Touax

FREIGHT RAILCARS

RIVER BARGES

SHIPPING CONTAINERS

YOUR OPERATIONAL LEASING **SOLUTION**

2017

Touax

YOUR OPERATIONAL LEASING SOLUTION

FREIGHT RAILCARS

N°2 IN EUROPE FOR INTERMODAL FREIGHT

10,840 FREIGHT RAILCARS
37% OF THE REVENUE

RIVER BARGES

N°1 IN EUROPE AND SOUTH AMERICA

119 RIVER BARGES
7% OF THE REVENUE

SHIPPING CONTAINERS

N°1 IN EUROPE
N°8 WORLDWIDE

475,000 CONTAINERS
52% OF THE REVENUE

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■ TOUAX, **a global corporate services provider**, specializes in the operational leasing and sale of freight railcars, river barges and shipping containers.

We meet our customers' needs worldwide, offering tailored solutions for leasing, hire-purchase, sale and lease back and sale.

Thanks to our **know-how** and **expertise**, we can assist our customers with related services such as asset management, maintenance, consulting, technical appraisals and trading. ■

With operations across five continents, TOUAX posted a revenue of **€212 million** in 2017, including **98%** generated outside France.

On December 31 2017, the Group managed almost **€1.2 billion** in equipment for its own account as well as on behalf of both private and institutional investors.

FREIGHT RAILCARS

SINCE DECEMBER 2011 TOUAX RAIL IS A CERTIFIED ENTITY IN CHARGE OF MAINTENANCE (ECM). THIS STATUS REPRESENTS AN IMPORTANT STAGE FOR TOUAX IN THE EXPANSION OF ITS BUSINESS AND OFFERS ITS CUSTOMERS THE GUARANTEE OF **EXPERTISE** AND **SKILL**.

A comprehensive service for leasing, sale and maintenance of freight railcars

■ TOUAX RAIL offers leasing agreements including maintenance services. The strengths emphasized by TOUAX RAIL for the benefit of its customers are its command of maintenance and rail safety.

TOUAX RAIL offers leasing services in three areas: in **Europe** through offices located in Ireland (Western Europe zone), completed by a network of agents covering the whole of Europe, the **United States** and **Asia** in partnership with a local partner.

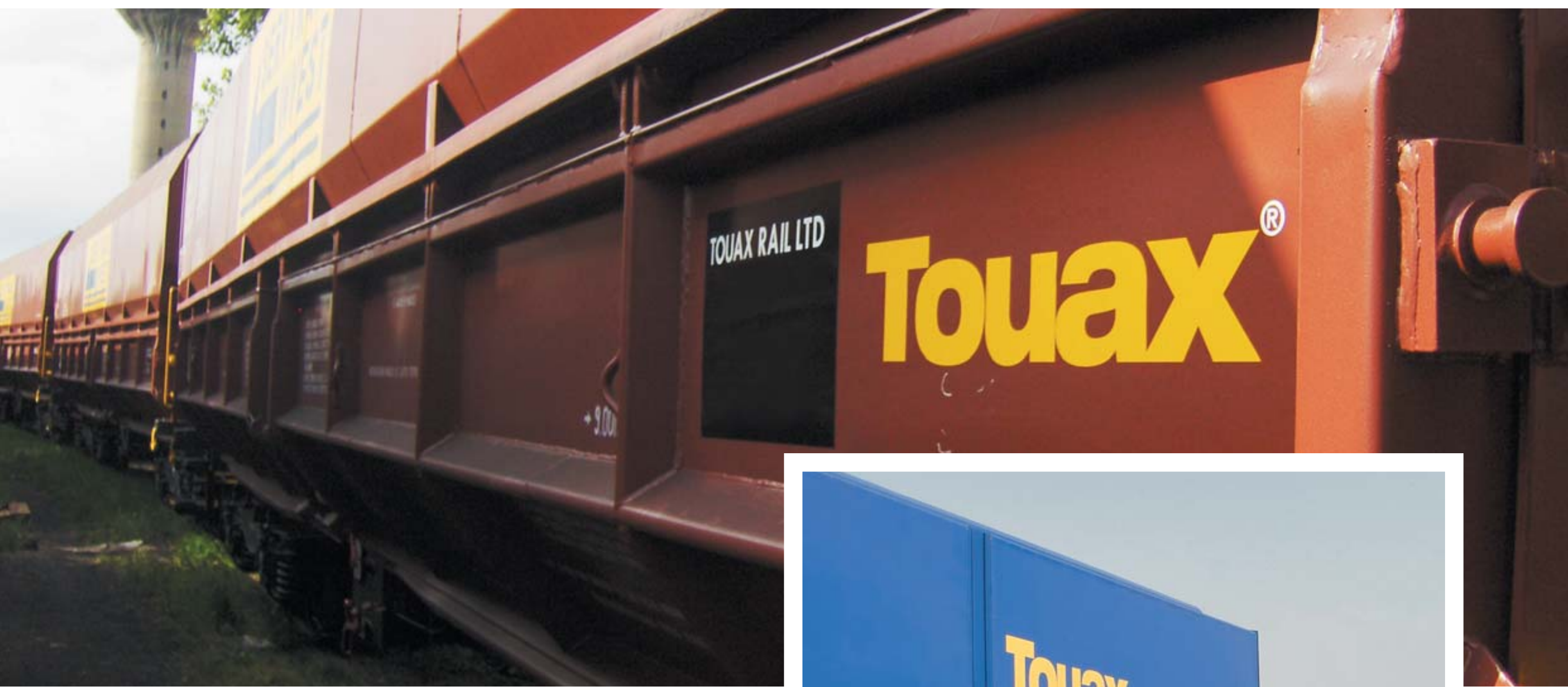
At the end of 2017, TOUAX RAIL managed a varied range of more than 9,400 freight railcars, such as intermodal railcars (transport of containers and swap bodies), car-carrier railcars, coil carriers (transport of steel coils), palletized cargo railcars (transport of palletized products) and hopper railcars and powder railcars for transporting heavy goods (cement, cereals etc.). An increasing fleet of more than 1,500 railcars are managed by our technical maintenance team (ECM department). ■

The division's expansion strategy

■ TOUAX increased its fleet at the end of 2015, which enables the Group to establish in the United Kingdom and strengthen its position in continental Europe. This new fleet enables TOUAX to offer a larger diversification of wagons to better serve transport and logistics operators as well as industrial customers.

In view of the need to replace the railcar fleet in Europe, TOUAX RAIL aims to manage 15,000 units in the medium term. TOUAX RAIL is also well-placed to continue its international expansion and its fleet diversification policy through the expansion of its sales network. In recent years, being closer to our customers and being responsive to their needs has increased the number of new clients and covered more countries.

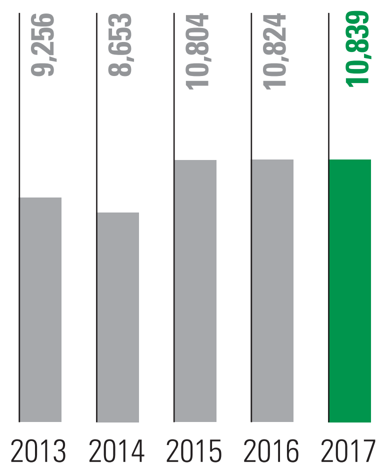
ISO 9001 certified, we keep customer satisfaction at the very forefront of our minds and at the heart of all we do. ■



Major groups as customers

■ TOUAX RAIL offers its services to a varied customer base made up of major rail groups such as the French national railway company (SNCF), Rail Cargo Austria (RCA), DB Cargo Rail (Deutsche Bahn) or also the Swiss railway companies (SBB/CFF), as well as private operators and big industrial, automotive or petrochemical groups. ■

FLEET MANAGED BY THE GROUP
(including technical management - ECM)



10,800
railcars

2nd
largest european lessor of intermodal railcars

present in EUROPE (including in the UK) **and** ASIA **the** USA

RIVER BARGES

WITH **165 YEARS' EXPERIENCE** IN RIVER TRANSPORT, TOUAX RIVER BARGES DIVISION HAS DEVELOPED INNOVATIVE AND EXCLUSIVE SOLUTIONS FOR LONG TERM LEASING AND SALES OF ASSETS FOR MANUFACTURERS AND RIVER TRANSPORT LOGISTICS OPERATORS ON THE MAIN RIVER BASINS IN THE WORLD. WE OFFER ADDED VALUE FOR RIVER TRANSPORT BY PROVIDING A **TAILORED SERVICE OFFER** TO OUR WORLDWIDE CUSTOMERS.

TOUAX provides an innovative range of services for the river barge market, thanks to its knowledge of all aspects of the river transport chain, from construction to turnkey delivery

■ Our division TOUAX River Barges offers its customers total expertise in the river transport sector:

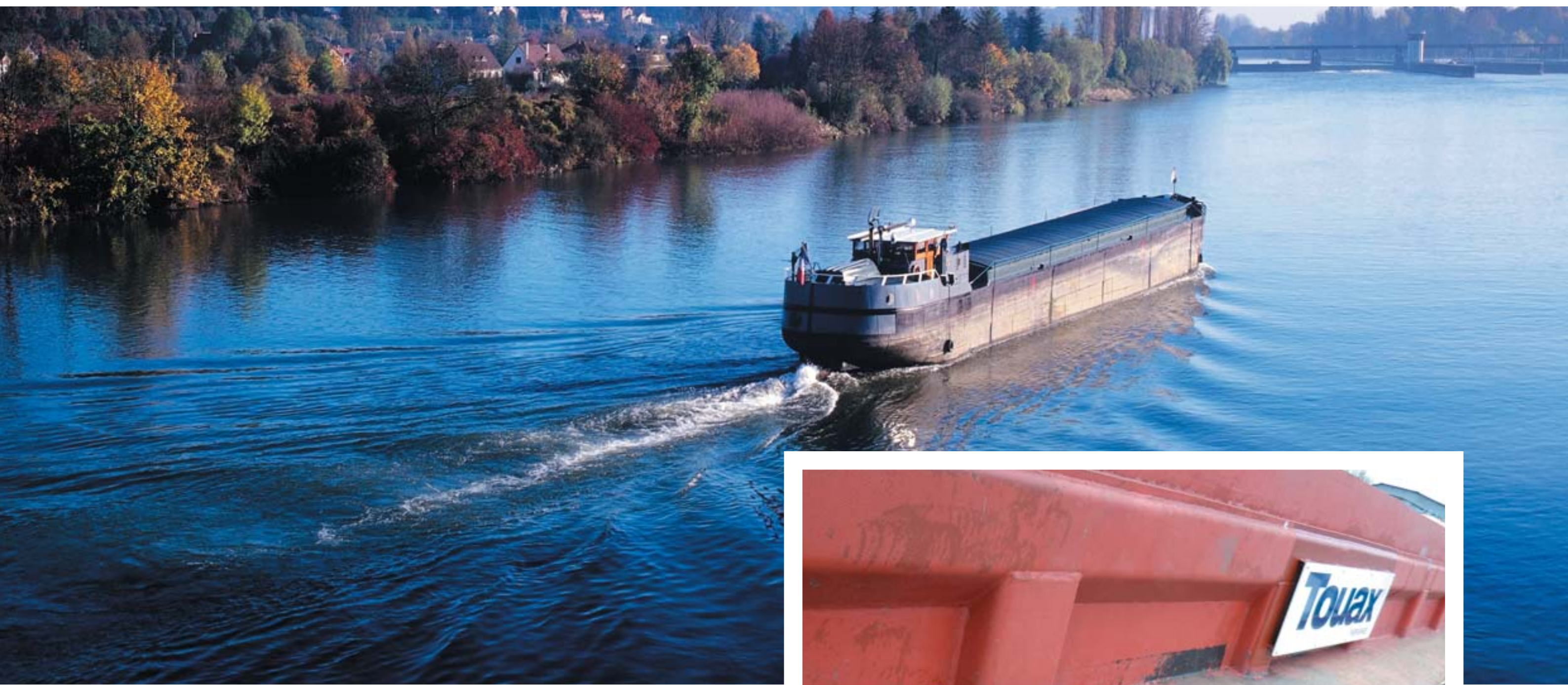
- operational and financial leasing of barges,
- trading of barges and push tugs,
- fleet management,
- sale and lease back of river fleets,
- technical design and monitoring of construction,
- advice, assistance and technical expertise regarding river transport,
- management of river transport certificates and administrative documents.

At 31 December 2017 the TOUAX Group managed a fleet of 119 barges, and was the largest leasing company for bulk cargo barges in Europe and South America. ■

Unique international presence

■ TOUAX River Barges has an extensive geographic presence in the main river basins in the world:

- **in Europe**: the Group is very present on the Seine in France, on the Rhine, the Meuse, the Moselle and the Main in Northern Europe and on the Danube in Central Europe. TOUAX is one of the main players on the Rhine – Main – Danube network (2,500 km crossing 10 countries);
- **in North America**: TOUAX leases barges on the Mississippi and the Missouri to different logistics operators;
- **in South America**: TOUAX rents over 50 barges under long-term leases on the Paraná Paraguay River which crosses Uruguay, Argentina, Paraguay, Bolivia. ■



Prestigious customers

River logistics operators: Navrom-TTS, Miller, Ceres, American Electric Power (AEP), P&O Maritime Services etc.

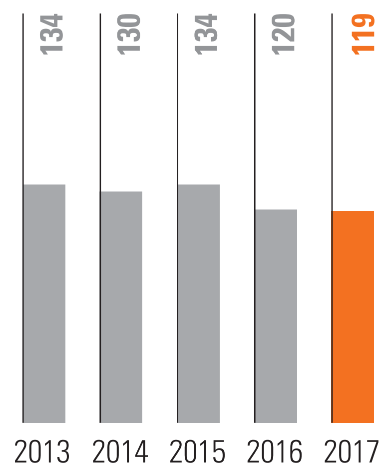
Industrial companies: Cemex, Arcelor, Yara, Bunge, ADM-Toepfer, Total...

A constantly evolving market

River transport remains the most competitive means of inland transport (7 times cheaper than road transport), which is the cheapest for the community (oil consumption 3.7 times lower than road transport), the most environment-friendly (4 times less CO_2 than road transport) and continues to unblock the road networks (a 24-barge pusher convoy in the USA means 2,200 fewer trucks on the roads).

In the medium term, TOUAX aims to continue selective investments on the Seine and Rhine.

FLEET MANAGED BY THE GROUP



119

barges

1st

barges lessor in Europe and in South America

SHIPPING CONTAINERS

AS THE **WORLD'S 8th BIGGEST LEASE-PROVIDER** AND A EUROPEAN LEADER, TOUAX GLOBAL CONTAINER SOLUTIONS IS SUPPORTING THE GROWTH OF THE INTERNATIONAL SUPPLY CHAIN OF CONTAINERS AND OFFERS A WIDE RANGE OF PRODUCTS AND SERVICES FOR RENTAL AND SALES.

A reference business partner

■ TOUAX owns and manages a fleet of high standard containers, mostly dry vans of (20', 40', and 40' HC). The fleet reached 475,000 TEU at the end of 2017.

As a comprehensive container life-cycle actor, TOUAX offers solutions for Leasing, Financing, Purchase & Lease Back, Fleet Management, Resale and Trading.

We have developed close and long standing business relationships with the top container shipping lines like Maersk Lines, Mediterranean Shipping Company, CMA–CGM, Hapag Lloyd, COSCO Shipping, K-LINE or Evergreen and serves over 110 shipping companies including the top 10 major shipping lines and over 600 clients in the Retail sector.

TOUAX is also a leader in operational management of containers on behalf of third party financial investors.

We continue expanding our global commercial footprint, growing our workforce in our regional hubs and agencies, with a great focus to Asia.

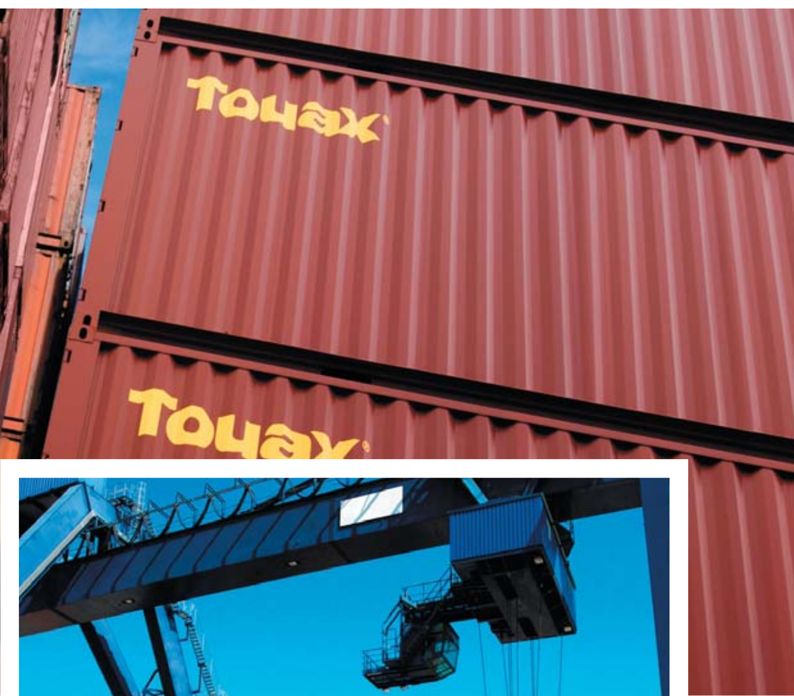
The global network of 200 strategically located depot partners continues to be the backbone of our operations worldwide.

In 2017, the company maintained an average utilization rate of 97% and reached 99% at the end of the year, by increasing its sales of used containers, demonstrating TOUAX' ability to adapt to its market cycle and to optimize its fleet performance. ■

Services expansion

■ Committed to the container industry for 30 years, TOUAX operates with long term perspectives and targets to reach a fleet of 600,000 TEUs in the medium term.

In 2018, we will be expanding our range of innovative solutions with formulas for managing fleet sales on behalf of ship-owner clients and the development of innovative containerized products for logistics markets and static storage. ■



A steady demand

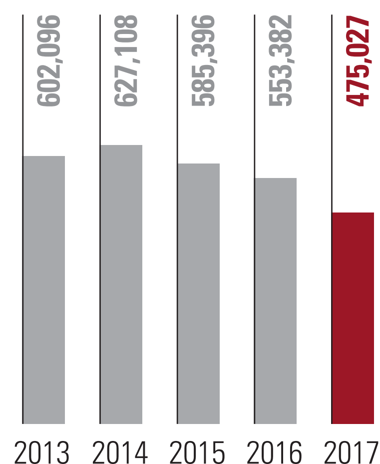
The container industry should continue growing with an estimated increase of containerized trade at 5% in 2018.

Compared to the recent years, the shipping industry should also experience a positive balance in 2018 between this containerized trade's growth and the new cellular capacity injected in the market, which should stabilize at 4%.

The overall production for shipping containers reached in 2017 an estimated production of 3.2 million TEUs of dry containers. Container lessors continued to support the shipping industry with a majority of containers produced by the lessors.

Likewise, domestic on-shore demand continues to expand, in both emerging and mature markets to serve the needs for domestic transport, portable storage and converted accommodation.

FLEET MANAGED BY THE GROUP



Fleet of
475,000
(TEU)

30
years of experience

200
partner depots

Investment in REAL ASSETS managed by TOUAX

TOUAX GROUP OFFERS INVESTMENT OPPORTUNITIES IN LEASED TRANSPORTATION ASSETS, THROUGH DIRECT OR INDIRECT OWNERSHIP, TO **QUALIFIED AND PROFESSIONAL INVESTORS** SEEKING A DIVERSIFICATION STRATEGY THAT OFFERS **RECURRING YIELDS.**

■ For more than 20 years TOUAX has been managing real assets on behalf of investors, making TOUAX a major player with over €1.2 billion of assets under management at the end of December 2017, of which €800 million of assets are owned by third party investors.

The Group manages freight railcars, shipping containers and river barges, which are mobile and standardized assets with a useful life varying from 15 years up to 50 years and which are associated to long term leasing contract (3-6 years).

An investment in real assets offers several characteristics for investors:

- potential for inflation protection, real assets commonly show a high correlation to inflation;
- diversification from traditional investments (shares and bonds);
- potentially low volatility, as these assets classes are generally less exposed to market speculation;
- attractive yields, bond yields or dividends are currently low;
- regular leasing income stream, while preserving a residual value which may be significant.

Investment in a real asset presents potential risks associated with geopolitical issues and global economy, the transportation sector, rental activity and customer credit risk. These risks are identified by TOUAX, and further discussed in the risk factors of the Annual Report.

Any investment involves a high level of risk and a poor performance may affect the overall return of the investment. It may be possible that an investor does not obtain a return on investment or a return on capital. Moreover, past performance is not a guarantee of future results. ■

Diversified investors

■ Current qualified and professional investors include a diverse profile from family offices, wealth managers, insurance and financial companies, foundations, corporates and infrastructure funds. ■

An organization dedicated to the asset management

■ TOUAX has invested in a dedicated asset management team, which enables investors to participate in dynamic and punctual investment opportunities in the transport and logistics sector.

TOUAX's Asset Management team is perpetually seeking opportunities that capitalize on the Group's unique expertise, knowledge and experience, to offer existing and new investors unique investment opportunities.

TOUAX's Asset Management team has a solid understanding of the legal, commercial and technical aspects of the assets it operates, as well as the knowledge on the cyclicality of each market. This team also has the support of the Group's operational divisions and their strong skills and expertise, as well as their strong negotiating skills in dealing with the end users throughout the full life cycle of the assets. ■

A WORLDWIDE presence

TOUAX was a key operator in French river transport for over a century and until the early 1970s. As this mode of transportation was gradually replaced by other modes, the Group decided to diversify into railcar leasing. TOUAX later seized an opportunity to start leasing shipping containers. We have successfully diversified into three major types of equipment, focusing exclusively on standard, mobile equipment. This ensures consistency and avoids dependence on a single economic cycle linked to one line of business.

Throughout the past 20 years, **the Group has emphasized international growth** in order to establish itself in buoyant foreign markets. Furthermore, we constantly adapt our products, services, and know-how to reflect evolving markets and customer demand. Today TOUAX is recognized as a key, comprehensive operator in each of its business lines. We are the European leader in shipping containers and river barges, and the no. 2 European provider for intermodal railcars.

HISTORICAL MILESTONES

ORIGINALLY, THE RIVER BARGES ACTIVITY

1853
Starting of the river barges activity on the river Seine

1898
Creation of TOUAX following the merger with another major company

1906
Listed on the Paris Stock Exchange

SUCCESSFUL DIVERSIFICATION IN TWO BUSINESS SECTORS BASED ON EQUIPMENT LEASING

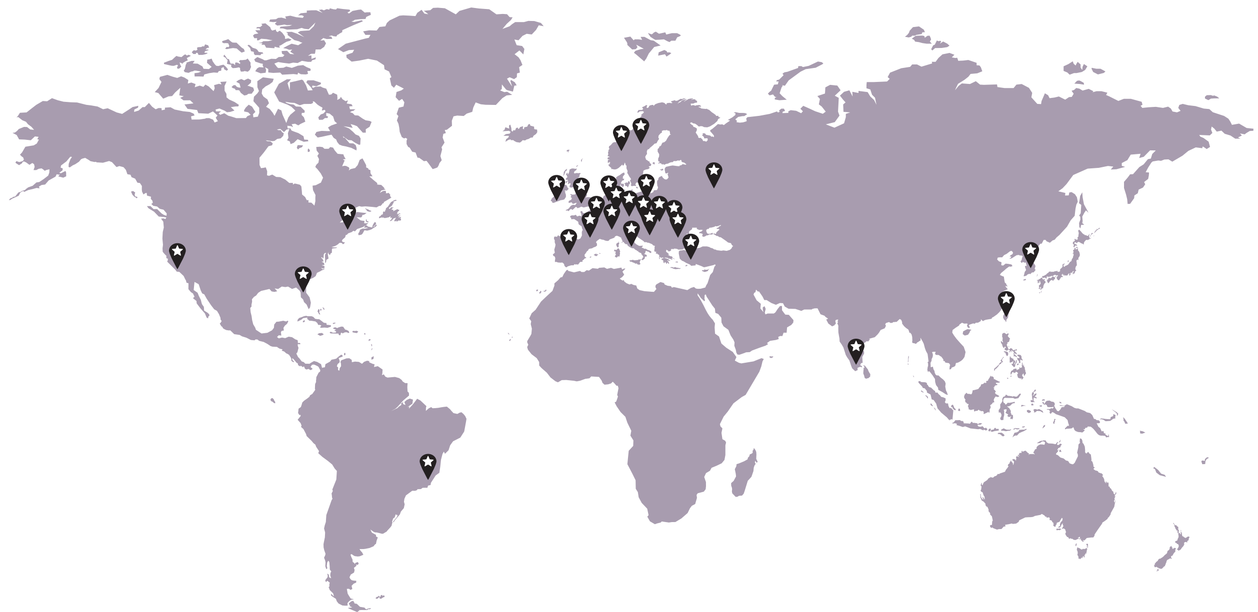
1955
Initial investments in the **Railcars activity**

1985
Purchase of **Gold Container Corporation,** Shipping Containers activity

1995
Starting of the asset management for investors

1998
Group is jointly managed by Fabrice & Raphaël Walewski

A WORLDWIDE PRESENCE, CLOSE TO OUR CLIENTS



Freight railcars

Technical office
(France and Germany)
Western Europe region
(Ireland, France and United Kingdom)
European region
(agents): Austria, Belgium, Bulgaria, Croatia, Czech republic, Denmark, Germany, Hungary, Italy, Luxembourg, the Netherlands, Norway, Poland, Romania, Slovakia, Slovenia, Sweden, Switzerland, Turkey and United Kingdom
North America region
(United States)
Asia region
(India)

River barges

Rivers Seine
(France)
Rivers Rhine, Main, Meuse, and Moselle
(Northern Europe)
River Danube
(Central Europe)
River Mississippi
(United States)
River Paraná-Paraguay
(South America)

Shipping containers

Europe, Africa and Middle East region
(Bremen, Genoa, administrative office in Paris)
Northern Asia region
(Shanghai)
Southern Asia region
(Singapore)
Americas region
(Los Angeles, Miami, Philadelphia and Sao Paulo)
Agents
South Korea (Seoul)

ACCELERATION OF TOUAX'S DEVELOPMENT OVER THE PAST 20 YEARS

2005
Revenue exceeds **200 million euro**

2008
Group managed assets exceed €1 billion , for its own account and third party
TOUAX appears in the SBF 250 index

2010
Revenue exceeds **€300 million**

2012
Expansion of the Group in the African continent

2014
Group managed assets exceed €1 billion for third party investors

2015
Expansion of the Freight Railcar division in the UK

2017
Refocusing on transportation equipment leasing businesses further to the sale of the modular building activity

Key figures and the STOCK MARKET

TOUAX
data sheet

ISIN code:
FR0000033003

Mnemonic code:
TOUPFP

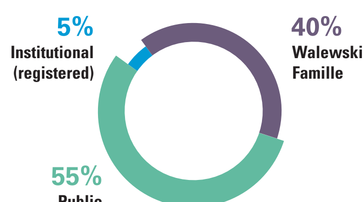
Listed on
Euronext (Paris)

Indices: CAC® Small
and CAC® Mid & Small

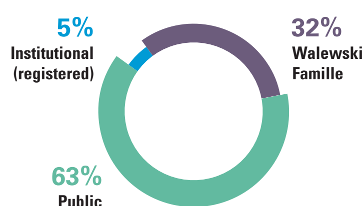
EnterNext©
PEA-PME 150

DISTRIBUTION OF CAPITAL AND VOTING RIGHTS ON DECEMBER 31, 2017

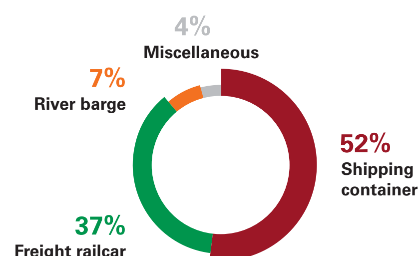
Voting rights



Distribution of capital

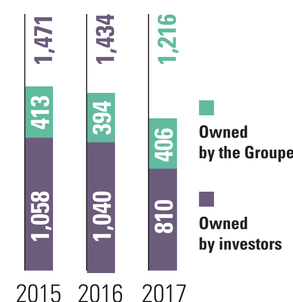


BREAKDOWN OF REVENUES BY ACTIVITY AT 31 DECEMBER 2017



BREAKDOWN OF MANAGED ASSETS

(€ million)



SHARE PRICE DATA

Year	2017	2016	2015
Maximum share price *(€)*	14.28	11.81	16.8
Minimum share price *(€)*	8.93	7.45	9.85
Price at December 31 *(€)*	11.69	11.00	10.00
Total number of share at December 31	7,011,547	7,011,547	5,883,782

KEY FIGURES AND SHARE PRICE RATIOS

Fiscal year	2017	2016	2015
Consolidated revenue *(€ million)*	212*	233*	348
EBITDA after distribution to investors *(€ million)*	26.9*	23.2*	36.2
Net dividend per share	-	-	0.5€
Total return on the share	-	-	5%

* retreated with the sale of the modular building division.

SHAREHOLDERS' AGENDA

May 15, 2018
Announcement of Q1 2018 revenues

June 20, 2018
General Shareholders' Meeting

September 6, 2018
Announcement of Q2 2018 revenues and of H1 2018 results

November 15, 2018
Announcement of Q3 2018 revenues

February 21, 2019
Announcement of Q4 2018 revenues

week of April 1st, 2019
Announcement and presentation of the Group's 2018 results

Find TOUAX 2017 document reference on our website www.touax.com

For more information on our businesses:

www.touaxrail.com

www.touax-river-barges.com

www.touax-container.com

www.touax.ma

Production:

Printing:

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1. PERSONS RESPONSIBLE

1.1. PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE REFERENCE DOCUMENT AND THE ANNUAL REPORT

Fabrice and Raphaël Walewski, Managing Partners

1.2. DECLARATION OF THE PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT CONTAINING AN ANNUAL FINANCIAL REPORT

“We confirm that we have taken every reasonable measure to ensure that, to the best of our knowledge, the information in this reference document gives a true and fair view and does not contain any omission likely to change the scope thereof.

We confirm to the best of our knowledge that the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, financial position and profit or loss of the company as well and all the companies included in its consolidation, and the management report in paragraph 26.1 on page 144 of this document presents a true and fair view of the development and performance of the business, profit or loss and financial position of the company and all the companies included in its consolidation, together with a description of the principal risks and uncertainties that it faces.

We have received the auditors’ consent letter, in which they confirm that they have checked the information relating to the financial position and the accounts provided in this document and that they have read all the information herein.

The consolidated historical financial information for the year ending 31 December 2017 is described in the statutory auditors' reports, appearing on page 126 of this document, as well as those incorporated as a reference for the 2016 and 2015 financial years. »

18 April 2018

Fabrice and Raphaël Walewski

Managing Directors

2. STATUTORY AUDITORS

2.1. STATUTORY AUDITOR DETAILS

	Date of first appointment	Mandate maturity
Principal Statutory Auditors		
DELOITTE & Associés Represented by Mr. Jean-François VIAT 185, Avenue Charles de Gaulle 92200 Neuilly sur Seine	Appointed at the Ordinary General Meeting on 6 June 2000, renewed at the Ordinary General Meeting on 21 June 2017.	Following the Ordinary General Meeting held in 2023 to approve the 2022 financial statements.
RSM PARIS Represented by Mr. Stéphane MARIE 26 rue Cambacérès 75008 Paris	Appointed by the Ordinary General Meeting held on 9 June 2016.	Following the Ordinary General Meeting held in 2022 to approve the 2021 financial statements.
Substitute Statutory Auditors		
FIDINTER 26 rue Cambacérès 75008 Paris	Appointed by the Ordinary General Meeting held on 9 June 2016.	Following the Ordinary General Meeting held in 2022 to approve the 2021 financial statements.

2.2. CHANGE IN STATUTORY AUDITORS

Not applicable

3. SELECTED FINANCIAL INFORMATION

3.1. SELECTED HISTORICAL FINANCIAL INFORMATION

In accordance with IFRS 5 (as of 30 June 2017), European and US Modular Buildings activities are presented as discontinued operations.

In practice, revenues and expenses from discontinued operations were treated as follows:

- The contribution to each line of the TOUAX consolidated income statement is grouped under "Net income from discontinued operations" over the periods presented;
- In accordance with IFRS 5, these restatements are applied to all periods presented in order to make the information consistent.

Key figures of the consolidated income statement

(€ thousands)	**2017**	2016
Leasing revenue	146 103	147 111
Sales of equipment	65 826	85 549
including sales to clients	*37 146*	*53 408*
including sales to investors	*28 680*	*32 141*
Revenue	211 929	232 600
EBITDAR (EBITDA before distribution to investors) (1)	88 653	81 102
EBITDA (EBITDA after distribution to investors) (1)	26 866	23 220
Operating income	920	3 099
Consolidated net profit/(loss), Group's share	(18 040)	(11 583)
including income from retained operations	*(5 390)*	*(3 914)*
including income from discontinued operations	*(12 650)*	*(7 669)*
Net earnings per share (Euro)	-2,58	-1,82

Key figures of the consolidated balance sheet

(€ thousands)	**2017**	2016
Total assets	398 197	633 265
Gross fixed assets (1)	395 903	688 666
Net ROI (2)	6,79%	3,37%
Total non-current assets	307 752	503 929
Shareholders' equity - Group's share	112 696	139 279
Consolidated shareholders' equity	136 693	156 749
Minority interests	23 997	17 470
Gross debt	210 921	364 817
Net debt (3)	181 058	336 802
Dividend paid per share (euro)	-	-

(1) The gross tangible assets do not include the value of capital gains on internal disposals.
(2) Return on Investment: represents the EBITDA divided by the gross tangible assets.
(3) The net debt is the gross debt after deducting cash assets.

Note that no significant changes have occurred in the Group's financial position and business status since the end of the last financial year.

The selected historical financial information is supplemented by the management report in Section 26.1 on page 144.

3.2. SELECTED FINANCIAL INFORMATION FOR INTERMEDIATE PERIODS

Not applicable

4. RISK FACTORS

TOUAX has reviewed the risks which might have a significant negative impact on its business, its financial position, its profit or loss, or its ability to achieve its objectives, and considers that, to the best of its knowledge, there are no other significant risks besides those presented. However, any of these risks, or other risks which TOUAX has not yet identified or considers to be insignificant, could have an adverse effect on the business, financial position, earnings and prospects of TOUAX, or on its share price.

4.1. LEGAL AND REGULATORY RISKS

4.1.1. We are exposed to the risk of violations of anti-corruption laws, sanctions or other similar regulations applicable in the countries in which we operate or intend to operate

As a result of doing business internationally, we, our partners and our competitors must comply with certain anti-corruption laws, sanction laws or other similar regulations. For example, the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010 and other similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purposes of obtaining or retaining business. We operate in certain parts of the world that lack a developed legal system or that have experienced a certain extent of corruption. Our internal policies mandate compliance with applicable laws, but despite our compliance policies, we cannot assure you that our internal control policies and procedures will always protect us from isolated acts committed by our employees.

