



LOXAM – 2020 FIRST QUARTER RESULTS

STRONG CASH FLOW GENERATION IN Q1 2020, STRENGTHENED LIQUIDITY AND COSTS UNDER CONTROL TO FACE THE COVID-19 OUTBURST

Paris - May 26th, 2020

Note: all financial data mentioned in this document, in particular EBITDA and Net debt, include adjustments resulting from the application of IFRS 16 accounting standard.

LOXAM, Europe's leading equipment rental company to professionals, published today its financial statements for the first quarter of 2020 and provides an update in respect of the impact of the Covid-19 pandemic on its activity.

First quarter highlights

- Revenue of €494 million up by 35% (-9% at constant perimeter and FX)
- EBITDA margin preserved at 30%
- Positive free cash flow generation of €68 million
- Liquidity strengthened and cash position increased to €492 million

Key measures and priorities resolved due to the Covid-19 crisis

- Ensuring employees and clients' health
- Enabling continuity of service with adapted safety protocols
- Strengthening of liquidity, preservation of cash, implementation of cost cutting measures,
- Preparing for the recovery

Gérard Déprez, Chairman and CEO of LOXAM commented: *"In spite of the outburst of the Covid-19 pandemic in March 2020, the Group was able to maintain EBITDA margins in the range of 30% of revenue in its main business units, and achieved a strong positive free cash flow generation for the third consecutive quarter.*

The outbreak of the Covid-19 pandemic in Europe has led the Group to set three priorities: first, the health and safety of its employees and clients, second, the continuation of activity, notably in order to assist emergency response teams, hospitals and care centres, and finally, the orderly roll-out of LOXAM's crisis containment plan. The Group's ability to quickly mobilize its liquidity and to implement cost cutting measures, as well as its geographically diversified profile are key to demonstrate the resilience of its business model. The commitment demonstrated by our employees and the support of our banking partners through the grant of state guaranteed loans are further evidences of our strength in face of these unprecedented circumstances. The recent developments are definitely encouraging and will guide our continued efforts towards the recovery of our business."

LOOK-BACK ON THE PERFORMANCE IN 2019

2019 will remain a landmark year in LOXAM's history. The Group has continued its transformation into a pan-European leader in equipment rental through the acquisition of Ramirent. Between 2009 and 2019 LOXAM tripled in size, a performance second to none in the equipment rental industry, demonstrating the Group's ability to act as a consolidator in Europe, while simultaneously achieving successful integrations and restructuring of the acquired companies. The extended geographical reach covers the largest equipment rental markets in Europe and provides for an increased stability and balance between mature and growth markets.

Further to the external growth, LOXAM was also successful in growing organically for a fourth consecutive year, supported by favorable economic conditions. In this context, and in anticipation of less favorable period in the cycle, increased focus was set in recent years on fleet rejuvenation and on completion of several CSR policy and digital projects.

Q1 2020 - POSITIVE FREE CASH FLOW REINFORCES HIGH LIQUIDITY

Prior to the emergence of the Covid-19 pandemic, the Group was already forecasting that the present year would see a slowdown of its activity in certain key markets, such as France, in line with the municipal election cycle, or in Sweden, following several years of consecutive growth. Consequently, LOXAM had already budgeted a lower level of capital expenditure compared to 2019.

SUMMARY OF Q1 2020 FINANCIAL RESULTS

In millions of Euro	<u>Q1 2019</u>	<u>Q1 2020</u>
Revenue		
Generalist France	162.1	143.7
Specialist France	54.6	51.5
International	150.5	299.0
Total Revenue	367.3	494.1
EBITDA (post IFRS 16)		
Generalist France	59.9	42.2
Specialist France	17.6	15.2
International	46.8	89.2
Total EBITDA⁽¹⁾	126.2	148.2
EBITDA margin		
Generalist France	36.9%	29.3%
Specialist France	32.2%	29.6%
International	31.1%	29.9%
Total EBITDA⁽¹⁾ margin	34.4%	30.0%
EBIT	35.3	8.3
Recurring Free Cash Flow	(24.0)	67.6
Gross capex	179.0	55.0

⁽¹⁾ including contribution from real estate

LOXAM's consolidated revenue increased by 34.5% during Q1 2020 to €494.1 million. However, at constant perimeter and FX, revenue decreased by 8.9% during Q1 2020 because of the strict lockdown measures imposed by authorities in certain countries in the Western and Southern part of Europe.

During the first two months of 2020, LOXAM recorded a positive business performance in France in line with its anticipation ahead of the municipal elections. Revenue of the Generalist France division was affected by the lockdown measures from mid-March onwards which halted activity on construction sites and led to a decrease of revenue by 11.4% during the first quarter, to €143.7 million. Specialist France division revenue were more resilient and decreased only by 5.8% during Q1 2020 to €51.5 million, thanks to the portfolio of activities, such as energy and modular space. Overall LOXAM's revenue in France decreased by 10.0% in Q1.

Outside of France, the Group's International division revenue increased to €299.0 million during Q1 2020 thanks to the contribution of Ramirent. However, at constant perimeter and FX the international division posted a -8.1% decrease of its revenue, with different impacts of slowdown across geographies, Spain and Italy being hit by the pandemic, while business in other countries resisted better.

