



QUARTERLY REPORT March 31, 2018

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DEFINITIONS

In this document:

- “Company” means LOXAM S.A.S., and “we”, “us”, “our” and “our group” refer to LOXAM S.A.S. and its consolidated subsidiaries, unless the context requires otherwise;
- “Profit from ordinary operations” means operating profit plus certain items disclosed separately under “other income and expense”, including a limited number of items, unusual, abnormal, and uncommon, with significant amounts. These items are disclosed separately in the income statement to make it easier to appreciate the Group’s current operating performance;
- “EBITDA” means profit from ordinary operations plus depreciation and amortization of fixed assets;
- “Free cash flow” means EBITDA (before capital gains on fleet disposals) plus the proceeds from disposals of fixed assets less the following: (i) gross capital expenditures, (ii) finance income and expense (excluding non cash expense or income), (iii) income taxes (excluding deferred taxes), (iv) increases in working capital requirement and (v) miscellaneous items.
- “Gross book value” means the total acquisition cost of the fleet equipment;
- “Gross debt” means loans and debt owed to credit institutions, bonds, lease liabilities, bank overdrafts and other financial debt, plus accrued interest on debt excluding derivative instruments on the balance sheet;
- “Net debt” means gross debt less cash and cash equivalents (cash plus marketable investment securities);
- “Like-for-like” means changes in for the period indicated compared to the prior comparable period, excluding changes in the scope of consolidation;

NOTICE

All financial information in this quarterly report has been prepared in accordance with IFRS and is presented in million of euros. This financial information has not been reviewed by our statutory auditors.

In this document, we use certain non-GAAP measures, such as EBITDA, free cash flow or net debt, as we believe they and similar measures are widely used by certain investors as supplemental measures of performance and liquidity. These non-GAAP measures may not be comparable to other similarly titled measures of other companies and may have limitations as analytical tools. Non-GAAP measures such as EBITDA, free cash flow and net debt are not measurements of our performance or liquidity under IFRS and should not be considered to be alternatives to operating profit or any other performance measures derived in accordance with IFRS. They should not be considered to be alternatives to cash flows from operating, investing or financing activities as a measure of our liquidity as derived in accordance with IFRS.

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

Comparability of the financial statements

In Q4 2017, the Hune Group depreciation rules have been harmonized to the Loxam Rules. This harmonization was not done in Q1 2017 and Q1 2017 accounts have not been restated for this.

A purchase price allocation for the Lavendon and Hune acquisitions was completed in Q4 2017 and had not been performed in Q1 2017. Q1 2017 accounts have not been restated for this.

Considering the acquisitions of companies and business performed in 2017, the information provided at constant perimeter for Q1 2018 is compared to Q1 2017 taking into account :

- An additional month of activity of Lavendon and Hune groups (Spain and Portugal) for the Q1 2017 reference,
- a full Q1 2017 financial information for Hune Sico and Hune Pronto Rental (the information was not available in time for the Q1 2017 reporting),
- The Gardemann disposal (elimination of 2 months of Q1 2017 financial information).

Also, the financial statements for Q1 2018 include 3 months of financial information of Swan, Loxam Access SRL, the former Cramo branches in Denmark and Degraus.

The following discussion and analysis is based on, and should be read in conjunction with, our unaudited quarterly consolidated financial statements included elsewhere in this quarterly report and our audited annual consolidated financial statements included in our 2017 annual report.

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

This document does not constitute, or form part of, an offer or invitation to sell or purchase, or any solicitation of any offer to purchase or subscribe for, any securities of the Company in any jurisdiction whatsoever. This document shall not form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

CONSOLIDATED FINANCIAL STATEMENTS SUMMARY

| Consolidated Income Statement <i>(in millions of euros)</i> | Three months ended March 31, | |
|---|---|--------------|
| | 2017 | 2018 |
| Revenue | 297.4 | 343.9 |
| Other income..... | 11.0 | 10.1 |
| Purchases consumed | (33.2) | (38.3) |
| Personnel expenses | (84.2) | (97.1) |
| Other current expenses..... | (101.6) | (114.2) |
| Taxes and duties | (6.1) | (6.1) |
| Depreciation and amortization – Property, plant and equipment | (50.9) | (61.4) |
| Depreciation and amortization – Intangibles assets | (0.7) | (2.9) |
| Profit from ordinary operations..... | 31.7 | 34.2 |
| Other operating income and expense | (10.1) | 0.0 |
| Operating profit..... | 21.6 | 34.2 |
| Financial income and expense..... | (18.4) | (25.2) |
| Share of profit of associates | (0.2) | - |
| Income tax expense..... | 0.8 | (1.5) |
| Net profit..... | 3.8 | 7.5 |
| Non controlling interests | 0.0 | (0.7) |
| Net profit, group share | 3.8 | 8.2 |

Consolidated balance sheet

| | As of | |
|--|----------------------|-------------------|
| | December 31, 2017 | March 31, 2018 |
| <i>(in millions of euros)</i> | | |
| Intangible assets and goodwill | 1,333.9 | 1,333.8 |
| Property, plant and equipment..... | 1,232.6 | 1,263.2 |
| Investments in associates | - | - |
| Financial assets | 15.6 | 15.7 |
| Financial derivatives..... | 1.2 | - |
| Deferred tax assets | 21.6 | 21.4 |
| Non-current assets | 2,604.9 | 2,634.1 |
| Inventories | 29.3 | 32.6 |
| Trade and other receivables..... | 370.8 | 371.3 |
| Other current assets | 84.1 | 85.4 |
| Cash and cash equivalents | 117.5 | 71.0 |
| Current assets | 601.8 | 560.2 |
| TOTAL ASSETS..... | 3,206.7 | 3,194.3 |
| Shareholders' equity | 543.7 | 553.8 |
| Provisions for employees benefits | 16.6 | 16.8 |
| Deferred tax liabilities | 62.1 | 60.9 |
| Borrowings and financial debt – long term portion..... | 2,037.5 | 2,001.4 |
| Financial derivatives..... | 2.9 | 3.5 |
| Non-current liabilities | 2,119.0 | 2,082.6 |
| Provisions..... | 11.2 | 10.5 |
| Borrowings and financial debt – current portion..... | 201.2 | 220.4 |
| Supplier and other payables | 188.2 | 182.3 |
| Other current liabilities | 143.4 | 144.7 |
| Current liabilities..... | 544.0 | 557.9 |
| TOTAL EQUITY AND LIABILITIES | 3,206.7 | 3,194.3 |

| Consolidated condensed cash-flow statement <i>(in millions of euros)</i> | Three months ended | |
|--|---------------------------|---------------|
| | March 31, | |
| | 2017 | 2018 |
| Cash flow from operations | 50.6 | 56.4 |
| Cash flow from investing activities | (927.6) | (83.7) |
| Cash flow from financing activities..... | 830.0 | (20.4) |
| Change in cash and cash equivalents | (46.9) | (47.7) |
| Cash and cash equivalents at the end of the period ⁽¹⁾ | 109.6 | 70.7 |

Note : (1) Including bank overdraft

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

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

Overview

With a total proforma revenue of €1,441 million for the 12-months period ended March 31, 2018, we are a leading European equipment rental group focused primarily on the construction and civil engineering sectors with 751 branches as of March 31, 2018 of which 498 were located in France. We are organized in three business divisions:

- Generalist France division, which includes equipment for earth moving (backhoes and loaders), aerial work (booms and scissors), handling (forklifts and tele-handlers), compaction (compactors and rollers), and building (concrete mixers and saws), as well as hand tools such as power drills, chainsaws and jackhammers. As of March 31, 2018, our generalist network included 417 branches. The generalist network trades under the LOXAM Rental brand;
- Specialist France division, which includes high-access equipment, modular shelters, large compressors and generators, heavy compaction equipment, suspended platforms and scaffolding. As of March 31, 2018, our specialist network in France includes 81 branches. We rent specialist equipment in France under several specific brands, such as LOXAM Access, Lavendon France, LOXAM Module, LOXAM Power, LOXAM Laho TEC, LOXAM TP, LOXAM Event;
- International division, which comprises our specialist and generalist equipment offerings in 21 countries outside of France (Denmark, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg, Norway, Morocco, Portugal, Italy, several countries in the Middle East, Colombia and Brazil) with a network of 253 branches as of March 31, 2018. We own joint-ventures in Morocco, Brazil, the Middle East and Colombia.

