
Acquisitions <sup>(a)</sup>	420,584	30,642	451,227
Disposals	(245,924)	(17,780)	(263,704)
Reclassification	(778)	500	(278)
Exchange gains or losses	(39,073)	(2,131)	(41,204)
<b>Gross value at end of year</b>	<b>2,898,740</b>	<b>317,100</b>	<b>3,215,840</b>
<b>Cumulative depreciation at beginning of year</b>	<b>(1,230,346)</b>	<b>(179,874)</b>	<b>(1,410,220)</b>
Changes in scope	(580,631)	(35,653)	(616,284)
Depreciation for the year	(208,164)	(19,716)	(227,880)
Disposals	233,776	16,035	249,811
Reclassifications	577	(901)	(323)
Exchange gains or losses	20,326	1,328	21,654
<b>Cumulative depreciation at end of year</b>	<b>(1,764,462)</b>	<b>(218,781)</b>	<b>(1,983,242)</b>
<b>Net value at beginning of year</b>	<b>552,722</b>	<b>77,322</b>	<b>630,044</b>
<b>Net value at end of year</b>	<b>1,134,278</b>	<b>98,319</b>	<b>1,232,597</b>

(a) including the acquisition of the rental equipment of the Cramo Group's Danish operations for €21.0 m.

### Change in property, plant and equipment in 2016

€'000	Rental equipment (a)	Other (a)	Total
<b>Gross value at beginning of year</b>	<b>1,766,238</b>	<b>252,468</b>	<b>2,018,706</b>
Changes in scope	8,141	195	8,337
Acquisitions	197,631	22,750	220,381
Disposals (a)	(179,589)	(21,503)	(201,091)
Reclassification	(3,033)	3,397	364
Exchange gains or losses	(6,321)	(113)	(6,433)
<b>Gross value at end of year</b>	<b>1,783,068</b>	<b>257,195</b>	<b>2,040,264</b>
<b>Cumulative depreciation at beginning of year</b>	<b>(1,274,090)</b>	<b>(184,522)</b>	<b>(1,458,612)</b>
Changes in scope	(5,960)	(136)	(6,097)
Depreciation for the year	(127,338)	(14,546)	(141,884)
Disposals	173,453	19,255	192,708
Reclassifications	(573)	18	(555)
Exchange gains or losses	4,162	58	4,220
<b>Cumulative depreciation at end of year</b>	<b>(1,230,346)</b>	<b>(179,874)</b>	<b>(1,410,219)</b>
<b>Net value at beginning of year</b>	<b>492,149</b>	<b>67,946</b>	<b>560,095</b>
<b>Net value at end of year</b>	<b>552,722</b>	<b>77,322</b>	<b>630,044</b>

(a) Including impairment on fleet equipment following the Hertz acquisition for an amount of €8,2 million.

## Note 7 – Investments in associates

Gross and net values

€'000	Associates	Associates
	31.12.16	31.12.17
<b>Value at beginning of year</b>	<b>8,465</b>	<b>9,738</b>
Increase in capital of associates		
Group share in earnings for the year	(1,002)	(1,306)
Dividends paid	(70)	
Changes in scope	254	(8,432)
Exchange gains or losses	2,090	-
<b>Value at end of year</b>	<b>9,738</b>	<b>0</b>

In October and December 2017, Loxam Group increased its stake in Degraus by 24.4%, bringing its total ownership stake to 50.1% as at 31 December 2017. This controlling interest in the company resulted in a change in the consolidation method (full consolidation from 31 December 2017).

This is reflected in the accounts by:

- The booking of the income proportionate to the 25.71% stake (initial) in 2017,
- The booking as at 31 December 2017 of the balance sheet balances,
- The valuation at its fair value of the stake in Degraus on the acquisition date representing a net impact on the financial result of -€2.9 million.

## Note 8 – Financial assets

### Financial assets movements in 2017

€'000	Loans and other borrowings	Other non-current financial assets	Total
<b>Gross and net value at beginning of year</b>	<b>9,907</b>	<b>12</b>	<b>9,919</b>
Changes in scope	4,692		4,692
Increase (a)	1,887		1,887
Decrease	(863)		(863)
Exchange gains or losses	(8)		(8)
<b>Gross and net value at end of year</b>	<b>15,614</b>	<b>12</b>	<b>15,626</b>

(a) Including the deposits from Cramo's Danish operations for €0.5 million.