Further, due to the global nature of our operations, we may use local employees, agents or subcontractors to understand unfamiliar environments and cultural, legal, financial and accounting differences, or to carry out a portion of the activities called for by a particular contract. There is a risk that such employees, agents or subcontractors may be involved in illegitimate activities in local markets that are unknown to us. If we fail to adequately supervise them or maintain an adequate compliance program, we may be liable for their actions.

Violations of such laws can result in civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact our reputation and consequently, our ability to win future business. On the other hand, any such violation by our competitors, if undetected, could give them an unfair advantage when bidding for contracts. The consequences that we may suffer due to the foregoing could have a material adverse effect on our reputation, business, financial condition and results of operations.

4.1.2. Our River Barges division is subject to the Jones Act

Our River Barges division competes principally in markets subject to the Jones Act, a U.S. federal cabotage law that allows domestic marine transportation in the United States only to vessels built and registered in the United States, and manned and owned by United States citizens. We believe we comply with the requirements of the Jones Act. However, a change in interpretation of the Jones Act or a change in cabotage law could have a significant adverse effect on our River Barges division in the United States. The requirements that our vessels be United States built and manned by United States citizens, the crewing requirements and material requirements of the United States Coast Guard, as well as the application of United States labour and tax laws, increase the cost of United States flag vessels when compared with comparable foreign flag vessels.

4.1.3. Proven risks which may or may not be due to non-compliance with a contractual commitment – disputes

Should the company be involved in a dispute, a provision is made in the accounts when a charge is likely in accordance with Paragraph 3 of Article L 123-20 of French commercial law. In addition, it should be noted that no dispute or arbitration that has not been mentioned is likely to have at present, and has not had in the recent past, a significant impact on the Group's financial position, business or income, or on the Group itself.

There are no significant disputes or arbitration other than those mentioned in paragraph 20.9 page 138.

4.1.4. Litigation to enforce our leases and recover our equipment has inherent uncertainties that are increased by the location of our equipment in jurisdictions that have less developed legal systems

Our ability to enforce lessees' obligations will be subject to applicable laws in the jurisdiction in which enforcement is sought. As our shipping containers and river barges are predominantly located on international waterways, it is impossible to predict, with any degree of certainty, the jurisdictions in which enforcement proceedings may be commenced. For example, repossession from defaulting lessees may be difficult and more expensive in jurisdictions in which laws do not confer the same security interests and rights to creditors and lessors as those in the European Union and the United States, and in jurisdictions where recovery of containers from defaulting lessees is more cumbersome. As a result, the relative success and expedience of enforcement proceedings with respect to shipping containers and river barges in various jurisdictions cannot be predicted. Similarly, freight railcars can make journeys across several countries, which can make it difficult to predict with certainty which jurisdiction will initiate the enforcement procedures. Inability to enforce our lessees' obligations could materially adversely affect our business, operating results, financial condition and cash flows.

4.2. GEOPOLITICAL AND GLOBAL ECONOMIC RISKS

4.2.1. Any deceleration or reversal of the global economic recovery may materially and negatively impact our business

Our financial performance depends on the level of demand for the assets we lease, which is equally dependent on the underlying markets for our customers' products and services and the strength and growth of their businesses. Some of our customers operate in cyclical end-markets, such as the steel, chemical, agricultural and construction industries, which are susceptible to macroeconomic downturns and may experience significant changes in demand over time. We may not be able to predict the timing, extent or duration of the activity cycles in the markets in which we or our key customers operate. Each of these sectors is influenced by the state of the general global economy as well as by a number of more specific factors. A decline or slowed growth in any of these sectors in the markets or geographic regions where we operate and in other parts of the world may make it more difficult for us to lease certain of our products that are either returned at the end of a lease term or returned as a result of a customer bankruptcy or default, which may materially adversely affect our business, results of operations and financial condition.

Demand for shipping containers, freight railcars and river barges is linked to changes in cargo and freight shipping traffic and total transport traffic. Fluctuations depend on the level of global economic growth and of international trade. Economic downturns in one or more countries or regions, particularly in Europe, the United States, China and other consumer-oriented economies, could result in a reduction in world trade growth and in the demand for our freight railcars, river barges and shipping containers. In addition, most of the third-party investor programs into which we sell leased equipment portfolios (in particular shipping containers and freight railcars) employ a certain amount of debt in order to increase investor equity returns. Tighter credit markets make it more difficult for third-party investors wishing to access financing for future investment programs, which increases syndication risk and the probability that we may not be able to sell assets within investor programs in the future.

Failure to find investors to finance our equipment could have a material adverse effect on our revenue, net income and cash flows, which would limit the level of growth in our operating fleet that we might otherwise be able to attain.

Our Freight Railcars business mainly targets European clients. In 2017, the European and global economy continued to recover. Our clients, after several years of difficulties and budgetary restrictions or investments, have seen their order book filling up, generating equipment needs. We have seen a rise in leasing rates but not for all activities. If these adverse economic conditions persist they could materially and negatively impact our business, results of operations, cash flows and financial condition.

4.2.2. The international nature of the industries where we operate exposes us to numerous risks

For the year ended 31 December 2017, we generated 98% of our revenue outside France through transactions in numerous countries and across five continents. After a few years of expansion in some emerging markets, we have reduced our international exposure by closing structures in certain countries not presenting immediate prospects. In addition, the Group sold its modular building activities in Europe, representing 7 European countries, reducing its risks in these countries. However, we retain a presence in some countries and many risks associated with international operations weigh on our overseas operations and on our international strategy.

For instance, we are subject to rapidly evolving and complex laws and regulations which govern, among other things, labour matters, health and safety, financial reporting standards, corporate governance, tax, trade regulations, export controls, and competitive practices in each jurisdiction where we conduct our business. We are also required to obtain permits and other authorizations or licenses from governmental authorities for certain of our operations and must protect our intellectual property worldwide. Furthermore, we need to comply with various local standards and practices of different regulatory, tax, judicial and administrative bodies, specific to each jurisdiction in which we operate.

There are multiple risks associated with the global nature of our operations, including political and economic instability, geopolitical regional conflicts, terrorist attacks, threat of war, political unrest, civil strife, acts of war, public corruption, epidemics and pandemics, as well as other economic or political uncertainties which could interrupt and negatively affect our business operations. Depending upon the severity, scope, and duration of these conditions or events, the adverse impact on our financial position,

results of operations, and cash flows could be material. Any of these events may affect our employees, reputation, business or financial results as well as our ability to meet our objectives.

These include the following business risks:

- • negative economic developments in economies around the world;
- • sudden changes in foreign currency exchange controls;
- • discriminatory or conflicting tax policies;
- • epidemics and pandemics, which may adversely affect our workforce and suppliers, and affect international transportation;
- • adverse changes in governmental policies, especially those affecting trade and investment;
- legislation or regulatory measures to enhance the safety of shipping containers, freight railcars and river barges against acts of terrorism that would affect the construction or operation of our assets; and debts or losses caused by acts of terrorism to our assets;
- • inflation, recession, fluctuations in foreign currency exchange and interest rates, burdensome fiscal policies and transfer restrictions;
- • threats that our operations or property could be subject to nationalization and expropriation;
- • difficulties enforcing contractual rights or foreclosing to obtain the return of our assets in certain jurisdictions;
- • bad debts and longer collection cycles that may be more prevalent in foreign countries;
- • ineffective or delayed implementation of appropriate controls, policies, and processes across our diverse operations and employee base; and
- • nationalization of properties by foreign governments, and imposition of additional or new tariffs, quotas, trade barriers, and similar restrictions on our international operations.

We may not be in full compliance at all times with the laws and regulations to which we are subject. Likewise, we may not have obtained or may not be able to obtain the permits and other authorizations or licenses that we need. We are also reliant on local managers to oversee the day-to-day functioning of our sites and to ensure their compliance with local laws, and, as a consequence, we may be subject to risk based on insufficient oversight.

In such cases, or if any of these international business risks were to materialize or exacerbate, we could be fined or otherwise sanctioned by regulators, which could adversely affect our business, financial condition and results of operations.

4.2.3. We face dynamic competitive landscapes marked by intense competition from a variety of competitors

We operate in a highly competitive business environment. In many cases, our competitors are larger than we are, have greater market shares and have greater marketing and financial resources, less indebtedness, greater pricing flexibility, better credit ratings and a lower cost of capital. These factors may enable our competitors to offer equipment to customers at lower leasing rates or prices than we can provide.

We face varying competitive landscapes in each of our divisions. Generally speaking, the freight railcar, river barge and shipping container leasing industries are relatively concentrated, and competition is based on particularly aggressive pricing strategies as well as the ability to provide customers with equipment where they need it most, such as busy ports or rail hubs. If the distribution of our leased assets is not aligned with local demand, we may be unable to take advantage of sales and leasing opportunities despite excess inventory in other regions. Pressure on prices from competitors can force us to reduce our prices and consequently our margins. This is particularly the case in our Freight Railcars division, where lessors eager to reduce their overcapacity are willing to lower prices to increase fleet utilization rates and in our Shipping Container activity where customers make their decisions mainly based on the rates offered by us and our competitors. Price competition in our Freight Railcars, River Barges and Shipping Containers leasing businesses, together with other forms of competition, may materially adversely affect our business, results of operations and financial condition.

The modular building sector in Morocco and exportation to Africa, on the other hand, is mostly fragmented with only a few major regional players. We are competing with these international companies and with many small local players. We compete on a broader range of factors including price, equipment availability, quality, service, reliability, appearance, functionality and delivery terms.

Our failure to keep up with competition to win new market share or provide products and services at prices that appeal to our existing customer base would negatively impact our profitability, asset utilization rates and would make it more difficult for us to attract asset management investors, which would have an adverse effect on our business, financial condition, results of operations and cash flows.

4.2.4. Terrorist attacks, the threat of such attacks or the outbreak of war and hostilities could negatively impact our operations and profitability and may expose us to liability

Terrorist attacks and the threat of such attacks have contributed to economic instability, and further acts or threats of terrorism, violence, war or hostilities could similarly affect world trade and the industries in which we and our lessees operate. For example, worldwide containerized trade significantly decreased in the immediate aftermath of the September 11, 2001 terrorist attacks in the U.S., which affected demand for leased containers. In addition, terrorist attacks, threats of terrorism, violence, war or hostilities may directly impact ports, railways, depots, our facilities or those of our suppliers or lessees and could impact our business and our supply chain. A severe disruption to the worldwide ports system and flow of goods could result in a reduction in the level of

international trade and lower demand for our containers. Any terror-related disruption to railways or river navigation would also have a negative impact on demand for our services.

Our lease agreements require our lessees to indemnify us for all costs, liabilities and expenses arising out of the use of our containers, freight railcars and river barges, including property damage to our equipment, damage to third-party property and personal injury. However, our lessees may not have adequate resources to honour their indemnity obligations after a terrorist attack. Our property insurance coverage is limited and is subject to large deductibles and significant exclusions and we have very limited coverage insurance or we may not have any coverage at all for damages arising from a terrorist attack. Accordingly, we may not be protected from liability (and expenses in defending against claims of liability) arising from a terrorist attack.

4.3. Business risks

4.3.1. We are dependent on the level of demand from our customers to lease or buy our equipment

We are reliant on customer demand for the freight railcars, river barges and shipping containers that we lease and/or sell as well as for the modular buildings that we sell from Morocco. Customer demand for our products and services is subject to change based on numerous factors, including factors that are beyond our control, such as changes in harvest or production volumes, changes in supply chains, choices in types of transportation assets, availability of substitutes, and other operational needs.

Cash flows generated from our equipment, which are principally derived from lease rentals, management fees and proceeds from the sale of our owned equipment, are affected significantly by our ability to collect payments under leases and other arrangements for the use of our equipment and our ability to replace cash flows from terminating leases by re-leasing or selling equipment on favourable terms. When we purchase newly manufactured equipment, we typically lease it out under long-term leases (typically between two and ten years for freight railcars and river barges and between three and five years for shipping containers), at a lease rate that is correlated to the price paid for the asset. As these assets are not initially leased out for their full economic life, we face risks associated with re-leasing them after their initial long-term lease at a rate that continues to provide a reasonable economic return based on the initial purchase price of the asset. If prevailing asset lease rates decline significantly between the time the asset is initially leased out and when its initial long-term lease expires, or if overall demand for these assets declines, we may be unable to derive the expected return on our investment in our equipment through the re-leasing of equipment when the initial long-term lease on such equipment expires.

Other general factors affecting demand for equipment, including the utilization rates of our rental fleet, include the following:

- available supply and prices of new and used equipment;
- economic conditions and competitive pressures in our customers industry;
- shifting trends and patterns of cargo traffic;
- the availability and terms of equipment financing;
- fluctuations in interest rates and foreign currency values;
- overcapacity or under-capacity of equipment manufacturers;
- the lead times required to purchase equipment, which may vary significantly and affect our ability to meet customer demand;
- the amount of equipment purchased by our competitors and equipment lessees own themselves;
- equipment fleet overcapacity or under-capacity;
- the choice of a shipping company or logistics company to reposition its unused containers or railcars to higher-demand locations in lieu of leasing containers or railcars to meet demand;
- consolidation or withdrawal of the number of equipment lessees in the shipping container, freight railcars and river barges industry; and
- natural disasters that are severe enough to affect local and global economies.

In our Freight Railcar, River Barges and Shipping Container divisions, where we derive the majority of our business from equipment leasing, our business model can be affected by a customer's decision to simply buy equipment rather than to lease it outright. A customer's decision to lease or buy assets can be affected by a variety of factors, such as tax and accounting considerations, prevailing interest rates and the customer's capital expenditure and other financial or operational flexibility.

All of these factors are inherently unpredictable and beyond our control. These factors vary over time, often quickly and unpredictably, and any change in one or more of these factors may have a material adverse effect on our business, financial condition, results of operations and cash flows.

4.3.2. If, due to a misjudgement of demand for our rental equipment or a cancellation of a customer contract, we are unable to lease or sell new equipment shortly after we purchase it

We purchase new equipment in the ordinary course of business to replace ageing assets. In addition, in our Shipping Containers division in particular, we purchase new equipment for our rental fleet to meet expected increases in customer demand. Because of the dynamics of the shipping container industry and the relatively short lead time with which customers expect to be able to take delivery of a container once they have signed a lease agreement, we seek to have a supply of new containers available for immediate leasing on demand. We monitor the price of containers in order to purchase new containers opportunistically when prices are low. The price of containers depends largely on the price of steel, which is the major component used in their manufacture. The price at which we lease our containers is strongly correlated with the price at which we have purchased the

containers, in order to optimize the return on our investment. The lead time between the moment we place our purchase order for new equipment with a manufacturer and when we receive such equipment depends on numerous factors beyond our control. If, in the interim, prices further weaken and customers are able to source containers at lower prices, either through purchasing them outright or leasing them from one of our competitors at a lower price, we may not be able to lease the containers that we have reserved for future demand at a price that will enable us to achieve anticipated returns. Such a decline in new container prices or leasing rates, or our inability to lease our reserved containers could harm our business, results of operations and financial condition.

In contrast with our Shipping Containers division, we generally do not purchase new equipment for use in our Freight Railcar and River Barges divisions unless we have signed a lease agreement with a customer. It is market practice in these businesses for there to be a longer lead time between the signing of a lease or sale agreement and the delivery of equipment. Despite this sourcing policy, we are nevertheless still at risk of having excess new inventory if a customer rescinds its agreement after we have made an irrevocable order for the new equipment or have taken delivery of such equipment. Furthermore, if market practices change and our customers demand significantly shorter lead times for the procurement of new material, we may have to change our sourcing policy and invest in new equipment without having a back-to-back lease or sale agreements signed in anticipation of such investment. A mismatch between our equipment supply and demand that causes an increase in our non-leased inventory could harm our business, results of operations and financial condition.

4.3.3. We may incur significant expense in connection with underutilized equipment in stock, including storage costs, and we may not be able to cost effectively maintain such equipment to meet demand

In the ordinary course of business of each of our three divisions, a portion of our equipment fleet is unused at any given moment. If we are unable to lease or sell equipment in a timely fashion, the size of our unused fleet may increase, which may generate storage and maintenance costs in view of their leasing that are significant and may not be able to be passed through to our customers through higher rents or sales prices. If such equipment remains unused for an extended period of time, it could fall into disrepair and/or any certificate or authorization required to operate such equipment could expire or be revoked. The result of either of those events would be the partial or total loss of such equipment's residual value. If demand picks up for a particular asset class and we are unable to mobilize the equipment we have in stock in a timely fashion or if we are forced to write off all or a part of our inventory, we may lose market share to our competitors who are able to meet customers' needs more rapidly. The occurrence of any of these events could adversely affect our business, financial condition, results of operations and cash flows.

4.3.4. The disruption of our supply chain could result in higher prices for new equipment or a decreased supply of new equipment

Aside from our Modular Constructions manufacturing activity in Morocco, our Group is highly dependent on the equipment we purchase from third-party manufacturers or suppliers. There is a limited number of third-party suppliers for some of our products and we may be unable to procure new equipment sufficiently rapidly to meet demand if the supply chain is interrupted.

Our Shipping Containers division relies entirely on our ability to purchase containers from manufacturers. We estimate that three major manufacturers in China control over 75% of worldwide shipping container production in 2017. We currently purchase almost all of our new containers from these major manufacturers. If it were to become more expensive for us to procure containers in China or to transport these containers from such manufacturers to the locations where they are needed by our container lessees (due to factors such as changes in exchange rates between the Euro or the U.S. dollar and the Chinese Yuan, increased tariffs imposed by the European Union or other governments, increased fuel costs or increased labour costs), we may have to seek alternative sources of supply. We may not be able to make alternative arrangements quickly enough to meet our container needs, and the alternative arrangements may increase our costs. We are also wholly reliant on third-party manufacturers for our Freight Railcars division and our River Barges division. If for any reason we are unable to acquire such equipment from manufacturers on competitive terms or in the quantities required, it could impact our ability to expand our fleet, which could harm our business, results of operations and financial condition. We believe our Freight Railcars division is especially susceptible to this risk. In the wake of the economic slowdown at the end of the last decade, several manufacturers of railcars in Europe went out of business, to consolidate or chose to leave certain markets entirely. As a result, we believe that there exists significant under-capacity for new railcar production in Europe. If demand for new railcars were to increase, significant supply shortages may result.

The risk of a disrupted supply for our Modular Buildings manufacturing activity is low because the materials used are standard. We are particularly reliant on steel, which is the primary raw material used in the construction of our modular buildings. A disruption in the global steel supply could have a material adverse effect on our ability to manufacture our modular buildings. We buy certain components (windows, sandwich panels, doors, electrical equipment) and sometimes call on subcontractors (civil engineering). As a manufacturer of modular buildings our production may slow down or be interrupted if a supplier of raw materials, intermediate products or spare parts encounters financial or technical difficulties.

These disruptions in supply could result in equipment shortages, production stoppages, higher supply costs and our inability to meet customer demand in a timely fashion, which could harm our business, operational results and financial situation.

4.3.5. Consolidation among equipment manufacturers may make it difficult for us to negotiate favourable terms for our procurement and supply needs

There has been considerable consolidation among manufacturers of mobile equipment, particularly in the shipping container industry. Consolidation among manufacturers may weaken our bargaining position and reduce any economies of scale we might try to realize as a bulk purchaser of mobile equipment. We may not be able to negotiate arrangements with third-party suppliers to secure products that we require in sufficient quantities or on reasonable terms.

These risks are compounded during economic downturns as our suppliers may experience financial difficulties or find it difficult to obtain sufficient financing to fund their operations, and therefore may not be able to provide us with the contracted supplies. On the other hand, during favourable economic cycles, it may be difficult to purchase equipment timely due to high demand or pressure on prices/higher prices.

If we cannot negotiate arrangements with third-party suppliers to produce our products or if our suppliers fail to produce our products to our specifications or in a timely manner, our reputation, business, results of operations and financial condition could be harmed.

4.3.6. Leasing prices for our equipment are closely correlated to purchase prices of new equipment and therefore, sustained reduction in the purchase prices of new equipment could harm our business

When there is a decrease in new equipment purchase prices, leasing rates for older equipment subject to a leasing contract are also expected to decrease as well as the sales prices for second-hand equipment. Per diem leasing rates in the shipping container leasing industry have generally followed a downward trend in past years, linked primarily to a decline in steel prices and a resulting decline in the purchase price of new shipping containers. In addition, lower interest rates may make it more attractive for companies to buy equipment rather than lease it. The reduction in the purchase price of new equipment resulting in the drop in lease rate or resale value for all equipment could harm our business, results of operations and financial condition, even if this sustained reduction in price allows us to purchase new equipment at a lower cost. In 2017, an increase in the purchase prices generated by a rise in the prices of raw materials and in particular of steel has been observed and has been accompanied by an increase in the leasing prices and selling prices of second-hand equipment. We cannot predict whether these trends will continue in the short term.

4.3.7. We are exposed to risks related to the concentration of our customers

We lease and sell our mobile equipment to a wide range of customers in different industrial and geographical end-markets. We generate revenue through lease agreements and services rendered in connection with those leases, as well as through the sale of new and used equipment. For the year ended 31 December 2017, our leasing revenue accounted for 69% of our total revenue, while the remaining 31% of our total revenue was generated through the sales of equipment.

For the year ended 31 December 2017, the three largest customers of each of our freight railcars, river barges and shipping containers leasing businesses, excluding third-party investors, accounted for approximately 7%, 7% and 33%, respectively, of our total leasing revenue. Our dependence on our key customers may increase, and any loss of, or a significant reduction in, business from such customers, or any variation, termination, scope reduction or adjustment of any of our long-term leases, could have an adverse effect on our business, financial condition, and results of operations.

Furthermore, concentration in our customer base increases our exposure to counterparty risk, in particular in our leasing business. Lessees are required to pay rent and indemnify us for damage to or loss of equipment. However, lessees may default in paying rent and performing other obligations under their leases and customer default risk is ultimately borne by the equipment owners. If a lessee defaults, we may fail to recover all of our equipment and the equipment we do recover may be returned to locations where we will not be able to quickly re-lease or sell it on commercially acceptable terms. In addition, we will incur repositioning costs. A lessee's likelihood of default is subject to external economic conditions and other factors that are beyond our control. A delay or diminution in amounts received under our leases, or a default in the performance of maintenance or other lessee obligations under the leases could adversely affect our business, financial condition, results of operations and cash flows.

4.3.8. Our Shipping Containers and Freight Railcars customers may choose to own their equipment rather than lease it

Our Shipping Containers and Freight Railcars division are primarily based on our activity as a lessor of equipment to shipping companies and railway and logistics companies, respectively. These customers tend to have sizeable fleets of equipment that they own themselves, which limits the potential we have to lease our equipment to them. We believe that there is a trend towards increased leasing in both the shipping and rail freight transport industries, but we cannot assure you that this trend will continue. A decrease in the marginal cost of shipping containers or freight railcars, which could be caused by oversupply by manufacturers or a drop in the price of steel, which is the primary raw material used in container and railcar construction, would make it less costly for companies to own such equipment outright and may incite them to prefer ownership rather than leasing. Further, consolidation of our customers in these divisions could create economies of scale and efficiencies which would make it more attractive for them to buy equipment or to vertically integrate and manufacture equipment themselves. The decrease in demand for our products and

services resulting from the substitution of ownership for leasing in these markets would have an adverse impact on our business, results of operation and financial condition.

4.3.9. Gains and losses associated with the sale of used equipment may fluctuate

In addition to our purchase of new equipment, we also purchase used containers for resale from our shipping line customers and other sellers. If the supply of equipment becomes limited because these sellers develop other means for disposing of their equipment, develop their own sales network or simply continue using such equipment for a longer period of time, we may not be able to purchase the inventory necessary to meet our goals, and our sales of equipment revenue and our profitability could be negatively impacted.

We regularly sell used, older containers upon lease expiration. The residual value of these containers therefore affects our profitability. The volatility of the residual value of containers may be significant. This value depends upon factors that are beyond our control such as raw steel prices, applicable maintenance standards, refurbishment needs, comparable new container costs, used container availability, used container demand, inflation rates, market conditions, materials and labour costs and container obsolescence and damages.

Containers are typically sold after taking into consideration earnings prospects, book value, remaining useful life, repair condition, suitability for leasing or other uses and the prevailing local sales price for containers. Gains or losses on the disposition of used containers and the commissions earned on the disposition of managed containers may fluctuate significantly, and these fluctuations could have a significant impact on our business if we sell large quantities of used containers.

The market value of any given piece of rental equipment could be less than its depreciated value at the time it is sold. The market value of used rental equipment depends on several factors, including:

- • the market price for new equipment of a like kind;
- • the age of the equipment at the time it is sold, as well as wear and tear on the equipment relative to its age;
- • the supply of used equipment on the market;
- • technological advances relating to the equipment;
- • worldwide and domestic demand for used equipment; and
- • general economic conditions.

We include in our revenue the sales price of equipment sold, as well as the difference between the sales price and the depreciated value of an item of equipment sold. Changes in depreciation policies could change our depreciation expense, as well as the gain or loss realized upon transfer of equipment. For instance, in 2013, we changed our accounting method for the depreciation of our shipping containers by decreasing the number of years over which the assets are depreciated from 15 to 13 years, thereby increasing their residual value. Sales of used rental equipment at prices that are significantly below our projections or in lesser quantities than we anticipate, will have a negative impact on our revenue, results of operations and cash flows.

4.3.10. Disruptions in our modular building factory in Morocco could have an adverse effect on our financial situation or operational results

We own and operate a factory in Morocco where units are built with a view to being sold.

A loss of the use of all or a portion of either of this factory for an extended period of time due to an incident at this production site, such as a fire, a labour dispute, natural disasters or any other reason, may have a material adverse effect on our customer relationships, and thus our Modular Buildings business, financial situation or operational results.

4.3.11. We depend on subcontractors and other third parties for the operations of some of our businesses

We depend on subcontractors and other third parties for the operations of some of our businesses, particularly in the Freight Railcars division. For example, in our Freight Railcars division, we rely on third-party workshops and maintenance facilities to carry out repair and maintenance work on railcars in accordance with our technical instructions that comply with Entity in Charge of Maintenance (“ECM”) certification. Delays in production at our subcontractors’ facilities or quality control failures, which may both be due to factors beyond our control, could have a negative impact on these subcontractors’ ability to perform to our standards, and consequently on our ability to fulfil our contractual obligations to our customers. .

We may be held liable if one of our subcontractors causes damage to a customer’s property, violates environmental and/or occupational health and safety regulations or engages in wilful misconduct or other tortuous acts while at a work site or on a customer’s premises in connection with one of our contracts. Such claims may be substantial and may result in adverse publicity for us. Moreover, such claims may not be covered or fully covered by our insurance policies. Although contracts with subcontractors generally provide for indemnification to cover their failure to perform their obligations satisfactorily, such indemnification may not fully cover our financial losses in attempting to mitigate their failures and fulfil the relevant contract with our customer. These risks are compounded during economic downturns as our subcontractors may experience financial difficulties or find it difficult to obtain sufficient financing to fund their operations, and therefore may not be able to provide us with the contracted services for our projects. On the other hand, during favourable economic cycles, it may be difficult to obtain the services of qualified subcontractors in a satisfactory timeline due to high demand and/or higher prices.

If we are unable to hire qualified subcontractors or our subcontractors fail to meet our performance standards, our ability to successfully provide the agreed services to our customers could be impaired. Furthermore, if a subcontractor fails to provide timely or adequate equipment or services for any reason, we may be required to source other subcontractors for such services or equipment at a higher price than anticipated. We may not be able to pass on any or all of such increased costs to our customers, which could negatively impact our profitability. Any of the above issues related to the use of third-party subcontractors could have a material adverse effect on our business, financial condition and results of operations.

4.3.12. We own a large and growing amount of equipment in our fleet and it faces a number of ownership risks. The increase in our own-owned fleet has led to an increase in our debt

Ownership of equipment entails greater risk than management of equipment for third-party investors. The amount of equipment in our owned fleet fluctuates over time as we purchase new equipment, sell used equipment into the secondary resale market, and acquire other fleets. In terms of gross book value, as of 31 December 2017, we owned 67% of our fleet of freight railcars and 6% of our total fleet of shipping containers. Generally, the increase in the number of owned equipment rises accordingly our ownership risk, which may result in increased exposure to financing costs and risks, litigation risks, as well as risks linked to changes in rates, re-leasing risks, changes in utilization rates, lessee defaults, repositioning costs, depreciation charges and changes in sales price upon disposition of containers. Additionally, the various additional costs associated with overcapacity such as the occurrence of additional storage and maintenance costs, as well as equipment degradation and partial or total loss of its residual value, could harm our business, results of operations and financial condition.

Conversely, when we manage equipment for third-party investors, most of these risks are assumed by the third-party investors.

As our ownership of equipment in our fleet grows, we will likely have more capital at risk and may need to maintain higher debt balances. We will be leveraged after giving effect to the financing and additional borrowings may not be available to us or we may not be able to refinance our existing indebtedness, if necessary, on commercially reasonable terms or at all. We may need to raise additional debt or equity capital in order to fund our business, expand our sales activities or respond to competitive pressures. We may not have access to the capital resources we desire or need to fund our business or may not have access to financing on attractive terms. An inability to acquire additional assets would have an adverse impact on our business, results of operations and financial condition.

4.3.13. We face risks related to our management of a substantial portion of our freight railcar and shipping container fleets on behalf of third-party investors

We manage a significant portion of freight railcars and shipping containers on behalf of third parties. As of 31 December 2017, 71% of our fleet of freight railcars and shipping containers under management (in terms of gross book value) were owned by third-party investors for whom we provided asset management services. We primarily seek out third-party investors to share the risks and rewards of equipment ownership, thus reducing our reliance on capital expenditure in order to grow our business. Asset management is a key part of our financing and business strategy going forward, and an inability to attract further investors could materially and adversely affect our business. Management contracts govern the relationship between each of our investors and our Group. Although we do not guarantee any minimum returns on an investor's investment, an investor may terminate a management contract in specific circumstances, such as our material non-performance of our contractual obligations, our bankruptcy or winding up, our failure to pay revenues that we have collected and that are owing to the investors or a change in our majority shareholder. Our management contracts do not represent joint ventures and we do not act as partners with investors.

For the year ended 31 December 2017, one of the investors accounted for 10.7% of our total revenue. If this investor were to terminate our management contract, we may not be able to find a suitable replacement investor and may have to bear the capital expenditure of the repurchase of the investor's assets. This could have a material adverse effect on our results of operations and financial condition. Further, an inability to attract new investors would prevent us from growing our business in line with our expectations.

4.3.14. We may be affected by climate change or market or regulatory responses to climate change

Climate change could affect us, as well as our customers, who transport goods using the barges, containers and railcars that we make available to them, and our suppliers, who produce our products and who may emit greenhouse gases during the production process. Our Shipping Containers division is particularly dependent on world trade. Any impact of climate change on world trade would have an impact on our business. For example, a rise in temperatures could make new trade routes accessible near the North Pole, which would reduce the number of containers required for trade between Asia and Europe, and thus would negatively impact the demand for our products and services. Extreme weather conditions or natural disasters related to climate change could also have an impact on our business, particularly in the River Barges division, where navigation can be disrupted due to drought, flooding or freezing conditions. For example, at the beginning of the 2017 year, frost on the Danube River due to winter condition disrupted river transport. Reduction in demand due to climate change could have an adverse effect on our business, results of operations and financial condition.

Changes to laws, rules and regulations, or actions by authorities under existing laws, rules or regulations, to address greenhouse gas emissions and climate change could negatively impact our customers and our business. For example, freight railcars and river

barges that are used to carry fossil fuels, such as coal, could see reduced demand if new government regulations mandate a reduction in fossil fuel consumption. Potential consequences of laws, rules or regulations addressing climate change could have an adverse effect on our financial position, results of operations and cash flows.

Climate change is also discussed in the report on social and environmental responsibility, in section 2.4 of paragraph 26.2 page 177.

4.3.15. We may incur high costs to reposition our freight railcars, river barges and shipping containers

International trade has been marked in recent years by an imbalance of trade between exporting countries or regions and importing countries or regions. As a result, there is strong demand for cargo space at ports located near net exporters, such as in China, and lower demand at ports that are in net importer countries or regions. This imbalance of trade is most pronounced in the shipping transport industry, but can be true to a more limited extent among other countries or regions, affecting our Freight Railcars, River Barges and Shipping Containers divisions. As a result, our customers may return equipment in areas where demand is low. When lessees return our equipment to locations where supply exceeds demand, we are required to reposition such equipment to higher demand areas rather than have excess inventory in a non-strategic location. Repositioning expenses vary depending on geographic location, distance, freight rates and other factors, and, in the case of shipping containers, may not be fully covered by drop-off charges collected from the last lessee of the equipment or pick-up charges paid by the new lessee.

We seek to limit the number of units that can be returned before the expiration of the lease agreement and impose surcharges on equipment returned to areas where we will not be able to quickly re-lease them on commercially acceptable terms. We have also set up a used equipment sales department in order to reduce inventory in locations with low demand. However, market conditions may not enable us to continue such practices. In recovery actions pursuant to the default of one of our lessee customers, we must locate the equipment and often need to pay accrued storage. Furthermore, equipment can also be lost or damaged. In such cases, we invoice our customers for the replacement values previously accepted in each lease agreement. Furthermore, we may not accurately anticipate which locations will be characterized by high or low demand in the future, and our current contracts will not protect us from repositioning costs if locations that we expect to be high-demand locations turn out to be low-demand locations at the time leases expire. If repositioning costs are higher than normal, our company, our financial situation and our operational results could be severely compromised.

4.3.16. We rely on title registries to evidence ownership of our assets. Failure to properly register or the lack of an international registry increases the risk of ownership disputes

There is no internationally recognized system of recording or filing to evidence our title to the types of equipment that we lease nor is there an internationally recognized system for filing security interests in the types of equipment that we lease. Although we have not experienced material problems with respect to this lack of internationally recognized system in the past, the lack of an international title recording system with respect to containers could result in disputes with lessees, end-users, or third parties who may improperly claim ownership of the containers. Likewise, we may be subject to ownership disputes derived from unenforceable, voidable or void registration of our equipment due to our lack of compliance with the required formalities. Failure to correctly record our properties in the appropriate registry could result in arbitration proceedings, litigation or ownership disputes, which could have a material adverse effect on our business, results of operations and financial condition.

4.3.17. We may lose the services of key members of our executive and management team

The unanticipated departure of any key member of our senior executive and management team could have an adverse effect on our business. In addition, because of the specialized and technical nature of our business, our future performance is dependent on the continued service of, and on our ability to attract and retain, qualified management, technical, marketing and support personnel necessary to operate efficiently and to support our operating strategies. Competition for such personnel is intense, and we may be unable to continue to attract or retain such qualified personnel. Furthermore, our labour expenses could also increase as a result of continuing shortages in the supply of personnel. Failure to retain key personnel or attract new skilled personnel may materially adversely affect our business, results of operations and financial condition.