In addition to offering over 1,500 different types of generalist and specialist equipment and tools for rent, we also provide services such as transportation, refueling, damage waiver and retail consumable products to complement and support our rental business. As of March 31, 2018, our rental fleet of approximately 270,000 pieces of equipment (excluding accessories) with a gross book value of €2.9 billion.

Economic conditions over the first three months of 2018

Our activity is impacted by the seasonality of demand and the first quarter of the year is always the lowest quarter of the year at the Group level. Still, the construction markets have remained positive in Q1 2018 and the demand for rental services has remained strong throughout the three divisions of the Group.

Investment in new equipment

Our gross capital expenditure in the first quarter of 2018 amounted to €96.9 million, of which €87.8 million was fleet Capex compared to €115.8 million, of which €109.1 million was fleet Capex, in the first quarter of 2017. The capex spend in Q1 2018 has slowed down in comparison with the first quarter of 2017, in line with our capex budget.

Changes in our rental network

We operated 751 branches as of March 31, 2018, compared to 753 as of December 31, 2017. Over the first three months of 2018, we opened 1 branch and merged 3 branches as part of our network optimization.

Significant events of the three month-period

The implementation of some internal reorganization following the acquisitions of Hune and Lavendon has progressed during the first quarter of the year.

On February 8, 2018, Loxam SAS acquired 100% interest of Lavendon Access Services SAS (“Lavendon France”), from Lavendon Access Services LTD. Lavendon France has subsequently been merged into Loxam SAS on April, 1.

On February 13, 2018, Hune Rental SLU (Spain) acquired 100% of Loxam Alquiler (Spain) shares, from Loxam SAS. Loxam Alquiler has merged into Hune Rental SLU on April 1.

Post quarter events

We have initiated the merger of our Dutch subsidiaries, carried out mainly through Workx Materieelverhuur BV and Loxam BV, in order to improve the efficiency of our business. Such merger should be completed by the end of Q2 2018.

Explanation of Key Line Items from the Income Statement

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

- **Revenue** includes the fees paid by customers to rent equipment and revenue from related services such as transportation, fuel, damage waivers and the cost of repair and maintenance services charged back to our customers, as well as the retail activities at our branches.
- **Other income** principally includes net capital gains on disposals of fleet and non-fleet assets as well as real estate rent paid by subtenants.
- **Purchases consumed** includes (1) the cost of goods purchased for resale in our retail activity, as well as the cost of fuel and maintenance parts that are rebilled to customers; and (2) the cost of parts used by the workshops in our branches to maintain our equipment.
- **Personnel expenses** relates primarily to the salaries, social security charges and profit sharing expenses for our employees.
- **Other current expenses** include (1) external expenses that are directly related to our rental activity, such as transportation, subcontracted maintenance costs, re-rent (subleasing equipment from external renters to fill customer orders when there is not sufficient quantity at our branches) and costs associated with temporary workers; (2) external expenses related to the group, such as rent on real estate and related expenses, general administrative expenses (including insurance, advisory fees, communications and IT), advertising expenses and other management costs; and (3) losses on bad debts, net of change in provisions on current assets.
- **Taxes and duties** relates mainly to property taxes and local taxes (including the CET or *Contribution Economique Territoriale* paid in France).
- **Depreciation and amortization** principally include depreciation of fixed assets (fleet and non-fleet). The depreciation policy existing at the Lavendon Group prior to the acquisition has been kept unchanged. The Loxam group depreciation policy has been retrospectively applied to the Hune fleet in the consolidated financial accounts.
Since 2017, it also includes depreciation of newly intangible assets (trademarks and customer relationships) follow a purchase price allocation exercise on the Lavendon and Hune acquisitions.
- **Other operating income and expense** includes a limited number of items, unusual, abnormal, and uncommon, with significant amounts, disclosed separately in the income statement to make it easier to appreciate the Group's current operating performance.
- **Financial income** primarily includes interest income on cash balances, while **financial expense** comprises interest charges on bank loans and bonds and hedging expenses. It also includes change in fair value of derivatives instruments.
- **Income tax** consists of current and deferred taxes calculated in accordance with the relevant tax laws in force in the jurisdictions in which we operate. From January 1, 2018, the corporate tax rate in France stands at 34.43% of the profit before tax. We are also subject to tax rates in the other countries in which we operate, which ranged from 12.5% to 34.0% as of that date.
- **Share of profit of associates** includes the result of companies accounted for by the equity method.

Results of operations

The table below sets out our consolidated income statement for the quarters ended March 31, 2018 and 2017 under IFRS.

| Consolidated Income Statement <i>(in millions of euros)</i> | Quarter ended march 31, | |
|--|----------------------------|--------------|
| | 2017 | 2018 |
| Revenue | 297.4 | 343.9 |
| Other income ⁽¹⁾ | 11.0 | 10.1 |
| Purchases consumed | (33.2) | (38.3) |
| Personnel expenses..... | (84.2) | (97.1) |
| Other current expenses | (101.6) | (114.2) |
| Taxes and duties | (6.1) | (6.1) |
| Depr. and amortization– Property, Plant and Equip. | (50.9) | (61.4) |
| Depreciation and amortization – Intangible assets..... | (0.7) | (2.9) |
| Profit from ordinary operations | 31.7 | 34.2 |
| Other operating income and expense ⁽²⁾ | (10.1) | 0.0 |
| Operating profit | 21.6 | 34.2 |
| Financial income and expense | (18.4) | (25.2) |
| Share of profit of associates..... | (0.2) | - |
| Income tax expense | 0.8 | (1.5) |
| Net profit | 3.8 | 7.5 |
| Non controlling interests..... | 0.0 | (0.7) |
| Net profit, group share | 3.8 | 8.2 |

Note :

- (1) Other income include capital gains on disposals of fixed assets amounting to €7.7million and €8.0 million in Q1 2018 and Q1 2017.
- (2) Other operating income and expense for Q1 2017 include non recurring costs relating to the acquisition of the Lavendon and Hune Groups.

The following table sets out certain key figures in each of the Generalist France, Specialist France and International divisions for the three months period ended March 31, 2018 and 2017 under IFRS.

| <i>(in millions of euros)</i> | Quarter ended March 31, | |
|--|----------------------------|--------------|
| | 2017 | 2018 |
| Revenue ⁽¹⁾ | | |
| Generalist France | 143.8 | 151.8 |
| Specialist France | 46.7 | 52.2 |
| France..... | 190.5 | 204.0 |
| International | 106.9 | 140.0 |
| Total revenue..... | 297.4 | 343.9 |
| EBITDA | | |
| Generalist France ⁽²⁾ | 40.5 | 42.3 |
| Specialist France ⁽²⁾ | 13.4 | 16.5 |
| France..... | 53.9 | 58.9 |
| International ⁽⁴⁾ | 28.7 | 38.7 |
| Real Estate ⁽³⁾ | 0.7 | 0.9 |
| Total EBITDA | 83.3 | 98.5 |
| <i>EBITDA margin</i> | <i>28.0 %</i> | <i>28.6%</i> |

Notes:

- (1) To present Generalist and Specialist revenue generated in France by division, we aggregate the revenue of each branch assigned to that division. Revenue for Generalist France and Specialist France are presented net of rebates.
- (2) To present Specialist and Generalist EBITDA generated in France by division, we allocate rebates, which are accounted for centrally, pro rata based on revenue, and then allocate direct expenses (which represent the majority of costs) directly to a given branch. Indirect expenses i.e. central or regional head office costs are then allocated to a given branch pro rata its actual revenue, the gross book value of its equipment or the rental value of its equipment depending on the nature of the cost.
- (3) Real estate EBITDA corresponds to rental income from real estate held by the group that is not assigned to a division less direct external costs.
- (4) Includes in Q1 2018 €1.2 million of non-recurring bad debt provision for a Saudi Arabian joint venture relating to fiscal year 2017 accounts.

Quarter ended March 31, 2018 compared to quarter ended March 31, 2017***Revenue***

Revenue increased by 15.6% to €343.9 million in the first quarter of 2018 from €297.4 million in the first quarter of 2017. On a like-for-like basis and at constant exchange rate, revenue increased by 4.3%.

Revenue from our Generalist France division increased by 5.6% in the first quarter of 2018 to €151.8 million compared to €143.8 million in the first quarter of 2017, thanks to the good economic environment and in particular the growth of the French construction market. Generalist France represented 44% of total revenue in the first quarter of 2018, compared to 48% in the first quarter of 2017.