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

## Financial assets movements in 2016

€'000	Loans and other borrowings	Other non-current financial assets	Total
<b>Gross and net value at beginning of year</b>	<b>9,424</b>	<b>1</b>	<b>9,425</b>
Changes in scope	1	11	12
Increase	1,142		1,142
Decrease	(646)		(646)
Exchange gains or losses	(13)		(13)
<b>Gross and net value at end of year</b>	<b>9,907</b>	<b>12</b>	<b>9,919</b>

## Note 9 – Inventories

€'000 - Net value	31.12.16	31.12.17
Trade	12,705	12,534
Parts and consumables	5,976	16,781
<b>Total</b>	<b>18,681</b>	<b>29,315</b>

## Note 10 – Trade and other receivables

€'000	31.12.16	31.12.17
Gross value	248,962	436,264
Impairment	(24,326)	(65,422)
<b>Total trade and other receivables</b>	<b>224,636</b>	<b>370,842</b>
Not past due	68%	60%
Past Due < 30 days	20%	22%
Past Due 30 to 60 days	6%	8%
Past Due > 60 days	6%	10%

## Note 11 – Income tax receivables and other current assets

€'000	31.12.16	31.12.17
Income tax receivables	6,589	19,380
Prepaid expenses	6,923	14,988
Other receivables	19,214	49,712
Other current assets	26,137	64,701
<b>Total income tax receivables and other current assets</b>	<b>32,726</b>	<b>84,081</b>

## Note 12 – Cash management assets, cash and cash equivalents

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€'000	31.12.16	31.12.17
Other marketable securities	65,262	89
Cash	90,595	117,455
<b>Total</b>	<b>155,857</b>	<b>117,544</b>

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 3.18).

## Note 13 – Shareholders' equity

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

In January 2017 and in December 2017, Loxam SAS completed its share buy-back program and bought 258,222 shares. All of the 258,222 shares were cancelled.

The dividend paid per share amounted to €0.21 in 2017 compared to €0.19 in 2016.

## Note 14 – Financial risk management - Financial instruments

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### Financial instruments relating to interest rate risk:

As indicated in Note 3.19, the interest rate swaps entered into by the Group are classified as derivative financial instruments.

No new contracts were entered into in 2016 and 2017.

At December 31, 2017, these agreements relate to a notional amount of €81,900 k against the 3 month Euribor, with the next maturity date in September 2018 and a maximum maturity date of July 2022).

At December 31, 2017, the fair value of these derivative instruments amounts to €2,855 k, compared to €4,854 k at December 31, 2016. Fair value adjustments are accounted for in financial income for an amount of €1,999 k in 2017, €1,759k in financial expenses for 2016.

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 3.10.

### Financial instruments relating to foreign exchange risk:

As indicated in Note 3.20, foreign currency put options entered into by the Group are classified as derivative financial instruments.

Loxam SAS held put options on the Pound Sterling for GBP 100,000 k at December 31, 2017 against GBP 14,845 k at December 31, 2016, on the Danish Krone for DKK 15,000 k at December 31, 2017,



against DKK 20,000 K at December 31, 2016 and on the US Dollar for USD 16,000 K at December 31, 2017.

The fair value of these financial instruments is a liability of €1,181 k at December 31, 2017, compared to an asset of €24 k at December 31, 2016. The change in fair value between December 31, 2016 and December 31, 2017 is accounted as a financial income for an amount of €1,157 k.

In 2016, in the context of the Lavendon acquisition, financial hedging instruments relating to GBP were put in place for a nominal amount of GBP 490,000k which generated a premium payment of €7,490k. The fair value of the option amounted to €741k as at 31 December 2016. The fair value adjustment was recorded as a financial expense for an amount of -€741k in 2017.

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 3.10.

#### Change in the valuation of financial instruments in 2017:

€'000	Interest Rate swaps	Exchange rate hedging	GBP Option	Financial instruments
Fair value level	Level 2	Level 2	Level 2	
<b>Value at beginning of period</b>	<b>4,854</b>	<b>(24)</b>	<b>(741)</b>	<b>4,089</b>
Changes in scope				0
Acquisition				0
Value adjustment	(1,999)	(1,157)	741	(2,415)
<b>Value at end of period</b>	<b>2,855</b>	<b>1,181</b>	<b>0</b>	<b>1,674</b>
<b>Derivatives instruments included in the assets</b>				<b>1,181</b>
<b>Derivatives instruments included in the liabilities</b>				<b>2,855</b>

