



**QUARTERLY REPORT June 30, 2018**

**TABLE OF CONTENTS**

DEFINITIONS ..... 3

NOTICE..... 4

CONSOLIDATED FINANCIAL STATEMENTS SUMMARY ..... 6

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ..... 9

APPENDIX : UNAUDITED FINANCIAL STATEMENTS..... 21

## 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**

Considering the acquisitions of companies and business completed in 2017, the information provided at constant perimeter for Q2 2018 is compared to Q2 2017 taking into account:

- the elimination of three months of Q2 2018 financial information of Swan, Loxam Access SRL, the former Cramo branches in Denmark, businesses which were acquired after June 30, 2017;
- the elimination of three months of Q2 2018 financial information of Degraus, because of a change in consolidation method from January 1, 2018;
- the elimination of three months of Q2 2017 financial information of Gardemann, following its disposal which occurred on June 29, 2017.

As a reminder, in Q4 2017, the Hune Group depreciation rules have been harmonized to the Loxam Rules. This harmonization was not done in Q2 2017. Q2 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 Q2 2017. Q2 2017 accounts have not been restated for this.

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

<b>Consolidated Income Statement</b> <i>(in millions of euros)</i>	<b>Six months ended June 30,</b>	
	<b>2017</b>	<b>2018</b>
<b>Revenue .....</b>	<b>653.4</b>	<b>717.1</b>
Other income.....	24.1	23.6
Purchases consumed .....	(69.5)	(76.7)
Personnel expenses .....	(176.6)	(193.8)
Other current expenses.....	(213.9)	(228.0)
Taxes and duties .....	(10.0)	(10.6)
Depreciation and amortization – Property, plant and equipment .....	(112.7)	(132.6)
Depreciation and amortization – Intangible assets .....	(1.7)	(6.0)
<b>Profit from ordinary operations.....</b>	<b>93.3</b>	<b>93.0</b>
Other operating income and expense .....	(9.3)	(0.2)
<b>Operating profit.....</b>	<b>83.9</b>	<b>92.8</b>
Financial income and expense.....	(59.8)	(50.2)
Share of profit of associates .....	(0.4)	-
Income tax expense.....	(4.2)	(8.1)
<b>Net profit.....</b>	<b>19.5</b>	<b>34.5</b>
Non controlling interests .....	(0.1)	(1.1)
<b>Net profit, group share .....</b>	<b>19.6</b>	<b>35.6</b>

**Consolidated balance sheet**

	As of	
	December 31, 2017	June 30, 2018
<i>(in millions of euros)</i>		
Intangible assets and goodwill .....	1,333.9	1 337.6
Property, plant and equipment.....	1,232.6	1 321.9
Investments in associates .....	-	-
Financial assets .....	15.6	17.8
Financial derivatives.....	1.2	-
Deferred tax assets .....	21.6	20.7
<b>Non-current assets .....</b>	<b>2,604.9</b>	<b>2 698.0</b>
Inventories .....	29.3	34.1
Trade and other receivables.....	370.8	388.5
Other current assets .....	84.1	70.0
Cash and cash equivalents .....	117.5	118.9
<b>Current assets .....</b>	<b>601.8</b>	<b>611.5</b>
<b>TOTAL ASSETS.....</b>	<b>3,206.7</b>	<b>3 309.5</b>
<b>Shareholders' equity .....</b>	<b>543.7</b>	<b>575.6</b>
Provisions for employees benefits .....	16.6	18.2
Deferred tax liabilities .....	62.1	62.9
Borrowings and financial debt – long term portion.....	2,037.5	2 080.0
Financial derivatives.....	2.9	2.8
<b>Non-current liabilities .....</b>	<b>2,119.0</b>	<b>2 164.0</b>
Provisions.....	11.2	9.8
Borrowings and financial debt – current portion.....	201.2	231.4
Supplier and other payables .....	188.2	182.1
Other current liabilities .....	143.4	146.7
<b>Current liabilities.....</b>	<b>544.0</b>	<b>570.0</b>
<b>TOTAL EQUITY AND LIABILITIES .....</b>	<b>3,206.7</b>	<b>3 309.5</b>

<b>Consolidated condensed cash-flow statement</b> <i>(in millions of euros)</i>	<b>Six months ended</b>	
	<b>June 30,</b>	
	<b>2017</b>	<b>2018</b>
Cash flow from operations .....	88.4	150.1
Cash flow from investing activities.....	(984.4)	(215.1)
Cash flow from financing activities .....	995.4	63.6
<b>Change in cash and cash equivalents.....</b>	<b>99.3</b>	<b>(1.3)</b>
<b>Cash and cash equivalents at the end of the period <sup>(1)</sup> .....</b>	<b>252.9</b>	<b>117.5</b>

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 €1,465 million for the 12-months period ended June 30, 2018, we are the leading European equipment rental group focused primarily on the construction and civil engineering sectors with 753 branches as of June 30, 2018 of which 496 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 June 30, 2018, our generalist network included 415 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 June 30, 2018, our specialist network in France includes 81 branches. We rent specialist equipment in France under several specific brands, such as LOXAM Access, 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 257 branches as of June 30, 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 June 30, 2018, our rental fleet comprised approximately 270,000 pieces of equipment (excluding accessories) with a gross book value of €3.0 billion.

### ***Economic conditions over the first six months of 2018***

Since the beginning of 2018, the demand for rental services has remained robust in France and at our International division.

### ***Investment in new equipment***

Our gross capital expenditure during the second quarter of 2018 amounted to €128.8 million, of which €121.3 million was fleet Capex compared to €145.0 million, of which €137.2 million was fleet Capex, in the second quarter of 2017. The lower Capex spend in Q2 2018 in comparison with the second quarter of 2017 is in line with our Capex budget.

**Changes to our rental network**

We operated 753 branches as of June 30, 2018, compared to 755 as of December 31, 2017. Over the first six months of 2018, we opened 2 branches and merged 10 branches as part of our network optimization. We have also integrated 6 branches as part of the acquisition of Nove in Italy.

**Significant events of the six months period**

The implementation of some internal reorganization following the acquisitions of Hune and Lavendon has progressed during the first half 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, 2018.

On February 13, 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, 2018.

On June 1, the merger of the Dutch subsidiaries, Loxam BV, Workx Materieelverhuur BV and Workx Holding has been completed in order to improve the efficiency of our business.

On June 8, Loxam SAS acquired 100% of Negoce de Vehicules Automoteurs (“NVA”), a French company operating a single branch in Paris active in the rental of equipment for music and sports events. The NVA accounts were not consolidated in our profit and loss account ending June 30, 2018.

On June 21, Loxam Access Srl acquired 100% of the Italian powered access rental company No.Ve. S.r.l. (“Nove”) from Haulotte Group S.A. The Nove accounts were not consolidated in our profit and loss account ending June 30, 2018.