Revenue from our Specialist France division increased by 11.7% to €52.2 million in the first quarter of 2018 compared to €46.7 million in the first quarter of 2017. The division benefited from the contribution of Lavendon France for a full quarter in 2018 (versus two months in Q1 2017). Like-for-like, revenue at the Specialist France division grew by 5.2% in Q1 2018 compared to Q1 2017 for the same above reason. The Specialist France division enjoyed the same positive economic conditions as the Generalist France division. The Specialist France division represented 15% of total revenue in the first quarter of 2018, compared to 16% in the first quarter of 2017.

International revenue increased by 30.9% to €140.0 million in the first quarter of 2018 compared to €106.9 million in the first quarter of 2017. Like-for-like and at constant exchange rate, the revenue of the division increased 2.4%, thanks to the organic growth of our business units. Our International division represented 41% of total revenue in the first quarter of 2018, compared to 36% in the first quarter of 2017.

Other income

Other income decreased by €0.9 million to €10.1 million in the quarter ended March 31, 2018 from €11.0 million in the quarter ended March 31, 2017. The decrease is partly due to lower capital gains on fixed assets disposals.

Purchases consumed

Purchases consumed increased by 15.4% to €38.3 million for the quarter ended March 31, 2018 compared to €33.2 million for the quarter ended March 31, 2017. Like-for-like, purchases consumed increased by 5.5% in line with the higher activity of the quarter.

Personnel expenses

Personnel expenses increased by 15.2% to €97.1 million in the quarter ended March 31, 2018 from €84.2 million in the quarter ended March 31, 2017. Personnel expenses increased by 5.7% in France and 31.0% at the International division. Like-for-like, personnel expenses increased by 5.0% due to the combined effect

of the increase of 3.3% of the average headcount in Q1 2018 compared to Q1 2017 and higher social charges rates in France.

Other current expenses

Other current expenses increased by 12.4% to €114.2million in the first quarter of 2018 from €101.6 million in the first quarter of 2017. Like-for-like, external charges were limited to a growth of 2.4% thanks to a decrease in short term equipment leases.

Depreciation and amortization

Depreciation and amortization amounted to €64.3 million in the quarter ended March 31, 2018, compared to €51.6 million in the quarter ended March 31, 2017.

Like-for-like, the depreciation expense increased by 9.5% as a result of the capex made in 2017. Also a depreciation of trademarks and customer relationships was recognised for €1.9 million in Q1 2018 as a result of a Purchase Price Allocation of Lavendon and Hune groups completed in Q4 2017.

Financial income and expense

Net financial expense increased by €6.8 million to €25.2 million in the quarter ended March 31, 2018, compared to €18.4 million in the quarter ended March 31, 2017. The gross interest expense amounts to €24.5 million while other financial expense amount to €0.7 million in Q1 2018.

Income tax

Our profit before tax amounted to €9.0 million in the quarter versus €3.2 million in Q1 2017.

Income tax was an expense of €1.5 million in the quarter ended March 31, 2018, compared to a profit of €0.8 million in the quarter ended March 31, 2017. Income tax was higher in Q1 2018 than in Q1 2017, due to a higher tax at our international business and a lower tax credit at our French operations.

Net profit

As a result of the various factors described above, we recorded a net profit of €8.2 million in the quarter ended March 31, 2018 compared to a net profit of €3.8 million in the quarter ended March 31, 2017.

EBITDA

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

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

| <i>(in millions of euros)</i> | Quarter ended | |
|---|----------------------|-------------|
| | March 31, | |
| | 2017 | 2018 |
| EBITDA | 83.3 | 98.5 |
| Depreciation of Property, plant and equipment | (50.9) | (61.4) |
| Depreciation of intangible assets | (0.7) | (2.9) |
| Other operating income and expense | (10.1) | 0.0 |
| Operating profit | 21.6 | 34.2 |
| Financial income and expense | (18.4) | (25.2) |
| Share of profit of associates | (0.2) | - |
| Income tax expense | 0.8 | (1.5) |
| Net profit | 3.8 | 7.5 |

EBITDA amounted to €98.5 million in Q1 2018 increasing by 18.2% from €83.3 million in Q1 2017. Like-for-like and at constant exchange rates, EBITDA increased by 5.1% (+6.5% without the impact of the Saudi Arabian JV bad debt provision), thanks to the growth of the revenue in the quarter.

EBITDA from our Generalist France division amounted to €42.3 million in Q1 2018, compared to €40.5 million in Q1 2017. Our EBITDA margin for Generalist France was stable at 27.9% in Q1 2018 compared to 28.2% in Q1 2017 as the division disposed of less old fleet and recorded lower capital gains on fleet disposals. Excluding capital gains on fleet disposal, the division's EBITDA margin gained 0.7 point in the quarter.

EBITDA from our Specialist France division amounted to €16.5 million in Q1 2018, compared to €13.4 million in Q1 2017. Our EBITDA margin for Specialist France rose significantly at 31.6% in Q1 2018 compared to 28.6% in Q1 2017 as the division benefits from the combination of an organic growth and good control on its operating expenses.

EBITDA from our International division amounted to €38.7million in Q1 2018, compared to €28.7 million in Q1 2017. On a like-for-like basis and at constant exchange rate, EBITDA increased by 0.6% (+4.2% without the impact of the Saudi Arabian JV bad debt provision). Our EBITDA margin for International was 27.7% in Q1 2018 compared to 26.9% in Q1 2017 benefiting from higher capital gains on fleet disposals.

Overall, the EBITDA margin in Q1 2018 stood at 28.6% versus an EBITDA margin of 28.0% in Q1 2017.

Liquidity and Capital Resources

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

Our sources of liquidity consisted mainly of the following:

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

As of March 31, 2018, the gross financial debt (excluding derivatives) amounted to €2,221.8 million, compared to €2,238.7 million as of December 31, 2017. Our net financial debt (excluding derivatives) as of March 31, 2018 amounted to €2,150.8 million, an increase of €29.6 million compared to December 31, 2017.

As of March 31, 2018, we had €1,632.8 million of outstanding bond debt, after deduction of €16.5 million of issuance costs amortized over the duration of the bonds minus two years using the effective interest rate method. Our bond debt was made of €299.3 million of senior secured notes due in July 2021, €250.0 million of senior subordinated notes due in July 2022, €300.0 million of senior secured notes due in April 2022, €250.0 million of senior secured notes due in May 2023, €300.0 million of senior secured notes due in April 2024, and €250.0 million of senior subordinated notes due in April 2025. We also had €324.1 million of debt outstanding under bilateral facilities from banks, and €238.7 million under finance leases.

We expect to finance future capital expenditures through cash flow from operations, finance leases or bilateral credit facilities. In the three-months period ended March 31, 2018, new finance leases were entered into for €40.0 million.

Capital expenditures

In Q1 2018, gross capital expenditures amounted to €96.9 million, compared to €115.8 million in Q1 2017. Fleet capital expenditure amounted to €87.8 million in Q1 2018, compared to €109.1 million in Q1 2017.

In Q1 2018, the gross book value of disposed rental equipment was €43.6 million, compared to €38.2 million in Q1 2017. The increase in fleet disposals was mainly driven by the International division, while disposals decreased in France.

Free Cash flow

We define free cash flow as EBITDA less net capital expenditures, other operating income and expense, (excluding non cash operating income and expense), financial income and expense (excluding non cash financial income and expense), taxes (excluding deferred taxes), capital gains on fleet disposals and certain other income and expenses and changes in working capital requirement. Free cash flow is presented before the payment of dividends to shareholders, capital movements and acquisitions.

Free cash flow amounted to €(30.2) million for the quarter ended March 31, 2018 compared to €(62.1) million for the quarter ended March 31, 2017. The increase in the free cash flow generation between Q1

2018 and Q1 2017 is mainly explained by the higher EBITDA recorded in Q1 2018, and the lower capital expenditures recorded in Q1 2018 versus Q1 2017 while higher financial expense and negative change in working capital requirement had a negative impact.