#### Change in the valuation of financial instruments in 2016:

€'000	Interest Rate swaps	Equity warrants	Exchange rate hedging	GBP Option	Financial instruments
Fair value level	Level 2	Level 3	Level 2	Level 2	
<b>Value at beginning of year</b>	<b>6,613</b>	<b>2,744</b>	<b>175</b>	<b>0</b>	<b>9,532</b>
Changes in scope					0
Acquisition				(7,490)	(7,490)
Value adjustment	(1,759)	(2,744)	(200)	6,749	2,047
<b>Value at end of year</b>	<b>4,854</b>	<b>0</b>	<b>(24)</b>	<b>(741)</b>	<b>4,089</b>
<b>Derivatives instruments included in the assets</b>					<b>765</b>
<b>Derivatives instruments in the liabilities</b>					<b>4,854</b>

### **Net investment hedge**

As indicated in Note 3.21, from the date of acquisition of the Lavendon Group, the Loxam Group decided to maintain the net investment hedge applied in the Lavendon “foreign operations” sub-group.

All profits or losses related to the hedging instrument are directly recorded into equity reserves. The reserves are reversed into profit or loss upon termination of the net investment hedge. The termination of hedge accounting may result from:

- the disappearance of the hedged item: the amounts recorded in the shareholders’ equity are taken to profit or loss;
- the voluntary termination of the net investment hedging: the corresponding balances recorded in the equity reserves are taken to profit or loss on a straight-line basis based on the residual life of the underlying item.

The sale of Gardemann led to the disappearance of the hedged item; the amounts recorded in the equity reserves were recycled into losses for -€1,320k; this reduced the capital gains on the disposal of Gardemann.

The amount recorded in OCI as net investment hedge amounted to -€842k as at 31 December 2017.

### **Liquidity risk information**

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

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

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

Transfers between the parent company and its subsidiaries are covered by cash management agreements or loan agreements. The group is subject to financial ratios pursuant to its bond issuances. At 31/12/17, the Group is in compliance with these ratios.

### **Credit risk information**

The Loxam Group put in place a credit management policy enabling it to ensure the financial solvency of its customers.

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	31.12.16	31.12.17
Bond (a)	901,969	1,631,419
Bilateral loans	191,638	256,027
Lease debt	95,589	150,043
<b>Non-current financial debt</b>	<b>1,189,195</b>	<b>2,037,490</b>
Short-term bilateral loans	53,041	108,584
Short-term lease debt	48,148	68,610
Other financial debt	6,073	23,064
Current bank borrowings	180	961
<b>Current financial debt</b>	<b>107,442</b>	<b>201,218</b>
<b>Financial debt</b>	<b>1,296,637</b>	<b>2,238,708</b>

(a) net of bond issue costs.

### Breakdown of financial debt by interest rate

€'000	31.12.16	31.12.17
Variable-rate debt	227,780	349,049
Fixed-rate debt	1,068,382	1,888,402
Bank overdrafts	180	961
Other	295	296
<b>Total</b>	<b>1,296,637</b>	<b>2,238,708</b>

### Breakdown of financial debt by maturity

€'000	31.12.16	31.12.17
< 1 year	107,442	201,218
1 to 5 years (a)	687,411	1,242,959
> 5 years	501,785	794,531
<b>TOTAL</b>	<b>1,296,637</b>	<b>2,238,708</b>

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

## Change in borrowings and financial debt

### Changes in 2017

€'000	Beginning of period	Change in scope	Increase	Decrease	Other	End of period
Bond issuances	901,969		834,781	(110,700)	5,370	1,631,419
Bridge loan			779,280	(779,280)		0
Bilateral loans	244,679	2,228	174,503	(56,559)	(300)	364,611
Lease debt	143,737	19,211	130,386	(74,500)	(181)	218,653
Other financial debt	6,252	3,422		(1)	14,351	24,024
<b>TOTAL</b>	<b>1,296,637</b>	<b>24,921</b>	<b>1,918,950</b>	<b>(1,021,040)</b>	<b>19,239</b>	<b>2,238,708</b>

### Changes in 2016

€'000	Beginning of year	Change in scope	Increase	Decrease	Other	Year-end
Bond issuances	944,840		247,029	(300,000)	10,100	901,969
Bilateral loans	125,543		147,178	(28,094)	52	244,679
Lease debt	100,799	1,509	91,277	(49,895)	48	143,737
Other financial debt	11,536				(5,283)	6,252
<b>TOTAL</b>	<b>1,182,717</b>	<b>1,509</b>	<b>485,483</b>	<b>(377,989)</b>	<b>4,916</b>	<b>1,296,637</b>