**Post quarter events**

On July 19, 2018, Loxam has entered into a conditional agreement with HSS Hire Group Plc with respect to the acquisition of UK Platforms Limited (UKP) by its wholly-owned subsidiary Nationwide Platforms Limited (Nationwide). UKP is specialized in renting powered access equipment from its branch network throughout the United Kingdom. The acquisition is under the process of prior approval by the UK Competition and Mergers Authority and is expected to be completed by the end of 2018.

On July 23, 2018, Loxam has redeemed €60 million, out of the €299.3 million outstanding principal amount of the 2021 Senior Secured Notes, and €25 million, out of the €250.0 million outstanding principal amount of the 2022 Senior Subordinated Notes. This partial redemption has been funded out of available cash.

## 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** include (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 intangible assets (trademarks and customer relationships) following 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 the consolidated income statement for the periods ended June 30, 2018 and 2017 under IFRS.

Consolidated Income Statement <i>(in millions of euros)</i>	Quarter ended		Six months ended	
	June 30,		June 30,	
	2017	2018	2017	2018
<b>Revenue</b> .....	<b>356.0</b>	<b>373.2</b>	<b>653.4</b>	<b>717.1</b>
Other income <sup>(1)</sup> .....	13.1	13.5	24.1	23.6
Purchases consumed .....	(36.3)	(38.4)	(69.5)	(76.7)
Personnel expenses.....	(92.3)	(96.7)	(176.6)	(193.8)
Other current expenses .....	(112.3)	(113.8)	(213.9)	(228.0)
Taxes and duties.....	(4.0)	(4.6)	(10.0)	(10.6)
Depr. and amortization– Property, Plant and Equip. ....	(61.8)	(71.2)	(112.7)	(132.6)
Depreciation and amortization – Intangible assets.....	(0.9)	(3.1)	(1.7)	(6.0)
<b>Profit from ordinary operations</b> .....	<b>61.6</b>	<b>58.8</b>	<b>93.3</b>	<b>93.0</b>
Other operating income and expense <sup>(2)</sup> .....	0.8	(0.3)	(9.3)	(0.2)
<b>Operating profit</b> .....	<b>62.4</b>	<b>58.6</b>	<b>83.9</b>	<b>92.8</b>
Financial income and expense .....	(41.4)	(24.9)	(59.8)	(50.2)
Share of profit of associates.....	(0.3)	-	(0.4)	-
Income tax expense .....	(5.0)	(6.6)	(4.2)	(8.1)
<b>Net profit</b> .....	<b>15.7</b>	<b>27.0</b>	<b>19.5</b>	<b>34.5</b>
Non controlling interests.....	(0.1)	(0.4)	(0.1)	(1.1)
<b>Net profit, group share</b> .....	<b>15.8</b>	<b>27.4</b>	<b>19.6</b>	<b>35.6</b>

### Note:

- (1) “Other income” includes capital gains on disposals of fixed assets amounting to €11.3 million and €10.7 million in Q2 2018 and Q2 2017, respectively and €18.9 million and €18.8 million in H1 2018 and in H1 2017.
- (2) “Other operating income and expense” includes non-recurring costs relating to the acquisition of the Lavendon and Hune Groups for H1 2017, and relating mainly to the Nove acquisition for H2 2018.

The following table sets out certain key figures in each of the Generalist France, Specialist France and International divisions for the six months period ended June 30, 2018 and 2017 under IFRS.

<i>(in millions of euros)</i>	Quarter ended June 30,		Six months ended June 30,	
	2017	2018	2017	2018
<b>Revenue <sup>(1)</sup></b>				
Generalist France .....	159.3	167.7	303.1	319.5
Specialist France .....	53.4	55.0	100.1	107.2
<b>France.....</b>	<b>212.7</b>	<b>222.7</b>	<b>403.2</b>	<b>426.7</b>
International .....	143.3	150.5	250.2	290.4
<b>Total revenue.....</b>	<b>356.0</b>	<b>373.2</b>	<b>653.4</b>	<b>717.1</b>
<b>EBITDA</b>				
Generalist France <sup>(2)</sup> .....	59.4	60.5	100.0	102.9
Specialist France <sup>(2)</sup> .....	17.5	19.3	30.9	35.8
<b>France.....</b>	<b>77.0</b>	<b>79.8</b>	<b>130.8</b>	<b>138.6</b>
International .....	45.9	51.8	74.6	90.5
Real Estate <sup>(3)</sup> .....	1.4	1.5	2.2	2.4
<b>Total EBITDA .....</b>	<b>124.3</b>	<b>133.1</b>	<b>207.6</b>	<b>231.6</b>
<i>EBITDA margin .....</i>	<i>34.9 %</i>	<i>35.7%</i>	<i>31.8 %</i>	<i>32.3%</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.

**Quarter ended June 30, 2018 compared to quarter ended June 30, 2017*****Revenue***

Revenue increased by 4.8% to €373.2 million during the second quarter of 2018 from €356.0 million in the second quarter of 2017. On a like-for-like basis and at constant exchange rate, revenue increased by 4.8%.

Revenue from our Generalist France division increased by 5.2% in the second quarter of 2018 to €167.7 million compared to €159.3 million in the second quarter of 2017, thanks to the good economic environment and in particular the growth of the French construction market. The weight of Generalist France remained stable at 45% of our group revenue in the second of 2018, compared to the second quarter of 2017.

Revenue from our Specialist France division increased by 3.1% to €55.0 million in the second quarter of 2018 compared to €53.4 million in the second quarter of 2017. The Specialist France division enjoyed the same positive economic conditions as the Generalist France division. The weight of Specialist France division remained stable at 15% of our group revenue in the second quarter of 2018, compared to the second quarter of 2017.

International revenue increased by 5.0% to €150.5 million in the second quarter of 2018 compared to €143.3 million in the second quarter of 2017. Like-for-like and at constant exchange rate, the division's revenue increased by 4.9%, thanks to the organic growth of our business units. The International division represented 40% of our group revenue in the second quarter of 2018, stable compared to the second quarter of 2017.

***Other income***

Other income increased by €0.4 million to €13.5 million in the quarter ended June 30, 2018 from €13.1 million in the quarter ended June 30, 2017.

***Purchases consumed***

Purchases consumed increased by 5.9% to €38.4 million for the quarter ended June 30, 2018 compared to €36.3 million for the quarter ended June 30, 2017. Like-for-like, purchases consumed increased by 4.6% in line with the higher activity of the quarter.

***Personnel expenses***

Personnel expenses increased by 4.7% to €96.7 million in the quarter ended June 30, 2018 from €92.3 million in the quarter ended June 30, 2017. Personnel expenses increased by 8.4% in France and stayed almost unchanged at the International division. Like-for-like, personnel expenses increased by 6.2% due to higher social charges rates in France, while the average headcount in France increased by 2.1% in Q2 2018 versus Q2 2017.