The following table presents a reconciliation of the EBITDA to free cash flow for the first quarters of 2018 and 2017.

| <i>(in millions of euros)</i> | Quarter | |
|---|-----------------|---------------|
| | ended March 31, | |
| | 2017 | 2018 |
| EBITDA before capital gains on fleet disposals | 75.7 | 91.0 |
| + Proceeds from disposals of fixed assets | 11.7 | 13.2 |
| - Gross capital expenditure..... | (115.8) | (96.9) |
| - Operating income and expense ⁽¹⁾ | (10.1) | - |
| - Financial income and expense ⁽²⁾ | (18.3) | (24.6) |
| - Income taxes ⁽³⁾ | (1.9) | (2.1) |
| +/- Change in working capital requirement..... | (3.0) | (10.0) |
| Miscellaneous ⁽⁴⁾ | (0.4) | (0.7) |
| Free cash flow ⁽⁵⁾ | (62.1) | (30.2) |
| Acquisitions and disposals ⁽⁶⁾ | (850.4) | - |
| Share capital decrease ⁽⁷⁾ | (9.6) | - |
| Dividends | - | - |
| Issue costs amortization and currency variations | (0.3) | 0.6 |
| Change in net debt ⁽⁸⁾ | (922.3) | (29.6) |

Notes:

- (1) Corresponds to non recurring costs related to acquisitions of the Hune and Lavendon groups.
- (2) Corresponds to financial income and expense immediately payable (i.e., excluding non-cash items).
- (3) Corresponds to taxes immediately payable (i.e., excluding deferred taxes).
- (4) Primarily composed of deduction of capital gains of non fleet disposal and other non cash items excluded from EBITDA, mainly related to change in provisions.
- (5) Before payment of dividends, capital increases and acquisitions.
- (6) Corresponds to the Lavendon and Hune acquisitions in the period of three months to March 31, 2017.
- (7) Corresponds to the completion of the share buyback programme.
- (8) Excluding change in derivative instruments.

Net debt

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

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

| <i>(in millions of euros)</i> | As of | |
|---|------------------------------|---------------------------|
| | December 31, 2017 | March 31, 2018 |
| Senior secured notes | 1,149.3 | 1,149.3 |
| Senior subordinated notes | 500.0 | 500.0 |
| Issuance costs related to notes | (17.9) | (16.5) |
| Bank loans and bilateral facilities | 364.6 | 324.1 |
| Accrued interest on debt securities and loans | 18.6 | 22.3 |
| Lease liabilities | 218.7 | 238.7 |
| Other financial debt | 4.4 | 3.6 |
| Bank overdrafts | 1.0 | 0.3 |
| Loans and financial debt (gross debt) | 2,238.7 | 2,221.8 |
| Cash | (117.5) | (70.8) |
| Marketable investment securities | (0.1) | (0.2) |
| Cash and cash equivalents | (117.5) | (70.0) |
| Net debt | 2,121.2 | 2,150.8 |

Net debt increased by €29.6 million to €2,150.8 million as of March 31, 2018 from €2,121.2 million as of December 31, 2017, primarily as a result of a negative free cash flow of €(30.2) million.

Debt maturity profile

The table below provides the maturity profile of our outstanding indebtedness, as of March 31, 2018.

| <i>(in millions of euros)</i> | Total | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 and later |
|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------------------|
| Bilateral loans | 324.1 | 83.4 | 94.7 | 82.6 | 43.5 | 14.6 | 4.2 | 0.9 | 0.3 |
| Lease liabilities | 238.7 | 58.2 | 64.7 | 55.3 | 41.3 | 16.9 | 2.4 | 0.0 | 0.0 |
| Loans and financial debt owed to credit institutions..... | 562.8 | 141.6 | 159.4 | 137.8 | 84.7 | 31.5 | 6.6 | 0.9 | 0.3 |
| Other financial debt | 3.6 | 3.6 | | | | | | | |
| 2014 senior secured notes due 2021 | 298.1 | | | | 298.1 | | | | |
| 2014 senior subordinated notes due 2022 | 248.5 | | | | | 248.5 | | | |
| 2016 senior secured notes due 2023 | 248.1 | | | | | | 248.1 | | |
| 2017 senior secured notes due 2022 | 296.3 | | | | | 296.3 | | | |
| 2017 senior secured notes due 2024 | 295.6 | | | | | | | 295.6 | |
| 2017 senior subordinated notes due 2025 | 246.2 | | | | | | | | 246.2 |
| Total debt ⁽¹⁾ | 2,199.2 | 145.2 | 159.4 | 137.8 | 382.8 | 576.4 | 254.7 | 296.5 | 246.4 |

Note :

(1) Total debt figures exclude accrued interest and bank overdrafts and are presented net of issuance costs.

No major financial debt repayment is due before July 2021 (Senior secured notes issued in July 2014).

Currency and interest rate derivatives

Loxam still owns a portfolio of derivative financial instruments hedging interest rate variations for a notional amount of €81.8 million at March 31, 2018 for a maximum term in July 2022. These derivatives are recognized in financial liabilities for an amount of €2.4 million at March 31, 2018.

As of March 31, 2018, 86% of our financial debt had a fixed interest rate vs 84% at the end of 2017.

The majority of our revenue (75% in Q1 2018), expenses and obligations are denominated in euros. However, we are exposed to foreign exchange rate risk, primarily in respect of British Pounds, Danish Krone, Swiss Francs, Moroccan Dirham, Norwegian Krone, Middle Eastern currencies as well as Colombian Peso. Our foreign exchange rate derivative financial instruments as of March 31, 2018 covered current liabilities denominated in British Pounds for GBP 95.0 million, in Danish Krone for DKK 15.0 million and in US dollar for USD 16.0 million.

Critical Accounting Policies and Estimates

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

APPENDIX :

LOXAM GROUP

UNAUDITED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2018**Statement of financial position**

| ASSETS (€'000) | Notes | 31.12.17 | 31.03.18 |
|----------------------------------|--------------|------------------|------------------|
| Intangible assets and goodwill | 5 | 1,333,889 | 1,333,795 |
| Property, plant and equipment | 6 | 1,232,597 | 1,263,156 |
| Investments in associates | 7 | 0 | 0 |
| Financial assets | 8 | 15,626 | 15,713 |
| Financial derivatives | 14 | 1,181 | 0 |
| Deferred tax assets | 22 | 21,632 | 21,388 |
| Non-current assets | | 2,604,925 | 2,604,925 |
| Inventories | 9 | 29,315 | 32,562 |
| Trade and other receivables | 10 | 370,842 | 371,300 |
| Other current assets | 11 | 64,701 | 67,884 |
| Corporate income tax receivables | 11 | 19,380 | 17,494 |
| Cash and cash equivalents | 12 | 117,544 | 70,998 |
| Current assets | | 601,782 | 560,239 |
| Total assets | | 3,206,707 | 3,194,290 |

| LIABILITIES (€'000) | Notes | 31.12.17 | 31.03.18 |
|---|--------------|------------------|------------------|
| Share capital | | 229,818 | 229,818 |
| Additional paid-in capital | | 1,882 | 1,882 |
| Consolidated reserves | | 211,953 | 299,204 |
| Net profit for the period | | 443,652 | 530,904 |
| Shareholders' equity (Group share) | | 528,297 | 539,202 |
| Non-controlling interests | | 15,391 | 14,561 |
| Total equity | 13 | 543,688 | 553,763 |
| Employee benefits | 16 | 16,608 | 16,818 |
| Deferred tax liabilities | 22 | 62,064 | 60,922 |
| Borrowings and financial debt | 15 | 2,037,490 | 2,001,361 |
| Financial derivatives | 14 | 2,855 | 3,482 |
| Non-current liabilities | | 2,119,017 | 2,082,583 |
| Provisions | 17 | 11,245 | 10,520 |
| Borrowings and financial debt | 15 | 201,218 | 220,449 |
| Trade and other payables | 18 | 188,181 | 182,277 |
| Other liabilities | 18 | 135,400 | 136,874 |
| Corporate income tax liabilities | 18 | 7,958 | 7,824 |
| Current liabilities | | 544,003 | 557,945 |
| Total shareholders' equity and liabilities | | 3,206,707 | 3,194,290 |