4.3.18. Certain liens may arise on our equipment in the ordinary course of our business

Depot operators, repairmen and transporters may have a right of retention on our equipment from time to time and have sums due to them from the lessees or sub-lessees of the equipment. In the event of non-payment of those charges by the lessees or sub-lessees, we may be delayed in, or entirely barred from, repossessing the equipment, or be required to make payments or incur expenses to discharge liens on our equipment, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

4.3.19. Our business strategies may fail to produce the desired results

Our future financial performance and success depend on our ability to implement our business strategies successfully. For instance, we continue to focus on cost reduction initiatives to improve operating efficiencies and generate cost savings. Such cost reduction initiatives, as well as our other business plans and decisions, may not be as successful as we expect and the costs involved in implementing our strategies may be significantly greater than we anticipated. We may experience cost overruns. Cost associated to the growth of the fleet could have a negative impact on our financial results until fleet utilization is sufficiently high to absorb the

incremental costs associated with the expansion. Generally speaking, we may not be able to successfully implement our business strategies or ensure that implementing these strategies will sustain or improve, and not harm, our results of operations.

In general, our business strategies are based on assumptions about future demand for our equipment and on our ability to optimize utilization of our existing and future equipment. Economic volatility or uncertainty makes it difficult for us to forecast trends and set appropriate investment levels, which may have an adverse impact on our business and financial condition. In particular, the economic downturn that began in 2007 led to significant reductions in available capital and liquidity from banks and other providers of credit, substantial fluctuations in equity and currency values worldwide and concerns that the worldwide economy could enter a prolonged recessionary period. These factors limited our ability to forecast future product demand trends. Uncertainty regarding future product demand could cause us to maintain excess equipment inventory and increase our capital expenditures beyond what is efficient. Alternatively, this forecasting difficulty could cause a shortage of equipment for rental that could result in an inability to satisfy demand for our products and a loss of market share. Also, as part of our strategic business plans, we constantly have to make decisions with respect to the type, model and technical characteristics of the equipment that we purchase. We must make these decisions based on present demand and our forecasts for future demand. These decisions may turn out to be less profitable than originally expected given the long lifespan of these assets. We cannot guarantee that our strategic business decisions will be successful in the future and that we will be able to implement our strategy of optimizing utilization of assets in accordance with our plans or at all. Additionally, any failure to develop, revise or implement our business strategies in a timely and effective manner may adversely affect our business, financial situation, operational results.

4.3.20. We may choose to pursue acquisitions or joint ventures that could present unforeseen integration obstacles or costs. We are therefore exposed to risks associated with our joint ventures

We may pursue acquisitions and enter into joint venture agreements in the future. Acquisitions involve a number of risks and present financial, managerial and operational challenges, including:

- • potential disruption of our ongoing business and distraction of management;
- • difficulty integrating personnel and financial and other systems;
- • hiring additional management and other critical personnel; and
- • increasing the scope, geographic diversity and complexity of our operations.

In addition, we may encounter unforeseen obstacles or costs in the integration of acquired businesses. Also, the presence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition may have an adverse effect on our business.

We have also entered into joint venture agreements with respect to our Freight Railcars division and may pursue new joint ventures in other divisions in the future. Our strategic and business partners may not continue their relationships with us in the future; in this case, we may not be able to pursue our stated strategies with respect to our non-wholly owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, our joint venture partners may have economic or business interests or goals that are inconsistent with ours, take actions contrary to our policies or objectives, experience financial and other difficulties or be unable or unwilling to fulfil their obligations under the joint ventures, which may have an adverse effect on our business.

Acquisitions or joint ventures may not be successful, and we may not realize any anticipated benefits from acquisitions or joint ventures. This could constrain our ability to pursue our corporate objectives in the future, which could have a material adverse effect on our business, results of operations and financial condition.

4.3.21. We operate in many jurisdictions with highly complex and variable tax regimes, and changes in tax rules and tax audits could have some effects

We conduct business around the world and are therefore subject to highly complex and often divergent tax laws and regulations, resulting in very challenging structuring and operational issues. Changes in tax rules and the outcome of tax assessments and audits could have effects on our financial results. The tax rates to which we are subject are variable. Our effective tax rate in any jurisdiction may depend on changes in our level of operating profit or in the applicable rate of taxation there, as well as on changes in estimated tax provisions due to new events. We currently have tax benefits in certain jurisdictions. These benefits may not be available in the future due to changes in relevant local tax rules, which could cause our effective tax rate to increase and may result in an adverse effect on our business, financial condition and results of operations.

In addition to audits to which we are subject in the ordinary course of business, uncertainties may also result from disputes with local tax authorities about the transfer pricing of internal deliveries of goods and services or related to financing, acquisitions and transfers, the use of tax credits and permanent establishments, and tax losses carried forward. These uncertainties may have a significant impact on our local tax results. We also have various tax assets as a result of tax losses in certain legal entities. Tax authorities may challenge these tax assets. In addition, the value of the tax assets resulting from tax losses carried forward depends on our having sufficient taxable profits in the future. Although we believe that we have conducted our business in compliance with tax laws, if local authorities or an administrative court decide we have not been tax compliant, we can be subject to significant liability. Any or all of these tax issues could have an adverse effect on our business, financial condition and results of operations.

4.3.22. The fair market value of our long-lived assets may differ from the value of those assets reflected in our financial statements

Our assets primarily consist of long-lived assets which may have a carrying value in our financial statements that may sometimes differ from their fair market value. These valuation differences may be positive or negative and could be material depending on market conditions and demand for certain assets. We review long-lived assets for impairment in accordance with applicable rules, including whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of the assets is measured by a comparison of the carrying amount of the assets to future net cash expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

There are many assumptions and estimates underlying the determination of an impairment event or loss, if any. The assumptions and estimates include, but are not limited to, estimated fair market value of the assets and estimated future cash flows expected to be generated by these assets, which are based on additional assumptions such as utilization rates, number of years that the asset will be used and its estimated residual value. Although we believe our assumptions and estimates are reasonable, deviations from the assumptions and estimates could produce a materially different result, which could have an adverse effect on our financial condition, results of operations and cash flows.

4.3.23. Our information technology systems may fail to perform their functions adequately

The efficient operation of our business is highly dependent on our information technology systems. We rely on our systems to track transactions, such as repair and storage costs, and movements associated with each of our owned or managed equipment units. We use the information provided by these systems in our day-to-day business decisions in order to effectively manage our lease portfolio and improve customer service. We also rely on them for the accurate tracking of the performance of our managed fleet for each third-party investor. The failure of our systems to perform as we expect could disrupt our business, adversely affect our financial condition, results of operations and cash flows and cause our relationships with lessees and third-party investors to suffer.

Furthermore, these systems may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations, and could impose substantial demands on management time.

In addition, with respect to our current and future information technology systems, we could experience failures or disruptions resulting from circumstances beyond our control, including natural disasters, computer viruses or malware, fires, physical or electronic break-ins, network failures, electricity failures or other causes.

Any such interruption could have a material adverse effect on our business, reputation, results of operations and financial prospects.

4.3.24. Significant increases in raw material costs could increase our operating costs significantly and harm our profitability

Equipment purchase prices vary according to the volatility of commodity prices, especially steel, which represents the main component of freight railcars, river barges and shipping containers. Volatility in the price of raw materials is caused not only by supply and demand, but also by exchange rate fluctuations when commodity prices are listed in currencies other than our functional currency, such as the U.S. dollar. We try to reduce this risk by restricting our firm commitments and by negotiating indexing mechanisms for commodity prices. For freight railcars and river barges, orders are placed for new equipment only once we have concluded a lease or sale agreement with a customer for such equipment.

We generally take into account the prices at which we purchase our products when setting the prices at which we lease or sell them to customers. However, we may not always be successful in passing on price increases to our customers in an environment where there is pressure on leasing or sale prices or if it is difficult to lease equipment due to weak demand. A failure to pass on such increased operating costs would have an adverse effect on our business, results of operations and financial condition.

4.3.25. We are subject to risks associated with labour disruptions, particularly with our operations that employ unionised labour, as well as changes in labour laws

We are subject to the risk of labour disputes, which may disrupt our operations. Although we believe our relations with employees are good, our operations may nevertheless be materially affected by strikes, work stoppages, work-slowdowns or other labour-related developments in the future, which could disrupt our operations and adversely affect our business, financial condition and results of operations. Our employees in certain countries benefit from collective bargaining agreements, and we may not be able to periodically renegotiate collective agreements on acceptable terms. Settlement of actual or threatened labour disputes or an increase in the number of our employees covered by collective bargaining agreements may adversely affect our labour costs, productivity and flexibility.

Labour laws applicable to our business in certain countries, particularly France, where 23% of our total number of employees are located, are relatively rigorous. In numerous cases, labour laws provide for the strong protection of employees' interests. In addition, some of our employees are members of unions or, based on applicable regulations, represented by work councils or other bodies. In many cases, we must inform, consult with and request the consent or opinion of union representatives or work councils in managing, developing or restructuring certain aspects of our business. These labour laws and consultative procedures could limit

our flexibility with respect to employment policy or economic reorganization and could limit our ability to respond to market changes efficiently. Even where consultative procedures are not mandatory, important strategic business decisions could be negatively received by some employees and employees' representative bodies, which could lead to labour actions that could disrupt our business.

4.4. Financial risks

4.4.1. Liquidity risk

The TOUAX Group's top priorities for managing its liquidity risk are to ensure financial continuity, to meet their due dates, and to optimize the cost of debt. The Group has carried out a specific review of its liquidity risk, and considers it is able to meet its commitments at the future due dates.

Liquidity risk management is assessed according to the Group's requirements set forth in the notes to the consolidated financial statements note 32.3 page 106. The list of principal borrowing containing specific clauses and commitments is mentioned in note 24.1.3 page 101 and in note 32 page 106 of the notes to the consolidated financial statements.

4.4.2. Interest rate and currency risks

The TOUAX Group relies on different types of loans both for its development requirements and its investment policy. A large share of these loans apply a variable interest rate. The latter thus represent the main part of the potential rate risk borne by the Group. Indeed, variable rate loans, which, after taking into account hedging instruments, represent more than 39% of the Group's outstanding debt and have enabled the Group to benefit from the negative Euro rate environment. On the other hand, a return to a positive level of the reference rates (EURIBOR, LIBOR ...) would lead to an increase in the financial expenses related to the variable rate debts as well as the costs for the refinancing of the current debts and the issuance of new loans. In addition, given the TOUAX Group's debt, an increase in interest rates would have a negative impact on cash flows.

Interest rate risk management is described in the notes to the consolidated financial statements on note 32.4 page 107.

The TOUAX Group has a strong international presence and is therefore naturally exposed to fluctuations in currencies. The consolidated financial results are recorded in euros; if the Group records sales or revenues in other currencies, the conversion of these revenues into euros may give rise to large variations in the amount of such sales and revenues. Information on currency risk and its management is provided in note 32.5 of the notes to the consolidated financial statements, page 108.

For accounting purposes, the assets and liabilities of our foreign operations, where the local currency is the functional currency, are converted at the exchange rates prevailing at the end of the year and revenues and expenses of our foreign operations are converted at average exchange rates for each year. Significant impacts may exist for companies whose total operational flows are carried out in a currency other than the currency of the company's accounting reporting. The Group is looking at the benefit of dedicated currency hedging.

These fluctuations may affect the results of the TOUAX Group when converting accounts in euros for the various subsidiaries outside the Euro zone. In addition, foreign currency exposure is mainly due to fluctuations in the US dollar, sterling and, to a lesser extent, the Polish Zloty and the Czech Crown against the Euro. Based on the results for the year ended 31 December 2017, the Group estimates that a 10% decrease in the exchange rate of the US dollar against the Euro would result in a 0.94% improvement in current operating results. Nevertheless, these are estimates and future exchange rate fluctuations may have a greater positive or negative impact on current operating results compared to what TOUAX originally anticipated. The effect of strong fluctuations would lead to a significant impact on the Group, its financial situation and its operating results.

In addition, currency risk exists when a Group entity enters into a purchase, sale or lease transaction using a currency other than the functional currency of the entity with which we carry out the transaction.

Finally, since future fluctuations in exchange rates and interest rates may have a negative impact on the Group's financial situation and operating results, the Group Treasury and Finance Department manages and optimises these on a daily basis in order to reduce these potential negative impacts.

4.4.3. Risk on equity and other financial instruments

The Group's strategy is to invest its excess cash in UCITS (Undertakings for Collective Investments in Transferable Securities) money market funds, for a short-term. The Group has no dealings on the financial stock markets.

The equity risks are described in the notes to the consolidated financial statements on note 32.6 page 109.

Risk of dilution for shareholders

The Group's strategy is based on the growth and development of various equipment fleets. This strategy requires considerable funding. One of the methods used by the Group is to issue a call for funds to equity markets.

Stockholders who do not subscribe to the call for funds, through a capital increase, are exposed to a risk of dilution of their stake in TOUAX's capital. The last capital increase was in July 2016 for an amount of 11.2 million euros.

Furthermore, in July 2015 the Group issued bonds redeemable in cash and new or existing shares (Convertible Bonds). The conversion of these bonds into shares could create a risk of dilution for shareholders not possessing convertible bonds.

4.4.4. Counterparty risk

Counterparty risk from Cash and Cash Equivalents, as well as from derivative instruments under contract with banks and/or financial institutions, is managed centrally by the Group's Treasury and Financing Department. This risk is set out in the notes to the consolidated financial statements note 32.3 page 106.

4.5. Liability and insurance risks

4.5.1. Failure to properly design, manufacture, repair and maintain our equipment may result in impairment charges and potential litigation

We do not design or manufacture the equipment we lease in our Freight Railcars, River Barges and Shipping Container divisions. However, the repair and maintenance of our equipment and the equipment that we manage for third-party investors, exposes us to similar risks in relation to personal injury, property damage claims, contract performance or potential litigation among others.

We design and manufacture modular buildings in our factory in Morocco. If we do not appropriately manage the design or manufacture of our modules, we will incur capital charges or expenses to rectify the faults. These risks may also have a material adverse effect on our future business, operating results, financial condition and cash flows.

4.5.2. We could be held liable for damages caused by the equipment that we lease or sell

The nature of our businesses and our assets potentially exposes us to significant personal injury and property damage claims and litigation. For example, our customers may use our equipment to transport hazardous materials, and an accident involving a shipping container, freight railcar or river barge carrying such materials could lead to litigation and subject us significant liability, particularly where the accident involves serious personal injuries or the loss of life. In some countries, particularly the United States, shipping container owners may be liable for any environmental damage caused as containers are unloaded. Our failure to maintain our equipment in compliance with governmental regulations and industry rules could also expose us to personal injury, property damage, and environmental claims. Moreover, a substantial adverse judgement against us could have a material effect on our financial position, results of operations and cash flows.

We obtain warranties from the manufacturers of our equipment. When defects in equipment occur, we work with the manufacturers to identify and rectify the problem. However, there is no assurance that manufacturers will be willing or able to honour warranty obligations. If defects are discovered in equipment that is not covered by manufacturer warranties, we could be required to spend significant sums of money to repair the containers, the useful lives of the equipment could be shortened and the value of the containers reduced. In addition, if equipment manufacturers do not honour warranties covering these failures, or if the failures occur after the warranty period expires, we could be required to expend significant amounts of money to repair or sell equipment earlier than expected. This could have a material adverse effect on our operating results and financial condition.

4.5.3. Our Group's general regulatory framework imposes significant additional operating costs and failure to comply may result in liability and in equipment obsolescence

We are subject to several broad types of regulation in each of the countries in which we operate, including anti-terrorism, security and other shipping regulations, technical and safety regulations, environmental regulation and occupational health and safety regulations. These regulations may result in equipment obsolescence or require substantial investments to retrofit existing equipment. Additionally, environmental concerns are leading to significant design changes for new shipping containers, freight railcars and river barges that have not yet been extensively tested, which increases the risks we face from potential technical problems. Compliance with regulations in our various jurisdictions can impose a significant cost. If changes in regulations were to occur, we could incur significant retrofitting costs. A failure to comply with regulation, or obsolescence of all or a portion of our fleet due to regulatory changes, could have a material adverse effect on our business, operating results, financial condition and cash flows.

4.5.4. If our insurance is inadequate or if we are unable to obtain insurance, we may experience losses

We have a systematic policy of insuring our tangible assets and our general risks. We have three types of insurance policies: equipment insurance, operational liability insurance, and liability insurance for our officers.

The risk of losses or damage to tangible assets in the Freight Railcars and River Barges divisions is covered by the equipment insurance policy (comprehensive property insurance). In accordance with standard business practices, our Shipping Containers customers are responsible for insuring containers themselves. Under all of our leases, our lessees are generally responsible for loss of or damage to a container beyond ordinary wear and tear, and they are required to purchase insurance to cover any other liabilities.

Insurance programs reflect the nature of Group risk and are covered in accordance with standard practice in the market. The Group does not have a captive insurance company.

Although we believe that we have adequate coverage in accordance with market practices, there can be no assurance that any claim under our insurance policies will be honoured fully or timely, our insurance coverage will be sufficient in any respect or our

insurance premiums will not increase substantially. If we were to incur a significant liability for which we were not fully insured, or if premiums for certain insurance policies were to increase substantially as a result of any incidents for which we are insured, our business, financial condition and results of operations could be materially adversely affected.

5. ISSUER INFORMATION

5.1. COMPANY HISTORY AND DEVELOPMENT

5.1.1. Business name and commercial name

The name of the company is SGTR - CITE - CMTE - TAF - SLM - TOUAGE INVESTISSEMENT combined.

TOUAX SCA

5.1.2. Place of incorporation and registration number

Registration under number 305 729 352 on the Nanterre trade and companies register

SIRET: 305 729 352 00099

APE: 7010Z

Listed on NYSE Euronext in Paris – Compartment C, ISIN Code: FR0000033003 – Reuters TETR. PA – Bloomberg TOUPFP equity

5.1.3. Date of incorporation and duration

The company was incorporated on 31 December 1898 and the incorporation will expire on 31 December 2104.

5.1.4. Legal status and legislation

- Company legal status

Partnership limited by shares under French law

- Registered and administrative office

Tour Franklin – 23ème étage – 100-101 Terrasse Boieldieu – 92042 La Défense cedex – FRANCE

Telephone: +33 1 46 96 18 00

- Financial year

The financial year of TOUAX SCA commences on 1 January and ends on 31 December.

- Share capital

On 31 December 2017 the company's capital comprised 7,011,547 shares with a par value of €8.

The capital is fully paid up.

- Company legislation

A partnership limited by shares, governed by the French Commercial Code.

- Viewing of the company's legal documents

Documents relating to TOUAX SCA can be consulted at the company's registered office.

- Information policy

A financial communication agreement has been signed with ACTIFIN – 76-78, rue Saint Lazare – 75009 – Paris – FRANCE.

Annual reports, presentations to financial analysts and press releases are available in French and English on the Group's website (www.touax.com).

Significant news that may affect share prices is always broadcast through the press.

- Persons responsible for the financial information

Fabrice and Raphaël Walewski

Managing Partners of TOUAX SCA

Tour Franklin – 23ème étage – 100-101 Terrasse Boieldieu - 92042 La Défense CEDEX – FRANCE

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5.1.5. Historical background

In addition to what is mentioned on pages 12 and 13 of this reference document, the history of our Group goes back more than 165 years with the creation of a barge operator on the Seine in France, in 1853. Our company was created following a merger with another river barge operator in 1898. We became a listed company on the Paris Stock Exchange (now Euronext Paris) in 1906.

We began to diversify our services in the middle of the 20th century, starting out with freight railcar leases in 1955 and then commencing our modular building activities in 1973. We started our shipping container leasing business as an investor in assets and then through our acquisition of Gold Container Corporation in 1985.

In the early 1990s, we expanded our business to include leased asset management for third-party institutional and private investors. In 1998, Messrs. Fabrice and Raphaël WALEWSKI took up their positions. They represent the last generation of a line of members of the WALEWSKI family who have led our Group since the beginning of the 20th century. They oversaw a period of major growth for our Group. We focused on growing our international presence to include developed countries such as the United States and emerging markets such as Asia and Africa. In 2017, the Group refocused on its transport equipment leasing and sales activities and sold its Modular Buildings business in Europe and the United States.

5.2. INVESTMENTS

5.2.1. Principal investments

The Group's business is the leasing of freight railcars, river barges and shipping containers. The Group also has the cross-functional activity of third-party asset management. By the end of 2017, 67% of assets under Group management were financed by investors and entrusted to the Group under management contracts.

The Group's growth policy is based on new equipment lease agreements with its customers, requiring new investments funded by third-party investors as part of the Group's management programs or by the Group using its own financing resources. In 2017, the Group's share of ownership decreased compared to 2016 due to the sale of the Modular Building division in Europe and the United States. The investment strategy for each division is described in the paragraph "Purchase of Fleet" on page 47 for Freight Railcars, page 50 for River Barges and page 55 for Shipping Containers.

The Group is keen to pursue growth by increasing the amount of new equipment on long-term lease agreements. In 2018, the Group will prioritize investments financed by third parties. The aim is to strengthen economies of scale, and to return to a return on equity. The return on equity corresponds to the ratio of net profit/shareholders' equity This is the concept usually calculated by financial analysts. These investments include Group-owned and third-party assets. To achieve these objectives, the Group balances out the ratio between managed and proprietary assets using a distribution rule that varies according to the business. On 31 December 2017, the breakdown of managed assets is 33% owned equipment and 67% equipment belonging to a third-party. The assets held by fully consolidated subsidiaries are wholly included in the Group's assets, even if the Group invested in partnership with minority stockholders.

Moreover, the Group's strategy is to mainly invest in new, long-term contracts. This strategy makes it possible to limit the releasing risk and the volatility of the equipment's residual value. This strategy also facilitates the Group's ability to find third-party investors and to finance itself in order to continue its development.

The Group's investment policy is to finance property assets in compliance with an LTV (loan to value) of 70% maximum. This ratio is calculated by comparing the total assets (excluding intangible assets and goodwill) with gross debt. Debt is made up of recourse debt and "non recourse" debt whose reimbursement is only guaranteed with rental income or the proceeds from selling the financed assets. Non-recourse financing is not guaranteed by the TOUAX SCA parent company. This type of financing supports the Group's growth, while reducing risks for shareholders. The policy adopted by the Group is to maintain a debt-to-equity ratio (including non-recourse debt) of 2.5 to 1. This policy enables the Group to pre-finance assets to be sold to investors. Selling assets to investors is part of the Group's strategy and it finances growth with limited recourse to debt. The Group's growth generates economies of scale and increases margins.

The Group has access to all types of financing, short, medium and long-term loans, loans without recourse, operational leasing, leasing, factoring and assignment of receivables.

Lease agreements are classified as financial lease agreements when the Group benefits from the advantages and risks inherent in ownership. For example, clauses for the automatic transfer of ownership, options to buy at a value far below the estimated market value, equivalence between the lease term and the life of the asset or between the discounted value of future lease payments and the value of the asset are features that generally lead to lease agreements being classified as finance contracts.

In 2017, the European economic conditions for the Freight Railcars business showed signs of recovery and we have seen increases in leasing rates and/or utilization rates. However, investors continued to show an interest in the assets managed by the Group, which has made it possible to sign new management contracts, particularly for shipping containers. Moreover, TOUAX always seeks opportunities to acquire fleets of existing equipment financed by third parties.

5.2.2. Major investments in productive assets in progress

On 31 January 2018, orders and investments in productive assets from third parties paid since the beginning of 2017 amounted to approximately €1.5 million in freight railcars.

Orders and investments have been financed by cash and available credit lines.

5.2.3. Firm investment commitments in productive assets

On 31 December 2017, orders and firm investments of productive assets from third parties amounted to €9.8 million of shipping containers. These containers are intended to be syndicated to investors.

Firm investment commitments will be pre-financed via available credit lines. Most of these investments will be resold to third-party investors within the scope of syndications mostly undertaken within the Freight Railcars and Shipping Container divisions.

5.2.4. Breakdown in managed assets

The value of the managed assets presented below corresponds to the equipment purchase prices. Assets in US dollars are valued at the exchange rate of 31 December 2017. Fluctuation in the value of the US dollar leads to fluctuation in the value of the equipment from one year to the next.

The breakdown of the assets managed by the Group is as follows:

(€ thousands)	2017		2016	
	Owned by the Group*	investors outside the Group	Owned by the Group*	investors outside the Group
Freight Railcars	276 919	135 087	254 948	156 685
River Barges (1)	75 608	10 215	81 366	10 215
Shipping Containers	44 848	665 064	57 555	873 848
Modular Buildings	8 401		8 933	
TOTAL	**405 776**	**810 366**	**402 802**	**1 040 747**

* Assets, owned by the Group, include capital assets and assets in stock.

(1) The river barges that we use for operational leasing are indicated as belonging to third party investors. We do not engage in asset management within our River Barges division. The charter barges integrated into the investors' fleet and whose number may vary significantly from one year to the next depending on the activity during December have been withdrawn from the fleet for a better understanding of performance over the financial year.

Equipment used by the Group under operational leases is recognized in managed assets, Equipment used by the Group under financial leases is recognized in Group-owned assets. Details on non-recourse operating leases are given in the note 34.1 of the Notes to the consolidated financial statements page 110.

6. Business Overview

6.1. Core businesses

6.1.1. Types of operations and core businesses

We are a leading global corporate services provider specializing in the operational leasing, sale and management of mobile standardized equipment. We operate in four divisions corresponding to each of the types of assets that we lease and manage: freight railcars, river barges and shipping containers.

Our Group's history began over 165 years ago as an operator of barges on the Seine river in France in 1853. We became a listed company on the Paris Stock Exchange (now Euronext Paris) in 1906.

Each of our three divisions holds leading market positions in the key regions in which it operates. For shipping containers, we believe we are the 8th largest leasing company and the 3rd largest asset manager in the world, while in Western Europe we are the 1st largest leasing company and the largest container manager, as well as being one of the largest leasing companies for intermodal railcars in Europe, with these positions being based on the size of our fleet. Finally, we believe we are the only operational lessor of dry river barges in Europe and in the Paraná-Paraguay basin in South America.

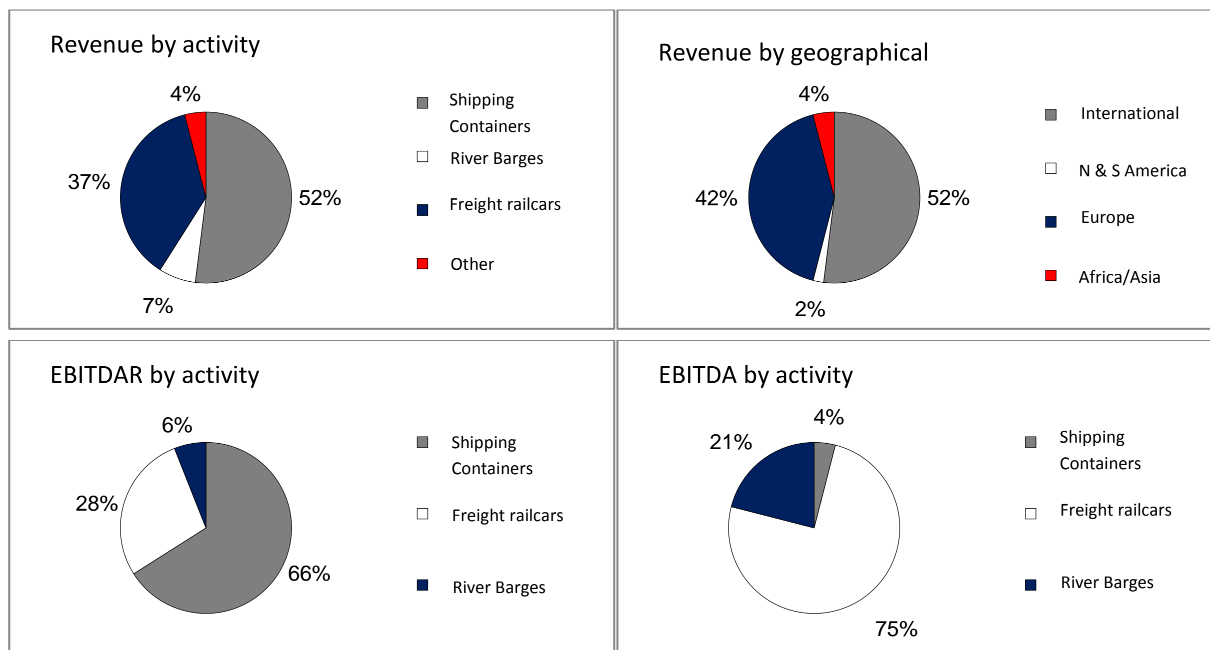
We offer a wide range of services related to our equipment, which we either own or manage for the account of third-party investors, to a variety of customers around the world, providing us with diverse and recurring revenue streams. In addition to operational leasing of equipment, we engage in financial leasing, sale and leaseback arrangements, as well as sales of new and second-hand equipment. We also provide services ancillary to our equipment leases, such as maintenance and trading.

We operate a global and highly diversified business model, with 3 divisions operating in a total of approximately 40 countries on 5 continents. Our Shipping Container division revenue, which we consider to be international in nature, accounted for 52% of our total revenue for the year ended 31 December 2017. Our other divisions generated 42% of our total revenue in Europe (of which 2% was in France), 2% in the Americas and 4% in Africa/Asia.

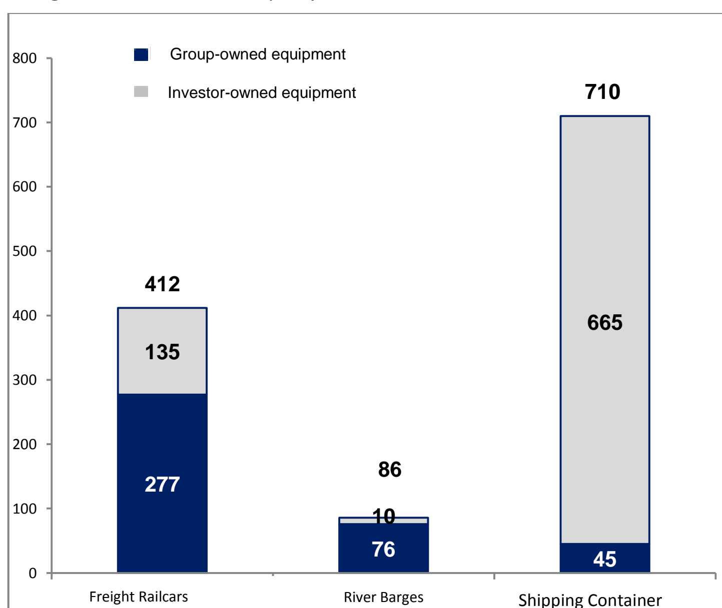
Over the years we have developed an extensive platform comprising a global network of branches, offices and depots, as well as a first-rate reputation enabling us to build long-term relationships with our customers. We serve several thousand customers worldwide in a vast range of end-markets, including some of the biggest shipping transport companies, international industrial groups, governmental authorities, railway companies and logistics providers, with some of which we have long-standing relationships.

Our revenue, EBITDAR (which is our EBITDA before distributions to investors) and EBITDA for the year ended 31 December 2017 were €211.9 million, €88.7 million and €26.9 million, respectively.

Set forth below is a breakdown of our revenue by activity and by geography as well as our EBITDAR and EBITDA by activity at the end of December 2017:



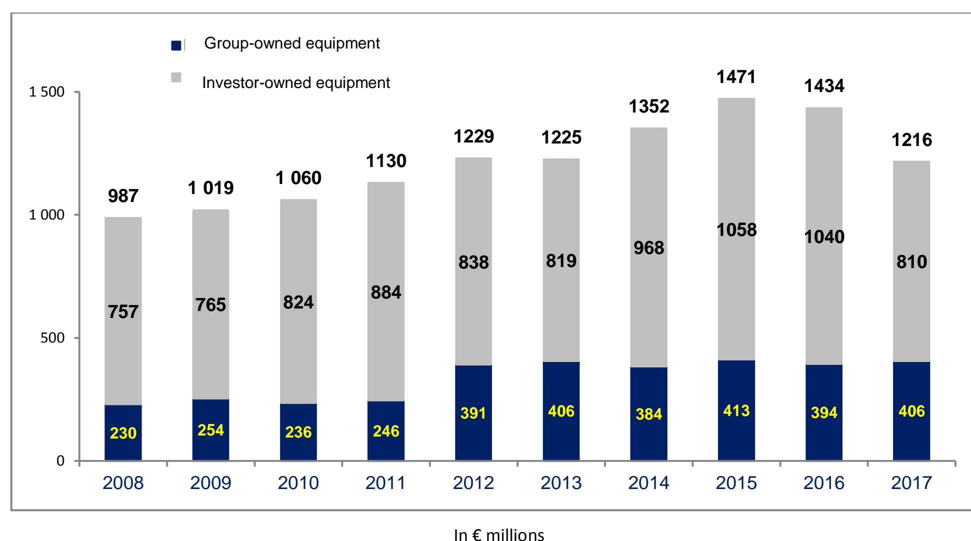
On 31 December 2017, we manage a fleet of assets with a total gross book value of approximately €1.2 billion, which are either directly owned by us or managed on behalf of third-party investors. This fleet includes 9,335 freight railcars (platforms) of which 33% are managed on behalf of third-party investors, 119 river barges and 475,027 twenty-foot equivalent shipping containers (TEUs), 94% of which were managed on behalf of third-party investors.



In € millions. River barges under operating leases are indicated as owned by third party investors. We do not propose any asset management in the River Barges division.

In connection with our asset management activity, we purchase and subsequently syndicate portfolios of equipment (mostly shipping containers and freight railcars) for sale to third-party institutional and private investors. We enter into long-term agreements to operationally manage the assets comprised within the relevant portfolios. We receive a syndication fee at the time of the sale of the portfolio to an investor, and through our management agreements (which tend to range from 12 to 15 years), we receive management fees based on the gross rental revenue attributable to the managed portfolio. As of 31 December 2017, our third-party investors owned 67% of the total gross book value of our rental fleet.

The breakdown in terms of gross book value of our total fleet from the end of 2008 to the end of 2017 (restated IFRS 5 for the transfer of European and American modular activities) is as follows:



In € millions

Our diversified business model enables us to generate recurring revenue as a result of the standardized nature, long economic lifespan and low obsolescence rate of our equipment. Our leasing revenue is generated by long-term lease agreements, securing long-term recurring income and predictable cash flows. Our asset management activity provides us with recurring revenue as a result of the long-term nature of our asset management contracts. These recurring streams are enhanced by opportunistic sales of second-hand equipment, which we pursue based on prevailing market conditions.

As we are engaged in an asset-based business, we resort to asset-backed financings to operate and grow our business. These assets were financed through a mix of equity, cash and debt.

Our competitive strengths

We benefit from long-lasting leading positions in markets which consolidates our experience and performance level

- *Leading positions*

With our extensive network of sales offices, agencies and depots located in approximately 40 countries on five continents, we have achieved leading positions in most of our divisions and main geographies. Most of our markets being characterized by significant barriers to entry, these leading positions have historically allowed us to fully benefit from available growth opportunities.

We further believe we are one of the biggest lessors of intermodal railcars in Europe based on the size of our fleet, with a total fleet of 9,335 units (platforms) representing a gross book value of approximately €412 million as of 31 December 2017, of which 33% consisted of railcars that we managed on behalf of third-party investors.