**Other current expenses**

Other current expenses increased by 1.3% to €113.8 million in the second quarter of 2018 from €112.3 million in the second quarter of 2017. Like-for-like, recurring external charges increased by 2.4%, as costs remained globally under control.

**Depreciation and amortization**

Depreciation and amortization amounted to €74.2 million in the quarter ended June 30, 2018, compared to €62.7 million in the quarter ended June 30, 2017.

Like-for-like, the depreciation expense increased by 15.5% because of the capex made in 2017. Moreover, an amortization expense for trademarks and customer relationships was recorded for €1.9 million in Q2 2018 in accordance with the Purchase Price Allocation of Lavendon and Hune groups completed in Q4 2017.

**Financial income and expense**

Net financial expense decreased by €16.5 million to €24.9 million in the quarter ended June 30, 2018, compared to €41.4 million in the quarter ended June 30, 2017. Out of Q2 2017 expense, non-recurring costs amounted to €13.8 million, relating to the full amortization of the bridge facility's remaining arrangement fees and costs.

The gross interest expense amounted to €24.8 million while other financial expense amounted to €0.1 million in Q2 2018.

**Income tax**

Our profit before tax amounted to €33.6 million in Q2 2018 versus €20.9 million in Q2 2017.

Income tax was an expense of €6.6 million in the quarter ended June 30, 2018, compared to €5.0 million in the quarter ended June 30, 2017. Income tax was higher in Q2 2018 than in Q2 2017, due to a higher profit before tax.

**Net profit**

As a result of the various factors described above, we recorded a net profit of €27.0 million for the quarter ended June 30, 2018 compared to a net profit of €15.7 million for the quarter ended June 30, 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 mentioned periods.

<i>(in millions of euros)</i>	<b>Quarter ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
<b>EBITDA</b> .....	<b>124.3</b>	<b>133.1</b>	<b>207.6</b>	<b>231.6</b>
Depreciation of Property, plant and equipment .....	(61.8)	(71.2)	(112.7)	(132.6)
Depreciation of intangible assets .....	(0.9)	(3.1)	(1.7)	(6.0)
Other operating income and expense .....	0.8	(0.3)	(9.3)	(0.2)
<b>Operating profit</b> .....	<b>62.4</b>	<b>58.6</b>	<b>83.9</b>	<b>92.8</b>
Financial income and expense .....	(41.4)	(24.9)	(59.8)	(50.2)
Share of profit of associates .....	(0.3)	-	(0.4)	-
Income tax expense .....	(5.0)	(6.6)	(4.2)	(8.1)
<b>Net profit</b> .....	<b>15.7</b>	<b>27.0</b>	<b>19.5</b>	<b>34.5</b>

EBITDA amounted to €133.1 million in Q2 2018 increasing by 7.1% from €124.3 million in Q2 2017. Like-for-like and at constant exchange rates, EBITDA increased by 7.9%

EBITDA from our Generalist France division amounted to €60.5 million in Q2 2018, compared to €59.4 million in Q2 2017. Our EBITDA margin for Generalist France decreased at 36.1% in Q2 2018 compared to 37.3% in Q2 2017 due to higher social costs and lower capital gains on fleet disposals.

EBITDA from our Specialist France division amounted to €19.3 million in Q2 2018, compared to €17.6 million in Q2 2017. Our EBITDA margin for Specialist France rose at 35.0% in Q2 2018 compared to 32.8% in Q2 2017 as the division benefits from the combination of an organic growth and a decrease of re-hire costs.

EBITDA from our International division amounted to €51.8 million in Q2 2018, compared to €45.9 million in Q2 2017. On a like-for-like basis and at constant exchange rate, EBITDA increased by 14.4%. Our EBITDA margin for International division was 34.4% in Q2 2018 compared to 32.0% in Q2 2017 benefiting from a good conversion of the organic revenue growth into EBITDA and a favourable base effect.

Overall, the EBITDA margin in Q2 2018 stood at 35.7% versus an EBITDA margin of 34.9% in Q2 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 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 June 30, 2018, the gross financial debt (excluding derivatives) amounted to €2,311.5 million, compared to €2,238.7 million as of December 31, 2017. Our net financial debt (excluding derivatives) as of June 30, 2018 amounted to €2,192.6 million, an increase of €71.4 million compared to December 31, 2017.

As of June 30, 2018, we had €1,634.2 million of outstanding bond debt, after deduction of €15.1 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 €371.8 million of debt outstanding under bilateral facilities from banks, and €281.7 million under finance leases.

We expect to finance future capital expenditures through cash flow from operations, finance leases or bilateral credit facilities. In the six-months period ended June 30, 2018, new finance leases were entered into for €107.5 million and new bilateral loans were put in place for € 114.3 million.

### ***Capital expenditures***

In Q2 2018, gross capital expenditures amounted to €128.8 million, compared to €145.0 million in Q2 2017. Fleet capital expenditure amounted to €121.3 million in Q2 2018, compared to €137.2 million in Q2 2017.

In Q2 2018, the gross book value of disposed rental equipment was €43.7 million, compared to €44.6 million in Q2 2017.

### ***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 €(15.8) million for the quarter ended June 30, 2018 compared to €(92.5) million for the quarter ended June 30, 2017. The increase in the free cash flow generation between Q2 2018 and Q2 2017 is mainly explained by the higher EBITDA recorded in Q2 2018, the lower capital expenditures recorded

in Q2 2018 versus Q2 2017, an improvement of the change in working capital requirement, and lower financial expense.

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

<i>(in millions of euros)</i>	Quarter ended		Six months ended	
	June 30,		June 30,	
	2017	2018	2017	2018
<b>EBITDA before capital gains on fleet disposals</b> .....	<b>113.8</b>	<b>123.4</b>	<b>189.5</b>	<b>214.3</b>
+ Proceeds from disposals of fixed assets .....	13.2	16.0	24.9	29.1
- Gross capital expenditure.....	(145.0)	(128.8)	(260.8)	(225.7)
- Operating income and expense <sup>(1)</sup> .....	0.8	(0.3)	(9.3)	(0.2)
- Financial income and expense <sup>(2)</sup> .....	(39.6)	(23.6)	(57.9)	(48.2)
- Income taxes <sup>(3)</sup> .....	(1.7)	(3.5)	(3.6)	(5.7)
+/- Change in working capital requirement.....	(33.8)	2.7	(36.8)	(7.4)
Miscellaneous <sup>(4)</sup> .....	(0.1)	(1.6)	(0.5)	(2.3)
<b>Free cash flow</b> <sup>(5)</sup> .....	<b>(92.5)</b>	<b>(15.8)</b>	<b>(154.6)</b>	<b>(46.1)</b>
Acquisitions and disposals <sup>(6)</sup> .....	84.5	(18.5)	(765.9)	(18.5)
Share capital decrease <sup>(7)</sup> .....	-	-	(9.6)	-
Dividends .....	(4.9)	(6.9)	(4.9)	(6.9)
Issue costs amortization and currency variations .....	0.4	(0.5)	0.1	0.1
<b>Change in net debt</b> <sup>(8)</sup> .....	<b>(12.5)</b>	<b>(41.7)</b>	<b>(934.9)</b>	<b>(71.4)</b>