Consolidated income statement and statement of comprehensive income

| €'000 | Notes | 31.03.17 | 31.03.18 |
|---|-------|-----------------|-----------------|
| Revenue | | 297,428 | 343,950 |
| Other income | | 11,011 | 10,145 |
| Operating income | | 308,440 | 354,095 |
| Purchases consumed | | (33,162) | (38,274) |
| Personnel expenses | 19 | (84,240) | (97,079) |
| Other current expenses | | (101,643) | (114,233) |
| Taxes and duties | | (6,073) | (6,053) |
| Depreciation and amortization - Tangible | | (50,896) | (61,384) |
| Depreciation and amortization - Intangible | | (738) | (2,905) |
| Profit from ordinary operations | | 31,687 | 34,167 |
| Other operating income and expenses | 20 | (10,107) | 42 |
| Operating profit | | 21,581 | 34,209 |
| Interest and financing-related expenses | | (18,861) | (24,497) |
| Other financial expenses | | (987) | (1,658) |
| Financial income | | 1,465 | 934 |
| Financial income (expense) | 21 | (18,382) | (25,220) |
| Profit before tax | | 3,198 | 8,989 |
| Share of profit of associates | | (182) | 0 |
| Income tax expense | 22 | 796 | (1,489) |
| Net profit | | 3,813 | 7,500 |
| Non-controlling interests | | (8) | (707) |
| Net profit, Group share | | 3,820 | 8,207 |
| | | 31.03.17 | 31.03.18 |
| Net profit | | 3,813 | 7,500 |
| Exchange gains or losses | | 4,641 | 1,837 |
| Fair Value adjustments linked to net Investment hedge | | | 602 |
| Items recycled to profit or loss | | 4,641 | 2,439 |
| Remeasurement of liabilities for defined benefit retirement plans | | | |
| Tax | | | |
| Items not recycled to profit or loss | | 0 | 0 |
| Other comprehensive income | | 4,641 | 2,439 |
| Comprehensive income | | 8,455 | 9,939 |

Consolidated cash-flow statement

| €'000 | Notes | 31.12.17 | 31.03.18 |
|---|--------------|--------------------|-----------------|
| Net profit | | 84,275 | 7,500 |
| Share of profit of associates | 7 | 1,306 | 0 |
| Income tax expense (including deferred tax) | 22 | 18,860 | 1,489 |
| Net finance costs | 21 | 116,714 | 25,220 |
| Other operating income and expense (non cash) | | (14,045) | (42) |
| Depreciation and provisions, net of reversals | | 247,049 | 63,782 |
| Capital gains on asset disposals | | (52,046) | (7,727) |
| Cash flow from operations (before cost of financing and tax) | | 402,112 | 90,221 |
| Income tax paid | | (9,323) | (2,108) |
| Financial interest paid | | (92,696) | (22,227) |
| Financial interest received | | 1,440 | 476 |
| Change in working capital requirements | | (40,727) | (10,007) |
| Cash flow from operating activities | A | 260,805 | 56,355 |
| Impact of changes in scope | | (817,570) | 0 |
| Acquisitions of fixed assets | | (432,838) | (96,897) |
| Disposals of fixed assets | | 66,643 | 13,185 |
| Cash flow from investing activities | B | (1,183,764) | (83,711) |
| Dividends paid | | (4,941) | 0 |
| Capital movements | | (9,554) | 0 |
| Proceeds from loans and borrowings | 15 | 1,918,950 | 40,012 |
| Repayment of loans and borrowings | 15 | (1,021,040) | (60,378) |
| Cash flow from financing activities | C | 883,416 | (20,366) |
| Change in cash and cash equivalents | A+B+C | (39,544) | (47,723) |
| Cash and cash equivalents at the beginning of the period | | 155,677 | 116,583 |
| Cash and cash equivalents at the end of the period | | 116,583 | 70,737 |
| Impact of exchange rate fluctuations | | (450) | (1,876) |
| Change in cash and cash equivalents | | (39,544) | (47,723) |
| Other marketable securities | | 89 | 234 |
| Cash at bank and on hand | | 117,455 | 70,764 |
| Current bank borrowings | | (961) | (261) |
| Cash and cash equivalents | | 116,583 | 70,737 |

Consolidated statement of changes in equity

| €'000 | Share capital | Additional paid-in capital | Consolidated reserves | Reserves to be recycled (OCI) | Shareholders' equity (Group share) | Non-controlling interests | Total equity |
|-----------------------------|----------------|----------------------------|-----------------------|-------------------------------|------------------------------------|---------------------------|----------------|
| At 31 December 2016 | 232,400 | 1,882 | 248,430 | (2,818) | 479,894 | 938 | 480,832 |
| Net profit for the period | | | 84,644 | | 84,644 | (369) | 84,275 |
| Employee benefits | | | | 2,674 | 2,674 | | 2,674 |
| Net investment hedge | | | | (842) | (842) | | (842) |
| Exchange gains or losses | | | | (23,458) | (23,458) | (1,157) | (24,615) |
| Comprehensive income | | | 84,644 | (21,626) | 63,019 | (1,526) | 61,492 |
| 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 |
| At 31 December 2017 | 229,818 | 1,882 | 321,041 | (24,444) | 528,297 | 15,391 | 543,688 |
| Net profit for the period | | | 8,207 | | 8,207 | (707) | 7,500 |
| Employee benefits | | | | 0 | 0 | | 0 |
| Net investment hedge | | | | 602 | 602 | | 602 |
| Exchange gains or losses | | | | 2,058 | 2,058 | (221) | 1,837 |
| Comprehensive income | | | 8,207 | 2,660 | 10,867 | (928) | 9,939 |
| Capital movements | | | | | 0 | | 0 |
| Dividends | | | | | 0 | | 0 |
| Changes in scope | | | 39 | | 39 | 98 | 137 |
| Other changes | | | | | 0 | | 0 |
| At 31 March 2018 | 229,818 | 1,882 | 329,287 | (21,784) | 539,202 | 14,561 | 553,763 |

Notes to the financial statements

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Note 1 – Overview

1.1. Presentation of the Group

Loxam is a French simplified joint stock company (“Société par actions simplifiée”) with a capital of €229,818,150 as at 31 March 2018, 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. Basis of preparation

The interim consolidated financial statements (the “interim financial statements”) for the three-month period ended March 31, 2018 include Loxam SAS and its subsidiaries (together “the Group” or “Loxam Group”), including the Group’s share in equity affiliates and joint ventures.

These interim financial statements have been prepared by the Group in a voluntary and non-mandatory basis. They have been prepared in accordance with IAS 34 “Interim financial reporting” and should be read in addition to the latest annual consolidated financial statements of the Group for financial year 2017 (“the latest annual financial statements”). They do not include all the information mandatory for a complete financial report according to IFRS. However, they include a selection of notes explaining significant events and major operations to understand the change in statement of financial position and the Group’s performance since the latest annual financial statements.

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

Highlights of the period ended March 31, 2018:

On February 8, 2018, Loxam SAS acquired 100% interest of Lavendon Access Services SAS (“Lavendon france”), from Lavendon Access Services LTD. Lavendon France was merged into Loxam SAS as at April 1, 2018.

On February 13, 2018, Hune Rental SLU (Spain) acquired 100% of Loxam Alquiler shares, from Loxam SAS. Loxam Alquiler was merged into Hune Spain as at April 1, 2018.

Note 3 - Accounting principles

3.1 Presentation of the financial statements

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

The financial year-end for all the Group's subsidiaries and entities is December 31, with the exception of Swan Plant Hire Ltd and Lir Holdings Ltd, for which the financial year-end is 30 September.

3.2 Consolidation principle

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

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

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

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

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

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

3.3 Comparability of the financial statements

In Q4 2017, the Hune Group depreciation rules have been harmonized to the Loxam Rules. This harmonization was not done in Q1 2017 and Q1 2017 accounts have not been restated for this.

A purchase price allocation for the Lavendon and Hune acquisitions was completed in Q4 2017 and had not been performed in Q1 2017. Q1 2017 accounts have not been restated for this.

Considering the acquisitions of companies and business performed in 2017, the information provided at constant perimeter for Q1 2018 is compared to Q1 2017 taking into account :

- An additional month of activity of Lavendon and Hune groups (Spain and Portugal) for the Q1 2017 reference,
- a full Q1 2017 financial information for Hune Sico and Hune Pronto Rental (the information was not available in time for the Q1 2017 reporting),
- The Gardemann disposal (elimination of 2 months of Q1 2017 financial information).

Also, the financial statements for Q1 2018 include 3 months of financial information of Swan, Loxam Access SRL, the former Cramo branches in Denmark and Degraus.

3.4 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.

3.5 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 Note 3.12.

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.