Finally, we believe we are the only operational lessor of dry river barges in Europe and in the Paraná-Paraguay basin in South America. We are also present in the Mississippi and Missouri basins in the United States. We have a fleet of 119 river barges, representing a gross book value of approximately €85.8 million as of 31 December 2017.

We believe that we are the 8th biggest lessor and the 3rd biggest asset manager of shipping containers in the world, based on the size of our fleet, and the number 1 lessor and manager of shipping containers in continental Europe. We had a shipping container managed fleet of 475,027 TEU, representing a gross book value of approximately €709.9 million as of 31 December 2017, of which 94% consisted of shipping containers that we managed on behalf of third-party investors.

- *Experience and operational advantages*

Experience and scale constitute a critical competitive advantage in our markets and underlie the success of only the largest market participants. Because our business is capital intensive, building the appropriate inventory and platform to efficiently carry on our business requires significant financial resources, and constitute high barriers to entry for new participants.

Our experience and size have allowed us to develop over the years the significant platform, know-how and global presence required to achieve operational efficiency in a highly competitive environment. We benefit from the experience of our management teams in the various industrial and geographical end-markets to which we market our products and services. Our depth of experience provides us with insights into dynamics that are critical to the success of our business, such as the timing of investments and divestments of equipment in our rental fleet, where, when and at what price to make equipment available to potential lessees, and trends in customer demand in all our end-markets.

Furthermore, we have a first-rate reputation for technical expertise and operational excellence, which enables us to meet the quality standards demanded by our customers, particularly in the areas of maintenance and customer assistance. Our successful track record in the asset management business has also allowed us to attract and develop strong relationships with investors in portfolios of equipment. Leveraging upon our expertise, we have been able not only to grow our fleet but also to manage it proactively in order to maximize utilization rates and revenue.

Finally, we have created an efficient platform based on proprietary IT systems and have built an extended network of branches, offices, depots, workshops and agents, which in turn has allowed us to maintain strong and stable client and supplier relationships in all our businesses. We believe that the critical mass resulting from our platform and network enables us to achieve economies of scale and accordingly offer attractive pricing to customers, thereby providing us with an advantage over smaller competitors that may not be able to access financing or equipment at rates as favourable as ours.

We operate a diversified business model, serving a broad customer base in different end-markets

Our business profile is highly diversified, with three divisions operating in a total of approximately 40 countries on five continents. Each of these divisions serves a broad customer base and operates through several business models such as leasing, selling, trading and asset management.

Our divisions (Freight Railcars, River Barges and Shipping Containers) operate on different business cycles. This enables us to mitigate our exposure to certain market conditions, such as potential shifts in demand among freight transport alternatives, and to shift our exposure to more profitable customer categories and end-markets. In addition, we serve several thousand customers worldwide that are exposed to a vast range of industry drivers and end-market dynamics, such as the development of international trade and the tightening of regulatory frameworks. At 31 December 2017, our top 10 customers (excluding investors in our asset management programs) represented 36.9% of our total revenues.

Our operations are geographically diverse. Our shipping container revenue, which we consider to be international in nature, accounted for 52% of our total revenue at the end of December 2017. Our other divisions generated 42% of our total revenue in Europe (of which 2% was in France), 2% in the Americas and 4% in Africa/Asia. Our geographic diversification reduces our exposure to the general economic conditions affecting any single region, country or currency, and provides for cost-effective coverage of smaller customers at a local level, while also addressing the needs of larger international customers.

Furthermore, we benefit from three different sources of revenue. Our main revenue stream consists of leasing revenue and we also sell new or second-hand equipment based on our analysis of prevailing market conditions. Some of our customers may opt, on the basis of micro- and macroeconomic factors, to buy rather than to lease their equipment. Because we both lease and sell equipment, we reduce the risks associated with our customers deciding for strategic reasons to opt for one rather than the other. We also offer to certain third-party investors the possibility of investing in and owning equipment that we manage on their behalf, and we derive additional sources of income through fees and commissions in connection with the syndication, leasing, management and resale of such equipment. This enables us to expand our fleet while limiting the risks and capital expenditure associated with equipment ownership.

We operate an asset-based business and manage a flexible and liquid asset base

We own and manage a fleet which represented as of 31 December 2017 a total gross book value of approximately €1.2 billion (of which 33% is owned by us), and which is marked by its quality, as well as its flexible and liquid nature. Our fleet is young and has a long lifespan. For example, as of 31 December 2017, the average age of our fleet of freight railcars, river barges and shipping containers was 19.7 years, 14.2 years and 9.3 years, respectively. On the other hand, the useful life (in relation to the accounting life) of our equipment is generally between 30 to 50 years for freight railcars and river barges and 30 to 40 years for shipping containers (15 years at sea and another 20 years on land for storage purposes).

The majority of our fleet is comprised of standardized and highly versatile equipment, thereby enabling us to meet customer needs and optimize fleet utilization. In addition to providing leasing revenue, which is our main source of revenues, the quality and the flexible and liquid nature of our asset base allow us to ensure high residual asset value, actively manage our asset base and optimize revenue streams from opportunistic second-hand sales. Finally, because of our limited maintenance capital expenditure requirements, due to the age and quality of our fleet, a significant portion of our capital expenditures is discretionary in nature, which gives us substantial flexibility to adjust or reallocate our investments based on our business needs and the prevailing economic conditions.

We are engaged in an asset-based business, and we use asset-backed financing to invest in equipment and grow the size of our fleet. We limit our total debt to sustainable levels in accordance with the covenants under our asset-backed financings and our internal targets. We have consistently maintained a ratio of total debt to total assets (excluding intangible assets) below 70% since 2008, with a ratio of 54% as of 31 December 2017.

We are present in end-markets with positive long-term fundamentals

Most of the markets that we address benefit from positive underlying long-term trends.

Our markets are mainly driven by worldwide economic growth as well as growth of international trade volumes. Through our geographically diversified operations, we benefit from macroeconomic growth in advanced, developing and emerging economies, which all show favourable prospects according to the International Monetary Fund.

We also believe that our Freight Railcars division will benefit from an improvement in market conditions. Following the economic slowdown in 2008 and 2009, demand for new equipment decreased sharply, which left a legacy of overcapacity in the fleets of railcar leasing companies, including our company. Nevertheless, market conditions started to improve in Europe from 2014, when we saw some recovery in rail traffic and investments and we expect this to continue. The growth of the European freight railcar industry is likely to be further reinforced by the structural mismatch between, on the one hand, railcar replacement needs due to the ageing of railcars and, on the other hand, a limited railcar production capacity due to the reduction in manufacturing that took place as a result of the economic downturn. We believe these factors will increase utilization rates and favour lessors like us, who have younger fleets. Our fleet of freight railcars had an average age of 19.7 years at the end of 2017.

Finally, our River Barges division's markets are also affected by international trade flows and economic conditions in the countries along the river basins in which we operate. We have focus our efforts in markets showing good outlooks in Europe and high potential demand.

Finally, the Shipping Containers division also benefits from the growth of world trade. The Shipping Containers business remained resilient during the global financial crisis of 2008/2009 despite a slowdown in shipping activity that impacted most shipping companies. We believe this is due in part to the long-term nature of leasing contracts and to the fact that leasing is a flexible operational and financial solution for shipping lines. After a year in 2016 during which sales of used containers were significant, the year 2017 was marked by a strong demand for shipping containers.

We benefit from stable, recurring revenue streams

As a result of the standardized nature and low obsolescence rate of our equipment, we can generally enter into long-term lease agreements, securing long-term recurring income and predictable cash flows. As a result, a large proportion of our leasing revenue is contractually locked in, thereby affording us significant visibility on revenue.

Our strong, flexible and liquid asset base, which generates recurring and stable revenue streams, enables us to implement syndication to finance a portion of our fleet under management.

We manage rental equipment for third-party investors to whom we sell the equipment. This enables us to further diversify our business model and to generate additional recurring revenue without incurring most of the business and financial risks and capital expenditures associated with the ownership of equipment. Syndications thus also allow us to expand the size of our fleet of rental equipment in order to serve new leasing customers and generate revenue from additional leasing contracts without increasing capital expenditures and incurring additional long-term indebtedness. We receive syndication fees at the beginning of our asset management relationships. Our asset management contracts, which tend to range from 12 to 15 years, provide us with recurring management revenues based on the performance of the assets in our portfolio. At the end of the useful life of equipment that is owned by an investor, we are often mandated by the investor to dispose of the asset, thereby providing us with a sales fee, which is another source of revenue.

We are led by an experienced management team

Supported by our Supervisory Board, our senior management has a proven track record of effectively managing our business over the years. Members of our top management are experienced in managing operations through the different economic cycles and each has at least 20 years' experience in the equipment sales and leasing business. Furthermore, each of our three divisions is led by a managing director. Our managing directors have an average of approximately 20 years of experience in their respective industry.

Our management team's accumulated experience is an asset in identifying market dynamics and the right time to invest in a certain class of equipment in order to grow our business. Our managers' long-term relationships with many companies and individuals in the markets where we are present allow them to predict customer needs and identify key trends in our industrial and geographical end-markets. In a business where much of our success depends on providing our customers with what they want, where they want it and when they want it, our managers' ability to analyse market conditions to identify opportunities is critical. We believe that we will be able to continue to capitalize on their experience and their relationships to continue to grow our business and carry out our strategies.

We benefit from the long-term vision and support of our principal shareholders

We benefit from the strong entrepreneurial culture of the WALEWSKI family, which has managed our Group as a family business since the beginning of the 20th century and has developed it into a global business, that we consider to be a leading reference in each of the markets addressed by our 3 divisions. The WALEWSKI family is our principal shareholder. As of 31 December, 2017 members of the WALEWSKI family, including Alexandre, Raphaël and Fabrice WALEWSKI, our Managing Partners, jointly owned approximately 31.6% of TOUAX shares. This is a testament to our shareholders' faith in our Group and demonstrates the alignment of our shareholders' interests with our long-term vision and growth prospects. We believe that our principal shareholders' experience and knowledge of the industry is a key factor in the continuing success of our business.

Our strategy

We intend to leverage our business know-how and unique platforms to continue to differentiate ourselves from our competitors and to continue to grow our 3 divisions. Through the implementation of our strategy, we intend to increase EBITDA while reinvesting positive free cash flow and seeking additional financing for growth by third-party investors. Thanks to our commercial actions, we intend to increase the utilization rate of the existing fleet that we manage as well as leasing rates, in order to start growing again.

Consolidate our leading positions in mature markets

In mature markets such as Europe and the United States, we intend to consolidate our leading positions by continuing to implement a well-structured differentiation strategy for each of our 3 divisions. We believe that differentiation is a key factor to enable us to maintain our broad customer base in highly competitive mature markets.

We intend to continue to distinguish ourselves by further focusing on our ability to understand our customer needs, build long lasting relationships and offer our equipment in the right place, at the right time and at the right price. In our Shipping Containers division, we will achieve this by relying on our deep business know-how, our first-in-class platform and our worldwide presence. In our 2 other divisions, we test potential synergies by applying our asset management operational and technical excellence and best practices to further improve the commercial and operational efficiency of our business as a whole.

We also intend to continue to differentiate ourselves from our competitors by providing associated high-quality services to our customers. In our Freight Railcars and Shipping Containers divisions, we will continue to offer services related to equipment monitoring and the sharing of our customers, data related to our equipment through the Internet, as well as online restitution services. Maintenance services are also an essential element of our strategy for differentiation from our competitors in the Freight Railcars and the River Barges divisions.

Improve utilization rates and operating efficiency to increase profitability and cash flow generation

We intend to increase the overall utilization rate of, and the profitability of, our existing fleet and continue to control our costs in order to increase our operating efficiency, improve our operating margins and reducing leverage.

To increase our utilization rates in the Freight Railcars division, we are implementing more aggressive commercial policies in order to expand our customer base. More generally, we are seeking to further expand our commercial networks and strengthen our commercial teams across all divisions.

We also intend to improve operational efficiency of our 3 divisions as well as standardizing procedures. This enables our commercial teams to more readily adapt a particular asset to a specific customer need, thereby improving utilization rates.

Control leverage through the continued pursuit of a sound financial strategy

We intend to continue our strategy of pursuing growth responsibly while focusing on controlling leverage. We believe we will be able to achieve such goal by pursuing initiatives aimed at increasing our utilization rates, seeking out business opportunities and further improving our operational excellence in those markets in which we already have an established presence. We further believe we can continue taking advantage of our proven excellence in syndicating portfolios of equipment in order to control capital expenditure on our Productive Assets and manage our levels of indebtedness. We sold the European and US modular buildings division in 2017, which led to significant debt reduction by the Group. Our total net debt decreased by €155.7 million in 2017 to reach €181.1, our total gross debt decreased by €153.9 million in 2017 given that the Group carries on its balance sheet assets to be sold to investors in 2018. EBITDA also increased in 2017 to €26.9 million (+€3.6 million).

Accompany the growth of our markets while keeping capital expenditures under control through asset management plans

Our objective is to accompany the growth of our markets and respond to customer demand without incurring large amounts of capital expenditure and debt.

While maintaining the overall size of our owned fleet across our 3 divisions, we intend to keep a balanced owned asset portfolio among the divisions based on the current market conditions. This balance in the composition of our asset base will provide us with a recurring source of revenues and will allow us to further optimize our asset and geographic mix. This in turn will protect our overall business from severe market conditions that may from time to time affect certain of our divisions.

We plan to expand the fleet that we manage for third-party investors through the further development of our asset management programs. We intend in particular to resume syndication of equipment in our Freight Railcars division. The syndication of new asset portfolios to third-party investors will enable us to finance the growth of our fleet, further strengthen our leading positions and develop further economies of scale. During the year 2017, the Group carried out syndications in the Freight Railcars activity and we hope to develop syndications in the Shipping Containers activity during 2018.

Grow our business in emerging markets

We intend to grow our business by seeking business opportunities in emerging markets. We believe that the most efficient way to expand our business and increase the volume of our operations in emerging markets is to establish partnerships with well-known local partners, who know the particularities of the local market, help us to increase our operational capacity and share the financial costs and business risks associated with each project. In this way, we intend to limit any additional indebtedness or capital expenditure related to the pursuit of such new opportunities.

In the long term, we plan to strengthen our presence in emerging markets mainly in our Freight Railcars division in India through our partnership with the leading freight railcar manufacturer in the country.

* * *

TOUAX specialises in the leasing, management and sale of standard, mobile and flexible equipment used for the transportation of goods.

Specifically we:

- sell new and second-hand equipment;
- lease (through both operating and finance leases) such equipment;
- manage fleets consisting of such equipment that are owned by third-party investors;
- provide services related to each of these activities.

We operate through 3 principal divisions, each centred on one type of managed asset:

- our Freight Railcars division, through which we lease, sell and maintain a fleet of railcars that are used for freight transportation and that we either own or manage for third parties;
- our River Barges division, through which we lease and sell barges; and
- our Shipping Containers division, through which we lease and sell a fleet of standard containers that are used in maritime and overland transport and that we either own or manage for third parties.

In a more residual way, TOUAX has maintained a sales activity of modular buildings in Africa.

The businesses and markets for each one of these business activities are described in more detail on pages 4 to 15 of the reference document with the addition of the Management report on page 144.

The breakdown in revenues for each core business and geographic area is described in the notes to the consolidated financial statements section 20.1 page 64. A presentation of the outlook given at the meeting of the French Society of Financial Analysts (SFAF) on 28 March 2018 is provided in section 28.2 page 203.

1. Freight Railcar business

Key Market Characteristics

Generally speaking, market dynamics in the freight railcar industry vary significantly from one region to another. We address three geographical markets with distinct characteristics and perspectives: mainly in continental Europe and to a lesser extent in the United States and Asia.

Europe

The European market for freight railcar leasing was estimated to be worth approximately €690 million in 2012. The European wagon leasing market has a total fleet of approximately 860,000 railcars with an average age of approximately 25 years, as of 2012, according to a third-party market research firm. We believe that since that date the number of railcars in Europe has decreased with the discarding of many very old railcars while the age of the fleet has continued to increase. The European market was particularly affected by the global economic crisis, and has been recovering slowly. According to a report by a third-party market research firm, the European rail freight market should grow at a CAGR of approximately 1.3% over the next 5 years, due in part to liberalization of the market and the implementation of policies designed to promote relatively environmentally friendly forms of transport. Despite the low rate of growth in this market, there will still be a need to replace ageing fleets of railcars to serve existing demand. Due to lowered production levels in recent years and the reduction of manufacturing capacity due to the economic downturn in Europe, we believe that meeting replacement demand will be a challenge for European market participants, and this situation will favour those with younger fleets.

United States

According to third-party research, the U.S. market for freight railcar leasing was estimated to be worth approximately €3.2 billion in 2012. The U.S. freight railcar leasing market has a total fleet of approximately 1,850,000 railcars with an average age of approximately 20 years. Although transport demand was affected by the economic crisis, the U.S. market has recovered relatively quickly since 2010, especially in applications linked to the energy sector (such as shale gas and coal), agricultural products and the chemicals sectors. However the significant recent falls in energy prices (oil in particular) have put a brake on the expansion of railways in the United States particularly in the aforementioned sectors.

Asia

Having been a core infrastructure in the Indian territory for over 150 years, rail transport is a key driver of socio-economic development. It also constitutes one of the main modes of transport, transporting 40% of the freight.

The creation of six lanes for freight ("*Dedicated Freight Corridor*") is the largest railway project ever launched by the Indian State and its national company Indian Railways, both in terms of the length of the network constructed and its cost. These new lines should connect the main ports and the Indian cities of Delhi, Mumbai, Chennai and Kolkata.

The new freight corridors (commissioning scheduled for 2019) will be able to be used by different operators, if the monopoly that Indian Railways has is indeed partially challenged.

In 2006, containerized freight was opened up to the private market and in 2010 private operators held a 25% market share.

Principal Market Drivers

Macroeconomic conditions affecting demand for freight railcars

The demand for freight railcars is closely tied to the underlying factors affecting demand for rail transport, which depends on developments in global and regional trade. Levels of freight railcar leasing are therefore subject to variation based on a host of macroeconomic factors such as industrial output and consumer demand. We believe that as these fundamental factors improve, so will the demand for freight cargo transport.

Rail transport competes directly with other means of overland and inland freight transportation, namely trucking. According to Eurostat, railways accounted for 18% of all inland freight transport in the European Union in 2014, whereas road traffic accounted for 75.4%. This split has remained steady since 2000. In the United States, railways accounted for approximately 37% of all inland freight transport in 2012, whereas road traffic accounted for approximately 31%. We believe that generally, rail will be favoured as companies are increasingly sensitive to environmental concerns and labour costs, as rail transportation is more environmentally friendly than trucking and requires less manpower.

Changes in the European regulatory landscape

We believe that the liberalization of the railway industry in Europe had an overall beneficial impact, though limited by the crisis, on the demand for freight railcars.

Changes in European regulations have opened up railway business to private companies, leading to a more flexible competitive landscape that challenges the dominance of incumbent state-owned railway companies. We believe that these changes will lead to an increased share of railcar supply being provided through leasing rather than through ownership. The reason for this development is that new entrants will likely be smaller and be less able to make significant capital expenditure necessary to build up a fleet of railcars. We believe that these companies will therefore favour leasing as a means of ensuring that they have a useful fleet at their disposal while being able to optimize capital expenditure levels. We estimate that in Europe, lessors represented approximately 20% of total freight railcar supply, whereas in the United States, where the railways have been deregulated for a longer time, lessors' share of the market is approximately 57%.

In addition, the European Commission also approved several investments over the next few years that we expect will modernize and significantly improve railway transportation in Europe. Investments in infrastructure have continued to increase in order to renovate and improve the service. We believe that these initiatives will further stimulate investments in the development and renovation of rail infrastructure, which had previously languished for decades.

Additionally, we believe that the adoption of standardized rules regarding railcar maintenance have made regulatory compliance a more streamlined process than it was prior to this change. We believe that these shifts in the European regulatory landscape will lead to the further development of long-distance rail traffic that is more competitive compared with road transport.

Mismatch between production capacity and replacement needs

The economic slowdown in 2008 and 2009 was particularly difficult for manufacturers of railcars as demand for more equipment decreased. As a result, many manufacturers faced economic difficulty and a number were forced to go out of business. Meanwhile, the legacy of the crisis on freight railcar leasing companies was overcapacity in their fleets.

Because of the interplay between the lack of new production and chronic overcapacity resulting from the economic slowdown, the average age of the fleet of freight railcars has been increasing. In Europe, the average age is estimated to be approximately 25 years as of December 31, 2012, according to third-party market research, as compared with approximately 20 years in the United States. Although they are generally long-lived assets, older railcars that have sat unused with little or no maintenance while demand has been weak will be difficult to bring back to good working order once levels of demand return to pre-crisis levels. As a result, we believe that market participants with younger fleets will be in a better position to meet new demand.

Shift to increased leasing over ownership

We believe that as newer, smaller companies enter the rail freight market in the wake of deregulation, and legacy companies are forced to compete more directly with leaner entrants, leasing a fleet of railcars will become more advantageous to the market as a whole. Leasing allows companies seeking to ship freight by rail to build up their fleet without incurring a significant capital expenditure. In addition, lessors can provide lessees with value-added services such as fleet maintenance, thereby enabling lessees to avoid the need for expensive, in-house maintenance teams. Further, sale and leaseback transactions and finance leasing can allow companies to manage their balance sheet while outsourcing to lessors the management of the transfer of their used containers.

Competition

There are several large competitors operating in the freight railcar leasing industry. These companies tend to specialize in one or more different kinds of railcars.

While we specialize in intermodal railcars and other dry goods transport railcars, certain other market participants, such as GATX and VTG, specialize in tank cars.

Our Freight Railcars division's key competitor in the intermodal railcar space is AAE-Ahaus-Alstätter Eisenbahn, which has merged with VTG. Other participants include GATX, Ermewa, Nacco and Millet.

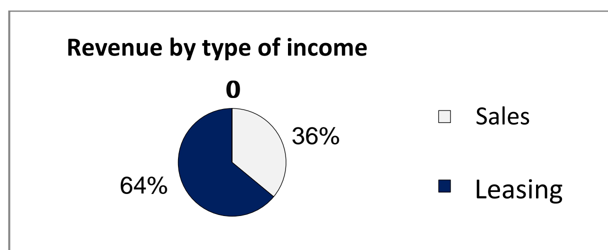
General presentation of the business

We lease and sell freight railcars to logistics companies, railway operators and industrial groups in Europe, the United States and Asia. We believe we are one of the largest lessors of intermodal freight railcars in Europe, in terms of the number of units in our fleet.

We also provide maintenance services as an Entity in Charge of Maintenance under European regulations to customers in Europe. Our Freight Railcars division has offices and/or agents and covers about 20 countries in Europe.

For the year ended 31 December 2017, our Freight Railcars division revenue accounted for €79 million of our revenue, or 37%, of the total Group's revenue and 76%, of our EBITDA. For 2017, 98% of the Freight Railcars division revenue was produced in Europe.

Revenues are distributed, as follows:



Our Freight Railcars Fleet

As of 31 December 2017, our leasing fleet of railcars consisted of 9,335 platforms with a gross book value of approximately €412 million, of which 33% consisted of railcars that we managed on behalf of third-party investors. The average utilization rate for our leasing fleet was approximately 82% for the year ended 31 December 2017. Our fleet consists of different types of railcars, including:

- intermodal railcars used to transport standard containers used in sea transport or swap bodies. These are interchangeable containers that are very light and non-stackable, ideal for road and rail transport;
- car carrier railcars, which are used to transport cars by rail;
- coil carrying railcars, which are specially designed to transport large spools of steel, coils of cable or wire or other similarly spooled materials;
- sliding wall wagons, which are loaded from the sides for palletized products; and
- hopper cars, which are used to transport loose bulk items.

Within the freight railcar industry, railcars are counted in terms of platforms rather than individual wagons. A 45-foot and a 60-foot railcar are each considered to be one platform, while 80-foot, 90-foot, 106-foot and car transport railcars are each considered to represent 2 platforms. As of 31 December 2015, 2016 and 2017, our freight railcar leasing fleet comprised 7,221 railcars (or 9,500 platforms), 7,151 railcars (or 9,420 platforms), and 7,069 railcars (or 9,335 platforms), respectively.

As of 31 December 2017, in addition to our platforms under management, we provided technical and maintenance service for 1,504 platforms owned by a customer.

Freight railcars are particularly long-lived assets, which can typically be used for 30 to 50 years. The average age of our freight railcar fleet as of 31 December 2017 was 19.7 years.

Our Products and Services

Our Freight Railcars division offers three principal types of services to our customers: leasing and related services, railcar maintenance and asset management. To a limited extent, we also sell small components used in freight railcars.

Leasing and related services

We lease our fleet of freight railcars to logistics providers, railway companies and industrial groups in Europe, the United States and Asia. We also provide services related to our leased fleet, such as maintenance services. Revenue from leasing and related services accounted for €50.9 million, or 64%, of our overall Freight Railcars division revenue for the year ended 31 December 2017.

We provide four types of packages to our freight railcar lessees based on their specific operational needs:

- full service leases, pursuant to which we are responsible for maintenance and repairs of leased railcars;
- net leases, pursuant to which our customer retains responsibility for the maintenance of and repairs to their leased freight railcars;
- mixed leases, whereby we are responsible for inspection of the leased freight railcars and inspection and repair of their wheel sets (our customer is responsible for all other corrective and day-to-day maintenance); and
- sale and leaseback transactions, through which we purchase railcars from our customers and lease the fleet back to them. We may provide maintenance of the railcars through the leaseback arrangement if the customer so desires.

Lessees under our freight railcar lease contracts generally undertake to lease a fixed number of freight railcars for the duration of the lease at a fixed per diem rate, although some lease agreements may also provide for the rental of freight railcars on a pay-as-you-go basis for spare wagons.

Furthermore, our lease agreements generally include a yearly mileage limitation clause, which establishes a supplement per kilometre applicable to the contractual rental rate in the case the freight railcars have travelled more than the agreed mileage. The duration of these leases generally varies from 1 to 2 years, although in certain cases it could be for as long as eight years. As of 31 December 2017, the average term of our leases was approximately 3.4 years. Leases are often automatically renewed at the end of their initial term for an additional one year term unless either party to the lease agreement delivers a notice of redelivery to the other party at least 3 months prior to the expiration of the initial rental period. Further, contracts may not be terminated by the lessee unilaterally during the term of the lease.

Freight railcar maintenance

Since 2011, we were certified as an "Entity in Charge of Maintenance," or ECM, pursuant to European Regulation 445/2001/EC. This regulation sets forth a mandatory compliance system designed to ensure the safety and reliability of freight transport by rail within the European Union, and prescribes standard guidelines similar to those of an ISO standard that must be applied in order for accreditation to be received. The promulgation of the regulation created a market in third-party maintenance providers to alleviate the time and cost burden of compliance by freight railcar holders.

We employ specialized technicians that are able to analyse a fright railcar's technical issues remotely and recommend a detailed plan of action. The railcar is then dispatched to a nearby workshop to which we subcontract the actual repair work and whose mechanics are instructed to follow the recommendations of our technicians.

Our status as an ECM allows us to offer maintenance services as an ECM to third parties independently of whether the freight railcars are part of our fleet. We currently provide such services to freight railcars owned by an affiliate of SNCF, the French national railway company. We intend to use our status as an ECM to pursue other opportunities to provide freight railcar maintenance services on a standalone basis.

Asset management

As in our Shipping Containers division, we syndicate portfolios of freight railcars to third-party investors and operate as an asset manager for them. As of 31 December 2017, our Freight Railcars division had assets under management for third parties with a gross book value of approximately €135.1 million, or 33% of our total fleet of freight railcars.

Our portfolio selection, tracking, syndication process and contracts are similar to those used in our Shipping Containers division. Following syndication, we manage the syndicated portfolio as if it were part of the assets we manage for our own account.

We have syndicated freight railcars to our SRFRL and TRF3 subsidiaries. SRFRL and TRF3 are joint-ventures created with DVB Bank SE, which are investments instruments in freight railcars in Europe. In January 2017, our indirect holding in TRF3 increased and our voting rights increased to 52.03%. We have syndicated freight railcars to TXRF4. TX RF4 is an asset company owned by a Luxembourg SICAF-SIF whose objective is to invest in equipment managed by the Group.

Sales

To a very limited extent, we sell small components related to freight railcars, such as brake shoes. We also have from time to time sold portfolios of second-hand freight railcars when we believe it is financially attractive for us to do so, considering the location, sale price, cost of repair and possible repositioning expenses.

Sales (and syndications) accounted for €28 million, or 36%, of our Freight Railcars revenue for the year ended 31 December 2017.

Fleet Procurement

We rely on third-party manufacturers to supply the freight railcars that make up our fleet.

We generally do not purchase new equipment for use in our Freight Railcars division unless we have signed a lease or sale agreement with a customer. The equipment that we do purchase is selected based on our own internal ROI targets, which are affected by the price that we can charge under our rental contract and the cost of financing the freight railcars.

We do not believe we are particularly dependent on any one supplier of freight railcars to meet our needs. However, we do expect that new freight railcars will generally be in short supply in the near term since at the end of the last decade many manufacturers were forced to go out of business due to the global economic slowdown.

Financing our Fleet

We purchase freight railcars for use in our rental fleet for the purpose of either owning them on our balance sheet or syndicating railcars to third-party investors for whom we manage such assets. As of 31 December 2017, 33% of the gross book value of our freight railcar fleet was owned by third-party investors and 67% was owned by our Group.

When we purchase freight railcars to own on our balance sheet, we do so through cash on hand or drawings under our revolving credit lines. When we purchase freight railcars for syndication, on the other hand, we take advantage of a dedicated warehouse credit facility, the TRF2 Warehouse Facility, to finance these freight railcars in anticipation of their syndication. While the TRF2 Warehouse Facility is intended to provide short-term revolving credit, we have used it as a means of long-term financing for our freight railcars in periods of low syndication demand. A railcar will remain subject to the TRF2 Warehouse Facility until such time as we sell it to a third-party investor. Once the railcar is sold, the proceeds of the sale are used to repay the drawing under the TRF2 Warehouse Facility.

Management of our fleet

Through our proprietary fleet management software platform, we are able to track our fleet of freight railcars as they are leased. Our platform allows us to provide monthly reports to our management and our investors on the status of our freight railcar fleet, rental rates per type of railcar, utilization rate, operating expenses and revenues attributable to a freight railcar, to a lessee or to an investor.

Freight railcars that are on lease but unused by our customers are stored in rail yards and sidings at their expense. We also store freight railcars that are not on lease at rail yards at our own expense. Our freight railcars are monitored by our trained technicians and are sent to workshops to undergo maintenance and repair at the instruction of our technicians.

Marketing

Our primary means of marketing our services is through our periodic participation in requests for tenders from logistic companies, railway operators or industrial groups. In general, a potential customer will specify the number and type of freight railcars it will need, and where it will need them. Our decision to tender is based on our ability to purchase or furnish freight railcars at a price that will generate an attractive return on our investment.

The length of the tender offer process varies depending on the potential customer's need for freight railcars. If the company is seeking to fulfil a need that will arise in the immediate short-term, the process can be quite rapid, whereas companies that are seeking to fulfil projected future needs typically set forth a schedule that is longer. We negotiate terms such as price, payment terms, additional services to be included in the contract (such as maintenance) and the terms of delivery and return of the leased freight railcars.

Key customers

Our Freight Railcars division caters primarily to three types of customers: logistic companies, railway operators and industrial groups. Our principal logistic company customers include Greenmodal Transport, Shuttlewise, GEFCO, Oceanogate, Hödlmayr International, ARS Altmann, Distri Rail and Rhein Cargo. Our principal railway operator customers include Deutsche Bahn, SBB, Belgian Railways, Rail Cargo Austria and Rail Cargo Hungary.

Our principal industrial customers include BASF and Solvay. During the year ended 31 December 2017, no single Freight Railcars leasing customer represented more than approximately 9.9% of our Freight Railcars leasing division revenue. Our ten largest Freight Railcars equipment leasing customers represented approximately 46% of our Freight Railcars leasing division revenue for the year ended 31 December 2017.

2. River Barge business

Key Market Characteristics

Our River Barges division addresses the Seine, the Rhine and the Danube river basins in Europe, the Mississippi and the Missouri river basins in the United States and the Paraná-Paraguay river basin in South America. Inland waterway freight traffic is significant in each of our markets. For the French Waterways, 53 million tonnes of goods were transported in France during 2016. This figure is stagnating due to a poor cereal crop, but the share of goods transport, Touax segment, has increased by 15%. According to the 2016 annual report of the European Inland navigation Observatory, 550 million metric tons of freight were transported over inland waterways in the European Union in 2015, of which two third on the Rhine. In the United States, approximately 604 million tons of

commodities freight moved on inland waterways in 2014, according to the Waterways Council, a U.S. public policy firm. This represents 14% of domestic volumes trade, valued at $232 billion. According to the World Bank, freight traffic in the Paraná-Paraguay river basin, which is our primary market in South America, was estimated to be at approximately 17 million metric tons in 2017, composed mostly of bulk commodities and minerals. Iron ore volumes have declined considerably since 2015, partly offset by cereals.

River barges are expected to remain an important component of inland freight transportation in the future. For example, according to the 2016-2017 report "t*he power of inland navigation*" by Blue Road, conservative estimates have river transport maintaining a share of 5% of all inland freight transportation in the EU from 2005 to 2040.

Principal Market Drivers

Macroeconomic factors affecting demand for freight traffic

Demand for leasing and sales of river barges is closely tied to macroeconomic and political/regulatory factors affecting cargo transportation in the countries and regions in which a particular river flows, such as levels of overall industrial output, harvests, local demand for goods, governmental policies for importing and exporting goods and international trade patterns.

We believe that demand for river barges will increase in the near term. Europe's largest seaports already make extensive use of inland water transportation in order to avoid road congestion and to address a lack of capacity in rail transportation. We believe that river transportation will continue to play a significant role as traffic at seaports continues to grow. In South America, the economic slowdown in the region as well as the decline in prices of certain raw materials has led to a decrease in the requirements for barges. However transport of cereals maintained.

Cost efficiency and environmental concerns

We believe that river barges are one of the most energy-efficient means of inland transportation. With a growing global emphasis on "green" industries, the environmental benefits of river transportation over overland transportation are likely to become increasingly important market factors. We believe that river transportation is particularly cost effective, as it can transport large volumes of cargo while consuming fewer fossil fuels. It is estimated that river transportation is seven times cheaper than road transportation, requiring 3.7 times less petroleum consumption than the latter. For example, a convoy of two barges can hold 6,000 metric tons of cargo, which is the equivalent of the cargo capacity of approximately 240 trucks on the road. Market estimates indicate that one ton of bulk products can be carried 616 miles by inland barge on one gallon of fuel, compared with 478 miles by railcars or 150 miles by truck. Finally, river barges produce approximately three to four times less carbon dioxide than road transport, according to estimates by Voies Navigables de France, a French public establishment that manages navigable inland waterways in France.