Notes:

- (1) Corresponds to non-recurring costs related to acquisitions of the Hune and Lavendon groups in H1 2017 and acquisitions costs of Nove in Q2 2018.
- (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 acquisition of Lavendon and Hune in Q1 2017, and the disposal of Gardemann in Q2 2017. Corresponds to the Nove and NVA acquisitions in Q2 2018.
- (7) Corresponds to the completion of the share buyback programme in H1 2017.
- (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	June 30, 2018
Senior secured notes .....	1,149.3	1,149.3
Senior subordinated notes .....	500.0	500.0
Issuance costs related to notes .....	(17.9)	(15.1)
Bank loans and bilateral facilities .....	364.6	371.7
Accrued interest on debt securities and loans .....	18.6	18.7
Lease liabilities .....	218.7	281.7
Other financial debt .....	4.4	3.7
Bank overdrafts .....	1.0	1.4
<b>Loans and financial debt (gross debt) .....</b>	<b>2,238.7</b>	<b>2,311.5</b>
Cash .....	(117.5)	(118.8)
Marketable investment securities .....	(0.1)	(0.1)
<b>Cash and cash equivalents .....</b>	<b>(117.5)</b>	<b>(118.9)</b>
<b>Net debt .....</b>	<b>2,121.2</b>	<b>2,192.6</b>

Net debt increased by €71.4 million to €2,192.6 million as of June 30, 2018 from €2,121.2 million as of December 31, 2017, as a result of a negative free cash flow of €(46.1) million, the effect of change in the scope of consolidation related to the acquisitions of Nove and NVA €(18.5) million, and the payment of dividends for €(6.9) million.

**Debt maturity profile**

The table below provides the maturity profile of our outstanding indebtedness, as of June 30, 2018.

<i>(in millions of euros)</i>	<b>Total</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025 and later</b>
Bilateral loans .....	371.7	58.0	107.6	84.9	57.8	46.1	16.1	0.9	0.3
Lease liabilities .....	281.7	44.6	76.8	68.2	54.5	30.2	7.3	0.0	0.0
<b>Loans and financial debt owed to credit institutions.....</b>	<b>653.5</b>	<b>102.7</b>	<b>184.4</b>	<b>153.2</b>	<b>112.4</b>	<b>76.3</b>	<b>23.4</b>	<b>0.9</b>	<b>0.3</b>
Other financial debt .....	3.7	3.7							
2014 senior secured notes due 2021 .....	298.3				298.3				
2014 senior subordinated notes due 2022 .....	248.7					248.7			
2016 senior secured notes due 2023 .....	248.2						248.2		
2017 senior secured notes due 2022 .....	296.8					296.8			
2017 senior secured notes due 2024 .....	295.9							295.9	
2017 senior subordinated notes due 2025 .....	246.3								246.3
<b>Total debt <sup>(1)</sup> .....</b>	<b>2,291.4</b>	<b>106.4</b>	<b>184.4</b>	<b>153.2</b>	<b>410.7</b>	<b>621.7</b>	<b>271.6</b>	<b>296.8</b>	<b>246.6</b>

Note :

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

**Currency and interest rate derivatives**

Loxam owns a portfolio of derivative financial instruments hedging interest rate variations for a notional amount of €81.7 million at June 30, 2018 for a maximum term in July 2022. These derivatives are recognized in financial liabilities for an amount of €2.0 million at June 30, 2018.

As of June 30, 2018, 85% of our financial debt had a fixed interest rate.

The majority of our revenue (76% in Q2 2018), expenses and obligations are denominated in euros. However, we are exposed to foreign exchange rate risk, primarily in respect of British Pound, Danish Krone, Swiss Franc, Moroccan Dirham, Norwegian Krone, Middle Eastern currencies as well as Colombian Peso. Our foreign exchange rate derivative financial instruments as of June 30, 2018 covered current liabilities denominated in British Pounds for GBP 92.9 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 JUNE 30, 2018****Statement of financial position**

<b>ASSETS (€'000)</b>	<b>Notes</b>	<b>31.12.17</b>	<b>30.06.18</b>
Intangible assets and goodwill	5	1,333,889	1,337,647
Property, plant and equipment	6	1,232,597	1,321,859
Investments in associates	7	0	0
Financial assets	8	15,626	17,770
Financial derivatives	14	1,181	0
Deferred tax assets	22	21,632	20,727
<b>Non-current assets</b>		<b>2,604,925</b>	<b>2,698,004</b>
Inventories	9	29,315	34,135
Trade and other receivables	10	370,842	388,516
Other current assets	11	64,701	59,563
Corporate income tax receivables	11	19,380	10,412
Cash and cash equivalents	12	117,544	118,901
<b>Current assets</b>		<b>601,782</b>	<b>611,526</b>
<b>Total assets</b>		<b>3,206,707</b>	<b>3,309,530</b>

<b>LIABILITIES (€'000)</b>	<b>Notes</b>	<b>31.12.17</b>	<b>30.06.18</b>
Share capital		229,818	229,818
Additional paid-in capital		1,882	1,882
Consolidated reserves		211,953	295,239
Net profit for the period		84,644	35,643
<b>Shareholders' equity (Group share)</b>		<b>528,297</b>	<b>562,582</b>
Non-controlling interests		15,391	13,021
<b>Total equity</b>	<b>13</b>	<b>543,688</b>	<b>575,603</b>
Employee benefits	16	16,608	18,152
Deferred tax liabilities	22	62,064	62,942
Borrowings and financial debt	15	2,037,490	2,080,020
Financial derivatives	14	2,855	2,848
<b>Non-current liabilities</b>		<b>2,119,017</b>	<b>2,163,962</b>
Provisions	17	11,245	9,791
Borrowings and financial debt	15	201,218	231,433
Trade and other payables	18	188,181	182,075
Other liabilities	18	135,400	137,702
Corporate income tax liabilities	18	7,958	8,964
<b>Current liabilities</b>		<b>544,003</b>	<b>569,965</b>
<b>Total shareholders' equity and liabilities</b>		<b>3,206,707</b>	<b>3,309,530</b>