3.6 Foreign currency translation methods

a) Transactions in foreign currencies

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

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

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

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

b) Financial statements in foreign currencies

The assets and liabilities of subsidiaries presented in foreign currencies are converted into euros based on the exchange rate at the reporting date. Income and expenses for these companies are converted into euros

at the average exchange rate for the year. The resulting exchange gains or losses are recognised directly in other comprehensive income.

Exchange rates applied at 31 March 2018 (euro vs. currency) :

| 1 EUR = | GBP | CHF | DKK | MAD | NOK | BRL |
|-------------------|--------|--------|--------|---------|--------|--------|
| Closing date rate | 0,8818 | 1,1753 | 7,4541 | 10,9904 | 9,6620 | 4,0671 |
| Average rate | 0,8830 | 1,1648 | 7,4465 | 11,0186 | 9,6314 | 3,9861 |
| Opening date rate | 0,8881 | 1,1703 | 7,4442 | 11,2218 | 9,8432 | 3,9785 |

| 1 EUR = | AED | SAR | QAR | BHD | OMR | COP |
|-------------------|--------|--------|--------|--------|--------|------------|
| Closing date rate | 4,4360 | 4,6223 | 4,3367 | 0,4516 | 0,4721 | 3 394,0000 |
| Average rate | 4,5090 | 4,6044 | 4,3250 | 0,4600 | 0,4716 | 3 465,4422 |
| Opening date rate | 4,4095 | 4,5018 | 4,3978 | 0,4526 | 0,4622 | 3 586,4100 |

These currencies are now used following the integration of the Lavendon and Hune Groups :

AED: United Arab Emirates Dirham

SAR: Saudi Riyal

QAR: Qatari Riyal

BHD: Bahraini Dinar

OMR: Omani Riyal

COP: Colombian Peso

3.7 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.

3.8 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).

3.9 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.

3.10 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.

3.11 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.

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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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 3.8. 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.

3.18 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 (3.19). These foreign exchange derivative instruments are recognised at fair value on the balance sheet. Fair value adjustments are recognised in profit or loss.

3.19 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 as 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 (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, 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.

3.20 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.

3.21 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.

3.22 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.

3.23 Trade payables and related

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

3.24 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.

3.25 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.

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 has not any significant impact on the Group's income and financial situation.

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

3.26 Other income

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

3.27 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.

3.28 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.

3.29 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 |
|---------------------------------|-------------------------------------|-----------------|------------------|-------------------------|
| LOXAM SAS | 450776968 | 100% | 100% | Parents |
| LOXAM MODULE SAS | 433911948 | 100% | 100% | Full |
| LOXAM POWER SAS | 366500585 | 100% | 100% | Full |
| LOXAM ACCESS UK | United Kingdom | 100% | 100% | Full |
| LOXAM GMBH | Germany | 100% | 100% | Full |
| LOXAM A.G | 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 | 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 |
| GRUAS Y EQUIPO HUNE | Colombia | 100% | 50% | Full |
| HUNE SICO LLC | 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°1) LTD | Jersey | 100% | 100% | Full |
| RAPID JERSEY (N°2) LTD | Jersey | 100% | 100% | Full |
| RAPID JERSEY (N°5) LTD | Jersey | 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 |
| DK RENTAL NV | Belgium | 100% | 100% | Full |
| RAPID ACCESS BV | Netherland | 100% | 100% | Full |
| RAPID ACCESS LLC (a) | United Arab Emirates | 100% | 49% | Full |
| RAPID ACCESS WLL (b) | Bahrain | 100% | 49% | Full |
| RAPID ACCESS LTD (c) | Saudi Arabia | 100% | 52% | Full |
| RAPID ACCESS LLC (d) | Oman | 100% | 34% | Full |
| RAPID ACCESS MIDDLE EAST LLC | United Arab Emirates | 100% | 100% | Full |
| LOXAM ACCESS SRL | Italy | 100% | 80% | Full |
| SWAN | Ireland | 100% | 100% | Full |
| LIR HOLDINGS LTD | Ireland | 100% | 100% | Full |

(a) 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.

(b) 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.

(c) 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.

(d) 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**Change in intangible assets and goodwill in the period ended March 31, 2018:**

| €'000 | Intangible assets | Goodwill | Total |
|--|-------------------|------------------|------------------|
| Gross value at year-start | 146,312 | 1,273,489 | 1,419,801 |
| Changes in scope | | | 0 |
| Increase | 937 | 0 | 937 |
| Decrease / disposals | (879) | | (879) |
| Adjustments (a) | 697 | (212) | 485 |
| Exchange gains or losses | 707 | 1,754 | 2,461 |
| Gross value at end of period ended March 31, 2018 | 147,775 | 1,275,031 | 1,422,806 |
| Depreciation and amortisation at year-start | (65,057) | (20,855) | (85,912) |
| Changes in scope | | | 0 |
| Depreciation and amortisation for the year | (2,905) | | (2,905) |
| Withdrawals / reversals on withdrawals | 336 | | 336 |
| Reclassification | (269) | | (269) |
| Exchange gains or losses | (217) | (42) | (259) |
| Depreciation and amortisation of the period | (68,114) | (20,897) | (89,011) |
| Net value at year-start | 81,255 | 1,252,634 | 1,333,889 |
| Net value at end of period ended March 31, 2018 | 79,661 | 1,254,134 | 1,333,795 |

(a) Adjustments on Swan goodwill based on the final version of the financial statements at acquisition date.

Change in intangible assets and goodwill in 2017

| €'000 | Intangible assets | Goodwill | Total |
|--|-------------------|------------------|------------------|
| Gross value at year-start | 16,906 | 982,517 | 999,423 |
| Changes in scope | 132,211 | 300,743 | 432,954 |
| Increase | 4,049 | 0 | 4,049 |
| Decrease / disposals | (3,311) | | (3,311) |
| Reclassification | 580 | 0 | 580 |
| Exchange gains or losses | (4,123) | (9,772) | (13,895) |
| Gross value at year-end 2017 | 146,312 | 1,273,489 | 1,419,801 |
| Depreciation and amortisation at year-start | (15,447) | (15,000) | (30,447) |
| Changes in scope | (40,656) | | (40,656) |
| Depreciation and amortisation for the year | (13,471) | | (13,471) |
| Withdrawals / reversals on withdrawals | 3,311 | (5,934) | (2,623) |
| Reclassification | 23 | | 23 |
| Exchange gains or losses | 1,182 | 80 | 1,263 |
| Depreciation and amortisation at year-end | (65,057) | (20,855) | (85,912) |
| Net value at year-start | 1,459 | 967,517 | 968,976 |
| Net value at year-end 2017 | 81,255 | 1,252,634 | 1,333,889 |

Trademarks and customer relationships

According to the purchase price allocation of Lavendon and Hune Groups, the intangible assets of each group have been identified as at 31/12/17 and valued as follows at 31/03/18:

| €'000 | Customer | | Total |
|--|---------------|---------------|---------------|
| | Trademarks | Relationships | |
| Loxam | 81 | | 81 |
| Lavendon France | 609 | 2,970 | 3,580 |
| Lavendon Group | 15,190 | 44,454 | 59,644 |
| Hune Group | 2,115 | 5,556 | 7,672 |
| Net value at end of period ended March 31, 2018 | 17,996 | 52,980 | 70,977 |

Impact of changes of scope on goodwill:

There is no change of scope in the period ended March 31, 2018.