In light of the sanitary crisis and its immediate effect on the demand from our customers, LOXAM has swiftly reacted in order to limit its impact. In so far as possible key branches remained open on a "drive-in" basis and in application of the strictest safety protocols. In the most severely impacted countries, the Group implemented strong and decisive measures:

- Reducing costs and discretionary spending and using all appropriate local measures, in particular in terms of furloughing staff, coupled in several countries such as France, to a temporary reduction in wages;
- Systematic review of all external charges (transport, premises, utilities, etc.) in view of cancelling, limiting or renegotiating terms to generate costs savings.

During the first quarter, and at constant perimeter and FX, EBITDA (post IFRS 16) therefore decreased by 18.6%. The resilience of LOXAM's three divisions was satisfying as Generalist France, Specialist France and the International division recorded a margin at or close to 30% in the first quarter.

Recurring free cash flow was positive, at €67.6 million, thanks to the increase in EBITDA due to Ramirent's contribution. Further actions have also been implemented such as the cancellation and/or postponement in capital expenditure, the strict monitoring of working capital, which resulted in a positive contribution, and the cancellation of the dividend payment to shareholders in 2020.

In line with the disciplined roll-out of LOXAM's financial contingency plan and in order to swiftly address the Covid-19 situation, the liquidity of the Group was significantly strengthened, and the cash position increased from €230 million on 31st December 2019 to €492 million as at end of March. This was achieved through mobilizing complementary bilateral facilities for €120 million, drawing the full amount of its €75 million RCF facility, while Ramirent rolled over its commercial papers after the lockdown measures. Following governmental guidelines, the relationship banks of the Group have also postponed the amortization of bilateral facilities and payments on financial leases by 6 months.

As of 31 March 2020, the net financial debt (post IFRS 16) amounted to €3,920 million decreasing by €91 million from 31st December 2019. The net debt to pro-forma EBITDA leverage ratio amounted to 4.85x on 31st March 2020 versus 4.72x on 31st December 2019.

POST QUARTER ACTIONS

From early April onwards the Group has actively prepared for the progressive lifting of lockdown measures throughout Europe. For example, it has allowed the French network to fully open starting 11th May 2020 in complete application of the strictest hygiene protocols.

LOXAM confirms the communicated preliminary performance in April and its expectation that the activity recovery will be progressive: on a comparable structure and at constant exchange rates, the Group's revenues were down by 39% versus last year, in spite of a pick-up in activity levels in the second half of the month. All countries have now been impacted to a certain extent by the Covid-19 pandemic, but with high discrepancies depending on the magnitude of the sanitary crisis and the extension of lockdown measures. In May, revenue levels are progressively recovering, as the construction industry and business community are adapting to the situation. It is therefore expected that the Group performance will improve in comparison to April 2020 thanks to the additional contribution of countries where lockdown measures are progressively lifted. So far, business stands up relatively better in the Northern and Eastern European countries and outside of Europe.

Cost cutting measures first implemented in the most severely impacted countries have been generalized through-out operations. Q2 2020 performance will however be the most affected by the crisis. As a result of all actions undertaken to cut costs and postpone payments, the Group nonetheless anticipates to generate positive free cash flow in Q2.

Efforts to improve liquidity also continued in Q2, notably in France where the Group obtained a € 230 million loan, with a guarantee from the French State covering 90% of the principal borrowed. This loan has a maturity up to 6 years, and no covenants or additional security. LOXAM has obtained from its RCF lenders a waiver which entails a covenant suspension on its financial debt ratio until and including 31 March 2021. Therefore, LOXAM has the adequate liquidity to face its financial commitments in due time.

BUSINESS OUTLOOK

Considering the uncertainties caused by the Covid-19 pandemic, LOXAM is not yet able to provide further guidance for the rest of the 2020 fiscal year. The experience and longstanding office of LOXAM's management team, which has steered the Group through several financial crisis has facilitated the disciplined roll-out of LOXAM's crisis containment plan, and positions the Group at the forefront of the equipment rental industry for the recovery.

Usually, the increase of the penetration rate of rental, as customers are reluctant to invest in equipment, tends to mitigate consequences of the crisis on rental companies. It is therefore expected that the longstanding rental penetration trend will accelerate in the future, due to the current economic context, and of the increasing focus on the sharing economy. LOXAM's unique portfolio of activities, diverse geographical presence and CSR initiatives will help the Group to continue to benefit from the market trends.

LOXAM will regularly keep investors informed on its activity level and financial situation.

FINANCIAL CALENDAR

Publication of Q2 2020 results on August 26th, 2020 (after market close) and conference call on August 27th, 2020.4)

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ABOUT LOXAM

The LOXAM Group is the leading equipment rental company in Europe with consolidated revenue of €1,871 million in 2019 and approximately 11,300 employees. The Group has become the 3rd largest player in the world with €2.3 billion of total pro forma revenue in 2019 and a network of 1069 branches over 30 countries on four continents.

FORWARD-LOOKING STATEMENTS

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