## Note 16 – Employee benefits

€'000	31.12.16	31.12.17
Net Defined Benefit Obligation	18,716	16,608

### Reconciliation of the commitment and the provision

Commitment	31,012	30,178
Plan assets	(12,296)	(13,570)
<b>Net Defined Benefit Obligation at year-end</b>	<b>18,716</b>	<b>16,608</b>

### Movement in Defined Benefit Liability

<b>Net Defined Benefit Liability at beginning of year</b>	<b>15,044</b>	<b>18,716</b>
Expense for the financial year	1,214	1,143
Recognition of actuarial gains or losses through OCI	3,291	(3,568)
Benefits or contributions paid by the employer	(811)	(1,025)
Exchange gains or losses	12	(111)
Changes in scope	(36)	1,454
<b>Net Defined Benefit Obligation at year-end</b>	<b>18,716</b>	<b>16,608</b>

### Breakdown of the expense for the financial year

Current service cost	1,279	779
Other	(406)	52
Interest cost	52	312
<b>Expense for the year</b>	<b>1,214</b>	<b>1,143</b>

The provisions for employee benefits concern retirement benefits for €14,291 K at 31 December 2017 vs €17,878K at 31 December 2016, and jubilee awards for €2,317k at 31 December 2017 vs €837K at 31 December 2016.

Actuarial assumptions used	31.12.16		31.12.17	
	France	International	France	International
Discount rate (a)	1.50	0.60 to 2	1.75	0.6 to 2.25
Salary increase rate	1.50	1.75 to 2	1.50	0.00 to 4.6
Inflation rate	1.75	0.6 to 1.75	1.75	0.60 to 1.75
Mortality table	INSEE TH TF 07-09	Depending on the country	THTF 00-02	Depending on the country
Retirement age	65	62 to 67	65	62 to 70

(a) Discount rate retained at 31/12/2017: Mercer Pension Yield Curve Eurozone.

Schedule of future payments over four years	31.12.16	31.12.17
Less than 1 year	435	494
More than 5 years	8,692	9,726

<b>Sensitivity Analysis - Changes in the defined benefit obligation as %</b>	<b>31.12.16</b>	<b>31.12.17</b>
Discount rate +0.5%	-9%	-9%
Discount rate -0.5%	11%	11%

## Note 17 – Provisions

### Change in provisions in 2017:

€'000	Provisions for contingencies	Provisions for charges	Total
<b>Balance at beginning of year</b>	<b>3,909</b>	<b>1,039</b>	<b>4,948</b>
Changes in scope	3,072	3,286	6,358
Allocations	1,921	1,006	2,926
Reversals	(2,025)	(942)	(2,967)
Reclassifications	(19)	(1)	(20)
<b>Balance at end of year</b>	<b>6,857</b>	<b>4,388</b>	<b>11,245</b>

### Change in provisions in 2016:

€'000	Provisions for contingencies	Provisions for charges	Total
<b>Balance at beginning of year</b>	<b>3,703</b>	<b>3,361</b>	<b>7,064</b>
Changes in scope	28		28
Allocations	2,091	616	2,707
Reversals	(1,909)	(2,937)	(4,846)
Reclassifications	(5)		(5)
<b>Balance at end of year</b>	<b>3,909</b>	<b>1,039</b>	<b>4,948</b>

## Note 18 – Trade payables and other current liabilities

€'000	31.12.16	31.12.17
Trade payables	82,928	120,615
Payables to fixed asset suppliers	40,201	67,566
<b>Trade payables and related</b>	<b>123,129</b>	<b>188,181</b>
<b>Corporate income tax liabilities</b>	<b>683</b>	<b>7,958</b>
Tax and social security liabilities	89,485	111,149
Other liabilities	12,928	22,412
Accrued income	1,525	1,839
<b>Other liabilities and accruals</b>	<b>103,938</b>	<b>135,400</b>
<b>Total current liabilities</b>	<b>227,750</b>	<b>331,540</b>

## Note 19 – Personnel expenses

€'000	31.12.16	31.12.17
Salaries	179,723	277,573
Payroll taxes	63,922	81,927
Employee profit-sharing	717	611
<b>Total personnel expenses</b>	<b>244,362</b>	<b>360,111</b>
Average headcount	5,004	7,900

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

## Note 20 – Other operating income and expenses

Net other operating income and expenses amounted to -€4,461k as at 31 December 2017, and related to:

- ✓ Capital gains on the sale of Gardemann;
- ✓ The impairment of goodwill and intangible assets linked to the sale of Gardemann;
- ✓ Non-recurring fees related to the acquisitions.