Competition

We believe that competition in the River Barges division is marked by a high degree of regional and local competition rather than competition from multinational companies. This results from the need for market participants to be familiar with the various regulations governing a particular river basin, the barge design constraints posed by a particular river and the locally concentrated customer base.

As an operational lessor of river barges, we operate in a niche market, and do not face substantial competition from any single lessor.

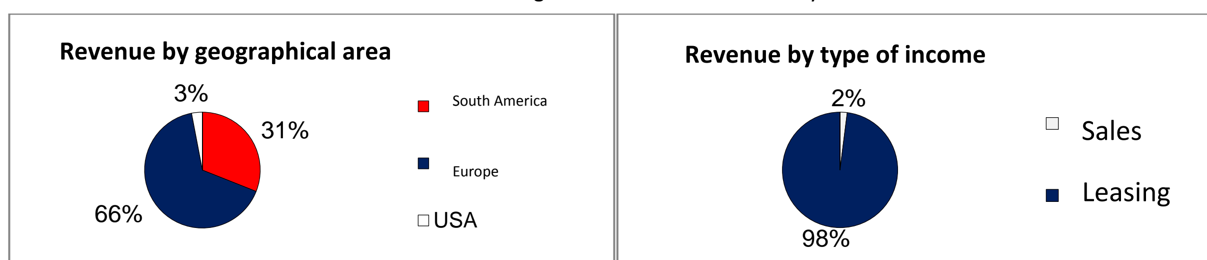
General presentation of the business

We lease and sell river barges to logistics companies and industrial groups in Europe, the United States and South America. We believe that we are the leading operational leasing company for bulk river barges in Europe and South America. Our barges operate along the Seine, Rhine and Danube river basins in Europe, the Mississippi and Missouri river basins in the United States and the Paraná-Paraguay river basin in South America.

River barges are flat-bottomed boats that are built mainly for river and canal transport of heavy goods. To a large extent, river barges are not self-propelled and must be towed or pushed by a tow boat. River barges are particularly long-lived assets, which can typically be used for 30 to 50 years.

For the year ended 31 December 2017, our River Barges division revenue accounted for €14.6 million, equal to 7% of our total revenue or 21% of our EBITDA.

The charts below shows a breakdown of our River Barges division revenue for the year ended 31 December 2017:



Our fleet

We specialize in dry bulk river barges, which are primarily used to transport dry bulk freight such as coal, sand, gravel, steel, iron ore, grains, fertilizers, cement and clinker. As of 31 December 2017, our fleet of river barges consisted of 119 units (excluding chartered barges) with a gross book value of approximately €85.8 million. The average age of our river barge fleet as of 31 December 2017 was 14.2 years. The average utilization rate for our barge fleet was 93.2% for the year ended 31 December 2017.

Our Products and Services

We primarily lease river barges to logistics companies and industrial groups. However, we also engage in opportunistic sales of second-hand river vessels from our own fleet from time to time. Although we are a historical operator of river barges, we have decided to refocus our business on leasing only. We do not operate the equipment we own, but instead lease it to operators.

Leasing and related services

We provide operational leasing and sale and leaseback solutions for river barges. Some related services that we provide in connection with our leases include fleet management, transport of barges between different river basins, insurance and technical expertise regarding river transport. During the year ended 31 December 2017, revenue from leasing and related services accounted for €14.3 million, or 98% of our total River Barges division revenue.

We generally enter into long-term leases with our river barge lessees. These leases can last for up to 10 years. As of 31 December 2017, the average term of our long-term river barge leases was approximately 6.7 years. Typically our contracts can be renewed, either tacitly or through the express agreement of the parties thereto. Most of our leasing is usually on a "chartering" basis, which means that the lessee is responsible for recruiting their own crew, taking care of insurance and necessary repairs during the leasing period. Lessees agree to release us from the principles of liability associated with their use of our barges. Contracts may not be terminated by the lessee unilaterally during the term of the lease.

Trading and Sales

We engage in sales of second-hand river vessels from our own fleet from time to time when we believe it is financially attractive for us to do so, taking into account the location, sale price, cost of repair and possible repositioning expenses, as well as, to a very limited extent, direct operation of river barges. During the financial year ended 31 December 2017, there was no trading or sales of barges, just sales of parts representing 2% of the total revenue of the River Barges division.

River Barges Fleet Procurement

We rely on third-party manufacturers of river barges in order to build up our fleet. We generally do not purchase non-replacement new equipment for use in our River Barges division unless we have signed a lease agreement or a sale agreement with a customer.

Pricing for the purchase of a new river barge depends heavily on the technical specifications to be met, the place at which delivery of the barge is required, as well as general market conditions influencing demand at the time of purchase. For a standard, uncovered dry bulk cargo barge, the purchase price can range from approximately $650,000 to $1.3 million. It takes from 2 to 5 months from the signing of a purchase order for delivery of a new barge.

We do not believe we are dependent on any one supplier of river barges to meet our needs.

Financing Our River Barges Fleet

We do not engage in asset management and therefore our main means of liquidity in this division is cash on hand, equity injections or borrowings under asset-based bilateral credit agreements to finance our acquisitions of new equipment.

Management of our fleet

We manage our Seine, Danube and Mississippi river barge fleets centrally from our headquarters in Paris. Our fleets in other locations are managed locally. We do not actively manage our fleet, as our river barge operations are controlled by our lessees. However, we do ensure that our barges' navigation certificates are renewed regularly and manage the handling of insurance premiums and claims as well as any potential modifications.

Marketing

We have offices dedicated to our River Barges division in Paris, Rotterdam, Panama City and Miami. Our marketing efforts are both centrally based (through our website and through brochures) and basin-based (through locally organized client events, appearances at trade fairs and advertisements in local publications). As our River Barges division is targeted at a niche market, we rely mainly on networking through our existing client base, advertisements, appearances at exhibitions and trade fairs and scouting prospects directly through our professional contacts as well as agents, to generate new business.

Key customers

Our River Barges leasing business primarily caters to logistics companies and industrial groups. Key river logistics operator customers include Trading Line, Miller, P&O Maritime Services, Ultrapetrol and Rhénus. Key industrial company customers include Cemex, ArcelorMittal, Yara, Bunge and ADM-Toepfer. During the year ended 31 December 2017, no single customer represented more than 39% of our River Barges division leasing revenue.

3. Shipping Container business

Key Market Characteristics

The shipping container market is by its nature international in scope. As a result, growth in the shipping container industry is tied to international trade volumes.

We believe that demand for shipping containers has been positively affected by the growth in international containerized traffic. In 2016, annual production of shipping containers was estimated to be approximately 2.2 million TEU. This is in line with an increasing trend in the global shipping container fleet from around 29 million TEU in 2008 to around 37.9 million TEU at the end of 2016 with increased production expected for the year 2017.

Shipping lines will typically use a combination of owned containers and leased containers. It is estimated that shipping lines owned approximately 49% of the total worldwide shipping container fleet (37.9 million TEU) as of the end of 2016, while 51% of the total worldwide shipping container fleet was managed by leasing companies. In addition, it is estimated that 53.8% of shipping containers produced in 2016 were ordered by leasers.

In general, lease pricing for new shipping containers is determined largely by the purchase price of a new shipping container. The purchase price can vary due to several factors, including the price of steel, which is the main component of a container, and market demand.

Principal Market Drivers

Globalization leading to increased trade volumes

We believe that trade flows resulting from globalization constitute the main driver of growth in the underlying demand for shipping containers. As a greater proportion of industrial and consumer goods is traded internationally, we believe that it will become increasingly common to outsource labour-intensive processes such as manufacturing away from countries where the cost of labour is high to countries in the developing world with lower wages. This internationalization of the production value chain means that goods will need to travel further afield from their place of manufacture to their ultimate end-markets. Over the past two decades, Asia (China in particular) has served as the main origin of the world's exports, while markets in North America, Europe and Japan have seen net inflows of imported goods. We believe that this general trend will continue and, at the same time, countries will attempt to further correct the trade imbalance with their main bilateral partners, and especially China as the largest market. This scenario leads to a further increase in demand for long-haul containerized traffic.

To meet the increased demand for maritime cargo transport, shipping companies have added more vessels to their fleets in order to increase the frequency of their ocean crossings. In addition to vessel availability, container availability is key to the successful management of cargo space. Each container ship has a predetermined number of "slots," which correspond to the space required for one TEU aboard the vessel. When a ship arrives at port, the containers on board are offloaded and are transported onward over land. A shipping company must therefore have containers already available at port for loading onto the vessel once it arrives to take on new cargo for the vessel's onward journey. According to third-party market research, at the end of 2016, a shipping company required just under 2 containers per vessel slot to optimize its operations while minimizing the unproductive time associated with not having a ready source of new containers at each port. This ratio still applies in 2017 and is expected to remain relatively unchanged through 2018.

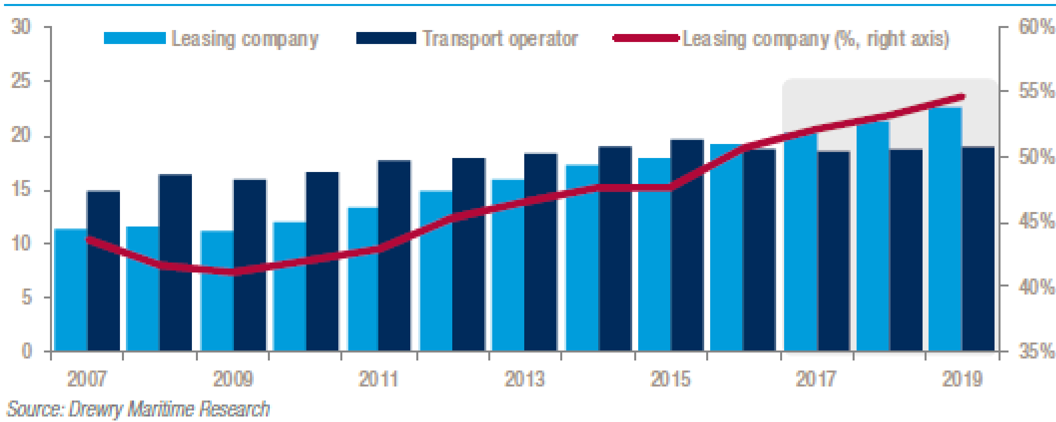
Increased shipping times leading to increased demand for shipping containers

Lengthier shipping times can have a positive effect on the demand for shipping containers, as it requires shipping companies to have access to a larger fleet of containers than what would have been necessary had turnaround times been more rapid. Two relatively recent developments have led to shipping lines moving goods more slowly than they have in the past. First, the trend towards ever larger shipping vessels has meant that they are not able to physically pass through the Panama Canal and are thus forced to round the Cape Horn rather than take a more a direct route for intercontinental journeys. Further, even if vessels can pass through the canals (Panama and Suez), there are significant charges imposed for their use, which can negate whatever cost advantage that may result from reduced shipping time and benefit to longer routes , such as the Cape of Good Hope. Secondly, shipping line companies have been deliberately operating their ships at significantly less than their maximum speed, a practice known as slow or extra-slow steaming, in order to save on fuel costs, although this practice may become less common if fuel prices continue their downward trend. All of these factors have resulted in more time elapsing during a container's round-trip between its port of origin and its port of destination. If a shipping company were to experience a spike in demand for shipments while its containers are still away from port on board a slower-moving ship and on a longer journey, it would need access to more containers to meet that demand. Finally, the risks of piracy have led some shipowners to pass by the Cape of Good Hope rather than taking a more direct route through the Suez Canal.

Shift to increased container leasing versus ownership

We believe that the growth in lessor-managed shipping containers is part of a larger trend away from shipping line-owned containers.

The chart below shows the change in the worldwide container fleet by owner category, expressed in TEU, and the global share represented by lessors, from 2007 through 2019 (date from 2017 onwards is based on forecasts).



Source: Drewry Maritime Research

Container leasing remained relatively resilient during the most recent financial crisis despite a downturn in shipping activity which impacted most shipping lines, with global leasing volumes dropping only slightly from approximately 11.6 million TEU in 2008 to approximately 11 million TEU in 2009, before rebounding to previously reached levels the following year whereas shipping lines activities dramatically dropped. We believe this is due in part to the fact that leasing is advantageous to shipping lines for both operational and financial reasons. Because export volumes are subject to a host of different factors, it can be difficult for shipping lines to predict accurately their container requirements at different ports. Leasing allows shipping lines to lower their capital expenditures and to adjust their container fleets to match seasonal variation and short-term peaks in demand. The availability of a fleet of containers for lease at strategic ports around the world reduces the need for a shipping line to maintain excess container capacity and therefore reduces its capital expenditures and preserves cash. We believe that, in the wake of the global economic slowdown, carriers are now focusing their capital expenditures on their core assets, namely ships and terminals. Shipping lines can rely on container lessors for a long-term supply of assets at a fixed rate that reflects the benefits of scale available to lessors as purchasers of containers. Additionally, lessors are able to provide lessees with a variety of other value-added attractive services, such as sale and leaseback transactions and/or finance leasing, both of which help shipping lines manage their balance sheets while effectively outsourcing to lessors the management of the transfer of their used containers.

Competition

The shipping container leasing sector is heavily consolidated: the top ten container leasing companies account for a significant proportion of the total containers in the world. The years 2015 and 2016 were marked by a concentration among the rental companies, with the disappearance of some big names among the top 10 worldwide. These giant mergers further extend the scope of operation of the rental companies, as well as the improvement of services and the value chain. Some smaller names have also disappeared or merged, thus reducing the share of companies outside the top ten to an even smaller percentage.

In parallel, the shipping industry itself has been consolidating for a number of years and further consolidation is expected, which could increase the portion of revenues that come from the largest shipping company customers. These two dynamics combine to create a highly competitive environment for lessors of shipping containers. In such a highly concentrated market, the key competitive advantage is to have a strong network and platform in order to ensure that the right asset is available at the right time, in the right place and at the right price. In addition, shipping lines allocate their supplies over a number of lessors to reduce concentration risk issues.

Our Shipping Containers division's key competitors include Triton International, Textainer group, Florens Container Leasing, Seaco, SeaCube Container Leasing, CAI International and Beacon Intermodal Leasing.

General presentation of the business

We manage a fleet of standard shipping containers that we own or manage on behalf of third-party investors. Additionally, we sell lightly used or second-hand shipping containers for primarily non-maritime shipping use. Based on the information available from other publicly listed companies, we believe that we are the 3rd largest asset manager of shipping containers in the world and the largest manager of shipping containers in continental Europe. We believe we are the 8th largest lessor of shipping containers in the world and the leading lessor in continental Europe based on the size of our fleet as of 31 December 2017. Our division has offices and/or representatives in several countries.

Shipping containers are highly standard, and therefore highly liquid, equipment. Containers are designed and built to meet norms set forth by the International Organization for Standardization ("ISO") and the World Customs Organization ("WCO"), among other international organizations. The industry-standard measurement unit is the Twenty-Foot Equivalent Unit ("TEU"), which compares the length of a container to a standard twenty-foot container. For example, a 20-foot container is equivalent to one TEU and a 40-foot container is equivalent to two TEU. Each container is identified by a unique seven-digit number that is registered with the Bureau International des Containers et du Transport Intermodal, a non-governmental organization that allocates codes to each container owner or operating company. These numbers, which are on a nameplate affixed to the doors of the container, enable the identification of the owner and the manufacturer of the container and the container's safe passage through customs under the mandate of the World Customs Organization.

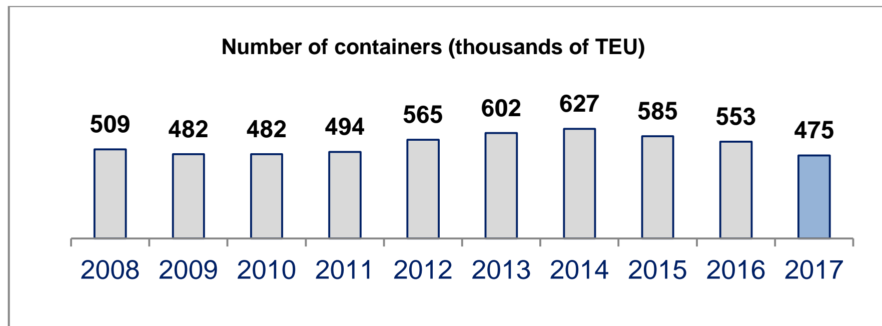
For the year ended 31 December 2017, revenue from our Shipping Containers division accounted for €109.3 million, equal to 52%, of our total revenue or 4% of our EBITDA. The container leasing and sales businesses are denominated in U.S. dollars, and both

acquisitions and leases are made in U.S. dollars. We believe that the recent decrease in value of the U.S. dollar with respect to the Euro, if sustained, will have a negative impact on the contribution of the Shipping Containers division to the revenue and assets of our Group going forward.

Our container fleet

As of 31 December 2017, we had a shipping container fleet of 475,027 TEU. The gross book value of our fleet was approximately €709.9 million as of 31 December 2017, of which 94% consisted of shipping containers that we managed on behalf of third-party investors.

The chart below shows the growth of our fleet of shipping containers from 31 December 2008 to 31 December 2017, in thousands of TEU:



The average utilization rate for our shipping container fleet was close to 97% for the year ended 31 December 2017.

The majority of our fleet comprises standard dry freight shipping containers. Standard dry freight shipping containers are typically 8 feet wide, come in heights of 20 feet, 40 feet or 45 feet and are either 8 or 9 feet tall. These types of containers are constructed of steel sides, a roof, an end panel on one end and a set of doors on the other end, a wooden floor and a steel undercarriage. They are used to carry general cargo, such as manufactured component parts, consumer staples, electronics and apparel. As of 31 December 2017, the average age of our shipping container fleet was 9.3 years. Our fleet is composed of containers acquired new, with a long useful lease period and assets acquired used from shipping lines.

Containers tend to have high residual values even after their usefulness in the maritime context has ended, since they can be adapted to a wide variety of uses onshore, such as for storage or refuse. Shipping containers typically have useful lives of up to 15 years at sea and up to an additional 20 years of useful life on land. New containers are typically leased under long-term leases, followed by a series of shorter-term leases of used containers. Our ability to re-lease a container at the end of its first lease depends on our Shipping Containers team’s market expertise and our global platform to ensure that containers that are off-lease are positioned in areas of high demand so that we are able to provide customers with products that meet their needs when and where they arise.

Our Products and Services

Our Shipping Containers division offers three principal types of services: leasing and related services, asset management and trading and sales, for our own containers and on behalf of third-party investors.

Leasing and related services

We offer a range of different types of leasing solutions for shipping companies. In 2017, revenue from leasing and related services accounted for €80.4 million, or 74%, of our overall Shipping Containers division revenue.

- Long-term leases are designed for customers seeking to secure a steady supply of containers at a steady price over the long-term. Lessees under these contracts undertake to lease a fixed number of containers for the duration of the lease at a fixed per diem rate. The initial contractual term of these leases generally varies from three to five years, although in certain cases it could be for as long as seven years. As of 31 December 2017, the average duration of our long-term leases, including renewals and extensions, was approximately 6.2 years. They are often renewed at the end of their initial term. Pricing is on a per diem basis and fixed for the duration of the lease. Our long-term lessees are typically responsible for the repair and maintenance of the shipping containers that they lease.

- Master leases are arrangements with customers that set up a flexible framework agreement whereby the customer may lease shipping containers on demand, with no minimum leasing period. These lease arrangements are designed to provide our customers with added flexibility. The terms and conditions set forth in a master lease are valid for a set period, typically one year, and provide the lessee with a more flexible arrangement than a long-term lease. For example, during the term of the master lease, the lessee may lease a container for a period as short as one day. Furthermore, the lessee may make drop-offs at a wider choice of locations. To compensate for this flexibility, the per diem rate, which is fixed for the term of the lease, is typically higher for master leases than they are for long-term leases. Master leases are predominantly used by lessees to satisfy container needs within a single region and less so for intercontinental needs. A master lease may be tacitly renewed at the end of its term.

- Finance leases are designed for customers that want to secure a steady supply of containers and finance their purchase in a manner distinct from traditional bank lending. These leases can range in duration from three to ten years. At the end of the lease and upon making a final balloon payment, the customer becomes the owner of the shipping container.

In connection with our finance leases, we generally engage in back-to-back transactions with financial institutions to manage our exposure to a client's credit risk.

- One-way leases are spot leases provided on a one-time-only basis to customers. We seek out opportunities to provide a one-way lease when it is advantageous to us to reposition a container to another port.
- Sale and leaseback arrangements are sale and leaseback agreements by which we purchase fleet to shipping companies in order to lease them back.

Generally, our shipping container lessees are responsible for the maintenance of the containers they have leased, as well as for their insurance. We typically are not liable for any loss, damage to property (including cargo) owned by the lessee or third parties arising out of the possession or use of a leased container. Further, contracts may not be terminated by the lessee unilaterally during the term of the lease.

Asset management

We provide management of shipping containers portfolio for private companies and other institutional investors. Through our dedicated asset management team, we identify and analyse investor objectives such as length of investment period, cost of financing, performance metrics, leverage level, dividend policy and asset and customer diversification preferences. The key metric for our investors is return on investment ("ROI"). When acquiring containers, our Shipping Container management team assembles a report that sets forth this analysis and the expected ROI levels to be derived from the shipment of containers.

We are mandated by our investors to build for them a portfolio of assets, which can comprise new shipping containers, existing containers in our rental fleet or containers subject to sale and leaseback arrangements or any combination thereof, that meet the investor's stated ROI objectives.

We enter into long-term management contracts with our investors, typically for a term of 12 to 15 years. Although we generally have already leased the containers to various lessees at the time we sell the portfolio to investors, generating a foreseeable cash flow stream for investors, we typically do not guarantee leasing rates or a rate of return on the portfolio to our investors.

During the life of the asset management contract, we manage the assets in the same manner that we manage our owned assets (that is, as if the assets in the portfolio did not belong to investors). At the inception of the contract, we receive a syndication fee that typically ranges from 2% to 5% of the book value of the containers being syndicated. During the leasing life of the container, we receive management fees of typically 5% to 10% of gross rental revenue. We receive incentive fees throughout the life of the contract upon the achievement of targeted ROI milestones. Upon an investor's divestment, we either repackage the portfolio for syndication to a new investor, sell the underlying assets on the second-hand market, or repurchase the portfolio for our own benefit. If we sell the assets at the investor's request, we typically earn a sales fee of typically between 5% and 15% of the sale price.

Asset pooling is a means of sharing both the risks and benefits of ownership of our leasing fleet. We include our owned assets and third-party owned assets of the same type and age in the same pool, in order to ensure our investors that our interests are aligned with theirs. Through this commingling, we are exposed to the danger of non-utilization of our assets to the same extent as our investors. In this way, our investors can take comfort that we are incentivised to manage syndicated equipment and manage our owned fleet in a similar manner.

We are able to track the performance of our assets under management through our proprietary fleet management platform. Our platform allows us to provide monthly reports to our investors on the status of our fleet, rental rates per type of asset, utilization rate, operating expenses and revenues attributable to an asset, to a lessee or to an investor. It also provides us with sophisticated tools that enable us to create "pools" of similar assets that allow the costs and revenues attributable to a particular unit to be distributed among various participants in a pool.

As of 31 December 2017, our assets under management for third parties had a gross book value of approximately €665.1 million, accounting for 94% of the gross book value of our fleet of shipping containers. Syndications in 2017 accounted for 5% of the revenues within the division.

Our shipping container investors are a limited number of private companies or institutional investors. During the years ended 31 December 2015, 2016 and 2017, 66.6%, 64.3% and 19% respectively, of our shipping container sales revenue came from a portfolio manager for thousands of individual investors and with whom we have had a relationship for more than 20 years.

Trading and Sales

We sell second-hand containers from our fleet that have reached the end of their useful life in the shipping transport industry, as part of our fleet renewal life cycle or when we believe it is financially attractive for us to do so, taking into account the location, sale price, cost of repair and possible repositioning expenses. To a limited extent, we sell containers for use in applications other than shipping transport. Our customers include Lotus, Trico, Interport Maintenance, Arnal, among others. In 2017, sales of equipment, excluding syndication, accounted for 21% of the total revenue for the division Our experienced Shipping Containers management team enables us to actively manage our fleet and seize second-hand sales opportunities as they arise.

River Barges Fleet Procurement

Consistent with market practice for all container lessors and the majority of shipping lines, we rely on third-party manufacturers to supply the shipping containers that make up our fleet. Production of shipping containers is highly concentrated. We estimate that three manufacturers serve about 75% of worldwide demand, with one manufacturer accounting for a little less than 50% of the global production alone in 2015.

Because of the dynamics of the shipping container industry and the relatively short lead time with which customers expect to be able to take delivery of a container once they have signed a lease agreement, we seek to have a supply of new containers available for immediate leasing on demand. As a result, in addition to the purchase of new containers in the ordinary course of business to replace ageing assets, we also purchase new containers for our leasing fleet to meet expected increases in customer demand. We have a policy limiting such non-replacement purchases to a cap of $25 million outstanding at any given time. As the case may be, we only purchase new assets if we have a leasing contract or syndication agreement in place.

We monitor the price of containers in order to purchase new containers opportunistically when we consider prices are attractive. The price of containers depends largely on the price of steel, which is the major component used in their manufacture. The price at which we lease our containers is strongly correlated with the price at which we have purchased the containers, in order to optimize the return on our investment. Nevertheless, because we regularly purchase containers in order to have a sufficient stock of containers ready to be leased upon customer demand, any effect of periodic fluctuations in container prices on our activity tends to level out with time.

The procurement cycle for a container is generally short. Manufacturers are usually able to provide us with a quote for containers meeting our specifications within two days, regardless of the size of our order. We negotiate terms such as price, the location and timing for delivery and payment terms. We benchmark the prices quoted with our general market intelligence, prevailing rental rates, historical price statistics and a cost analysis (based on steel prices at the time of the order as well as the exchange rate of the U.S. dollar to the Chinese Yuan). If we are able to negotiate satisfactory terms, we can take delivery of our order anywhere from one to three months after signing a purchase agreement. Production times can vary due to a number of factors, including the size of the order itself, general demand volume and the time of year.

On occasion, we enter into sale and leaseback arrangements, through which we purchase used containers from our customers and lease the containers back to them, thereby enabling our customers to continue using a portfolio of shipping containers while no longer carrying the containers on their balance sheets. Such arrangements also allow customers to effectively outsource the transfer of used containers to lessors, which tend to have a wider network of outlets for the sales of such containers. Lessees continue to be responsible for repair and maintenance of the containers they lease back.

Financing Our River Barges Fleet

We purchase containers for use in our rental fleet for the purpose of either owning them on our balance sheet or syndicating them to third-party investors for whom we manage such assets. As of 31 December 2017, 94% of the gross book value of our container fleet was owned by third-party investors and 6% was owned by our Group.

When we purchase containers for our owned equipment fleet, we finance such purchases through drawings under our revolving credit lines or purchase it with cash on hand.

When we purchase containers for syndication, on the other hand, the financing process takes place in multiple steps. We are party to our TCF Warehouse Facility, which is an asset-based revolving facility upon which we can draw against the value of our shipping containers. We typically first either incur debt on our balance sheet to purchase a container for syndication through a temporary drawing under our revolving credit lines or purchase it with cash on hand. Once the new container is rented out, we then refinance the container through a drawing under our dedicated TCF Warehouse Facility in anticipation of syndicating the container to a third-party investor, in effect a type of short-term bridge financing. The container will remain subject to the TCF Warehouse Facility until such time as we syndicate it to a third-party investor. Once the container is sold, the proceeds of the sale are used to repay the drawing under the TCF Warehouse Facility.

Management of our fleet

We believe that our ability to offer containers at the right place at the right time and at the right price is key to our success as a lessor. One of the main reasons why a shipping company may choose to lease rather than buy their own containers is to satisfy an imbalance of supply at key ports around the world, as the availability of a fleet of containers for lease at strategic ports around the world reduces the need for a shipping line to maintain excess container capacity and therefore reduces its capital expenditures and preserve cash.

To that end, we have developed a network of third-party owned and operated depots worldwide from which we can meet our customers' needs. As of 31 December 2017, we had over 200 of these depots serving our division in approximately 40 countries worldwide. The depots, which generally consist of a staging area, storage space for our containers and an area in which maintenance can be carried out, serve as a base from which we can deliver containers to a customer as well as a drop-off point for containers at the end of a lease. These depots are located close to ports, and at larger ports, we may have more than one depot.

We have a fleet management software platform that allows our master lease customers to indicate when and where they will need to pick up a container for lease.

This system allows us to ensure that we are able to match our container fleet supply to demand at ports around the world. Upon the return of a container, our system automatically routes the container to the depot at that port, where it is evaluated. We are also able to effect repairs at our depots on returned containers to ensure that they are suitable for reuse. Any such repairs at the end of a lease are done at the expense of the lessee.

Marketing

Our primary means of marketing our services is through our periodic participation in requests for tenders from shipping companies. In general, shipping companies put out calls for tenders in the fourth quarter of every year to address their anticipated container needs for the first half of the following year, and then again in May or June to fulfil their total requirements for the remainder of

the year. Shipping companies will specify the number and type of containers they will need, and where they will need them. Our decision to tender is based on our existing stock levels and our ability to purchase containers (if needed) to meet the company's requirements.

The bidding and contract negotiation process generally takes one to two months. We negotiate terms such as price, payment terms, the duration of the build-up period which is the period of time given to a customer to take delivery of its containers, the duration of the build-down period which is the period of time given to a customer to return its containers, handling charges, the replacement value of a lost container, the depreciation rate on the value of each container and the list of locations where the customer can return its containers at the end of the lease.

Our key customers

We lease to numerous shipping companies, including the 25 largest shipping companies in the world, many of which have a history of leasing from us that dates back over 20 years. These customers include Evergreen, Mediterranean Shipping Company, Hyundai Merchant Marine, CMA-CGM, Yang Ming, Hapag-Lloyd Container Line, 'K' Line, Maersk, Cosco, MOL and ZIM. In 2017, no single customer represented more than 15% of the leasing revenue in the division.

4. Residual sales activity of modular buildings

After transferring the European and American modular building leasing and sale activities, our modular building activity is only established in Morocco. We believe that a number of fundamentals make Africa a prime geographic market for modular buildings in a variety of industrial and public sector end-markets. For example, as oil and mining sites continue to proliferate, there will be sustained need for modular buildings to be used as on-site facilities for workers and supervisors. In addition to oil and mining, Africa generally has significant need for infrastructure, such as schools and hospitals, which we also believe will provide demand for modular buildings for use as such, or for use at construction sites. We believe that modular buildings are particularly well suited to African markets, where logistical difficulties and the cost and time constraints of traditional methods of construction can be prohibitive. In addition, the African market for modular building has the special characteristic of relying solely on the sale of modular buildings.

Modular buildings are typically used by customers in the construction industry for on-site facilities, such as offices, lodgings or changing rooms. We manufacture and sell modular buildings to customers in different regions of Africa.

Modular construction units are typically 3 meters in width and 6 meters in length, with steel frames that are mounted on a steel chassis. Modular buildings are structures composed of such units assembled in varying configurations to meet the needs of each customer. A single modular unit can be used on a standalone basis, or combined with others to make larger, more complex structures. Once assembled, modular buildings can be outfitted with materials used in conventional construction and can be equipped with electricity, running water, heating and air conditioning. Modular buildings can be used for a variety of purposes, such as construction site offices, classrooms, temporary and permanent office space, sales offices, utility sheds and social and emergency accommodation.

We sell new modules manufactured by TOUAX, according to the specifications of our customers.

We supply our customers in Africa from our plant in Morocco, and which has a production capacity of approximately 4,500 units per year.

6.1.2. New product or service

Not applicable

6.2. Key markets

See page 13 and paragraph 6.1.1.

6.3. Exceptional events

Not applicable

6.4. Dependence on patents, licenses and contracts

Not applicable

6.5. Competitive position

See pages 4 to 9 and paragraph 6.1.1.

7. ORGANIZATION CHART

7.1. SUMMARY DESCRIPTION OF THE GROUP

TOUAX SCA is a mixed holding company. As such, TOUAX SCA records interests in its French and international subsidiaries. TOUAX SCA is active in the French real-estate business, and provides consulting services to its subsidiaries.

There is no functional dependence between the Group's businesses. There is a certain degree of functional dependence between companies within the same division, particularly asset financing companies, asset production companies, and distribution companies.

In the Freight Railcars and Shipping Containers activities, the assets are held by financing companies (SPV) and managed by a distribution company ('*servicer*'). In the River Barges activity, each subsidiary holds its own assets intended for leasing and sale.

There are no significant risks arising from the existence of any notable influence by minority shareholders on the Group's subsidiaries as regards the financial structure of the Group, particularly concerning the location and association of assets, cash and financial debts in connection with agreements governing joint control.

To the best of our knowledge, there are no restrictions either on cash flows from the subsidiaries to the parent company or on the use of cash, except for jointly controlled subsidiaries and certain finance companies that benefit from dedicated reserves.

TOUAX SCA finances business activities using loans and current accounts. Since 2013, the Company has set up a manual cash centralisation system for the majority of its subsidiaries, with treasury agreements for each of them. The amounts of current accounts with each of the subsidiaries may be significant and are included in the notes to the parent company accounts of TOUAX SCA.

7.2. GROUP ORGANIZATION CHART

A list of all the Group's consolidated subsidiaries is presented on note 2.2 page 82 of the notes to the consolidated financial statements. The subsidiaries of TOUAX SCA are described in the table of subsidiaries and shareholdings on note 26.6 page 125 of the notes to the company financial statements.

The Group's two major subsidiaries in terms of revenue are TOUAX Container Leasing Pte Ltd, a Singaporean company and TOUAX Rail Ltd, an Irish company.

TOUAX Container Leasing Pte Ltd is a shipping container leasing business serving almost all of our customers throughout the world and it manages the TOUAX container fleet. Its business is significant in view of the large amount of equipment for leasing. TOUAX Rail Limited has a freight railcar leasing and sales business in Europe and it manages TOUAX's European freight railcar fleet.

The organization chart below is a simplified organization chart of the main operational companies of the Group classified by business activity. The percentages shown are rounded and correspond to the percentage of capital control, direct or indirect, of these entities by TOUAX SCA, parent company.

TOUAX SCA, parent company	Country	Percentage held by parent	Company purpose
TOUAX Corporate SAS	**France**	**100%**	**Service company**
TOUAX UK Ltd	**United Kingdom**	**100%**	**Service company**
Freight Railcars business			
TOUAX Rail Ltd	**Ireland**	**100%**	**Leasing and sale of freight wagons**
TOUAX Texmaco Railcar leasing Pte	India	39%	Leasing of railcars
CFCL TOUAX Llc	USA	51%	Leasing and sales of railcars
River Barges business			
TOUAX River Barges SAS	**France**	**100%**	**Leasing and sale of river barges**
TOUAX Leasing Corp.	USA	100%	Leasing and sale of river barges
TOUAX Hydrovia Corp.	Panama	100%	Leasing and sale of river barges
Eurobulk Transport Maatschappij BV	Netherlands	100%	Leasing/chartering of river barges
CS de Jonge BV	Netherlands	100%	Leasing/chartering of river barges
Shipping Containers business			
TOUAX Container Services SAS	**France**	**100%**	**Service company**
TOUAX Container Leasing Pte Ltd	Singapore	100%	Leasing of shipping containers
TOUAX Container Investment Ltd	Hong Kong	100%	Sale of shipping containers
TOUAX Corp.	USA	100%	Leasing and sale of shipping containers
Gold Container Corp.	USA	100%	Leasing and sale of shipping containers
Modular Building activity			
TOUAX MAROC SARL	Morocco	51%	Sale of modular buildings
RAMCO SARL	Morocco	51%	Leasing of modular building
TOUAX Industrie Modulaire Algérie	Algeria	25%	Sale of modular buildings

8. Real Estate, Plant and Equipment

8.1. Tangible fixed assets

The Group is an operational leasing expert for mobile and standardized equipment. It currently has little goodwill (€5.1 million) or intangible assets (€0.9 million) compared to fixed assets (€287.6 million), financial lease receivables (€1.4 million) and inventories (€23.9 million), with fixed assets, financial lease receivables and inventories also representing equipment belonging to the Group that is leased (freight railcars, river barges and shipping containers).