Note 6 – Property, plant and equipment

Change in property, plant and equipment for the period ended March 31, 2018:

| €'000 | Rental equipment | Other | Total |
|--|--------------------|------------------|--------------------|
| Gross value at beginning of year | 2,898,739 | 317,100 | 3,215,839 |
| Changes in scope | 0 | 0 | (0) |
| Acquisitions | 87,780 | 8,094 | 95,874 |
| Disposals | (43,623) | (3,807) | (47,430) |
| Reclassification | 567 | (372) | 195 |
| Exchange gains or losses | 2,398 | 21 | 2,419 |
| Gross value at end of period ended March 31, 2018 | 2,945,861 | 321,035 | 3,266,896 |
| Cumulative depreciation at beginning of year | (1,764,461) | (218,781) | (1,983,242) |
| Changes in scope | (0) | 0 | 0 |
| Depreciation for the year | (56,298) | (5,221) | (61,519) |
| Disposals | 38,888 | 3,213 | 42,102 |
| Reclassifications | (264) | 354 | 90 |
| Exchange gains or losses | (1,169) | (2) | (1,171) |
| Cumulative depreciation at end of period | (1,783,303) | (220,437) | (2,003,740) |
| Net value at beginning of year | 1,134,278 | 98,319 | 1,232,597 |
| Net value at end of period ended March 31, 2018 | 1,162,558 | 100,599 | 1,263,156 |

Change in property, plant and equipment in 2017

| €'000 | Rental equipment | Other | Total |
|---|--------------------|------------------|--------------------|
| Gross value at beginning of period | 1,783,068 | 257,195 | 2,040,264 |
| Changes in scope | 1,115,796 | 61,961 | 1,177,757 |
| Acquisitions (a) | 420,584 | 30,642 | 451,227 |
| Disposals | (134,934) | (13,288) | (148,222) |
| Reclassification | (245,924) | (17,780) | (263,704) |
| Exchange gains or losses | (778) | 500 | (278) |
| Gross value at end of year | (39,073) | (2,131) | (41,204) |
| Cumulative depreciation at beginning of period | 2,898,740 | 317,100 | 3,215,840 |
| Changes in scope | (1,230,346) | (179,874) | (1,410,220) |
| Depreciation for the year | (645,249) | (47,074) | (692,323) |
| Disposals | (208,164) | (19,716) | (227,880) |
| Reclassifications | 64,618 | 11,421 | 76,038 |
| Exchange gains or losses | 233,776 | 16,035 | 249,811 |
| Cumulative depreciation at end of period | 577 | (901) | (323) |
| Net value at beginning of period | 20,326 | 1,328 | 21,654 |
| Net value at end of period | (1,764,462) | (218,781) | (1,983,242) |

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

Note 7 - Investments in associates

| €'000 | Associates | |
|--|--------------|----------|
| | 31.12.17 | 31.03.18 |
| Value at the beginning | 9,738 | - |
| Group share in earnings for the period | (1,306) | - |
| Dividends paid | - | - |
| Changes in scope | (8,432) | - |
| Exchange gains or losses | - | - |
| Value at the closing | - | - |

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 was 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**Change of financial assets at March 31, 2018**

| €'000 | Loans and other borrowings (a) | Other non-current financial assets | Total |
|---------------------------------|--------------------------------|------------------------------------|---------------|
| Net value at beginning | 15,614 | 12 | 15,626 |
| Changes in scope | | | 0 |
| Increase | 86 | | 86 |
| Decrease | (119) | | (119) |
| Reclassification | 173 | | 173 |
| Exchange gains or losses | (55) | | (55) |
| Net value at the closing | 15,701 | 12 | 15,713 |

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

Change of financial assets in 2017

| €'000 | Loans and other borrowings (a) | Other non-current financial assets | Total |
|---|--------------------------------|------------------------------------|---------------|
| Net value at the beginning of 2017 | 9,907 | 12 | 9,919 |
| Changes in scope | 4,692 | | 4,692 |
| Increase | 1,887 | | 1,887 |
| Decrease | (863) | | (863) |
| Reclassification | | | 0 |
| Exchange gains or losses | (8) | | (8) |
| Net value at the closing of 2017 | 15,614 | 12 | 15,626 |

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

Note 9 – Inventories

| €'000 - Net value | 31.12.17 | 31.03.18 |
|-----------------------|---------------|---------------|
| Trade | 12,534 | 14,515 |
| Parts and consumables | 16,781 | 18,047 |
| Total | 29,315 | 32,562 |

Note 10 – Trade and other receivables

| €'000 | 31.12.17 | 31.03.18 |
|--|----------------|----------------|
| Gross value | 436,264 | 450,130 |
| Impairment | (65,422) | (78,829) |
| Total trade and other receivables | 370,842 | 371,300 |

Note 11 – Income tax receivables and other current assets

| €'000 | 31.12.17 | 31.03.18 |
|--|---------------|---------------|
| Income tax receivables | 19,380 | 17,494 |
| Prepaid expenses | 14,988 | 20,666 |
| Other receivables | 49,712 | 47,218 |
| Other current assets | 64,701 | 67,884 |
| Total income tax receivables and other current assets | 84,081 | 85,378 |

Note 12 – Cash management assets, cash and cash equivalents

| €'000 | 31.12.17 | 31.03.18 |
|-----------------------------|----------------|---------------|
| Other marketable securities | 89 | 234 |
| Cash | 117,455 | 70,764 |
| Total | 117,544 | 70,998 |

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 3.16).

Note 13 – Shareholders' equity

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.

Note 14 – Financial risk management - Financial instruments**Financial instruments relating to interest rate risk:**

As indicated in Note 3.17, the interest rate swaps entered into by the Group are classified as derivative financial instruments.

No new contracts were entered into in 2017 and 2018.

At March 31, 2018, 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 March 31, 2018, the fair value of these derivative instruments amounts to €2,397 k, compared to €2,855 k at December 31, 2017. Fair value adjustments are accounted for in financial income for an amount of (€ 458 k) in Q1 2018, €1,999 k in financial expenses for 2017.

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 3.8.

Financial instruments relating to foreign exchange risk:

As indicated in Note 3.18, 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 95,000 k at March 31, 2018, against GBP 100,000 k at December 31, 2017; on the Danish Krone for DKK 15,000 k at March 31, 2018 (remains stable against position at December 31, 2017), and on the US Dollar for USD 16,000 K at March 31, 2018 (remains stable against position at December 31, 2017).

The fair value of these financial instruments is a liability of €1,085 k at March 31, 2018, compared to an asset of €1,181 k at December 31, 2017. The change in fair value between December 31, 2017 and March 31, 2018 is accounted as a financial loss for an amount of €2,267 k.

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 3.8.

Change of fair value for financial instruments at March 31, 2018

| €'000 | Interest Rate swaps | Exchange rate hedging | Financial instruments |
|--|------------------------|--------------------------|--------------------------|
| Fair value level | Level 2 | Level 2 | |
| Value at beginning of period | 2,855 | (1,181) | 1,674 |
| Value adjustment | (458) | 2,267 | 1 809 |
| Value at end of period | 2,397 | 1,085 | 3 482 |
| Derivatives instruments included in the assets | | | 0 |
| Derivatives instruments included in the liabilities | | | 3,482 |

Change of fair value for financial instruments in 2017 :

| €'000 | Interest Rate swaps | Equity warrants | Exchange rate hedging | GBP Option | Financial instruments |
|--|------------------------|--------------------|--------------------------|--------------|--------------------------|
| Fair value level | Level 2 | Level 3 | Level 2 | Level 2 | |
| Value at beginning of year | 4,854 | | (24) | (741) | 4,089 |
| Acquisition | | | | | 0 |
| Value adjustment | (1,999) | | (1,157) | 741 | (2,415) |
| Value at end of year | 2,855 | | (1,181) | 0 | 1,674 |
| Derivatives instruments included in the assets | | | | | 1,181 |
| Derivatives instruments included in the liabilities | | | | | 2,855 |

The currency £/€ call option reached maturity on March 14, 2017. This resulted in a reversal of its value for a charge of €741k in 2017.

Net investment hedge

As indicated in Note 3.19, 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 amount recorded in OCI as net investment hedge amounted to -€ 240k at 31 March 2018 compared 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 31/03/18, 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 | 31.12.17 | 30.03.18 |
|--|------------------|------------------|
| Bonds ⁽¹⁾ | 1,631,419 | 1,632,808 |
| Bilateral and bridge loans net of issuance costs | 256,027 | 205,599 |
| Lease debt | 150,043 | 162,954 |
| Non-current financial debt | 2,037,490 | 2,001,361 |
| Short-term bilateral loans | 108,584 | 118,507 |
| Short-term lease debt | 68,610 | 75,772 |
| Other financial debt | 23,064 | 25,909 |
| Current bank borrowings | 961 | 261 |
| Current financial debt | 201,218 | 220,449 |
| Financial debt | 2,238,708 | 2,221,810 |

1) Net of bond issue costs.