## Note 21 – Financial income (expense)

€'000	31.12.16	31.12.17
Interest and financing-related expenses	(63,130)	(93,292)
Income from cash and cash equivalents	541	4
<b>Net finance costs</b>	<b>(62,589)</b>	<b>(93,288)</b>
Other financial income and expenses – non-cash items	(2,047)	(2,246)
Financial costs related to early repayment (a)	(24,023)	(20,075)
Other financial expenses	(1,076)	(2,539)
Other financial income	1,587	1,434
<b>Financial income (expense)</b>	<b>(88,148)</b>	<b>(116,714)</b>

(a) in 2017 primarily relates to:

- the costs of implementing the bridge,
  - the early redemption fees and the accelerated amortisation of the loan issuance fees linked to the high yield bond repayment of €110.7 million,
  - the revaluation of the stake in Degraus,
- Non-recurring financial costs in 2016 related to the early redemption fees and the accelerated amortisation of the loan issuance fees on the €300 million high yield, reimbursed in May 2016.

## Note 22 – Corporate income tax

### Analysis of tax expense

€'000	31.12.16	31.12.17
Current tax	(12,710)	(9,323)
Deferred tax	(4,939)	(9,537)
<b>Total</b>	<b>(17,649)</b>	<b>(18,860)</b>

Different tax rates were used for the calculation of deferred taxes on accelerated amortizations (28%) and employee benefits (25.85%) in France. Long term rates have also been used for the calculation of deferred taxes on intangible assets resulting from the PPA.

### Reconciliation between actual tax and theoretical tax expense

€'000	31.12.16	31.12.17
Consolidated income before tax and "CICE" French tax credit	47,228	97,591
Tax rate (parent)	34.43%	34,43%
<b>Theoretical tax expense</b>	<b>(16,260)</b>	<b>(33,601)</b>
Difference in parent / subsidiary rates	4,948	11,637
Unused tax losses for the year	(525)	(2,334)
Use of previously unused losses	391	3,017
Permanent differences	(5,606)	2,134
French tax on dividends	(147)	(148)
Tax credits and other	(450)	434
<b>Actual tax expense</b>	<b>(17,649)</b>	<b>(18,860)</b>

### Deferred tax assets and liabilities

€'000	31.12.16	31.12.17
<b>Opening balance</b>	<b>(13,287)</b>	<b>(17,606)</b>
Income (expense)	(4,939)	(9,537)
Change in scope	(237)	(12,480)
Own funds allocation	857	(860)
Other changes	1	51
<b>Closing balance</b>	<b>(17,606)</b>	<b>(40,432)</b>



Deferred tax assets primarily relate to temporary differences and the use of loss carry forwards. The deferred tax liabilities relate to temporary differences, primarily linked to accelerated tax depreciation charges.

### Note 23 – Operating lease commitments

€'000	31.12.16	31.12.17
Future minimum lease payments by maturity:		
Less than 1 year	51,191	70,534
1 to 5 years	104,766	128,361
Over 5 years	10,346	15,007
<b>Total future minimum lease payments (undiscounted)</b>	<b>166,303</b>	<b>213,902</b>

### Note 24 – Off-balance sheet commitments

€'000	31.12.16	31.12.17
Guarantee given to banks for payment of real estate rentals	2,106	2,106
Pledging of business assets as collateral	360	360
<b>Total commitments given</b>	<b>2,466</b>	<b>2,466</b>
Bank guarantee received for payment of real estate rentals	7,308	7,308
Other bank guarantees received	450	450
<b>Total commitments received</b>	<b>7,758</b>	<b>7,758</b>

There was no change in the commitments between both financial years.

#### Other commitments given to guarantee bank borrowings recorded on the balance sheet:

- Guarantee from the Loxam SAS parent company on subsidiaries' borrowings for €14,805K at December 30, 2017.
- Pledge of Loxam Power, Loxam Module and Lavendon Group Ltd shares as well as the Loxam brand as a collateral to guarantee €1,149.3 million of secured senior bonds.
- € 75 million RCF: transfer under the Dailly Act : 120% of the outstanding amount drawn on the revolving loan and pledging of a bank account as collateral to guarantee the revolving loan.

The revolving loan was not drawn during the period.