In addition to equipment leased, the Group operates a modular construction assembly site in Morocco. This site is mainly comprised of assembly tools and equipment whose value is insignificant compared to the leased equipment. It should be noted that the land and buildings are the property of the Group. There are no major charges (refitting, security, safety etc.) relating to these facilities or the leased equipment.

The breakdown of fixed assets and intangible assets is given in the notes to the consolidated financial statements on note 17 and note 18 page 95.

8.2. Environmental policy

The Group's environmental policy is explained in the report on corporate social and environmental responsibility in paragraph 26.2 page 167 and the risks of climate change are listed in paragraph 4.3.14 page 26.

9. Analysis of the Financial Position and Income

9.1. Financial position

The review of the Group and the company's financial position is presented in the management report paragraph 26.1 page 144.

9.2. Operating income

The review of the Group and the company's financial position is presented in the management report paragraph 26.1 page 144.

9.2.1. Unusual factors

Not applicable

9.2.2. Major changes

Not applicable

9.2.3. Governmental, economic, budgetary, monetary and political factors

Not applicable

10. Cash and Capital

10.1. Group capital

The Group's financial resources and cash flow are detailed in the notes to the consolidated financial statements (paragraph 20.1 note 24 page 100, note 32.3 page 106 and note 32.4 page 107).

10.2. Cash flow

The Group's cash flow is described and explained in the cash flow statement in the consolidated financial statements in paragraph 20.1 page 64).

10.3. Borrowing conditions and financing structure

The Group uses a wide range of instruments to meet its financing requirements:

- spot (364 days) and overdraft lines are used for one-time financing of working capital requirements;
- revolving lines drawn by note are used for the general needs of the Group and occasionally for the pre-financing of the assets (these lines make it possible to build portfolios of assets of significant amounts before long-term financing or transfer to third-party investors);
- bond loans used for general purposes and the Group's medium-term business;
- short term "bridge" lines to ensure the liquidity of the group and enable the implementation of long-term projects ;
- medium long-term loans and lines for financing assets with recourse (leasing, financial leasing, etc.) are used for financing assets kept by the Group;

- non-recourse credit lines are used for pre-financing assets (shipping containers and freight railcars) as well as the long-term financing of equipment that the Group wishes to keep on its Balance Sheet.

The note 24 of the notes to the consolidated financial statements page 100 gives further details about borrowing conditions and the financing structure.

10.4. Restriction on the use of capital that has had or could have a significant direct or indirect effect on the issuer's operations

To the best of our knowledge, there are no restrictions on the cash flow of subsidiaries wholly-owned by the Group to the parent company, nor any restrictions on the use of this cash, with the exception of finance companies and subject to the compliance with certain financial ratios presented in the note 24.1.3 of the notes to the consolidated financial statements page 101.

The balances of cash and cash equivalents shown on the Group's balance sheet on 31 December 2017 amount to €29.9 million and include €17.9 in cash that is not available for the Group's daily cash management. This balance corresponds for an amount of €2 million to contractual reserves on asset financing companies, and €15.9 million to the Cash-flow of companies not 100% owned.

10.5. Expected sources of financing in order to meet investment commitments

The financing sources are detailed in the firm investment commitments in paragraph 5.2.3 page 33.

11. Research and development, patents and licenses

In its Freight Railcar, River Barge and Shipping Container businesses, the Group prefers to buy and lease standardized products and it has deliberately therefore not invested in research and development for patents and licences for innovative products.

12. Trend information

12.1. Key trends as of the date of the reference document

The main trends are detailed in the management report paragraph 26.1 page 144 and in the presentation of the Group's outlooks presented at the SFAF meeting of 28 March 2018 detailed in paragraph 28.3 page 205.

12.2. Known trends, uncertainties, requests, any commitments or events likely to significantly affect the current financial year

Global production in 2017 accelerated to 3.7%, thanks to Europe and Asia in particular. The recovery in the global economy became stronger in the last months of 2017 as a result of increased investment in developed countries and manufacturing production in Asia.

Forecasts for 2018 look to be at better levels than 2017, 3.9% for the International Monetary Fund (IMF) and 3.1% for the World Bank.

While growth drivers are good in the short term, there are however some concerns for the medium term. The World Trade Organisation and the IMF expect monetary policy in developed countries to become tighter and that this poses a significant threat to growth. The World Bank explains a certain slowdown by a low level of investment combined with an erosion of productivity gains.

Transport businesses benefit from worldwide geographical diversification and different cycles. TOUAX expects an improvement in its utilization rates and leasing rates. In Europe more specifically, we are seeing a recovery in activity. The Group is still active in certain developing areas, particularly in Asia. A presentation of the forecasts for the Group given at the Financial Analyst Meeting on 28 March 2018 is detailed in paragraph 28.3 page 205.

13. PROFIT FORECASTS OR ESTIMATES

13.1. MAIN ASSUMPTIONS

Not applicable

13.2. AUDITOR'S REPORT – FORECASTS

Not applicable

13.3. BASIS FOR FORECAST

Not applicable.

13.4. CURRENT FORECAST

Not applicable.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND THE GENERAL MANAGEMENT

14.1. CONTACT DETAILS FOR ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND THE GENERAL MANAGEMENT

The administrative, management and supervisory bodies are presented in the Report of the Chairman of the Supervisory Board in paragraph 27.2 page 187.

14.2. CONFLICTS OF INTEREST BETWEEN THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT

Conflicts of interest are presented in the Report of the Chairman of the Supervisory Board in paragraph 27.2 page 187.

15. REMUNERATION AND BENEFITS

15.1. COMPENSATION OF CORPORATE OFFICERS

15.1.1. Remuneration of the executive directors

Terms of determination of remuneration

The remuneration of the Managing Partners is specified in article 11.5 of the articles of association, which stipulates:

"*Each Managing Partner's annual remuneration in connection with the general social security scheme is determined as follows*:

A fixed portion amounting to €129,354, together with benefits in kind up to a limit of 15% of the fixed salary, it being specified that this amount does not include attendance fees, payments or repayments of expenses received by the Managing Partners in respect of corporate mandates or duties performed in any of the company's subsidiaries, up to a limit of €80,000 per Managing Partner;

A gross amount of €850 per day during business trips outside France, as a family separation allowance;

The General Partners may only adjust these amounts within the limit of the cumulative change in the annual inflation rate published by the French national institute of statistics and economic studies (INSEE).

A variable portion not exceeding 0.50% of the TOUAX Group's consolidated EBITDA, after deducting the leasing income due to investors. For the purposes of this calculation, it is specified that the EBITDA is the consolidated gross operating surplus after deducting net operating provisions. »

The remuneration of the Managing Partners is revised annually in accordance with the provisions of the Articles of Association.

Any changes to their remuneration require the approval of the General Meeting of Stockholders and the express, written and unanimous agreement of the General Partners. »

The most recent change agreed at the General Meeting of June 18, 2008, was for the reduction of the Managing Partners' variable portion of the remuneration to 0.5 % of the Group's consolidated EBITDA less the leasing revenues owed to investors, instead of the previous 1 % rate.

The methods of remuneration of the Managing Partners are explained in the Supervisory Board report, in section 4.2 of paragraph 27.2, page 189.

Global remuneration

Table summarising the remuneration, options and shares attributed to each corporate officer (€ thousands)	2017	2016
Raphaël WALEWSKI - Managing Partner		
Remuneration due for the financial year	**416,5**	541,7
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**416,5**	541,7
Fabrice WALEWSKI - Managing Partner		
Remuneration due for the financial year	**443,2**	553,1
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**443,2**	553,1

Table summarising the remuneration of each corporate officer (€ thousands)				
	2017		2016	
Raphaël WALEWSKI **Managing Partner**	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration & attendance fees	186,9	186,9	193,8	193,8
Annual variable remuneration	134,3	128,4	224,5	119,7
Multi-year variable remuneration				
Exceptional remuneration				
Travel allowance	91,6	91,6	119,7	119,1
Benefits of any kind	3,7	3,7	3,7	3,7
TOTAL	**416,5**	**410,6**	**541,7**	**436,3**
	2017		2016	
Fabrice WALEWSKI **Managing Partner**	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration & attendance fees	186,9	186,9	193,8	193,8
Annual variable remuneration	134,3	129,1	224,5	131,6
Multi-year variable remuneration				
Exceptional remuneration				
Travel allowance	118,8	118,7	131,6	116,2
Benefits of any kind	3,2	3,2	3,2	3,2
TOTAL	**443,2**	**437,9**	**553,1**	**444,8**

TOUAX provides the Managing Partners with the necessary equipment to perform their duties (car, mobile phone, computer, etc.).

Stock purchase or subscription options granted

No stock options were attributed to the executive directors

Free or performance-related shares

No performance-related shares or free shares were attributed to executive directors during the financial year or in a previous financial year.

Equity warrants

No equity warrants (free of charge) under Articles L.225-197-1 et seq. of the French Commercial Code were attributed to the corporate officers during the financial year.

More generally, no equity securities, debt securities or securities giving access to capital or entitlement to the allocation of debt securities were allocated to the corporate officers of the company or of the companies mentioned in Articles L.228-13 and L.228-93 of the French Commercial Code during the 2017 fiscal year. The Managing Partners are not stockholders of TOUAX SCA.

15.1.2. Remuneration of members of the supervisory board

(€ thousands) Name	Position	Nature of the remuneration	**2017**	2016
Jérôme Bethbeze	SB member	attendance fees	11,9	12,3
Jean-Jacques Ogier		attendance fees		9,3
François Soulet de Brugière	SB member	attendance fees	8,9	9,3
Marie Filippi	SB member	attendance fees	8,9	6,8
Sylvie Perrin	SB member	attendance fees	8,9	6,8
Julie de Germay	SB member	attendance fees	6,6	
Alexandre WALEWSKI	president of the SB	attendance fees	17,8	18,5
TOTAL ATTENDANCE FEES			**63,0**	**63,0**
($ thousands)				
Alexandre WALEWSKI	president of the SB	other remuneration	192,7	192,7

The rules for allocating attendance fees are specified in the Supervisory Board's report to the section 4.4.5 of paragraph 27.2 page 195.

The members of the Supervisory Board do not receive any remuneration other than the attendance fees, apart from the fixed allowance that Alexandre WALEWSKI receives to cover expenses incurred in the course of his duties as Chairman of the Supervisory Board. This allowance amounts to $48,175 per quarter in 2017, as it did in 2016.

No equity securities, debt securities or securities giving access to capital or entitlement to allocation of debt securities were allocated to the members of the Supervisory Board of the company or of the companies mentioned in Articles L.228-13 and L.228-93 of the French Commercial Code during the 2017 financial year.

15.2. Pension and other benefits

The General Partners benefit from the same pension scheme as the other managers of the Group. The Group has no "umbrella" pension scheme. They do not have supplementary pension plans.

The Directors shall not be entitled to any remuneration, indemnities or benefits due or likely to be due as a result of the taking, terminating or changing their position or subsequent thereto. The managers are also not entitled to any indemnities relating to a non-competition clause.

The Managing Partners have no labour contract with TOUAX SCA.

16. Operation of the administrative and management bodies

16.1. Duration of office

The operation of the administrative and management bodies is presented in the Supervisory Board report paragraph 27.2 page 187.

16.2. Regulated agreements

Regulated agreements are listed in the management report section 2.2 page 160 and included in the auditors' report paragraph 20.5.3 page 135. Information on related parties appears note 33 in the notes to the consolidated financial statements page 109.

16.3. Information on the various committees

The report by the Chairman of the Supervisory Board sets out the functioning and organisation of the audit committee in section 4.4.6 of paragraph 27.2 page 195.

16.4. Statement of conformity with the corporate governance scheme

The statement of conformity with the company's governance system is presented in the Supervisory Board report paragraph 27.2 page 187, with the Group referring to the Middlenext Code.

17. EMPLOYEES

17.1. BREAKDOWN IN THE WORKFORCE

The breakdown in employees by geographic location and business segment as of 31 December 2016 is as follows:

	Freight railcars		River Barges		Shipping Containers		Modular Buildings		Central Services		TOTAL	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	2016
Europe	51	50	9	9	21	23	1	624	26	34	108	740
Asia					12	11					12	11
Africa							107	103			107	103
N & S America				1	6	8		24	3	3	9	36
TOTAL	**51**	50	**9**	10	**39**	42	**108**	751	**29**	37	**236**	890

The paragraph 1 in section 26.2 page 168 details the Group's social information.

17.2. PROFIT-SHARING AND STOCK OPTIONS

The main profit sharing for the managing partners, general partners, and directors are detailed in chapter 18 page 60of the reference document with the profit sharing of Alexandre Walewski (Chairman of the Supervisory Board), Fabrice Walewski (Managing Partner), Raphaël Walewski (Managing Partner), SHGP (management & participation holding company— general partner), and SHGL (leasing & management holding company— general partner).

The company has not issued any stock options.

17.3. EMPLOYEE PARTICIPATION IN THE CAPITAL

In 2012 an employee profit-sharing scheme and a compulsory profit-sharing agreement were put in place for all French entities. These two systems do not give entitlement to capital shares. In 2017, no participation or profit sharing was paid.

TOUAX SCA does not have an employee shareholding scheme.

18. MAIN SHAREHOLDERS

18.1. BREAKDOWN IN CAPITAL AND VOTING RIGHTS

There are no categories of shares or securities which do not represent capital. There is no treasury stock (TOUAX SCA shares held by its subsidiaries). The amount of TOUAX SCA shares held by TOUAX SCA is insignificant (see section on own shares held).

Distribution of capital and voting rights as of 31 December 2017

Shareholders	No. of shares	% of capital	No. of voting rights	% in voting rights	of which double voting rights
Alexandre WALEWSKI	814 854	11,62%	814 861	10,22%	14
SHGL	656 586	9,36%	1 122 504	14,08%	931 836
SHGP	746 671	10,65%	1 226 472	15,39%	959 602
Total Majority Group	**2 218 111**	**31,64%**	**3 163 837**	**39,69%**	**1 891 452**
Qaero - Argos*	372 550	5,31%	372 550	4,67%	
Public - registered securities	40 497	0,58%	53 892	0,67%	26 790
Public - bearer securities	4 380 389	62,47%	4 380 389	54,96%	
TOTAL	**7 011 547**	**100,00%**	**7 970 668**	**100,00%**	**1 918 242**

** to the knowledge of TOUAX*

TOUAX SCA is controlled by the WALEWSKI Family. SHGL (Leasing and Management Holding Company) and SHGP (Management and Investment Holding Company) are the two General Partners of TOUAX SCA and are respectively wholly owned by Raphaël and Fabrice WALEWSKI. The Managing Partners are not stockholders of TOUAX SCA.

It should be noted that Alexandre, Fabrice and Raphaël WALEWSKI, SHGL, and SHGP act in concert and jointly own 31.64% of TOUAX SCA, representing 39.69 % of the voting rights on 31 December 2017.

TOUAX SCA does not have an employee shareholding scheme.

The different types of voting rights are described in paragraph 18.2 below.

Breakdown of shares

As of 31 December 2017, 32.1 % of the shares issued by TOUAX SCA were registered, and the remainder were bearer shares. 98.6% of registered shares are held by persons residing outside France.

Number of shareholders

The company does not regularly ask for reports on identifiable bearer shares and therefore does not know the exact number of shareholders. On 31 December 2017, there were 58 registered stockholders. During the last Combined General Meeting on 21 June 2017, the chairman received 4 proxies, 23 shareholders sent an appointed person as their proxy or sent postal voting forms and 41 shareholders were present including the General Partners.

Declarations and information to the AMF

In accordance with the Banking and Financial Regulation Act of 22 October 2010, the threshold for the obligation to file a draft takeover bid was lowered on 1 February 2011 from one third to 30% of the capital and voting rights. A so-called grandfather clause applies for an unlimited period to shareholders who held between 30% and one third of the capital and voting rights on 1 January 2010: the previous threshold (33.33%) for a compulsory takeover bid will apply to these shareholders, provided that their interest remains between these two thresholds (Article 234-11 paragraph 1 of the General Regulation of the AMF).

The WALEWSKI family alliance, comprising Alexandre WALEWSKI, SHGL (Holding de Gestion et de Location) and SHGP (Holding de Gestion et de Participation), which held an interest of between 30% and 33.33% on 1 January 2010 (31.13% of the capital representing 35.75% of the voting rights on this date) is affected by the provisions of Article 234-11 paragraph 1 of the General Regulation of the AMF published on 18 July 2011 in Notice No. 211C1275.

In other words, if the alliance exceeds the threshold of one third of the capital, it will be obliged to file a compulsory draft takeover bid.

By a declaration dated 23 October 2017, the Arbevel Financial company declared that it had gone above the threshold of 5% of the capital for a total of 4.82% of the capital of TOUAX SCA and 4.24% of the voting rights.

To the knowledge of TOUAX, all of the shareholders who hold more than 5% of the share capital or voting rights are mentioned in the table above.

Changes in the shareholding

Shareholders	31/12/2017		31/12/2016		31/12/2015	
	Share capital %*	Voting rights %*	Share capital %*	Voting rights %*	Share capital %*	Voting rights %*
Alexandre WALEWSKI	11,62%	10,22%	11,62%	10,22%	9,38%	7,99%
SHGL	9,36%	14,08%	9,36%	14,08%	10,74%	15,90%
SHGP	10,65%	15,39%	10,65%	15,38%	10,98%	16,31%
Total WALEWSKI concert	**31,64%**	**39,69%**	**31,64%**	**39,68%**	**31,09%**	**40,20%**
Treasury shares	0,10%	0,08%	0,08%	0,07%	0,22%	0,19%
Zenlor					5,21%	4,44%
Financière Arbevel			6,14%	5,40%		
Qaero - Argos	5,31%	4,67%	5,31%	4,67%		
Public (nominative and bearer)	62,95%	55,56%	56,83%	50,18%	63,48%	55,17%
TOTAL	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**

* To the knowledge of TOUAX

18.2. VARIOUS VOTING RIGHTS

Double voting rights

Double voting rights are granted for registered shares held for at least five years by the same shareholder. Furthermore, free shares allocated on the basis of old shares with double voting rights also feature double voting rights. This clause is stipulated in the company's Articles of Association.

Limitation of voting rights

The company's shares do not have any limitation of voting rights, except where stipulated by law.

18.3. DESCRIPTION OF THE TYPE OF CONTROL

The TOUAX Group is a partnership limited by shares under French law which by nature is controlled by the general partners. It has two general partners: SHGP (management & participation holding company) and SHGL (leasing & management holding company). These two companies belong respectively to Fabrice and Raphaël WALEWSKI.

Furthermore, Alexandre WALEWSKI, SHGP and SHGL acted in concert in 2017. This alliance is a de facto alliance that was established in 2005 during the conversion into a partnership limited by shares under French law. In total, on 31 December 2017 this alliance held 31.64% of the shares and 39.69% of the voting rights.

A change of control requires, therefore, a change in the composition of both general partners and limited partners.

The Supervisory Board provides ongoing supervision of the management of Managers but cannot intervene in the management of the company.

The Group is committed to respecting the governance rules recommended by the Middlenext Code and even goes further with a majority of independent members on the Supervisory Board.

The general partners cannot participate in the vote regarding the appointment of members of the Supervisory Board at an annual general meeting.

Finally, the Supervisory Board produces a report on the conduct of company affairs and on the financial statements at the Annual General Meeting.

18.4. AGREEMENT THAT MAY RESULT IN A CHANGE OF CONTROL

There is no shareholder pact type agreement providing preferential conditions for the sale or purchase of shares likely to be transmitted to the French Financial Markets Authority (AMF).

18.5. TREASURY SHARES

Description of the share buyback program

As of 31 December 2017, the company held 6,674 of its own shares, i.e. 0.10% of the capital. These shares were acquired following the stock redemption programme decided by the Combined General Meeting of 21 June 2017, in order to:

- ensure market stabilization and liquidity of the TOUAX SCA share through a liquidity agreement, compliant with the code of ethics recognized by the AMF, and entered into with an investment services provider;
- Grant either share purchase options or shares for no consideration to the employees and/or management of the TOUAX Group
- Agree to hedge securities giving the right to grant company shares within the scope of current regulations
- retain the shares bought, and use them later for trading or as payment in connection with external growth operations, it being stated that the shares acquired for this purpose cannot exceed 5% of the share capital;
- cancel the shares.

During the 2017 financial year, 160,987 shares were purchased and 159,992 shares sold under the liquidity agreement, the sole aim being to buoy the market and ensure the liquidity of TOUAX securities.

The transactions are summarized in the following table:

Statement by TOUAX SCA of the transactions carried out on its own shares as of 28 February 2018	
Percentage of capital directly or indirectly held by Touax SCA	0,10%
Number of shares cancelled during the last 24 months:	
Number of securities held in portfolio:	7 315
Book value of portfolio (€)	71 285,79
Market value of portfolio (€)	78 270,50

The treasury stock held by the Group is registered at its acquisition cost as a deduction from shareholders' equity. Gains from the disposal of these shares are stated directly as an increase in shareholders' equity, such that capital gains or losses do not affect the consolidated earnings, in accordance with accounting standards.

The description of the share buyback program submitted for authorisation by the Annual General Meeting of 20 June 2018 is detailed in section 3 of the management report paragraph 26.1 page 166.

Liquidity agreement

TOUAX SCA and GILBERT DUPONT entered into a market-making agreement on October 17 2005. A liquidity account was created for transactions in order to improve the liquidity of the TOUAX share.

Securities management - pure registered and administered shareholders

CM-CIC Securities provides the share service for TOUAX SCA. The share service involves keeping a list of pure registered and administered share accounts and managing all associated formalities. Further information can be obtained from CM-CIC Market Solutions–6, avenue de Provence –75009 PARIS.

19. RELATED PARTY TRANSACTIONS

The Group has not entered into any significant transactions with related parties other than those described in the Notes to the consolidated financial statements 20.1 note 33 page 109 (see the auditors' report on regulated agreements and commitments, paragraph 20.5.3 page 135).

20. Financial information concerning the issuer's assets, financial position and result

20.1. Consolidated financial statements

The consolidated financial statements of TOUAX SCA are presented in accordance with International Financial Reporting Standards (IFRS).

In accordance with IFRS 5 (as of 30 June 2017), European and US Modular Buildings activities are presented as discontinued operations.

In practice, revenues and expenses from discontinued operations have been treated as follows:

- The contribution to each line of the TOUAX consolidated income statement is grouped under "Net income from discontinued operations" over the periods presented;
- In accordance with IFRS 5, these restatements are applied to all periods presented in order to make the information consistent.

Consolidated income statement presented by function at December 31 note n°	*(€ thousands)*	2017	2016
	Leasing revenue	146 103	147 111
	Sales of equipment	65 826	85 549
	TOTAL REVENUE	**211 929**	**232 660**
	Capital gain (loss) on disposals	1 482	209
5	**Revenue from ordinary activities**	**213 411**	**232 869**
	Cost of sales	(59 908)	(77 454)
	Operating expenses	(42 975)	(51 729)
	Selling, general and administrative expenses	(21 875)	(22 585)
	GROSS OPERATING MARGIN (EBITDAR)	**88 653**	**81 101**
10	Depreciation, amortization and impairments	(19 314)	(17 601)
	OPERATING INCOME before distribution to investors	**69 339**	**63 500**
11	Net distributions to investors	(61 787)	(57 882)
	CURRENT OPERATING INCOME	**7 552**	**5 618**
12	Other revenues (expenses), net	(6 632)	(2 519)
	OPERATING INCOME	**920**	**3 099**
	Interest income	78	146
	Interest expense	(10 825)	(9 453)
	Net interest expense	**(10 747)**	**(9 307)**
	Other financial income (expenses), net	1 410	(1 415)
13	**NET FINANCIAL EXPENSE**	**(9 337)**	**(10 722)**
	Profit (loss) of investments in associates	(65)	2 058
	PROFIT BEFORE TAX	**(8 482)**	**(5 565)**
14	Income tax benefit (expense)	(53)	(473)
	Net income from retained operations	(8 535)	(6 038)
	Net income from discontinued operations	(9 176)	(7 664)
	NET INCOME OF CONSOLIDATED COMPANIES	**(17 711)**	**(13 702)**
	Including portion attributable to:		
	- Non-controlling interest (minority interests) in retained operations	(3 145)	(2 124)
	- Non-controlling interest (minority interests) in discontinued operations	3 474	5
	CONSOLIDATED NET INCOME (LOSS)	**(18 040)**	**(11 583)**
	Including income from retained operations	(5 390)	(3 914)
	Including income from discontinued operations	(12 650)	(7 669)
15	**Net earnings per share (euro)**	**(2,58)**	**(1,82)**
15	**Diluted net earnings per share (euro)**	**(2,58)**	**(1,82)**

The application of IFRS 5 results in the restatement of the consolidated financial statements for the periods presented (see note 3).

note n°	Consolidated income statement, presented by type at 31 December (€ thousands)	2017	2016
	REVENUE	**211 929**	**232 660**
	Capital gain (loss) on disposals	1 482	209
5	**Revenue from ordinary activities**	**213 411**	**232 869**
6	Other purchases and external charges	(109 544)	(132 008)
7	Staff Costs	(15 935)	(15 747)
8	Other operating revenues and expenses	(2 491)	(2 709)
	GROSS OPERATING PROFIT	**85 441**	**82 405**
9	Operating provisions	3 212	(1 304)
	GROSS OPERATING MARGIN (EBITDAR)	**88 653**	**81 101**
10	Depreciation, amortization and impairments	(19 314)	(17 601)
	OPERATING INCOME before distribution to investors	**69 339**	**63 500**
11	Net distributions to investors	(61 787)	(57 882)
	CURRENT OPERATING INCOME	**7 552**	**5 618**
12	Other operating income and expenses	(6 632)	(2 519)
	OPERATING INCOME	**920**	**3 099**
	Interest income	78	146
	Interest expense	(10 825)	(9 453)
	Net interest expense	**(10 747)**	**(9 307)**
	Other financial income (expenses), net	1 410	(1 415)
13	**NET FINANCIAL EXPENSE**	**(9 337)**	**(10 722)**
	Profit (loss) of investments in associates	(65)	2 058
	PROFIT BEFORE TAX	**(8 482)**	**(5 565)**
14	Income tax benefit (expense)	(53)	(473)
	Net income from retained operations	(8 535)	(6 038)
	Net income from discontinued operations	(9 176)	(7 664)
	NET INCOME OF CONSOLIDATED COMPANIES	**(17 711)**	**(13 702)**
	Including portion attributable to:		
	- Non-controlling interest (minority interests) in retained operations	(3 145)	(2 124)
	- Non-controlling interest (minority interests) in discontinued operations	3 474	5
	CONSOLIDATED NET INCOME (LOSS)	**(18 040)**	**(11 583)**
	Including income from retained operations	(5 390)	(3 914)
	Including income from discontinued operations	(12 650)	(7 669)
15	**Net earnings per share (euro)**	**(2,58)**	**(1,82)**
15	**Diluted earnings per share (euro)**	**(2,58)**	**(1,82)**

The application of IFRS 5 results in the restatement of the consolidated financial statements for the periods presented (see note 3).

Comprehensive income statement for the year *(€ thousands)*	**2017**	2016
Consolidated net income (loss)	**(17 711)**	**(13 702)**
Other items of comprehensive income, net of taxes		
Translation adjustments	(4 090)	1 346
Translation adjustments on net investment in subsidiaries	(637)	(145)
Profits and losses on cash-flow hedges (effective part)	323	847
Profits and losses on cash flow hedges for the share of companies accounted for by the equity method		(93)
Tax on comprehensive income	(126)	(3)
Total items that may be subsequently reclassified to profit or loss	**(4 530)**	**1 952**
including non-controlling interests (minority interests)	(495)	408
including holders of the parent company	(4 035)	1 544
Net income for the financial year		
including non-controlling interests (minority interests)	329	(2 119)
including holders of the parent company	(18 040)	(11 583)
	(17 711)	**(13 702)**
Global income for the financial year		
including non-controlling interests (minority interests)	(166)	(1 711)
including holders of the parent company	(22 075)	(10 039)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(22 241)**	**(11 750)**

Consolidated balance sheet on 31 December			
note n°	*(€ thousands)*	**2017**	2016
	ASSETS		
16	Goodwill	5 101	26 789
17	Intangible assets	874	1 227
18	Fixed assets	287 645	454 874
19	Long-term financial assets	9 775	4 177
19	Equity investment		10 436
19	Other non-current assets	4 016	5 462
14	Deferred tax assets	341	964
	TOTAL non-current assets	**307 752**	**503 929**
20	Inventory and Work in Progress	23 908	37 026
21	Trade receivables, net	29 575	51 548
22	Other current assets	7 099	12 747
23	Cash and cash equivalents	29 863	28 015
	TOTAL current assets	**90 445**	**129 336**
	TOTAL ASSETS	**398 197**	**633 265**
	LIABILITIES		
	Share capital	56 092	56 092
	Hybrid capital	50 161	50 161
	Reserves	24 483	44 609
	Profit (loss) for the fiscal year, Group's share	(18 040)	(11 583)
	Equity attributable to owners of the parent company	**112 696**	**139 279**
	Non controlling interests (minority interests)	23 997	17 470
25	**Consolidated shareholders' equity**	**136 693**	**156 749**
24	Loans and borrowings	123 180	224 439
14	Deferred tax liabilities	1 860	9 555
27	Employee benefits	198	556
28	Other long-term liabilities	2 627	4 940
	TOTAL non-current liabilities	**127 865**	**239 490**
26	Provisions	164	3 607
24	Loans and borrowings	87 741	140 378
29	Trade payables	12 278	27 613
30	Other current liabilities	33 456	65 428
	TOTAL current liabilities	**133 639**	**237 026**
	TOTAL LIABILITIES	**398 197**	**633 265**

Change in consolidated shareholders' equity

(€ thousands)	Share capital (2)	Premiums (2)	Consolidated reserves	Conversion reserves	Variation in the fair value of derivatives (swaps) (1)	Comprehensive income for the year	TOTAL equity attributable to the owners of parent company	Non controlling interests (minority interests)	TOTAL Shareholders' equity
Position on January 1, 2016	**47 070**	**32 228**	**75 602**	**12 089**	**(221)**	**(23 955)**	**142 813**	**19 965**	**162 778**
Revenue (charges) recognised directly in Shareholders' equity				1 181	363		**1 544**	408	**1 952**
Comprehensive income for the year						(11 583)	**(11 583)**	(2 119)	**(13 702)**
TOTAL charges and revenue recognised				**1 181**	**363**	**(11 583)**	**(10 039)**	**(1 711)**	**(11 750)**
Capital increase	9 022	1 813					**10 835**		**10 835**
Repayment of shareholders' equity									
General Partners' statutory compensation			(362)				**(362)**		**(362)**
Appropriation of the 2015 net result			(23 955)			23 955			
Dividends								(784)	**(784)**
Coupons of hybrid capital			(4 039)				**(4 039)**		**(4 039)**
Change in the scope of consolidation			6				**6**		**6**
Miscellaneous			345		(345)				
Treasury shares			65				**65**		**65**
AT DECEMBER 31, 2016	**56 092**	**34 041**	**47 662**	**13 270**	**(203)**	**(11 583)**	**139 279**	**17 470**	**156 749**
Position on January 1, 2017	**56 092**	**34 041**	**47 662**	**13 270**	**(203)**	**(11 583)**	**139 279**	**17 470**	**156 749**
Revenue (charges) recognised directly in Shareholders' equity				(4 250)	215		**(4 035)**	(495)	**(4 530)**
Comprehensive income for the year						(18 040)	**(18 040)**	329	**(17 711)**
TOTAL charges and revenue recognised				**(4 250)**	**215**	**(18 040)**	**(22 075)**	**(166)**	**(22 241)**
Imputation of premiums on reserves		(26 405)	26 405						
Repayment of shareholders' equity								(637)	**(637)**
General Partners' statutory compensation		(441)					**(441)**		**(441)**
Appropriation of the 2016 net result			(11 583)			11 583			
Dividends								(1 497)	**(1 497)**
Coupons of hybrid capital			(4 039)				**(4 039)**		**(4 039)**
Change in the scope of consolidation			150		(70)		**80**	8 858	**8 938**
Miscellaneous			(75)				**(75)**	(30)	**(105)**
Treasury shares			(34)				**(34)**		**(34)**
AT DECEMBER 31, 2017	**56 092**	**7 195**	**58 486**	**9 020**	**(58)**	**(18 040)**	**112 695**	**23 998**	**136 693**

(1) The effective part of the cash flow hedge on interest rate instruments is recognised in shareholders' equity.

(2) Including redeemable warrants and stock options.