## Consolidated income statement and statement of comprehensive income

€'000	Notes	30.06.17	30.06.18
<b>Revenue</b>		653,449	717,105
Other income		24,150	23,613
<b>Operating income</b>		<b>677,599</b>	<b>740,718</b>
Purchases consumed		(69,467)	(76,713)
Personnel expenses	19	(176,561)	(193,766)
Other current expenses		(213,939)	(228,006)
Taxes and duties		(10,033)	(10,645)
Depreciation and amortization - Tangible		(112,673)	(132,560)
Depreciation and amortization - Intangible		(1,650)	(6,031)
<b>Profit from ordinary operations</b>		<b>93,275</b>	<b>92,999</b>
Other operating income and expenses	20	(9,337)	(211)
<b>Operating profit</b>		<b>83,937</b>	<b>92,787</b>
Interest and financing-related expenses		(43,678)	(49,328)
Other financial expenses		(18,895)	(2,099)
Financial income		2,769	1,267
<b>Financial income (expense)</b>	21	<b>(59,804)</b>	<b>(50,160)</b>
<b>Profit before tax</b>		<b>24,133</b>	<b>42,627</b>
Share of profit of associates		(436)	0
Income tax expense	22	(4,215)	(8,124)
<b>Net profit</b>		<b>19,482</b>	<b>34,504</b>
Non-controlling interests		(142)	(1,140)
<b>Net profit, Group share</b>		<b>19,623</b>	<b>35,643</b>

	30.06.17	30.06.18
<b>Net profit</b>	<b>19,482</b>	<b>34,504</b>
Exchange gains or losses	(12,725)	4,343
Fair Value adjustments linked to net Investment hedge	(1,912)	605
<b>Items recycled to profit or loss</b>	<b>(14,637)</b>	<b>4,948</b>
Remeasurement of liabilities for defined benefit retirement plans	-	-
Tax	-	-
<b>Items not recycled to profit or loss</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>	<b>(14,637)</b>	<b>4,948</b>
<b>Comprehensive income</b>	<b>4,845</b>	<b>39,451</b>

## Consolidated cash-flow statement

€'000	Notes	31.12.17	30.06.18
<b>Net profit</b>		<b>84,275</b>	<b>34,504</b>
Share of profit of associates	7	1,306	0
Income tax expense (including deferred tax)	22	18,860	8,124
Net finance costs	21	116,714	50,160
Other operating income and expense (non cash)		(14,045)	(43)
Depreciation and provisions, net of reversals		247,049	137,926
Capital gains on asset disposals		(52,046)	(18,930)
<b>Cash flow from operations (before cost of financing and tax)</b>		<b>402,112</b>	<b>211,741</b>
Income tax paid		(9,323)	(5,653)
Financial interest paid		(92,696)	(48,985)
Financial interest received		1,440	402
Change in working capital requirements		(40,727)	(7,356)
<b>Cash flow from operating activities</b>	<b>A</b>	<b>260,805</b>	<b>150,149</b>
Impact of changes in scope		(817,570)	(18,528)
Acquisitions of fixed assets		(432,838)	(225,706)
Disposals of fixed assets		66,643	29,147
<b>Cash flow from investing activities</b>	<b>B</b>	<b>(1,183,764)</b>	<b>(215,088)</b>
Dividends paid		(4,941)	(6,895)
Capital movements		(9,554)	0
Proceeds from loans and borrowings	15	1,918,950	221,800
Repayment of loans and borrowings	15	(1,021,040)	(151,264)
<b>Cash flow from financing activities</b>	<b>C</b>	<b>883,416</b>	<b>63,642</b>
<b>Change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>(39,544)</b>	<b>(1,297)</b>
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	117,505
Impact of exchange rate fluctuations		(450)	(2,219)
<b>Change in cash and cash equivalents</b>		<b>(39,544)</b>	<b>(1,297)</b>
Other marketable securities		89	52
Cash at bank and on hand		117,455	118,849
Current bank borrowings		(961)	(1,396)
<b>Cash and cash equivalents</b>		<b>116,583</b>	<b>117,505</b>



## Consolidated statement of changes in equity

€'000	Share capital	Additional paid-in capital	Consolidated reserves	Reserves to be recycled (OCI)	Shareholders' equity (Group share)	Non-controlling interests	Total equity
<b>At 31 December 2016</b>	<b>232,400</b>	<b>1,882</b>	<b>248,430</b>	<b>(2,818)</b>	<b>479,894</b>	<b>938</b>	<b>480,832</b>
Net profit for the period			84,644		84,644	(369)	84,275
Employee benefits				2,674	2,674		2,674
Net investment hedge				(842)	(842)		(842)
Exchange gains or losses				(23,458)	(23,458)	(1,157)	(24,615)
<b>Comprehensive income</b>			<b>84,644</b>	<b>(21,626)</b>	<b>63,019</b>	<b>(1,526)</b>	<b>61,492</b>
Capital movements	(2,582)		(6,972)		(9,554)		(9,554)
Dividends			(4,941)		(4,941)		(4,941)
Changes in scope			(120)		(120)	15,979	15,859
<b>At 31 December 2017</b>	<b>229,818</b>	<b>1,882</b>	<b>321,041</b>	<b>(24,444)</b>	<b>528,297</b>	<b>15,391</b>	<b>543,688</b>
Net profit for the period			35,643		35,643	(1,140)	34,504
Employee benefits				0	0		0
Net investment hedge				605	605		605
Exchange gains or losses				4,746	4,746	(403)	4,343
<b>Comprehensive income</b>			<b>35,643</b>	<b>5,351</b>	<b>40,994</b>	<b>(1,543)</b>	<b>39,451</b>
Capital movements					0	0	0
Dividends			(6,895)		(6,895)		(6,895)
Changes in scope			186		186	(827)	(641)
Other changes					0		0
<b>At 30 June 2018</b>	<b>229,818</b>	<b>1,882</b>	<b>349,975</b>	<b>(19,093)</b>	<b>562,582</b>	<b>13,021</b>	<b>575,603</b>

## Notes to the financial statements

Note 1 – Overview .....	27
Note 2 – Highlights .....	28
Note 3 - Accounting principles .....	29
Note 4 - Scope of consolidation .....	41
Note 5 – Intangible assets and goodwill.....	43
Note 6 – Property, plant and equipment.....	44
Note 7 - Investments in associates .....	45
Note 8 - Financial assets .....	46
Note 9 – Inventories .....	46
Note 10 – Trade and other receivables .....	46
Note 11 – Income tax receivables and other current assets .....	47
Note 12 – Cash management assets, cash and cash equivalents.....	47
Note 13 – Shareholders’ equity .....	47
Note 14 – Financial risk management - Financial instruments .....	47
Note 15 – Borrowings and financial debt.....	50
Note 16 – Employees benefit .....	52
Note 17 - Provisions .....	52
Note 18 – Trade payables and other current liabilities .....	53
Note 19 - Personnel expenses .....	54
Note 20 - Other operating income and expenses.....	54
Note 21 - Financial income (expense) .....	54
Note 22 - Corporate income tax .....	54
Note 23 – Operating lease commitments.....	55
Note 24 - Off-balance sheet commitments .....	56
Note 25 – Related-party transactions.....	56

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**Note 1 – Overview**

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**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 30 June 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, the Middle East (United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait) and has a 50.1% stake in a rental company in Brazil and a 50% stake in a rental company in Colombia.