## Note 25 – Related-party transactions

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Key management personnel compensation for the management bodies is comprised of the following:

€'000	31.12.16	31.12.17
Executive Committee compensation	2,754	2,994
Executive Committee benefits in kind	34	34
Attendance fees paid to directors	40	40
<b>Total amount of compensation and benefits paid to executives and directors</b>	<b>2,828</b>	<b>3,068</b>

The Loxam SAS parent company has entered into a service delivery agreement with DPZ Partners, which holds part of the share capital of Loxam SAS. This agreement has been entered into under normal market conditions. Services provided under this agreement were invoiced to Loxam SAS for an amount of €1.9 million in 2017 compared to €1.1 million in 2016.

The Group does not have any significant transactions with related parties that have not been entered into under normal market conditions.

## Note 26 – Statutory Auditors' Fees

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€'000	Constantin/Deloitte	KPMG	Other
Accounts certification	170	185	0
Other subsidiaries	517	219	203
Other services	1,042	200	0
<b>Overall fees of statutory Auditors</b>	<b>1,729</b>	<b>604</b>	<b>203</b>

## Note 27 – Impacts of changes in scope on the financial statements

ASSETS - €'000	31.12.16	Loxam Gp Historical	Degraus	Swan	Nacanco	Hune Group	Lavendon Group	31.12.17
Goodwill	967,517	967,472		1,185	13,175	30,145	240,658	1,252,634
Trademarks and customers relationships						8,012	64,341	72,353
Intangible assets	1,459	2,227	459		231	43	5,941	8,902
Property, plant and equipment	630,044	768,099	22,877	2,416	20,627	56,440	362,138	1,232,597
Investments in associates	9,738							0
Financial assets	10,685	10,890	2,467		40	2,229		15,626
Neutralisation of securities		624,449	(13,247)	(4,250)	(10,010)	(52,109)	(544,833)	0
Financial derivatives		1,181						1,181
Deferred tax assets	7,790	6,047				15,584		21,632
<b>NON-CURRENT ASSETS</b>	<b>1,627,233</b>	<b>2,380,366</b>	<b>12,556</b>	<b>(649)</b>	<b>24,063</b>	<b>60,345</b>	<b>128,245</b>	<b>2,604,925</b>
Inventories	18,681	18,519	346	617	460	1,045	8,328	29,315
Trade and other receivables	224,636	239,038	1,876	1,850	8,478	31,279	88,322	370,842
Other current assets	26,137	52,754	1,167	179	182	2,128	8,291	64,701
Income tax receivables	6,589	13,622		12		5,746		19,380
Cash and cash equivalents	155,857	84,867	86	371	3,709	4,884	23,628	117,544
Liaison/intercompany account		253,106	(248)		(24,996)	(53,588)	(174,273)	0
<b>CURRENT ASSETS</b>	<b>431,899</b>	<b>661,905</b>	<b>3,227</b>	<b>3,029</b>	<b>(12,167)</b>	<b>(8,506)</b>	<b>(45,705)</b>	<b>601,782</b>
<b>TOTAL ASSETS</b>	<b>2,059,132</b>	<b>3,042,271</b>	<b>15,783</b>	<b>2,379</b>	<b>11,896</b>	<b>51,838</b>	<b>82,540</b>	<b>3,206,707</b>
<b>LIABILITIES - €'000</b>	<b>31.12.16</b>	<b>Loxam Gp Historical</b>	<b>Degraus</b>	<b>Swan</b>	<b>Nacanco</b>	<b>Hune Group</b>	<b>Lavendon Group</b>	<b>31.12.17</b>
Share capital	232,400	229,818						229,818
Consolidated reserves	213,195	268,978	(4,090)			(984)	(50,070)	213,834
Net profit of Group	34,298	35,930	(2,937)	(106)	(143)	10,800	41,099	84,644
Reserves outside of Group	851	892	6,196		(791)	9,464		15,760
Net profit outside of Group	87	96			(36)	(430)		(369)
<b>SHAREHOLDERS' EQUITY</b>	<b>480,832</b>	<b>535,715</b>	<b>(831)</b>	<b>(106)</b>	<b>(970)</b>	<b>18,850</b>	<b>(8,971)</b>	<b>535,715</b>
Employee benefits	18,716	15,154			1,454			16,608
Deferred tax liabilities	25,396	37,106					24,958	62,064
Borrowings and financial debts – Long Term portion	1,189,195	2,014,140	3,102	746	2,728	12,774	3,999	2,037,490
Financial derivatives	4,854	2,855						2,855
<b>NON-CURRENT LIABILITIES</b>	<b>1,238,161</b>	<b>2,069,255</b>	<b>3,102</b>	<b>746</b>	<b>4,182</b>	<b>12,774</b>	<b>28,957</b>	<b>2,119,017</b>
Provisions	4,948	4,966	4,650			1,629		11,245
Borrowings and financial debts – current portion	107,442	190,480	5,194		2,030	3,514		201,218
Trade payables	123,129	134,046	1,436	1,308	4,567	10,586	36,239	188,181
Tax and social security liabilities	104,621	107,808	2,232	431	2,087	4,486	26,316	143,358
<b>CURRENT LIABILITIES</b>	<b>340,139</b>	<b>437,300</b>	<b>13,512</b>	<b>1,738</b>	<b>8,683</b>	<b>20,214</b>	<b>62,555</b>	<b>544,003</b>
<b>TOTAL LIABILITIES</b>	<b>2,059,132</b>	<b>3,042,271</b>	<b>15,783</b>	<b>2,379</b>	<b>11,896</b>	<b>51,838</b>	<b>82,540</b>	<b>206,707</b>