	Consolidated cash flow statement at December 31 *(€ thousands)*	2017	2016
	Net income from retained operations	(8 535)	(6 038)
	Profit (loss) of investments in associates	65	(2 058)
	Depreciation and provisions	24 851	16 674
	Change in deferred taxes	(692)	80
	Capital gains and losses on disposal of fixed assets	(1 413)	(1 642)
	Disposal costs	(2 154)	
	Other non-cash income and expenses	6 074	3 783
	Self-financing capacity after cost of net financial debt & tax	**18 196**	**10 799**
	Net interest expense	10 747	9 307
	Income tax paid	746	392
	Self-financing capacity before cost of net financial debt & tax	**29 689**	**20 498**
	Income tax paid	(746)	(392)
A	Change in Working Capital (excluding changes in inventory)	(11 454)	(7 029)
B	Change in inventory	5 045	11 682
C	Change in working capital related to rental equipment purchases	(5 574)	(10 814)
	Purchase of rental equipment	(7 023)	(8 104)
	Proceeds from sale of rental equipment	18 697	8 921
	Net impact of finance leases granted to customers	1 369	595
	sub-total	12 514	2 280
	CASH FLOW FROM OPERATING ACTIVITIES GENERATED BY RETAINED OPERATIONS	**30 003**	**15 357**
	CASH FLOW FROM OPERATING ACTIVITIES GENERATED BY DISCONTINUED OPERATIONS	**1 083**	**14 844**
I	**CASH FLOW FROM OPERATING ACTIVITIES**	**31 086**	**30 201**
	Investing activities		
	Acquisition of intangible & fixed assets	(526)	(459)
	Acquisition of financial assets		
	Net change in financial fixed assets	(6 138)	249
	Proceeds from sale of property plant and equipment	1 457	211
	Change in the scope of consolidation	8 081	(3)
	CASH FLOW FROM INVESTING ACTIVITIES GENERATED BY RETAINED OPERATIONS	**2 874**	**(2)**
	CASH FLOW FROM INVESTING ACTIVITIES GENERATED BY DISCONTINUED OPERATIONS	**135 288**	**(1 354)**
II	**CASH FLOW FROM INVESTING ACTIVITIES**	**138 162**	**(1 356)**
	Financing transactions		
	Receipts from borrowings	44 073	27 355
	Repayment of borrowings	(77 894)	(52 962)
	Net change in borrowings	**(33 821)**	**(25 607)**
	Net increase in shareholders' equity (capital increase)	(637)	10 836
	Interest expense	(10 747)	(9 307)
	Dividends to shareholders of TOUAX SCA		
	Dividends to minority shareholders	(1 413)	(784)
	General Partners' statutory compensation	(441)	(362)
	Payment of coupons of hybrid capital	(4 039)	(4 039)
	Others	(39)	
	Net sale (acq.) of treasury shares	(34)	65
	CASH FLOW FROM FINANCING TRANSACTIONS GENERATED BY RETAINED OPERATIONS	**(51 171)**	**(29 198)**
	CASH FLOW FROM FINANCING TRANSACTIONS GENERATED BY DISCONTINUED OPERATIONS	**(117 096)**	**(17 286)**
III	**CASH FLOW FROM FINANCING TRANSACTIONS**	**(168 267)**	**(46 484)**
	Effect of exchange rate fluctuations	675	(158)
IV	**CASH FLOW FROM EXCHANGE RATE FLUCTUATIONS**	**675**	**(158)**
	CHANGE IN NET CASH POSITION (I) + (II) + (III) + (IV)	**1 656**	**(17 797)**
	Analysis of cash flow		
	Cash position at start of year	27 106	44 903
	Cash position at end of year	28 762	27 106
	CHANGE IN NET CASH POSITION	**1 656**	**(17 797)**

	(€ thousands)	2017	2016
	Decrease / (Increase) in inventories and work in progress	5 045	11 682
B	**Change in inventory**	**5 045**	**11 682**
	Decrease / (Increase) in trade receivables	(4 255)	(76)
	Decrease / (Increase) in other current assets	2 266	(33)
	(Decrease) / Increase in trade payables	(437)	(2 555)
	(Decrease) / Increase in other liabilities	(9 028)	(4 365)
A	**Change in Working Capital excluding change in inventory**	**(11 454)**	**(7 029)**
	Decrease/(Increase) in receivables / fixed assets & related accounts		(20)
	(Decrease)/Increase in liabilities / fixed assets & related accounts	(5 574)	(10 794)
C	**Change in Working Capital for investment**	**(5 574)**	**(10 814)**

The application of IFRS 5 results in the restatement of the consolidated financial statements for the periods presented (see note 3).

The net change in cash presented in the cash flow statement corresponds to the change in cash and cash equivalents included on the balance sheet after deducting bank overdrafts. The amount of bank overdrafts at 31 December 2017 totalled €1.1 million.

According to the amendment to IAS 7: "*cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale as described in paragraph 68A of IAS 16 "Fixed assets" are cash flows resulting from operating activities. The cash receipts from rents and subsequent sales of such assets are also cash flows resulting from operating activities.*"

Therefore, the cash flow statement shows the Group's investments in rental equipment and the proceed from sale of rental equipment under cash flow from operations instead of cash flows from investing activities, in accordance with IFRS. Similarly, repayments of finance leasing receivables are presented in cash flow from operations rather than as cash flow from investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant events and post-closure events

- **Significant events**

On 2 November 2017, TOUAX sold its US modular building activities, and on 8 December 2017, all the shares held in Touax Solutions Modulaires SAS. The disposals of the European and US modular activities were carried out for a business value of approximately €170 million.

- **Post-balance sheet events**

Following the sale of Touax Solutions Modulaires SAS, a price adjustment was claimed by the buyer to TOUAX in early March 2018 (see contingent liability).

Preliminary note

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the Modular Buildings activities sold in 2017 are presented as discontinued operations in the income statements and cash flow tables.

NOTE 1. ACCOUNTING RULES AND METHODS

note 1.1. BASES FOR PREPARING AND PRESENTING THE ANNUAL FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017

The annual financial statements to 31 December 2017 and the associated notes were approved by the TOUAX SCA Management Board on 27 March 2018 and presented to the Supervisory Board on 28 March 2018.

In pursuance of Regulation No. 1606/2002 adopted on 19 July 2002 by the European Parliament and the European Council, the consolidated financial statements of the TOUAX Group for the 2017 financial year were prepared in accordance with IFRS (*International Financial Reporting Standards*) published by the IASB (*International Accounting Standards Board*) on 31 December 2017 and adopted by the European Union, on the date the accounts were closed.

No new standards apply for the first time with effect from 1 January 2017. Only a few amendments to the standards are mandatory for financial years beginning in 2017:

- Amendments to IAS 7 "Initiative concerning the information to provide";
- Amendments to IAS 12 "Recognition of deferred tax assets for unrealised losses".

The Group has not undertaken application in advance of any of the new standards and interpretations listed below that may be relevant to it and the application of which is not mandatory on 1 January 2017:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from contracts with customers";
- IFRS 16 "Leasing contracts";
- Amendments to IAS 28 "Investments in Associates and Joint Ventures";
- Amendments to IFRS 2 "Classification and valuation of share-based payment transactions";
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation";
- Annual Improvements, 2014-2016 cycle;
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";

- IFRIC 23 "Uncertainty over income tax treatments".

An analysis of the impacts and practical consequences of the application of these standards is under way.

IFRS 9 - Financial instruments

With effect from 1 January 2018, IFRS 9 "Financial Instruments" will replace IAS 39 "Financial Instruments: recognition and measurement".

It defines new rules for the classification and measurement of financial instruments, a new impairment methodology for financial assets and modifies hedge accounting.

According to IFRS 9, financial assets are classified in three categories: at amortized cost, at fair value through other comprehensive income (recyclable or otherwise) or at fair value through profit or loss.

The new provisioning method in accordance with IFRS 9 is based on a credit risk related to expected, and no longer just proven, losses. The purpose of the impairment provisions is to recognize the expected credit losses over the life of all financial instruments that have a significantly increased credit risk since initial recognition - whether such an assessment occurs on an individual or collective basis - taking into account all reasonable and justifiable information, including forward-looking information.

An entity shall measure expected credit losses on a financial instrument in a manner that reflects:
(a) an objective amount based on probabilistic weightings, which is determined by the evaluation of a range of possible outcomes;
(b) the time value of money;

(c) reasonable and justifiable information on past events, current circumstances and forecasts of the economic climate still to come, which it is possible, at the closing date, to obtain without the need for unreasonable costs or efforts.

IFRS 9 extends the qualification of a hedge to different hedging products with more flexible efficiency requirements.

IFRS 15

IFRS 15 "Revenue from Contracts with Customers" modifies revenue recognition requirements and introduces new disclosure principles regarding information about type, amount and timing and uncertainty linked to revenue and cash flow. This new standard replaces IAS 18 "Revenue from Ordinary Activities" and IAS 11 "Construction Contracts" and the corresponding interpretations. The purpose of this new directive is to improve the comparability of revenue recognition practices between companies and to provide more useful information to users of financial statements by justifying the chosen accounting methods.

In 2017, a "dedicated project team" launched the process of joint implementation of the new IFRS 15 rules on revenue recognition and accounting of leasing contracts, combining quantitative and qualitative analyses, based on matrices and contract analyses.

Touax adopted IFRS 15 on 1 January 2018, and decided to apply the full retrospective method. This method involves the restatement of the comparative periods presented during the transition, in other words the financial statements for the 2017 financial year, when the financial statements for the 2018 financial year are published. This method was chosen to allow a better comparability of the accounts that will be established on 31 December 2018, given the significant impacts expected.

The approach followed was to collect contracts with customers to analyse them. To do this, the revenues were broken down by major income categories in order to better identify the specific contractual characteristics relating to the indications of the new standard.

In view of all the new concepts introduced by IFRS 15, notably the indicator on the notion of control, the criteria for identifying a contract and the assessment of the practices of the business sectors, the most significant impacts will affect transactions carried out on behalf of third parties, particularly sales made under management contracts.

Leasing of equipment belonging to investors, ancillary services (maintenance, repair, storage of goods) will also be affected.

The application of the standard could significantly modify, in certain cases, the presentation of revenues with only management and sales commissions being recognised as revenues. The application of the standard would have only a presentation impact (compensation of income and expenses related to asset management on behalf of third parties) but no impact on margins.

The Group is in the process of finalising the work and analyses for the implementation of this standard.

IFRS 16

IFRS 16 changes the method of accounting for leases by lessees. It will replace the standard and interpretations IAS 17, IFRIC 4, SIC 15 and SIC 27. Whereas according to the provisions of IAS 17, the accounting treatment of leasing contracts is determined on the basis of the assessment of the transfer of risks and advantages related to the ownership of the asset, IFRS 16 requires a single accounting method for contracts by lessees impacting the balance sheet in a manner similar to finance leases. It will come into force on 1 January 2019.

The assessment of the potential impacts on the Group's financial statements is still in progress, but we anticipate an insignificant impact on the accounts.

note 1.2. USE OF ESTIMATES

Drawing up financial statements in accordance with IFRS standards has led management to make estimates and put forward assumptions affecting the book value of certain assets and liabilities, income and expenses, as well as the information given in certain notes to the statements.

Since these assumptions are intrinsically uncertain, actual information may differ from the estimates. The Group regularly reviews its estimates and assessments in order to take past experience into account and factor in any elements considered relevant regarding economic conditions.

The statements and information subject to significant estimates especially concern the appraisal of potential losses in value of the Group's fixed assets, goodwill, financial assets, derivative financial instruments, inventories and work in progress, provisions for risks and charges, and deferred taxes.

note 1.3. CONSOLIDATION METHODS

The **IFRS 10 standard** "Consolidated Financial Statements" is replacing standard IAS 27 as well as the SIC 12 interpretation "Consolidation - Special Purpose Entities" for all aspects relating to the control and consolidation procedures according to the method of global integration.

It redefines the concept of control of an entity on the basis of three criteria:

- power over the entity, that is, the ability to direct the activities that have the greatest impact on profitability;
- exposure to the entity's variable returns, which may be positive, in the form of a dividend or any other economic advantage, or negative;
- and the ability to exercise power over the entity so as to affect the returns obtained.

Companies in which the Group directly or indirectly holds a majority of the voting rights at the general meeting, on the Board of Directors or the management body, giving it the power to govern their financial and operating policies are deemed as being controlled and consolidated by the method of global integration.

The **IFRS 11 standard** "Partnerships" replaces standard IAS 31 for all aspects relating to accounting jointly controlled entities.

Joint control is established when decisions about the relevant activities of the entity require the unanimous consent of the parties sharing control.

According to the standard, partnerships are classified into two categories (joint ventures and joint activities) depending on the nature of the rights and obligations held by each party. This classification is generally determined by the legal form of the legal vehicle employed to support the project.

- A joint venture (JV) is a partnership in which the parties (venturers) that have joint control over the entity have rights to the net assets of the latter. Joint ventures are consolidated using the equity method.
- A joint activity (joint operation) is a partnership in which the parties (venturers) have direct rights to the assets and direct obligations for the liabilities of the entity. Each venturer recognises its share of assets, liabilities, income and expenses related to its interests in the joint activity.

The amended **IAS 28 standard** defines the concept of significant influence and describes the method of equity applicable to holdings in associates and joint ventures under the terms of IFRS 11. Associates are entities over which the Group has significant influence. Significant influence is presumed when the Group's holding is greater than or equal to 20 %. It can nevertheless be proven in cases of lower holding percentages, especially where the Group is represented on the Board of Directors or in an equivalent governing body, that it contributes to the development of the entity's operational and financial policies as well as its strategic orientations.

The list of companies included in the consolidation is given below in note 2.2 page 82.

Commercial and financial transactions and internal profits between consolidated companies are eliminated.

note 1.4. FOREIGN CURRENCY CONVERSION

note 1.4.1. CONVERSION OF CURRENCY FINANCIAL STATEMENTS FOR FOREIGN SUBSIDIARIES

The reporting currency of the Group is the Euro.

The functional currency for subsidiaries is generally the local currency. When the majority of transactions is performed in a third currency, the operating currency is the third currency.

Financial statements for the Group's foreign companies are prepared in their functional currency. The accounts of foreign companies are converted into the Group's reporting currency (Euro) as follows:

- Assets and liabilities of foreign subsidiaries are converted into euros at the closing exchange rate;
- Stockholders' equity, maintained at the historical rate, is converted at the closing exchange rate;
- The income and cash flow statements are converted at the average exchange rate for the period;

- Profits or losses resulting from the conversion of the foreign companies' financial statements are recognized in a conversion reserve included in the Consolidated Shareholders' Equity.

Goodwill generated during the acquisition of foreign companies is recognized in the functional currency of the acquired company. The goodwill is then converted at the current exchange rate into the Group's presentation currency. Any differences resulting from the conversion are recognized in the Consolidated Shareholders' Equity.

Parity: Currency = 1 euro

Exchange rate of currencies	Closing rate		Average rate	
	2017	2016	2017	2016
US dollar (USD)	1,1993	1,0541	1,1297	1,1069
Moroccan dirham (MAD)	11,221	10,677	10,991	10,850
Algerian dinar (DZD)	137,639	115,967	126,548	120,934
West African CFA Franc (XOF)	655,960	655,960	655,960	655,960
Pound sterling (GBP)	0,887	0,856	0,877	0,820
Indian rupee (INR)	76,606	71,594	73,532	74,372

note 1.4.2. CONVERSION OF TRANSACTIONS IN FOREIGN CURRENCY

Transactions by consolidated companies in foreign currency have been converted into their functional currency at the exchange rates prevailing on the date of the transaction.

Monetary assets and liabilities in foreign currency have been converted at the exchange rates prevailing on the Balance Sheet date. Latent exchange gains or losses from this conversion are booked to net financial income.

Currency gains/losses arising from a monetary component, which is essentially an integral part of the net investment in a consolidated foreign subsidiary, are booked under shareholders' equity (under the item "conversion reserves") until the net investment has been sold or liquidated.

note 1.5. ACCOUNTING OF ASSET COMPANIES OWNED BY INVESTORS

Third-party asset management enables the Group to increase its capacity as an operating lessor by finding outside investors to buy the assets needed for the Group's leasing and services activities, and which provide the funding.

Analysis of asset companies owned by investors

In the case of asset companies owned by investors, the management of activities is sometimes governed by contractual agreements.

In this case analysis of the contractual agreements makes it possible to assess whether the investor has power over the entity. Some indicators in accordance with IFRS 10:

- The purpose and structuring of the entity: mode of decision making in relation to relevant activities, who has the ability to direct the activities, who receives the yields from these activities, who bears the risks etc;
- The rights given by the contractual agreements established during the creation;
- The commitment by the investor to ensure that the actual operation of the entity conforms to its original concept;
- The relationship between the investor and the entity: Managerial, technological or financial dependence.

Asset companies belonging to investors are not consolidated if the Group does not have decision-making powers relating to relevant activities affecting the performance of the entities or their assets.

SRF I

SRF I was created in order to invest in assets and not for the Group's operational requirements. This company acquired 100% of the shares of DV01 (Hungary) and Dunavagon (Slovakia). These companies hold 300 railcars and 40 railcars respectively.

The TOUAX Group has no decision-making or executive power over SRF I. The Board of Directors takes the decisions regarding strategy based on the recommendations of a consultative committee of the majority stockholder. The TOUAX Group does not have, for example, the power to dissolve the entity, transfer activities to a third-party or carry out equity-related transactions; all of the Board's decisions must be unanimous.

Most of the benefits of SRF I's business are enjoyed by its majority stockholder. The TOUAX Group receives management fees for managing railcars on behalf of SRF I. The management fees are charged at the market rate and the Group incurs management expenses for a very similar amount.

Accordingly, given that the Group does not control SRF I as defined by IFRS 10 and IFRS 11, SRF I is not included in the scope of consolidation on 31 December 2017.

note 1.6. GOODWILL

Goodwill corresponds, on the acquisition date, to the difference between:

- the fair value of the consideration transferred plus the amount of the minority interests in the company acquired and, in a merger of acquisition carried out in steps, the acquisition-date fair value of the acquirer's previously-held holding in the company acquired, revalued by the income statement, and
- the net balance of the amounts of the identifiable assets acquired and liabilities taken over measured at acquisition-date fair value.

For significant acquisitions, this fair-value measurement is carried out by independent experts.

Minority interests are either valued at their fair value, or at their share in the net identifiable assets of the acquired company. This option is available on a case-by-case basis for each merger operation.

The direct costs in connection with the acquisition are recognized in the period's expenses and are entered under other operating income and expenses, in the consolidated income statement.

Possible price adjustments for the acquisition or merger are valued at the fair value on the date of acquisition even if it is improbable that resources will be needed to discharge that obligation. After the acquisition date, the price adjustment is valued at its fair value at each year-end closing. After twelve months from the acquisition date, any change in the fair value of this price adjustment will be recognized in the income statement if the price adjustment is a financial liability.

In line with IFRS 3 “Business Combinations”, goodwill assets are not depreciated.

As required by IAS 36 “Impairment of Assets”, they are subjected to an impairment test at least once a year, and at shorter intervals if there is any indication of a loss of value. The test is designed to ensure that the recoverable value of the cash-generating unit to which the goodwill is applied is at least equal to its net book value (see notes to the consolidated financial statements note 1.9 page 76). If an impairment is found, then an irreversible provision is charged to operating income, on a line of its own.

Should the TOUAX Group increase its percentage stake in an entity it already controls, the additional equity purchase is booked directly to stockholders' equity as the difference between the price paid for the shares and the additional proportion of the entity acquired.

In the event that shares are sold without loss of exclusive control, the difference between the shares' sale price and the share of consolidated equity at the date of the sale is recognized under stockholders' equity (Group's share). The consolidated value of the entity's identifiable assets and liabilities, as well as the goodwill, remain unchanged.

In the event that shares are sold with loss of exclusive control, the income from the sale is calculated on the entire holding at the date of the operation. If there is a residual holding, it is evaluated at its fair value in the income statement at the moment that exclusive control is lost.

note 1.7. INTANGIBLE ASSETS

Computer software depreciation and the development expenses which are included among Intangible Assets are depreciated using the straight-line method over their useful lifetimes. Development costs incurred between the decision to start development and the agreement to manufacture the item are booked as intangible assets. Development costs are regarded as fixed investments if they concern distinguishable projects with a realistic chance of technical success and commercial profitability. They are depreciated over three years.

note 1.8. FIXED ASSETS

note 1.8.1. VALUATION AT COST NET OF DEPRECIATION AND IMPAIRMENT

Except when acquired as part of a company takeover, fixed assets are booked at their acquisition or production cost. Gains arising on intra-group sales or purchases are eliminated in the consolidated accounts, as are revaluations due to mergers or partial takeovers. At the end of each fiscal period, the accumulated depreciation and impairment are deducted from the acquisition cost in accordance with IAS 36 Impairment of Assets (see the notes to the consolidated financial statementsnote 1.9 page 76).

The costs of borrowing used to finance assets defined by the amended IAS 23 are included in the cost of the assets involved. At present, no assets are eligible for application of the revised IAS 23.

note 1.8.2. "COMPONENT" APPROACH

IAS 16 “Fixed assets" requires that an asset's main components with a useful lifetime shorter than that of the fixed asset itself should be identified so as to be depreciated over its own useful lifetime.

The component approach is particularly applicable to the River Barges and Freight Railcars businesses. In the River Barges business, the purchase price of the pushers is divided between hull and propulsion. In the Freight Railcars business, the railcars are divided between the railcar itself and the revisions.

note 1.8.3. AMORTIZATION

Amortization is calculated using the straight-line method over the asset's useful lifetime. Land is not depreciated.

Shipping containers are depreciated over 13 years with a residual value which varies according to the type of container. The Group therefore still complies with the standards and best practices of the profession.

The railcars are reviewed according to a timetable specified by the European standards. By incorporating European standard VPI, revisions of railcars are amortized over a period of 3, 6, 9 or 12 years depending on the type of revision.

Useful lifetimes for assets acquired new are in the following brackets:

- Freight railcars 25 to 36 years
- River barges (barges and pushers) 30 years
- Shipping containers ("dry" type) 13 years
- Modular buildings of Moroccan entities 10 ans

The depreciation of the shipping containers provides for a residual value, which varies according to the type of container, in accordance with industry standards:

- 20’DC: $1,000
- 40'DC: $1,200
- 40'HC: $1,400

Specific depreciation methods:

Assets acquired second-hand are depreciated using the straight-line method over their remaining useful lifetime.

Residual values are chosen in accordance with the Group’s past experience. The residual value of Freight Railcars is considered nil.

Useful lifetimes of second-hand barges depend on their previous condition of use, and materials it carried (some materials being more corrosive than others). The expected lifetime of each barge bought second-hand is estimated on the basis of its date of construction, past use and the materials carried.

note 1.9. IMPAIRMENT OF ASSETS

According to IAS 36 “Impairment of Assets”, the recoverable value of Fixed and Intangible Assets must be tested as soon as there is any indication of a loss of value (to the company or in the market), and is reviewed at the end of each financial period. This test is carried out at least once a year in the case of assets with an indefinite lifetime, which in the Group’s case means goodwill.

For this test, fixed assets are grouped into Cash-Generating Units (CGUs). These are homogeneous groups of assets whose continuous use generates cash flows largely independent of the cash flows generated by other groups of assets. The recoverable value of these units is most often calculated from their value in use, i.e. from the discounted future net cash flows expected on the basis of business scenarios and on forecast operating budgets approved by senior management.

If a CGU’s recoverable value is below its net book value, then an impairment is recognized. If the CGU contains an element of goodwill, the impairment is charged first against goodwill before any remaining impairment is charged to the CGU’s other fixed assets.

The cash generating units in the Group are:

- The Freight Railcars business as a whole (considering that the US business is not significant),
- The River Barges business on each basin (Mississippi, Paraná-Paraguay, Seine/Danube, Rhine),
- The Shipping Containers business as a whole,
- The Modular Buildings business in Africa as a whole.

note 1.10. LEASES

As a provider of operating leases (to its customers) and a manager of assets under management contracts with investors (see notes to consolidated financial statements note 1.5, note 1.21.1, and note 1.21.2), the Group naturally contracts many leases, both as lessor and lessee.

Leases to customers have been analysed in light of IAS 17 criteria. They correspond to operating leases, both those (the majority) that are short-term or long-term operational leases, and certain hire-purchase agreements refinanced by banking institutions whose clauses protect the Group from the risks inherent in the assets or customer default (non-recourse clauses benefiting the Group). The lease payments received (see note to the consolidated financial statements note 1.21.2) are booked to the income statement and do not vary over the duration of the lease. To a lesser extent, they may also correspond to finance leasing granted to customers. The financial revenue from these leases is booked under Leasing Revenues.

The management contracts concluded by the Group with investors do not qualify under IAS 17 as finance leasing. The amounts paid to these investors are posted under “net income distributed to investors” (see note to the consolidated financial statements note 1.21.6).

Assets managed by the Group on its own account are booked under Fixed assets, if financed by means of finance leasing, transferring to the Group virtually all the risks and benefits of ownership of the asset leased. They are recognized on the Assets side of the Balance Sheet, either at the leased asset’s fair value at the start of the lease or at the discounted present value of the minimum finance leasing payments, whichever is lower. The corresponding debt is entered under Financial Liabilities. Lease payments are broken down into financial charges and depreciation of the debt, in such a way as to obtain a constant periodic rate

on the balance of the remaining debt. The assets under finance leasing are depreciated over their useful lifetime in accordance with Group rules (see notes to the consolidated financial statements note 1.8). They are tested for impairment under IAS 36 “Impairment of Assets” (see notes to the consolidated financial statements note 1.9).

Assets on lease to the Group (its head office, other administrative buildings, and some equipment) are operating leases yet the lessor retains virtually all the risks and rewards of ownership of the asset. Payments on these leases are charged to the Income Statement, and do not vary over the duration of the lease.

note 1.11. INVENTORIES

Inventories essentially consist of goods bought for resale in the Shipping Containers and Freight Railcars divisions, and to a lesser extent in the Modular Buildings division. The inventory turnover period is under a year.

Inventories are valued at the lower of cost and net realizable value.

Net realizable value is the estimated price of a sale in the normal course of business, less estimated finishing and selling costs.

note 1.12. PROVISIONS FOR RISKS AND CHARGES

A provision is made in the accounts if, on the relevant Balance Sheet date, the Group has contracted an obligation (whether legally expressed or implicit) and it is probable that a reliably predictable amount of resources will be needed to discharge that obligation.

Provision is made for lawsuits and disputes (industrial, technical, or tax-related) as soon as there is an obligation by the Group to another party on the Balance Sheet date. The amount of the provision made depends on the best estimate of the foreseeable expense.

note 1.13. PENSION AND SIMILAR LIABILITIES

The Group’s pension and other retirement commitments consist only of severance payments for its French companies’ employees, corresponding to, within the scope of standard 19 “Employee benefits” defined benefits schemes. Under these schemes, the Group undertakes to pay benefits either on leaving the Group (severance payments) or during retirement. The Group’s schemes are not funded, and a provision is made for them in the accounts. The Group has no commitments under any other significant defined benefit scheme nor under any defined contribution scheme.

The Group accounts for these superannuation commitments according to the Projected Unit Credit method as required under IAS 19. The method calls for long term actuarial assumptions concerning demographic parameters (staff revenues, mortality) and financial parameters (salary increases, discount rate) to be taken into account, These parameters to be reviewed annually. The effect on the total commitment of any changes in the actuarial assumptions is entered under Actuarial Differences. In compliance with IAS 19 the Group books these (positive or negative) actuarial differences to the Income Statement.

note 1.14. OPERATING SUBSIDY

The Group has chosen to present government subsidies in its Financial Statements as reductions of their related expenses, in accordance with IAS 20.

note 1.15. SHARE-BASED PAYMENTS

Standard IFRS 2 “Share-based Payment”, imposes the evaluation of transactions remunerated by payment in shares and similar in the company's income and balance sheet. This standard applies to schemes granted after November 7, 2002. The three possible types of transactions specified in IFRS 2 are:

- Share-based transactions settled in equity instruments;
- Share-based transactions settled in cash;
- Share-based transactions settled in equity instruments or in cash.

Benefits are booked under staff costs and spread over the acquisition period of the entitlements with a counter-entry in the form of an increase in Shareholders’ Equity.

note 1.16. LONG-TERM NON-CURRENT LIABILITIES

Other long-term liabilities include liabilities other than financial loans and liabilities of more than one year, such as commercial commitments relating to contracts with repurchase agreements by the Group; leasing income deferred for more than one year, over the term of these same contracts. These categories of liabilities mainly concerned the European modular buildings business sold in December 2017. In 2017, non-current long-term liabilities consisted of the portion of commercial debts in excess of one year.

note 1.17. TREASURY STOCK

The treasury stock held by the Group is registered at its acquisition cost as a deduction from shareholders’ equity. Gains from the disposal of treasury stock are stated directly as an increase in Shareholders’ Equity, such that capital gains or losses do not affect the consolidated income.

note 1.18. FINANCIAL INSTRUMENTS

note 1.18.1. FINANCIAL ASSETS

The Group's financial assets include the following:

- non-current financial assets: guarantees and other deposits for equity securities of non-consolidated companies, loans;
- non-current financial assets: The Group reports as assets those assets held under finance leasing in which it operates as a lessor and receivables with a maturity of more than one year;
- current Financial Assets including trade receivables and other operating receivables, as well as cash or its equivalents (negotiable securities).

Financial assets are valued on the Balance Sheet date in accordance with their classification under IAS 39.

Financial assets whose changes in fair value are accounted for in the income statement

Negotiable securities are valued at their fair value on the Balance Sheet date, and changes in their fair value are booked to net financial income. As a result, they are not subject to any impairment tests. Fair values are determined in most cases by reference to listed market prices.

Loans and receivables

In the Group, this category includes long-term loans and trade and other receivables. These financial assets are valued at cost, depreciated using the “effective interest rate” method.

Assets Held to Maturity

These are fixed-maturity non-derivative financial assets with either fixed or calculable yield and which the company intends and is able to keep until they mature. These assets do not include loans and receivables, nor those financial assets classified under the two other categories (assets with changes in fair value booked to the Income Statement, or assets available for sale).

These financial assets are valued at cost, depreciated using the “effective interest rate” method.

Assets Available for Sale

This covers assets that do not fall into any of the above categories. They are valued at fair value—changes in fair value are booked under stockholders’ equity until they are actually sold. Among other things, this category includes stock-holdings in non-consolidated firms. In the case of listed securities, the fair value is the market price. If the fair value cannot be reliably ascertained, the securities are carried at their historic cost. On each balance sheet date, the fair value of financial assets available for sale is determined and entered among assets. If there is any objective indication of a loss of value (significant and lasting impairment), then an irreversible write-down is booked to the income statement, and not restored there (if at all) until the securities are sold.

Impairment testing of financial assets

All assets valued at depreciated cost and assets available for sale must undergo an impairment test at the end of each financial period, whenever there is any indication that they may have lost value.

In the case of assets valued at depreciated cost, the amount of the impairment recognized is the difference between the asset’s book value and the discounted present value of the future cash flows expected in light of the counterparty’s situation. It is calculated using the financial instrument’s real original interest rate. Expected cash flows from short-term assets are not discounted.

note 1.18.2. CASH AND CASH EQUIVALENTS

The “Cash and Cash Equivalents” Balance Sheet item is made up of current bank account balances and cash-based UCITS holdings that can be liquidated in the short term.

UCITS holdings with a negligible risk of changing value are categorized as highly liquid short-term holdings.

The net cash position from the cash flow statement is determined on the basis of cash holdings, as defined above, less current bank advances and overdrafts.

note 1.18.3. FINANCIAL LIABILITIES

The Group’s financial liabilities include bank loans, interest-bearing bond issues and derivative instruments.

The loans are broken down into current liabilities (the part repayable within the twelve months following the balance sheet date) and non-current liabilities (with due dates of over twelve months).

Interest-bearing loans are initially booked at historic cost, less the associated transaction costs.

Financial liabilities are then valued on the Balance Sheet date at their cost depreciated using the “effective interest rate” method.

note 1.18.4. Group's exposure to currency risk and interest rate risk – Financial derivatives

In 2017, the Group signed forward foreign exchange contracts (maturing in 2017) to cover debts denominated in US dollars, pound sterling, Czech koruna and Polish zloty (the last two relate to activities sold at the end of 2017). These derivatives constitute fair value hedges. The item hedged is revalued and the hedge itself is valued and accounted at its fair value.

Some of the Group's operations are financed by variable-rate loans, some of which are hedged by interest rate derivatives, in order to reduce the Group's exposure to interest rate risk.

Variable rate borrowings hedged by interest rate swaps are subject to cash flow hedge accounting. Changes in the swaps' fair value due to movements in interest rates are booked to stockholders' equity to the extent that they are effective, which is tested using the IAS 39 criteria; Otherwise they are booked directly to net financial income.

note 1.18.5. Bonds convertible into Cash and/or new and/or existing shares (ORNANE)

The TOUAX Group has issued bonds convertible into cash and/or new and/or existing shares (ORNANE) maturing on 10 July 2020. The nominal unit value of the Bonds has been set at €18, showing a premium of 25% compared to the reference price of the TOUAX share on the NYSE Euronext in Paris. The amount of the issue is €22,999,986 represented by 1,277,777 Bonds. The bonds will bear interest at an annual nominal rate of 6%, payable six-monthly in arrears on 10 January and 10 July of each year and for the first time on 10 January 2016. The bonds were issued at par on 10 July 2015 and will be redeemed at par on 10 July 2020. Bondholders have a right to the allocation of shares exercisable with effect from 10 July 2015 until the eighteenth trading day prior to 10 July 2020. Any bondholder may, at their discretion, request the Company to redeem in cash all or part of his obligations on 1 August 2019. The Bonds will be redeemed at a price equal to the par plus accrued interest since the last Interest Payment Date.

note 1.19. Issue of undated securities

The Group issued Undated Super Subordinated Notes (TSSDI) on three occasions. Two issues took place in 2013 for a nominal amount of €32.775 million and the third issue took place in May 2014 for a nominal amount of €18.025 million. These three issues amounting to a total of €50.8 million form one unique stub. These undated securities give TOUAX the option to pay them back at par value from August 2019. They entitle holders to an annual coupon at a fixed rate of 7.95% during the first 6 years. Payment of the coupon is only mandatory if dividends are paid. Under IFRS (International Financial Reporting Standards) rules, these securities are booked entirely to stockholders' equity. This financial instrument enhances the structure of the Group's balance sheet when considering the lifetime of its assets and its business financing requirements.

note 1.20. Taxes on profits

Deferred taxes are recognized (without discounting) according to the method of variable carrying-forward of the differences due to timing between the assets' and liabilities' values for tax purposes and their book values in the consolidated accounts. In this way each financial period is assigned its appropriate tax charge, particularly in view of the temporary discrepancies that may arise between the date when certain revenues and charges are booked and their effective date for tax purposes.

Any deferred tax assets resulting from these temporary differences or tax losses to be carried forward are only retained on the books to the extent that the companies or groups of companies consolidated for tax purposes are reasonably sure of realizing the benefits in subsequent years.

Tax rates used in calculating deferred taxes are the rates known on the Balance Sheet date.

Tax assets and liabilities applying to the same tax entity (or fiscally-consolidated group) are offset in the Balance Sheet.

Deferred tax is recognized as a revenue or charge in the Income Statement unless it relates to a transaction or event recognized directly in stockholders' equity.

Deferred taxes are presented on their own lines in the Balance Sheet, under Fixed Assets or Non-Current Liabilities, as the case may be.

note 1.21. Income and expenses of ordinary activities

note 1.21.1. Revenue from Ordinary Activities: the different components

The Group is in the business of providing operating leases on standardized mobile equipment either owned by it or managed by it on behalf of investors.

In the case of management on behalf of investors, the Group buys new equipment and then transfers ownership to investors. The investors entrust management of their assets to the Group under management contracts. Equipment managed by the Group is leased to its customers (see notes to the consolidated financial statements note 1.21.2 and note 1.21.3).

The Group also has trading activities (buying goods for resale – see notes to the consolidated financial statements note 1.21.4).

Lastly, it sometimes sells its own equipment (fixed assets previously leased to customers), either to investors or third parties (see notes to the consolidated financial statements note 1.21.6).

note 1.21.2. RECORDING AND RECOGNITION OF INCOME AND EXPENSES LINKED TO THIRD-PARTY ASSET MANAGEMENT CONTRACTS CONCLUDED BY THE GROUP

The Group operates and manages equipment on behalf of third-parties as part of its shipping container and freight railcar leasing businesses. Pools of equipment are put together for this purpose, bringing together several investors, including sometimes the Group. These pools correspond to a group of equipment usually of the same type and age. This organisation enables the pooling of revenues and expenses of equipment grouped in the same pool, governed within the scope of the management contract. These management contracts do not constitute joint ventures.