**1.2. Basis of preparation**

The interim consolidated financial statements (the “interim financial statements”) for the six-month period ended June 30, 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**

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**Highlights of the period ended June 30, 2018:**

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, 2018.

On February 13, 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, 2018.

On June 1, the merger of the Dutch subsidiaries, Loxam BV, Workx Materieelverhuur BV and Workx Holding has been completed in order to improve the efficiency of our business.

On June 8, Loxam SAS acquired 100% of Negoce de Vehicules Automoteurs (“NVA”), a French based company with primary business in logistic for events activities. NVA is not consolidated at June 30, 2018.

On June 21, Loxam Access Srl acquired 100% of the Italian powered access rental company No.Ve. S.r.l. (“Nove”) from Haulotte Group S.A.

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## Note 3 - Accounting principles

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### 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 September 30.

### 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 Q2 2017. Q2 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 Q2 2017. Q2 2017 accounts have not been restated for this.

Considering the acquisitions of companies and business performed in 2017, the information provided as at June 2017 is taking into account 5 months of activity of Lavendon (including Gardemann) and Hune groups.

The information provided as at June 2018 is taking into account six 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 June 30, 2018 (euro vs. currency):

1 EUR =	GBP	CHF	DKK	MAD	NOK	BRL	USD
Closing date rate	0.8861	1.1577	7.4511	10.7810	9.5164	4.5272	1.1702
Average rate	0.8797	1.1695	7.4473	10.9473	9.5936	4.1398	1.2106
Opening date rate	0.8881	1.1703	7.4442	11.2218	9.8432	3.9785	1.2005

1 EUR =	AED	SAR	QAR	BHD	OMR	COP
Closing date rate	4.2898	4.3775	4.0882	0.4393	0.4484	3 383,6000
Average rate	4.4415	4.5355	4.2601	0.4534	0.4646	3 400,9249
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 3.5.

#### **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.

### 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 less than 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.

### ***IFRS 9-Financial Instruments***

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

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

value by shareholders' equity; shareholders' equity instruments will be measured at fair value through income or, by irrevocable election, at fair value by Other Comprehensive Income;

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

The impact of the application of this new standard on the Group accounts is being finalised; no additional impairment has been booked in the half-year financial statements.

### **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.

As of April 1, 2018, the group has decided to stop the net investment hedge following the completion of the Lavendon's group restructuring. (Lavendon Access Services SAS merged into Loxam SAS on April 1, 2018). From this date, foreign exchange differences are recognized in the income statement.

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 no 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
<b>LOXAM SAS</b>	<b>450776968</b>	<b>100%</b>	<b>100%</b>	<b>Parents</b>
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 (a)	Spain	-	-	-
LOXAM BV	Netherlands	100%	100%	Full
WORKX HOLDING BV (b)	Netherlands	-	-	-
WORKX MATERIEELVERHUUR BV (b)	Netherlands	-	-	-
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 (c)	France	-	-	-
DK RENTAL NV	Belgium	100%	100%	Full
RAPID ACCESS BV	Netherland	100%	100%	Full
RAPID ACCESS LLC (d)	United Arab Emirates	100%	49%	Full
RAPID ACCESS WLL (e)	Bahrain	100%	49%	Full
RAPID ACCESS LTD (f)	Saudi Arabia	100%	52%	Full
RAPID ACCESS LLC (g)	Oman	100%	34%	Full
RAPID ACCESS MIDDLE EAST LLC	United Arab Emirates	100%	100%	Full
LOXAM ACCESS SRL	Italy	100%	80%	Full
NOVE SRL (h)	Italy	100%	80%	Full
SWAN	Ireland	100%	100%	Full
LIR HOLDINGS LTD	Ireland	100%	100%	Full

(a) Merger of Loxam Alquiler into Hune Rental SLU on April 1<sup>st</sup>, 2018.

(b) Merger of Workx Materieelverhuur BV and Workx Holding with Loxam BV on June 1<sup>st</sup>, 2018.

(c) Merger of Lavendon Access Services SAS (“Lavendon France”) into Loxam SAS on April 1<sup>st</sup>, 2018.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) Loxam Access Srl acquired No.Ve. S.r.l. (“Nove”) on June 21<sup>st</sup>, 2018.

**Note 5 – Intangible assets and goodwill****Change in intangible assets and goodwill in the period ended June 30, 2018**

€'000	Intangible assets	Goodwill	Total
<b>Gross value at year-start</b>	<b>146,312</b>	<b>1,273,489</b>	<b>1,419,801</b>
Changes in scope (a)	(116)	6,259	6,143
Increase	2,659		2,659
Decrease / disposals	(875)		(875)
Adjustments (b)	803	46	849
Exchange gains or losses	158	657	814
<b>Gross value at end of period ended June 30, 2018</b>	<b>148,942</b>	<b>1,280,450</b>	<b>1,429,392</b>
<b>Depreciation and amortisation at year-start</b>	<b>(65,057)</b>	<b>(20,855)</b>	<b>(85,912)</b>
Changes in scope	106		106
Depreciation and amortisation for the year	(6,031)		(6,031)
Withdrawals / reversals on withdrawals	332		332
Reclassification	(219)		(219)
Exchange gains or losses	(8)	(13)	(21)
<b>Depreciation and amortisation at end of period ended June 30, 2018</b>	<b>(70,876)</b>	<b>(20,868)</b>	<b>(91,745)</b>
<b>Net value at year-start</b>	<b>81,255</b>	<b>1,252,634</b>	<b>1,333,889</b>
<b>Net value at end of period ended June 30, 2018</b>	<b>78,066</b>	<b>1,259,581</b>	<b>1,337,647</b>

(a) Preliminary goodwill related to the acquisition of Nove : € 6,259 k

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

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

### Trademarks and customer relationships related to acquired Groups

According to the purchase price allocation of Lavendon and Hune Groups, the intangible assets of each group have been identified as at December 31, 2017 and valued as follows at June 30, 2018:

€'000	Customer		Total
	Trademarks	Relationships	
Lavendon Group	15,255	46,120	61,375
Hune Group	1,977	5,353	7,331
<b>Net value at end of period ended June 30, 2018</b>	<b>17,232</b>	<b>51,473</b>	<b>68,705</b>