Breakdown of financial debt by interest rate:

| €'000 | 31.12.17 | 30.03.18 |
|--------------------|------------------|------------------|
| Variable-rate debt | 349,049 | 308,549 |
| Fixed-rate debt | 1,888,402 | 1,912,704 |
| Bank overdrafts | 961 | 261 |
| Other | 296 | 296 |
| TOTAL | 2,238,708 | 2,221,810 |

Breakdown of financial debt by maturity:

| €'000 | 31.12.17 | 30.03.18 |
|-----------------------------|------------------|------------------|
| < 1 year | 201,218 | 220,449 |
| 1 to 5 years ⁽¹⁾ | 1,242,959 | 1,206,794 |
| > 5 years | 794,531 | 794,566 |
| TOTAL | 2,238,708 | 2,221,810 |

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

Change in borrowings and financial debt:**Changes in the period ended March 31, 2018**

| €'000 | Beginning of period | Change in scope | Increase | Decrease | Other | End of period |
|----------------------|---------------------|-----------------|---------------|-----------------|--------------|------------------|
| Bond issues | 1,631,419 | | | | 1,389 | 1,632,808 |
| Bridge loan | | | | | 0 | 0 |
| Bilateral loans | 364,611 | | | (40,442) | (64) | 324,105 |
| Lease debt | 218,653 | | 40,012 | (19,936) | (3) | 238,726 |
| Other financial debt | 24,024 | | | | 2,146 | 26,170 |
| TOTAL | 2,238,708 | 0 | 40,012 | (60,378) | 3,468 | 2,221,810 |

Changes in 2017

| €'000 | Beginning of year | Change in scope | Increase | Decrease | Other | Year-end |
|----------------------|-------------------|-----------------|------------------|--------------------|---------------|------------------|
| Bond issues | 901,969 | | 834,781 | (110,700) | 5,370 | 1,631,419 |
| Bridge loan | | | 779,280 | (779,280) | 0 | 0 |
| Bilateral loans | 244,679 | 2,288 | 174,503 | (56,559) | (301) | 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 |
| TOTAL | 1,296,637 | 24,921 | 1,918,950 | (1,021,040) | 19,239 | 2,238,708 |

Loxam entered into a bridge loan on February 10, 2017, due in 2022, for an aggregate amount of €779,3 million in order to finance the Lavendon acquisition. The issuance of new bonds in April 2017 repaid the totality of the bridge.

On April 4, 2017, Loxam issued €850 million of new bonds in order to repay the bridge facility which was entered into to finance the acquisition of Lavendon. The bond issue 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 August 7, 2017, Loxam redeemed €110.7 million out of the €410 million outstanding nominal of the Senior Secured Notes due 2021. This partial redemption was funded out of the Group available cash.

Note 16 – Employees benefit

| €'000 | 31.12.17 | 31.03.18 |
|---|---------------|---------------|
| Net Defined Benefit Obligation | 16,608 | 16,818 |
| Reconciliation of the commitment and the provision | | |
| Commitment | 30,178 | 30,387 |
| Plan assets | (13,570) | (13,570) |
| Net Defined Benefit Obligation at year-end | 16,608 | 16,818 |
| Movement in Defined Benefit Liability | | |
| Net Defined Benefit Liability at beginning of year | 18,716 | 16,608 |
| Expense for the financial year | 1,143 | 317 |
| Recognition of actuarial gains or losses through OCI | (3,568) | - |
| Benefits or contributions paid by the employer | (1,025) | - |
| Exchange gains or losses | (111) | (106) |
| Changes in scope | 1,454 | (2) |
| Net Defined Benefit Obligation at year-end | 16,608 | 16,818 |
| Breakdown of the expense for the financial year | | |
| Current service cost | 779 | 239 |
| Other | 52 | 4 |
| Interest cost | 312 | 74 |
| Expense for the year | 1,143 | 317 |

The provisions for employee benefits concern retirement benefits for €15,949 k at 31 March 2018 vs €15,745 K at 31 December 2017, and jubilee awards for €869 k at 31 March 2018 vs €863K at 31 December 2017.

Note 17 - Provisions**Change in provisions at March 31, 2018**

| €'000 | Provisions for contingencies | Provisions for charges | Total |
|---|------------------------------|------------------------|---------------|
| Balance at the beginning of the period | 6,857 | 4,388 | 11,245 |
| Changes in scope | 0 | 0 | 0 |
| Allocations | 216 | 308 | 524 |
| Reversals | (425) | (743) | (1,169) |
| Reclassifications | (40) | (38) | (79) |
| Balance at the closing of the period | 6,607 | 3,914 | 10,520 |

Change in provisions in 2017

| €'000 | Provisions for contingencies | Provisions for charges | Total |
|-------------------------------------|------------------------------|------------------------|----------------|
| Balance at beginning of year | 3,909 | 1,039 | 4,948 |
| 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) |
| Balance at end of year | 6,857 | 4,388 | 11,245 |

Note 18 – Trade payables and other current liabilities

| €'000 | 31.12.17 | 31.03.18 |
|---|----------------|----------------|
| Trade payables | 120,615 | 123,738 |
| Payables to fixed asset suppliers | 67,566 | 58,539 |
| Trade payables and related | 188,181 | 182,277 |
| Corporate income tax liabilities | 7,958 | 7,824 |
| Tax and social security liabilities | 111,149 | 117,323 |
| Other liabilities | 22,412 | 17,744 |
| Accrued income | 1,839 | 1,807 |
| Other liabilities and accruals | 135,400 | 136,874 |
| Total current liabilities | 331,540 | 326,975 |

Note 19 - Personnel expenses

| €'000 | 31.03.17 | 31.03.18 |
|---------------------------------|---------------|---------------|
| Salaries | 63,278 | 73,922 |
| Payroll taxes | 20,559 | 22,609 |
| Employee profit-sharing | 403 | 549 |
| Total personnel expenses | 84,240 | 97,079 |
| Average headcount | 7,422 | 7,859 |

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

At 31/03/18, other operating income and expenses amounts to € 42 k and are related to Lavendon France disposal to Loxam (impairment charge on L-vis ERP offset by exchange gains on disposal).

At 31/03/17, other operating revenues and expenses reached € (10,107) K and were related to the acquisition costs of the Hune and Lavendon groups.

Note 21 - Financial income (expense)

| €'000 | 31.03.17 | 31.03.18 |
|--|-----------------|-----------------|
| Interest and financing-related expenses | (18,861) | (24,497) |
| Income from cash and cash equivalents | 4 | 0 |
| Net finance costs | (18,857) | (24,497) |
| Other financial income and expenses - non cash items (a) | 460 | (134) |
| Foreign exchange | (147) | (719) |
| Other financial expenses | (29) | (45) |
| Other financial income | 191 | 174 |
| Financial income (expense) | (18,382) | (25,220) |

(a) mainly corresponds to the fair value adjustments of financial instruments

Note 22 - Corporate income tax**Analysis of tax expense**

| €'000 | 31.03.17 | 31.03.18 |
|--------------|------------|----------------|
| Current tax | (1,902) | (2,108) |
| Deferred tax | 2,698 | 619 |
| Total | 796 | (1,489) |

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 Purchase Price Allocation.

Reconciliation between actual tax and the theoretical tax expense

| €'000 | 31.03.17 | 31.03.18 |
|---|--------------|----------------|
| Consolidated income before tax and "CICE" French tax credit | 1,325 | 7,456 |
| Tax rate (parent) | 34.43% | 32.02% |
| Theoretical tax expense | (456) | (2,387) |
| Difference in parent / subsidiary rates | 1,037 | 1,697 |
| Unused tax losses for the year | (383) | (870) |
| Use of previously unused losses | 514 | 309 |
| Permanent differences | 114 | (195) |
| Tax credits and other | (30) | (42) |
| Actual tax expense | 796 | (1,489) |

Deferred tax assets and liabilities

| €'000 | 31.12.17 | 31.03.18 |
|------------------------|-----------------|-----------------|
| Opening balance | (17,606) | (40,432) |
| Income (expense) | (9,537) | 619 |
| Change in scope | (12,480) | |
| Recognised in equity | (860) | |
| Other changes | 51 | 278 |
| Closing balance | (40,432) | (39,534) |

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

This information was not updated as at March 31, 2018

Note 24 - Off-balance sheet commitments

| €'000 | 31.12.17 | 30.03.18 |
|---|--------------|--------------|
| Guarantee given to banks for payment of real estate rentals | 2,106 | 2,106 |
| Pledging of business assets as collateral | 360 | 360 |
| Total commitments given | 2,466 | 2,466 |
| Bank guarantee received for payment of real estate rentals | 7,308 | 7,308 |
| Other bank guarantees received | 450 | 450 |
| Total commitments received | 7,758 | 7,758 |

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 €17,818k at March 31, 2018.
- 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

There is no significant change in related-party transactions compared with the information given in the financial statements as at December 31 2017.

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