<b>INCOME STATEMENT €'000</b>	<b>31.12.16</b>	Loxam Group Historical	Degraus	Swan	Loxam Access SRL	Hune Group	Lavendon Group	<b>31.12.2017</b>
No. of consolidation months		12 months	0 month	1 month	2 months	11 months	11 months	
Revenue	<b>926,782</b>	1,011,332		410	4,527	68,873	282,557	<b>1,367,698</b>
Other income	<b>56,265</b>	54,138		(2)	11	1,997	6,468	<b>62,611</b>
<b>Operating income</b>	<b>983,047</b>	<b>1,065,470</b>		<b>407</b>	<b>4,538</b>	<b>70,869</b>	<b>289,024</b>	<b>1,430,309</b>
Purchases consumed	<b>(105,482)</b>	(115,885)		(217)	(395)	(6,726)	(21,221)	<b>(144,444)</b>
Personnel expenses	<b>(244,362)</b>	(261,719)		(168)	(1,179)	(18,633)	(78,413)	<b>(360,111)</b>
Other current expenses	<b>(311,737)</b>	(339,680)		(65)	(1,818)	(23,724)	(77,980)	<b>(443,267)</b>
Taxes and duties	<b>(16,637)</b>	(17,074)		(1)	(16)	(111)	(1,287)	<b>(18,488)</b>
Depreciation and amortisation – Property, plant & equipment	<b>(143,705)</b>	(165,713)		(61)	(1,089)	(5,411)	(55,606)	<b>(227,880)</b>
Depreciation and amortisation – Intangible assets		(1,772)			(33)	(1,257)	(7,441)	<b>(10,503)</b>
<b>Current operating expenses</b>	<b>(821,923)</b>	<b>(901,843)</b>		<b>(512)</b>	<b>(4,529)</b>	<b>(55,862)</b>	<b>(241,948)</b>	<b>(1,204,694)</b>
<b>Profit from ordinary operations</b>	<b>161,124</b>	<b>163,627</b>		<b>(105)</b>	<b>9</b>	<b>15,007</b>	<b>47,076</b>	<b>225,616</b>
Other operating income and expenses	<b>(19,939)</b>	(9,605)					5,144	<b>(4,461)</b>
<b>Operating profit</b>	<b>141,185</b>	<b>154,022</b>	<b>0</b>	<b>(105)</b>	<b>9</b>	<b>15,007</b>	<b>52,221</b>	<b>221,155</b>
<b>Financial income (expense)</b>	<b>(88,148)</b>	<b>(103,431)</b>	<b>(2,937)</b>	<b>(1)</b>	<b>(188)</b>	<b>(2,719)</b>	<b>(7,438)</b>	<b>(116,714)</b>
<b>Profit before tax</b>	<b>53,037</b>	<b>50,592</b>	<b>(2,937)</b>	<b>(106)</b>	<b>(179)</b>	<b>12,288</b>	<b>44,783</b>	<b>104,441</b>
Share of profit of associates	<b>(1,002)</b>	(1,306)						<b>(1,306)</b>
Income tax expense	<b>(17,649)</b>	(13,258)				(1,918)	(3,684)	<b>(18,860)</b>
<b>Net profit</b>	<b>34,386</b>	<b>36,027</b>	<b>(2,937)</b>	<b>(106)</b>	<b>(179)</b>	<b>10,370</b>	<b>41,099</b>	<b>84,275</b>
Non-controlling interests	<b>87</b>	96			(36)	(430)		<b>(369)</b>
<b>Net profit, Group share</b>	<b>34,298</b>	<b>35,930</b>	<b>(2,937)</b>	<b>(106)</b>	<b>(143)</b>	<b>10,800</b>	<b>41,099</b>	<b>84,644</b>

## Note 28 – Business Combination - Comparative Information

In order to have a comparable basis for the upcoming years, we here-below present a "pro-forma" analysis of the main income statement items.