### Note 6 – Property, plant and equipment

#### Change in property, plant and equipment for the period ended June 30, 2018

€'000	Rental equipment	Other	Total
<b>Gross value at beginning of year</b>	<b>2,898,739</b>	<b>317,100</b>	<b>3,215,839</b>
Changes in scope	18,601	1,376	19,976
Acquisitions	209,078	13,723	222,801
Disposals	(87,339)	(10,630)	(97,968)
Reclassification	1,416	(439)	977
Exchange gains or losses	2,019	140	2,159
<b>Gross value at end of period ended June 30, 2018</b>	<b>3,042,514</b>	<b>321,271</b>	<b>3,363,785</b>
<b>Cumulative depreciation at beginning of year</b>	<b>(1,764,461)</b>	<b>(218,781)</b>	<b>(1,983,242)</b>
Changes in scope	(11,174)	(1,058)	(12,232)
Depreciation for the year	(121,880)	(10,680)	(132,560)
Disposals	79,244	8,847	88,091
Reclassifications	(1,116)	254	(862)
Exchange gains or losses	(1,082)	(39)	(1,121)
<b>Cumulative depreciation at end of period</b>	<b>(1,820,469)</b>	<b>(221,457)</b>	<b>(2,041,925)</b>
<b>Net value at beginning of year</b>	<b>1,134,278</b>	<b>98,319</b>	<b>1,232,597</b>
<b>Net value at end of period ended June 30, 2018</b>	<b>1,222,045</b>	<b>99,814</b>	<b>1,321,859</b>

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

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

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

**Note 7 - Investments in associates**

€'000	Associates	
	31.12.17	30.06.18
<b>Value at the beginning</b>	<b>9,738</b>	-
Group share in earnings for the period	(1,306)	-
Dividends paid	-	-
Changes in scope	(8,432)	-
Exchange gains or losses	-	-
<b>Value at the closing</b>	-	-

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

**Note 8 - Financial assets****Change of financial assets at June 30, 2018**

€'000	Loans and other borrowings (a)	Other non-current financial assets	Total
<b>Net value at beginning</b>	<b>15,614</b>	<b>12</b>	<b>15,626</b>
Changes in scope	261		261
Increase (b)	249	2,200	2,449
Decrease	(268)		(268)
Exchange gains or losses	(298)		(298)
<b>Net value at the closing</b>	<b>15,558</b>	<b>2,212</b>	<b>17,770</b>

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

(b) Concerns the acquisition of NVA shares, entity not consolidated as at June 30, 2018.

**Change of financial assets in 2017**

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

(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	30.06.18
Trade	12,534	14,834
Parts and consumables	16,781	19,301
<b>Total</b>	<b>29,315</b>	<b>34,135</b>

**Note 10 – Trade and other receivables**

€'000	31.12.17	30.06.18
Gross value	436,264	472,073
Impairment	(65,422)	(83,557)
<b>Total trade and other receivables</b>	<b>370,842</b>	<b>388,516</b>

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

€'000	31.12.17	30.06.18
Income tax receivables	19,380	10,412
Prepaid expenses	14,988	16,288
Other receivables	49,712	43,275
Other current assets	64,701	59,563
<b>Total income tax receivables and other current assets</b>	<b>84,081</b>	<b>69,975</b>

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

€'000	31.12.17	30.06.18
Other marketable securities	89	52
Cash	117,455	118,849
<b>Total</b>	<b>117,544</b>	<b>118,901</b>

Marketable securities comprise cash investment funds (SICAV) included in the AMF's "short-term money market" category, as well as term accounts and deposits in line with the IAS 7 definition of cash and cash equivalents (cf. Note 3.16).

**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 June 30, 2018, these agreements relate to a notional amount of €81,700 k against the 3 month Euribor, with the next maturity date in September 2018 and a maximum maturity date of July 2022.

At June 30, 2018, the fair value of these derivative instruments amounts to €1,990 k, compared to €2,855 k at December 31, 2017. Fair value adjustments are accounted for in financial income for an amount of € 865 k, in Q2 2018.

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 92,872 k at June 30, 2018, vs GBP 100,000 k at December 31, 2017; on the Danish Krone for DKK 15,000 k at June 30, 2018 (stable vs position at December 31, 2017), and on the US Dollar for USD 16,000 K at June 30, 2018 (stable vs position at December 31, 2017).

The fair value of these financial instruments is a liability of €858 k at June 30, 2018, compared to an asset of €1,181 k at December 31, 2017. The change in fair value between December 31, 2017 and June 30, 2018 is accounted as a financial loss for an amount of €2,039 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 June 30, 2018**

€'000	Interest Rate swaps	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 2	
<b>Value at beginning of period</b>	<b>2,855</b>	<b>(1,181)</b>	<b>1,674</b>
Value adjustment	(865)	2,039	<b>1,174</b>
<b>Value at end of period</b>	<b>1,990</b>	<b>858</b>	<b>2,848</b>
<b>Derivatives instruments included in the assets</b>			<b>0</b>
<b>Derivatives instruments included in the liabilities</b>			<b>2,848</b>



**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	
<b>Value at beginning of year</b>	<b>4,854</b>		<b>(24)</b>	<b>(741)</b>	<b>4,089</b>
Value adjustment	(1,999)		(1,157)	741	<b>(2,415)</b>
<b>Value at end of year</b>	<b>2,855</b>		<b>(1,181)</b>	<b>0</b>	<b>1,674</b>
<b>Derivatives instruments included in the assets</b>					<b>1,181</b>
<b>Derivatives instruments included in the liabilities</b>					<b>2,855</b>

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

**Net investment hedge**

As indicated in Note 3.19, upon the acquisition of the Lavendon Group, the Loxam Group has maintained the net investment hedge applied in the Lavendon “foreign operations” sub-group until March 31, 2018.

The amount recorded in OCI as net investment hedge amounted to € (237) k at June 30, 2018 and concerned the period from January 1, 2018 to March 31, 2018. From this date, exchange differences are recognized in the income statement.

**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 June 30, 2018, 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	30.06.18
Bonds <sup>(1)</sup>	1,631,419	1,634,196
Bilateral and bridge loans net of issuance costs	256,027	249,008
Lease debt	150,043	196,816
<b>Non-current financial debt</b>	<b>2,037,490</b>	<b>2,080,020</b>
Short-term bilateral loans	108,584	122,735
Short-term lease debt	68,610	84,900
Other financial debt	23,064	22,402
Current bank borrowings	961	1,396
<b>Current financial debt</b>	<b>201,218</b>	<b>231,433</b>
<b>Financial debt</b>	<b>2,238,708</b>	<b>2,311,453</b>

1) Net of bond issue costs.

**Breakdown of financial debt by interest rate:**

€'000	31.12.17	30.06.18
Variable-rate debt	349,049	349,234
Fixed-rate debt	1,888,402	1,960,528
Bank overdrafts	961	1,396
Other	296	295
<b>TOTAL</b>	<b>2,238,708</b>	<b>2,311,453</b>

**Breakdown of financial debt by maturity:**

€'000	31.12.17	30.06.18
< 1 year	201,218	231,433
1 to 5 years <sup>(1)</sup>	1,242,959	1,287,380
> 5 years	794,531	792,640
<b>TOTAL</b>	<b>2,238,708</b>	<b>2,311,453</b>

(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 June 30, 2018**

€'000	Beginning of period	Change in scope	Increase	Decrease	Other	End of period
Bond issues	1,631,419				2,777	<b>1,634,196</b>
Bilateral loans	364,611		114,314	(106,987)	(196)	<b>371,743</b>
Lease debt	218,653		107,485	(44,277)	(146)	<b>281,716</b>
Other financial debt	24,024				(226)	<b>23,798</b>
<b>TOTAL</b>	<b>2,238,708</b>	<b>0</b>	<b>221,800</b>	<b>(151,264)</b>	<b>2,209</b>	<b>2,311,453</b>

**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	<b>1,631,419</b>
Bridge loan			779,280	(779,280)	0	<b>0</b>
Bilateral loans	244,679	2,288	174,503	(56,559)	(301)	<b>364,611</b>
Lease debt	143,737	19,211	130,386	(74,500)	(181)	<b>218,653</b>
Other financial debt	6,252	3,422		(1)	14,351	<b>24,024</b>
<b>TOTAL</b>	<b>1,296,637</b>	<b>24,921</b>	<b>1,918,950</b>	<b>(1,021,040)</b>	<b>19,239</b>	<b>2,238,708</b>

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	30.06.18
Net Defined Benefit Obligation	16,608	18,152
<b>Reconciliation of the commitment and the provision</b>		
Commitment	30,178	31,722
Plan assets	(13,570)	(13,570)
<b>Net Defined Benefit Obligation at year-end</b>	<b>16,608</b>	<b>18,152</b>
<b>Movement in Defined Benefit Liability</b>		
<b>Net Defined Benefit Liability at beginning of year</b>	<b>18,716</b>	<b>16,608</b>
Expense for the financial year	1,143	634
Recognition of actuarial gains or losses through OCI	(3,568)	-
Benefits or contributions paid by the employer	(1,025)	(211)
Exchange gains or losses	(111)	8
Changes in scope	1,454	1,114
<b>Net Defined Benefit Obligation at year-end</b>	<b>16,608</b>	<b>18,152</b>
<b>Breakdown of the expense for the financial year</b>		
Current service cost	779	478
Other	52	9
Interest cost	312	147
<b>Expense for the year</b>	<b>1,143</b>	<b>634</b>

The provisions for employee benefits concern retirement benefits for €17,278 k at June 30, 2018 vs €15,745 K at December 31, 2017, and jubilee awards for €874 k at June 30, 2018 vs €863K at December 31, 2017.

**Note 17 - Provisions****Change in provisions at June 30, 2018**

€'000	Provisions for contingencies	Provisions for charges	Total
<b>Balance at the beginning of the period</b>	<b>6,857</b>	<b>4,388</b>	<b>11,245</b>
Changes in scope	3	(0)	3
Allocations	434	602	1,036
Reversals	(831)	(1,145)	(1,977)
Reclassifications	(321)	(196)	(517)
<b>Balance at the closing of the period</b>	<b>6,142</b>	<b>3,649</b>	<b>9,791</b>

**Change in provisions in 2017**

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

**Note 18 – Trade payables and other current liabilities**

€'000	31.12.17	30.06.18
Trade payables	120,615	127,736
Payables to fixed asset suppliers	67,566	54,339
<b>Trade payables and related</b>	<b>188,181</b>	<b>182,075</b>
<b>Corporate income tax liabilities</b>	<b>7,958</b>	<b>8,964</b>
Tax and social security liabilities	111,149	119,727
Other liabilities	22,412	16,369
Accrued income	1,839	1,606
<b>Other liabilities and accruals</b>	<b>135,400</b>	<b>137,702</b>
<b>Total Trade payables and other current liabilities</b>	<b>331,540</b>	<b>328,741</b>

**Note 19 - Personnel expenses**

€'000	30.06.17	30.06.18
Salaries	140,866	147,113
Payroll taxes	35,503	45,456
Employee profit-sharing	192	1,197
<b>Total personnel expenses</b>	<b>176,561</b>	<b>193,766</b>
Average headcount	7,445	7,828

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 30/06/18, other operating income and expenses amounted to € (211) k and are mainly related to the acquisitions costs of Nove.

At 30/06/17, other operating revenues and expenses reached € (9,337) k and were related to the acquisition costs of the Hune and Lavendon groups.

**Note 21 - Financial income (expense)**

€'000	30.06.17	30.06.18
Interest and financing-related expenses	(43,678)	(49,328)
Income from cash and cash equivalents	4	1
<b>Net finance costs</b>	<b>(43,674)</b>	<b>(49,327)</b>
Fair value adjustments for financial instruments (a)	1,639	(1,174)
Financial costs related to early repayment (b)	(13,739)	-
Foreign exchange	(4,270)	230
Other financial expenses	(208)	(241)
Other financial income	449	352
<b>Financial income (expense)</b>	<b>(59,804)</b>	<b>(50,160)</b>

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

(b) corresponds in June 2017 to fees for early repayment and accelerated amortization of issuance costs following the repayment of the bridge facility.

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

€'000	30.06.17	30.06.18
Current tax	(3,596)	(5,653)
Deferred tax	(619)	(2,471)
<b>Total</b>	<b>(4,215)</b>	<b>(8,124)</b>

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

### Reconciliation between actual tax and the theoretical tax expense

€'000	30.06.17	30.06.18
Consolidated income before tax and "CICE" French tax credit	20,443	39,549
Tax rate (parent)	34.43%	32.02%
<b>Theoretical tax expense</b>	<b>(7,038)</b>	<b>(12,664)</b>
Difference in parent / subsidiary rates	3,020	2,632
Unused tax losses for the year	(667)	(1,055)
Use of previously unused losses	1,219	397
Permanent differences	(260)	1,699
Withholding taxes on dividends	(148)	-
Tax credits and other	(340)	867
<b>Actual tax expense</b>	<b>(4,215)</b>	<b>(8,124)</b>

### Deferred tax assets and liabilities

€'000	31.12.17	30.06.18
<b>Opening balance</b>	<b>(17,606)</b>	<b>(40,432)</b>
Income (expense)	(9,537)	(2,471)
Change in scope	(12,480)	380
Recognised in equity	(860)	-
Other changes	51	308
<b>Closing balance</b>	<b>(40,432)</b>	<b>(42,215)</b>

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

### Note 23 – Operating lease commitments

This information was not updated as at June 30, 2018.

**Note 24 - Off-balance sheet commitments**

€'000	31.12.17	30.06.18
Guarantee given to banks for payment of real estate rentals	2,106	2,106
Pledging of business assets as collateral	360	360
<b>Total commitments given</b>	<b>2,466</b>	<b>2,466</b>
Bank guarantee received for payment of real estate rentals	7,308	7,308
Other bank guarantees received	450	450
<b>Total commitments received</b>	<b>7,758</b>	<b>7,758</b>

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

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

- Guarantee from the Loxam SAS parent company on subsidiaries' borrowings for €18 million at June 30, 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.