€'000	Loxam consolidated 31/12/17	Additional Contributions from the entities acquired as from 1/01/2017 Note 1	Combination 12 months	Restatements related to financing activities Note 2	Homogenization according to Group's standards Note 3	Elimination of non-recurring items Note 4	Pro Forma 31/12/17
Revenue	1,367,698	67,025	1,434,724				1,434,724
Other income	62,611	285	62,896		170		63,066
<b>Operating income</b>	<b>1,430,309</b>	<b>67,310</b>	<b>1,497,619</b>		<b>170</b>		<b>1,497,789</b>
Purchases consumed	(144,444)	(9,219)	(153,663)				(153,663)
Personnel expenses	(360,111)	(16,380)	(376,491)			663	(375,828)
Other current expenses	(443,267)	(26,946)	(470,213)				(470,213)
Taxes and duties	(18,488)	(603)	(19,091)				(19,091)
D&A - Tangible	(227,880)	(14,605)	(242,485)		406		(242,079)
D&A – Intangible	(10,503)	(1,210)	(11,713)		(641)		(12,354)
<b>Profit from ordinary operations</b>	<b>225,616</b>	<b>(1,653)</b>	<b>223,963</b>		<b>(65)</b>	<b>663</b>	<b>224,561</b>
Other operating income and expenses	(4,461)	(24,319)	(28,779)			19,175	(9,605)
<b>Operating profit</b>	<b>221,155</b>	<b>(25,972)</b>	<b>195,183</b>		<b>(65)</b>	<b>19,838</b>	<b>214,956</b>
<b>Financial income /expense</b>	<b>(116,714)</b>	<b>(2,611)</b>	<b>(119,324)</b>	<b>1,436</b>		<b>(166)</b>	<b>(118,055)</b>
<b>Profit before tax</b>	<b>104,441</b>	<b>(28,582)</b>	<b>75,859</b>	<b>1,436</b>	<b>(65)</b>	<b>19,672</b>	<b>96,901</b>

Note 1: The following additional contribution from the companies acquired was added:

- 1 month of activity for Lavendon Group (excluding Gardemann)
- Neutralization of 5 months of activity for Gardemann following its sale at the end of June 2017
- 1 month of activity for Hune Group
- 10 months of activity for Loxam Access SRL
- 11 months of activity for Swan
- 12 months of activity for Degraus
- 8 months of activity for the Danish branches of Cramo

This data comes from the annual financial statements for the Lavendon Group, the Hune Group and Degraus which have statutory auditors. Impacts related to Cramo, Loxam Access Srl and Swan were

estimated based on the information available but have not been audited.

Note 2: Restatements related to financing activities:

These restatements reflect the impact of the new financing arrangements for the 2017 acquisitions.

They are detailed as follows:

- Maintaining financing arrangements from February (Bridge, then new bond issues from April),
- Addition of a month of financing (January) on the basis of the €850 million bond interest rates,
- Early repayment of € 110.7 million of the €410 million bond from 01/01/2017, this operation being linked to the financing arrangement of € 850 million
- Neutralization of interest paid on the historical debt of the Lavendon Group, the Hune Group and Loxam Access Srl, because replaced by current accounts financing

Note 3: Adjustments to Group accounting rules:

- Homogenization of fleet depreciation method of Hune Group from 01/01/17
- Depreciation of intangible assets resulting from the Price Purchase Allocation of the Hune and Lavendon Groups.

Note 4: Elimination of non-recurring items:

- Elimination of impacts related to Gardemann disposal : impact of €-7,9 million on other operating incomes and expenses
- Elimination of costs borne by the Lavendon Group and related to the shareholders' change : impact of + € 27,1 million on other operating incomes and expenses
- Other non-recurring costs :
  - Elimination of bonuses paid to shareholders (+ € 0.7 million on personnel expenses),
  - Elimination of non-recurring items on the financial results mainly due to debt write-offs and penalty fees for companies acquired (€ -0.2 million).