According to an analysis of these management agreements in the light of international standards, the Group acts as principal both in its relations with investors (pools) on the one hand, and with customers on the other. the Group is entirely free to choose the customers, producers and suppliers it deals with, and to negotiate prices for the purchase, leasing and sale of the equipment it manages. Customers do not know the final owners of the equipment.

Accordingly, in its capacity as "principal", the Group records all revenue and expense streams generated by these contracts to its Income Statement. It includes in its revenues the gross lease payments billed to its customers for all the pool-owned equipment it manages. The operating expenses of all the equipment managed are booked under Operating Expenses. A proportion of the net revenues is then returned to the investors (see notes to the consolidated financial statements note 1.21.6).

In compliance with the requirements of IAS 18, the Group must determine if it is acting as principal or agent in the provision of goods or services to a customer.

With regard to the following factors, the Group believes that it acts as a principal within the scope of its transactions.

The Group must meet the following criteria to qualify as principal, otherwise the Group will be classified as an agent and will have to record the margin as revenues:

- The company has the primary responsibility for providing goods or services, for example by being responsible for the quality of goods and services ordered or sold to the customer. The Group directly signs lease agreements with customers. Customers do not know the owners of the equipment.
- The company bears the risks associated with holding stocks before the customer order, during transportation or in case of return. The Group supports any risks linked to material in the first place. The Group may then have recourse to the owners for compensation.
- The company is free to set selling prices, directly or indirectly. The Group has complete freedom in the choice of its customers and the applicable rates, without reference to the owners of the equipment.

note 1.21.3. LEASING REVENUES

Leasing revenues are the receipts from leasing out (on operating or financial leases) the equipment managed by the Group, for itself or on behalf of others, in the Group's four business divisions, as well as the receipts from additional services billed in the course of arranging those leases. It also includes the River Barge division's receipts from the freight, chartering and storage activities. Interest income on finance leasing to customers is also booked under leasing revenues.

Changes in leasing revenues are therefore directly connected with the equipment owned or managed by the Group, the leasing rates, and the utilisation rate of the equipment.

When the sale of assets is accompanied by a firm repurchase agreement at a fixed price (sale with repurchase clauses), the revenue from the sale is not booked immediately upon delivery as revenues from sales of equipment. Rather, it is recognised as lease payments which do not vary over the duration of the contract, for the difference between the sales price and the purchase price agreed with the customer. These same assets are fixed and follow the same Group depreciation plan as the other assets held in their own right.

note 1.21.4. SALES OF EQUIPMENT

Sales of equipment correspond to the revenue generated by trading (sales to end customers), sales to investors in the Shipping Container and Freight Railcar divisions, and income from the sale of fixed assets intended for leasing. The corresponding purchases of equipment and the net book values are booked under "External Purchases and Expenses" in the type-classified Income Statement, and under "Purchase cost of Sales" in the function-classified Income Statement. Equipment bought and not yet resold is accounted for under end-of-period stocks (see note 1.11 of the notes to the consolidated financial statements). Disposals of finance leasing receivables are also included in Sales of equipment.

Revenues from sales of equipment to investors is recognised in its entirety if the criteria of IAS 18 are met. Thus, if the Group has the advantages and risks associated with the acquisition of these containers before resale to investors, the Group has the capacity of principal and records the sale in revenues. In the case of the Group making a concurrent purchase-resale transaction, the Group has the capacity of agent and only registers a commission.

The transfer of ownership at the time of purchase from the factory/suppliers is effective at the time of the issue of two certificates of conformity produced by experts commissioned by the Group for the shipping containers activity. These certificates allow the

Group to take delivery of these assets. Assets can be leased to customers canvassed by the Group or remain in the factory depots for a limited period.

The sale to the investor takes place at the end of a contract, its invoicing and its payment. The Group considers that the transfer of ownership to the investor takes place at the time of payment by the latter, because there is no physical delivery of these containers or railcars to the investor, since the Group ensures its operation and management to third party customers.

- **Recognition of sales revenue to end customers**

Revenue from the sale of goods to end customers is recorded when the transfer to customers of the significant risks and rewards of ownership has occurred.

Income from the sale of goods must be recorded when all of the following conditions have been met:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity does not continue to be involved in the management, as is normally the responsibility of the owner, nor in the effective control of the transferred goods;
- the amount of income can be measured reliably;
- it is likely that the economic benefits associated with the transaction will flow to the entity; and e) the costs incurred or to be incurred in the transaction can be reliably assessed

With regard to the following factors, the Group believes that it acts as a principal in the majority of its transactions.

note 1.21.5. OPERATING PROVISIONS

This item mainly records further allocations to and drawings from provisions for bad debts.

note 1.21.6. NET DISTRIBUTIONS TO INVESTORS

The operating revenues and expenses of assets that are part of investor pools (see note 1.21.2 of the notes to the consolidated accounts) are broken down by pool, and the net revenues from each, less a management fee retained by the Group, are distributed among the pools' investors according to distribution rules established for each management program.

The portion of these revenues to be paid to third-party investors is recognised under net distributions to investors, in accordance with asset-management industry practice.

note 1.21.7. OTHER OPERATING INCOME AND EXPENSES

Significant, unusual or infrequent elements are presented separately in the income statement under other operating income and expenses. As an example, this section includes goodwill impairment, acquisition costs of the equity investments, variations in the fair value of the additional amounts included in the prices agreed when acquiring stock and restructuring costs.

note 1.22. OPERATING INCOME

Operating income is the difference between pre-tax income and expenses, excluding those from discontinued activities or activities currently being disposed of.

EBITDA (*Earnings before interest, tax, depreciation and amortization*), after distribution to investors, is an important indicator for the Group, allowing it to assess economic performance. It corresponds to the operating income after distribution to investors, but before depreciation and impairments recorded through impairment tests under IAS 36 (see the notes to the consolidated financial statements note 1.9). EBITDAR ("Earnings before interest, tax, depreciation, amortization and rent") is calculated before the distribution to investors and corresponds to the EBITDA increased by the distribution to investors. The EBITDAR reflects the performance of all the business activities and equipment managed by the Group.

note 1.23. SEGMENT INFORMATION

In view of the basic structure of the Group's internal organisation and management, the first level of segment information applied in accordance with IFRS 8 "Segment information" is that based on the Group's activities.

The Group is in the business of providing operating leases on standardised movable assets. It practices its main business of leasing transport equipment in three activities: Freight Railcars, River Barges and Shipping Containers. The Modular Buildings, property and central costs activities that remain insignificant are grouped together in a single "miscellaneous" sector.

Geographic sectors depend on the location of markets and reflect asset locations.

For the Freight Railcars and River Barges activities, the services, markets and clients are in identical locations.

In the Shipping Container business, however, markets are in other locations than those of the clients and services. The location of the markets and geographic zones of the Shipping Container business correspond to the location of the assets. The shipping containers are regularly moved from one country to another in the course of international trade, on hundreds of commercial shipping routes. The TOUAX Group has neither knowledge nor control over the location or movements of leased containers. Based on shipping container lease agreements in force on 31 December 2017, the containers may be in the ports of over a hundred countries worldwide. As a result, it is not possible to break down the revenue or assets of the Shipping Container business by

geographic zone. The Shipping Container business is categorised in the international zone. This presentation is consistent with the practices of the shipping container industry.

NOTE 2. SCOPE OF CONSOLIDATION

note 2.1. CHANGES IN THE SCOPE OF CONSOLIDATION

Number of consolidated companies	2017	2016
French companies	5	8
Foreign companies	26	36
TOTAL	**31**	**44**
Of which perimeter entries		1
Of which perimeter exits	13	6

TOUAX Rail Finance 3 Ltd (TRF3) is an entity in the Freight Railcar division, consolidated by the equity method in 2015 and 2016. The acquisition of a majority stake by TOUAX in the capital of TRF3 analysed in accordance with IFRS 10 led to its consolidation under the full consolidation method from January 2017.

TOUAX Rail Finance 4 Ltd (TRF4) is an entity in the Freight Railcar division, consolidated by the equity method in 2016. The sale of a 1,000,000-share stake and the dilution of TOUAX in the capital of TXRF4 in June 2017 led the TOUAX Group to deconsolidate TXRF4 by the equity method on 30 June 2017 (significant loss of influence).

The Group liquidated 2 companies in the modular buildings division because they no longer carried out any business: Touax Panama S.A. and Modul Finance I SNC.

In addition, on 8 December 2017, the Group completed a sale of all the securities held in Touax Solutions Modular SAS to WH Bidco SAS, a company indirectly controlled by funds managed by TDR Capital LLP. TDR Capital manages funds that currently hold a majority shareholding in Algeco.

note 2.2. LIST OF COMPANIES CONSOLIDATED IN 2017

Company name	Activity	Geographical area	Percentage of control	Percentage of share	Consolidation method
TOUAX SCA	Holding, parent company	Europe			
TOUAX CORPORATE SAS	Services	Europe	100%	100%	FC*
TOUAX UK LIMITED	Services	Europe	100%	100%	FC*
GOLD CONTAINER Corporation	Shipping containers	North America	100%	100%	FC*
TOUAX CONTAINER Investment Ltd	Shipping Containers	Asia	100%	100%	FC*
TOUAX CONTAINER Leasing Pte Ltd	Shipping containers	Asia	100%	100%	FC*
TOUAX CONTAINER SERVICES SAS	Shipping containers	Europe	100%	100%	FC*
TOUAX CORP	Shipping containers	North America	100%	100%	FC*
TOUAX CONTAINER FINANCING Pte Ltd	Shipping containers	Asia	100%	100%	FC*
TOUAX AFRICA SAS	Modular Buildings	Europe	51%	51%	FC*
TOUAX Maroc Capital SARL	Modular Buildings	Africa	100%	51%	FC*
TOUAX MAROC SARL	Modular Buildings	Africa	100%	51%	FC*
RAMCO SARL	Modular Buildings	Africa	100%	51%	FC*
TOUAX COTE D'IVOIRE SARL	Modular Buildings	Africa	100%	51%	FC*
TOUAX INDUSTRIE MODULAIRE ALGERIE	Modular Buildings	Africa	52.99%	24.99%	FC*
TOUAX MODULAR BUILDING USA Llc	Modular Buildings	North America	100%	100%	FC*
CFCL TOUAX Llc	Freight railcars	North America	51%	51%	FC*
SRF RAILCAR LEASING Ltd	Freight railcars	Europe	51%	51%	FC*
TOUAX RAIL Ltd	Freight railcars	Europe	100%	100%	FC*
TOUAX RAIL FINANCE Ltd	Freight railcars	Europe	100%	100%	FC*
TOUAX RAIL FINANCE 2 Ltd	Freight railcars	Europe	100%	100%	FC*
TOUAX RAIL FINANCE 3 Ltd	Freight railcars	Europe	52.03%	52.03%	FC*
TOUAX RAIL INDIA Ltd	Freight railcars	Europe	78.03%	78.03%	FC*
TOUAX RAIL ROMANIA SA	Freight railcars	Europe	57.5%	57.5%	FC*
TOUAX TEXMACO RAILCAR LEASING Pte Ltd	Freight railcars	Asia	50%	39.02%	FC*
CS DE JONGE BV	River Barges	Europe	100%	100%	FC*
EUROBULK TRANSPORTMAATSCHAPPIJ BV	River Barges	Europe	100%	100%	FC*
TOUAX RIVER BARGES SAS	River Barges	Europe	100%	100%	FC*
TOUAX LEASING Corp	River Barges	North America	100%	100%	FC*
TOUAX ROM SARL	River Barges	Europe	99.99%	99.99%	FC*
TOUAX HYDROVIA Corp	River Barges	South America	100%	100%	FC*

* Full Consolidation

NOTE 3. SALE OF THE EUROPEAN AND US MODULAR BUILDINGS ACTIVITIES

In accordance with IFRS 5 - Non-current assets held for sale and discontinued operations, the Modular Buildings business in Europe and the United States is presented in the TOUAX Group's consolidated statements of operations and cash flow statements as a transferred activity.

There are 11 entities involved in the application of IFRS 5.

On 8 December 2017, the TOUAX Group sold the European Modular Buildings business to TDR Capital. This agreement was based on a company value of approximately €165 million.

The TOUAX Group also sold the assets of the modular buildings activity in the United States.

note 3.1. CONTRIBUTION TO THE RESULTS OF DISCONTINUED OPERATIONS

December 31, 2017 *(€ thousands)*	Touax Solutions Modulaires	Touax Modular Building USA	Total
Revenue	86 325	8 490	94 815
Gross operating margin (EBITDAR)	14 884	(899)	13 985
Operating income	(4 042)	(1 307)	(5 349)
Profit before tax	(9 490)	(1 951)	(11 441)
Taxes	(665)	301	(364)
Net income before discontinuing amortization	(10 155)	(1 650)	(11 805)
Discontinuing amortization	7 384		7 384
Net income after discontinuing amortization	(2 771)	(1 650)	(4 421)
Result from the sale of TSM shares	(4 755)		(4 755)
Net income from discontinued operations	(7 526)	(1 650)	(9 176)
Of which the group's share	(11 000)	(1 650)	(12 650)
Of which minority	3 474		3 474

December 31, 2016 *(€ thousands)*	Touax Solutions Modulaires	Touax Modular Building USA	Total
Revenue	125 799	4 482	130 281
Gross operating margin (EBITDAR)	22 313	(909)	21 404
Operating income	3 250	(1 961)	1 289
Profit before tax	(3 016)	(2 636)	(5 652)
Taxes	(2 300)	288	(2 012)
Net income from discontinued operations	(5 316)	(2 348)	(7 664)
Of which the group's share	(5 321)	(2 348)	(7 669)
Of which minority	5		5

note 3.2. CONTRIBUTION TO THE CASH FLOW OF DISCONTINUED OPERATIONS

	December 31, 2017 *(€ thousands)*	Touax Solutions Modulaires	Touax Modular Building USA	Total
	Net income from activities	(3 944)	(1 886)	(5 830)
	Income from companies accounted for by the equity method			
	Depreciation and provisions	10 684	409	11 093
	Deferred tax provisions	373	32	405
	Capital gains and losses on disposal	(359)	(507)	(866)
	Other non-cash income and expenses	(2)	(9)	(11)
	Self-financing capacity after cost of net financial debt & tax	**6 752**	**(1 961)**	**4 791**
	Net interest expense	6 524	887	7 411
	Income tax paid	293	(333)	(40)
	Self-financing capacity before cost of net financial debt & tax	**13 569**	**(1 407)**	**12 162**
	Income tax paid	(293)	333	40
	Change in Working Capital (excluding changes in inventory)	(1 559)	17	(1 542)
	Change in inventory	(1 650)	17	(1 633)
	Change in working capital related to rental equipment purchases	(1 110)		(1 110)
	Purchase of rental equipment	(7 095)	(368)	(7 463)
	Proceeds from sale of rental equipment	2 340	5 657	7 997
	Net impact of finance leases granted to customers	24	4	28
	sub-total	(7 491)	5 310	(2 181)
	Restatements	(7 396)		(7 396)
I	**CASH FLOW FROM OPERATING ACTIVITIES GENERATED BY DISCONTINUED OPERATIONS**	**(3 170)**	**4 253**	**1 083**
	Investing activities			
	Acquisition of intangible & fixed assets	(225)	(8)	(233)
	Acquisition of financial assets			
	Net change in financial fixed assets	(26)	43	17
	Proceed from sale of property plant and equipment	1 084		1 084
	Change in the scope of consolidation	1 456	61	1 517
II	**CASH FLOW FROM INVESTING ACTIVITIES GENERATED BY DISCONTINUED OPERATIONS**	**2 289**	**96**	**2 385**
	Financing transactions			
	Receipts from borrowings	2 921	4	2 925
	Repayment of borrowings	(10 357)		(10 357)
	Net change in borrowings	**(7 436)**	**4**	**(7 432)**
	Net increase in shareholders' equity (capital increase)			
	Interest expense	(6 524)	(887)	(7 411)
	Restatements	1 172	248	1 420
III	**CASH FLOW FROM FINANCING TRANSACTIONS GENERATED BY DISCONTINUED OPERATIONS**	**(12 788)**	**(635)**	**(13 423)**
	Effect of exchange rate fluctuations	77	(32)	45
IV	**CASH FLOW FROM EXCHANGE RATE FLUCTUATIONS**	**77**	**(32)**	**45**
	CHANGE IN THE NET CASH POSITION OF DISCONTINUED OPERATIONS (I) + (II) + (III) + (IV)	**(13 592)**	**3 682**	**(9 910)**
	Analysis of cash flow change			
	Transactions with Touax on borrowings and other financial liabilities	(7 368)	3 434	(3 934)
	Restatements	(6 224)	248	(5 976)
	Change in net cash position of discontinued operations	**(13 592)**	**3 682**	**(9 910)**

Cash flow from the sale of securities held in Touax Solutions Modular SAS amounted to €133 million. This sale resulted in a repayment of the financial debts.

	December 31, 2016 (€ thousands)	Touax Solutions Modulaires	Touax Modular Building USA	Total
	Net income from activities	(5 854)	(2 825)	(8 679)
	Depreciation and provisions	20 751	1 118	21 869
	Deferred tax provisions	1 177	58	1 235
	Capital gains and losses on disposal	(2 351)	(39)	(2 390)
	Other non-cash income and expenses	(420)	2	(418)
	Self-financing capacity after cost of net financial debt & tax	**13 303**	**(1 686)**	**11 617**
	Net interest expense	7 534	880	8 414
	Income tax paid	1 123	(346)	777
	Self-financing capacity before cost of net financial debt & tax	**21 960**	**(1 152)**	**20 808**
	Income tax paid	(1 123)	346	(777)
	Change in Working Capital (excluding changes in inventory)	(18)	(501)	(519)
	Change in inventory	(2 821)	179	(2 642)
	Change in working capital related to rental equipment purchases	(1 493)		(1 493)
	Purchase of rental equipment	(6 547)	(33)	(6 580)
	Proceeds from sale of rental equipment	6 316	163	6 479
	Net impact of finance leases granted to customers	131		131
	sub-total	(4 415)	309	(4 106)
	Restatements	(830)	269	(561)
I	**CASH FLOW FROM OPERATING ACTIVITIES GENERATED BY DISCONTINUED OPERATIONS**	**15 574**	**(729)**	**14 845**
	Investing activities			
	Acquisition of intangible & fixed assets	(1 114)	(57)	(1 171)
	Acquisition of financial assets			
	Net change in financial fixed assets	(181)	(8)	(189)
	Proceeds from sale of property plant and equipment	3		3
	Change in the scope of consolidation	3		3
II	**CASH FLOW FROM INVESTING ACTIVITIES GENERATED BY DISCONTINUED OPERATIONS**	**(1 289)**	**(65)**	**(1 354)**
	Financing transactions			
	Receipts from borrowings	8 879		8 879
	Repayment of borrowings	(18 943)	(385)	(19 328)
	Net change in borrowings	**(10 064)**	**(385)**	**(10 449)**
	Net increase in shareholders' equity (capital increase)			
	Interest expense	(7 534)	(880)	(8 414)
	Restatements	1 367	209	1 576
III	**CASH FLOW FROM FINANCNG TRANSACTIONS GENERATED BY DISCONTINUED OPERATIONS**	**(16 231)**	**(1 056)**	**(17 287)**
	Effect of exchange rate fluctuations	(8)	11	3
IV	**CASH FLOW FROM EXCHANGE RATE FLUCTUATIONS**	**(8)**	**11**	**3**
	CHANGE IN THE NET CASH POSITION OF DISCONTINUED OPERATIONS (I) + (II) + (III) + (IV)	**(1 955)**	**(1 839)**	**(3 794)**
	Analysis of cash flow change			
	Transactions with Touax on borrowings and other financial liabilities	(1 652)	(2 435)	(4 087)
	Restatements	537	477	1 014
	Cash at the beginning of the year of the discontinuing activities	4 206	161	4 367
	CASH AT THE END OF THE FINANCIAL YEAR FROM DISCONTINUING ACTIVITIES	**3 366**	**280**	**3 646**
	Change in net cash position of discontinued operations	**(1 955)**	**(1 839)**	**(3 794)**

NOTE 4. SEGMENT INFORMATION

note 4.1. INCOME STATEMENT BY DIVISION

In accordance with IFRS 5 Non-current assets held for sale and discontinued operations, the consolidated income statements have been restated over the financial years presented (see note 3).

2017 *(€ thousands)*	Freight Railcars	River Barges	Shipping Containers	Others & eliminations	Total
Leasing revenue	50 925	14 341	80 439	398	146 103
Sales of equipment	28 031	222	28 898	8 674	65 826
TOTAL REVENUE	**78 957**	**14 563**	**109 337**	**9 072**	**211 929**
Capital gains (loss) on disposal				1 482	1 482
REVENUE FROM ORDINARY ACTIVITIES	**78 957**	**14 563**	**109 337**	**10 555**	**213 411**
Cost of sales	(25 553)	(266)	(26 148)	(7 942)	(59 908)
Operating expenses	(20 246)	(5 369)	(15 973)	(1 387)	(42 975)
General and administrative expenses	(8 480)	(3 224)	(8 811)	(1 360)	(21 875)
GROSS OPERATING MARGIN (EBITDAR)	**24 678**	**5 703**	**58 406**	**(133)**	**88 653**
Depreciation and impairments	(12 545)	(3 095)	(2 914)	(759)	(19 314)
OPERATING INCOME before distribution to investors	**12 134**	**2 608**	**55 491**	**(893)**	**69 339**
Net distributions to investors	(4 388)		(57 399)		(61 787)
Current operating income	**7 745**	**2 608**	**(1 908)**	**(893)**	**7 552**
Other operating income and expenses	1 697			(8 329)	(6 632)
OPERATING INCOME	**9 442**	**2 608**	**(1 908)**	**(9 221)**	**920**
Net Financial Expense					**(9 337)**
Profit/(loss) of Investments in associates					(65)
PROFIT BEFORE TAX					**(8 482)**
Income tax benefit (expense)					(53)
Net income from retained operations					(8 535)
Net income from discontinued operations					(9 176)
NET INCOME OF CONSOLIDATED COMPANIES					**(17 711)**
- Non-controlling interest (minority interests) in retained operations					(3 145)
- Non-controlling interest (minority interests) in discontinued operations					3 474
CONSOLIDATED NET INCOME (LOSS)					**(18 040)**
Including income from retained operations					(5 390)
Including income from discontinued operations					(12 650)

2016 *(€ thousands)*	Freight Railcars	River Barges	Shipping Containers	Others & eliminations	Total
Leasing revenue	37 501	12 846	96 594	170	147 111
Sales of equipment	11 368	1 024	66 290	6 866	85 549
TOTAL REVENUE	**48 870**	**13 870**	**162 884**	**7 036**	**232 660**
Capital gains(loss) on disposal				209	209
REVENUE FROM ORDINARY ACTIVITIES	**48 870**	**13 870**	**162 884**	**7 245**	**232 869**
Cost of sales	(9 801)	(262)	(61 294)	(6 095)	(77 454)
Operating expenses	(10 452)	(5 403)	(34 560)	(1 314)	(51 729)
General and administrative expenses	(8 353)	(3 832)	(9 539)	(864)	(22 585)
GROSS OPERATING MARGIN (EBITDAR)	**20 264**	**4 372**	**57 491**	**(1 028)**	**81 101**
Depreciation and impairments	(10 578)	(2 974)	(3 050)	(999)	(17 601)
OPERATING INCOME before distribution to investors	**9 686**	**1 398**	**54 441**	**(2 028)**	**63 500**
Net distributions to investors	(3 667)		(54 215)		(57 882)
Current operating income	**6 019**	**1 398**	**226**	**(2 028)**	**5 618**
Other operating income and expenses				(2 519)	(2 519)
OPERATING INCOME	**6 019**	**1 398**	**226**	**(4 547)**	**3 099**
Net Financial Expense					**(10 722)**
Profit /(loss) of Investments in associates					2 058
PROFIT BEFORE TAX					**(5 565)**
Income tax benefit (expense)					(473)
Net income from retained operations					(6 038)
Net income from discontinued operations					(7 664)
NET INCOME OF CONSOLIDATED COMPANIES					**(13 702)**
- Non-controlling interest (minority interests) in retained operations					(2 124)
- Non-controlling interest (minority interests) in discontinued operations					5
CONSOLIDATED NET INCOME (LOSS)					**(11 583)**
Including income from retained operations					(3 914)
Including income from discontinued operations					(7 669)

note 4.2. BALANCE SHEET BY DIVISION

December 31, 2017 *(€ thousands)*	Freight Railcars	River Barges	Shipping Containers	Others	TOTAL
ASSETS					
Goodwill	5 101				5 101
Intangible assets, net	555	3	225	90	874
Fixed assets, net	202 279	48 005	32 878	4 483	287 645
Long-term financial assets	2 295	132	1 146	6 201	9 775
Other non-current assets	522	293	3 201		4 016
Deferred tax assets				341	341
TOTAL non-current assets	**210 752**	**48 433**	**37 452**	**11 116**	**307 752**
Inventory and Work in Progress	19 424	2	2 730	1 752	23 908
Trade receivables, net	8 431	1 725	14 207	5 212	29 575
Other current assets	1 073	1 267	1 785	2 973	7 099
Cash and cash equivalents				29 863	29 863
TOTAL current assets	**28 929**	**2 994**	**18 721**	**39 801**	**90 445**
Assets to be sold					
TOTAL ASSETS					**398 197**
LIABILITIES					
Share capital				56 092	56 092
Hybrid capital				50 161	50 161
Reserves				24 483	24 483
Profit (loss) for the fiscal year, Group's share				(18 040)	(18 040)
Equity attributable to owners of the parent company				**112 696**	**112 696**
Non controlling interest (Minority interests)	30 267			(6 270)	23 997
Consolidated shareholders' equity				**106 426**	**136 693**
Loans and borrowings				123 180	123 180
Deferred tax liabilities				1 860	1 860
Employee benefits		26	27	145	198
Other long-term liabilities			2 627		2 627
TOTAL non-current liabilities		**26**	**2 655**	**125 185**	**127 865**
Provisions				164	164
Loans and borrowings				87 741	87 741
Trade payables	4 812	1 112	2 088	4 266	12 278
Other current liabilities	3 135	1 036	21 420	7 864	33 456
TOTAL current liabilities	**7 947**	**2 148**	**23 508**	**100 036**	**133 639**
TOTAL LIABILITIES					**398 197**
Tangible & intangible investments during the year	6 649	584	268	9	7 511
Workforce by business	**51**	**9**	**39**	**136**	**235**

December 31, 2016 *(€ thousands)*	Freight Railcars	River Barges	Shipping Containers	Modular Buildings	Unallocated	TOTAL
ASSETS						
Goodwill	5 101			21 688		26 789
Intangible assets, net	613	12	241	263	98	1 227
Fixed assets, net	185 595	54 301	41 442	172 904	632	454 874
Long-term financial assets	1 337	138	1 290	1 120	292	4 177
Equity investment	10 436					10 436
Other non-current assets		2 103	3 354	5		5 462
Deferred tax assets					964	964
TOTAL non-current assets	**203 082**	**56 554**	**46 327**	**195 980**	**1 986**	**503 929**
Inventory and Work in Progress	20 941	2	7 359	8 724		37 026
Trade receivables, net	5 278	2 890	15 860	27 456	64	51 548
Other current assets	3 550	1 075	3 328	3 629	1 165	12 747
Cash and cash equivalents					28 015	28 015
TOTAL current assets	**29 769**	**3 967**	**26 547**	**39 809**	**29 244**	**129 336**
Assets to be sold						
TOTAL ASSETS						**633 265**
LIABILITIES						
Share capital					56 092	56 092
Hybrid capital					50 161	50 161
Reserves					44 609	44 609
Profit (loss) for the fiscal year, Group's share					(11 583)	(11 583)
Equity attributable to owners of the parent company					**139 279**	**139 279**
Non controlling interest (Minority interests)	21 171			(3 701)		17 470
Consolidated shareholders' equity					**139 279**	**156 749**
Loans and borrowings					224 439	224 439
Deferred tax liabilities					9 555	9 555
Employee benefits		20	57	281	198	556
Other long-term liabilities			3 103	1 837		4 940
TOTAL non-current liabilities		**20**	**3 160**	**2 118**	**234 192**	**239 490**
Provisions			4	3 511	92	3 607
Loans and borrowings					140 378	140 378
Trade payables	4 565	1 532	4 306	15 492	1 718	27 613
Other current liabilities	2 519	625	38 361	21 985	1 938	65 428
TOTAL current liabilities	**7 084**	**2 157**	**42 671**	**40 988**	**144 126**	**237 026**
Liabilities to be sold						
TOTAL LIABILITIES						**633 265**
Tangible & intangible investments during the year	8 160	172	131	7 802	49	16 314
Workforce by business	**50**	**10**	**42**	**751**	**37**	**890**

note 4.3. GEOGRAPHICAL INFORMATION

(€ thousands)	International	Europe	Americas	Others	TOTAL
2017					
IFRS 5 restated revenue	109 073	89 187	4 986	8 683	211 929
Tangible and intangible investments	117	5 911	86	1 397	7 511
Sectorial non-current assets	37 302	231 874	21 688	16 547	307 411
2016					
IFRS 5 restated revenue	162 649	58 329	5 645	6 037	232 660
Tangible and intangible investments	131	9 500	92	6 591	16 314
Sectorial non-current assets	46 306	393 142	38 437	25 080	502 965

NOTES REGARDING THE INCOME STATEMENT

NOTE 5. REVENUE FROM ORDINARY ACTIVITIES

Breakdown by type (€ thousands)	2017	2016	Variation 2017/2016	
Leasing revenue	146 103	147 111	(1 008)	-0,7%
Sales of equipment	65 826	85 549	(19 723)	-23,1%
TOTAL REVENUE	**211 929**	**232 660**	**(20 731)**	**-8,9%**
Capital gains (loss) on disposal	1 482	209	1 273	609,1%
REVENUE FROM ORDINARY ACTIVITIES	**213 411**	**232 869**	**(19 458)**	**-8,4%**

Total revenue decreased by €20.7 million (or -8.9%), changing from €232.7 million in 2016 to €211.9 million in 2017 as a result of decreasing in Shipping Container sales partially offset by an increase in Freight Railcars sales. Revenues decreased by 13.4% with constant currency and scope.

Leasing revenues

Leasing revenues include lease payments, freight receipts, and revenues from the provision of services associated with equipment leasing.

The leasing revenue also includes the financial revenue from finance leases in which the Group is the lessor.

Leasing revenue decreased by €1 million, falling from €147.1 million in 2016 to €146.1 million in 2017, equal to a variation of -0.7%. The change in leasing revenue at constant currency and scope is -8.75% (impact of TRF3 on 2017: €12.5 million).

The Freight Railcar leasing business is growing strongly thanks to the integration of revenues from the fleet owned by the subsidiary TRF3.

The River Barges activity benefits from increased chartering on the Rhine.

The Shipping Container division's leasing activity was down 16.7%, mainly due to the smaller fleet.

Sale of new and used equipment

Equipment sales record sales of equipment to investors (syndications), sales of new and used equipment to end customers and sales commissions (see note 1.21.4 page 80). Equipment sold to investors within the scope of syndication are then managed by the Group under management programmes.

Equipment sales decreased by €19.7 million (-23%), falling from €85.5 million in 2016 to €65.8 million in 2017.

Sales to customers fell by 30%. In 2016, a large number of used containers were available for sale and sold. In 2017, since the utilisation rates are very high, few used containers were available for sale in 2017.

Sales to investors were down €3.4 million (rise in the railcar and fall in the container).

NOTE 6. PURCHASES AND OTHER EXTERNAL EXPENSES

Purchases and other external expenses fell by €22.5 million or -17% in 2017.

This variation is mainly explained by the decrease in the cost of equipment sales totalling €17.5 million. As for revenues, this decrease is mainly due to the fall in new or used container sales activity in 2017, offset by an increase in the Freight Railcar activity.

Other external services decreased by €3.4 million, mainly due to the reduction in storage costs, maintenance and repair costs in the Shipping Container Division.

NOTE 7. STAFF COSTS

(€ thousands)	2017	2016	Variation 2017/2016	
Salaries & social security contributions	(15 935)	(15 747)	(188)	1,2%
WORKFORCE ON DECEMBER 31	**235**	**242**	**(7)**	**-2,9%**

In order to enable the employees of the French economic and social unit (which includes the companies TOUAX Corporate, TOUAX Container Services and TOUAX River Barges) to share in the Group's performance, agreements were signed allowing amounts to be paid to employees which they can invest in the Company Savings Plan.

Compulsory profit-sharing agreement

The formula adopted is the legal calculation formula. Half of the amount is distributed in proportion to attendance time in the company during the financial year, and half is distributed in proportion to the salary of each beneficiary during the financial year concerned. No contribution has been paid in 2017.

Voluntary profit-sharing agreement

The performance indicator applied is the net earnings per share and the average number of shares of the Group included in the consolidated financial statements (according to a specific calculation defined in the agreement).

No profit sharing was paid in 2017.

The competitiveness and employment tax credit (*Crédit d'Impôt Compétitivité Emploi*) concerning French companies is accounted for under staff costs for an amount of €38,000.

NOTE 8. OTHER OPERATING REVENUE AND EXPENSES

(€ thousands)	**2017**	2016	Variation 2017/2016	
Other operating revenue	3 556	1 763	1 793	101,7%
Other operating expenses	(6 047)	(4 472)	(1 575)	35,2%
TOTAL OTHER OPERATING REVENUE AND EXPENSES	**(2 491)**	**(2 709)**	**218**	**-8,0%**

In 2017, other revenue and expenses recorded a loss on bad debts representing €5.8 million. These receivables were provisioned and the reversal of this provision is included in operating depreciation (see note 9).

In 2016, other income and expenses recorded a loss on bad debts representing €3.5 million.

NOTE 9. OPERATING PROVISIONS

(€ thousands)	**2017**	2016	Variation 2017/2016	
Reversals of operating provisions	8 624	7 092	1 532	21,6%
Allocation operating provisions	(5 412)	(8 396)	2 984	-35,5%
TOTAL OPERATING PROVISIONS	**3 212**	**(1 304)**	**4 516**	**-346,3%**

In 2017, the reversal of operating provisions amounted to +€3.2 million and correspond to reversals of net impairments of bad debts for +€3.1 million and inventory write-downs for +€0.1 million.

In 2016, operating provisions amounted to -€1.3 million and corresponded to net impairment of bad debts for -€2.2 million, to provisions for risks and charges totalling +€0.7 million and stock depreciation totalling +€0.2 million.

NOTE 10. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

(€ thousands)	**2017**	2016	Variation 2017/2016	
Straight-line depreciation	(18 771)	(16 732)	(2 039)	
Depreciation on equipments under Capital Lease	(630)	(818)	188	
Depreciation expense	**(19 401)**	**(17 550)**	**(1 851)**	**10,5%**
Other depreciation	87	(51)	138	
TOTAL	**(19 314)**	**(17 601)**	**(1 713)**	**9,7%**

In 2017, depreciation provision and asset impairments amounted to €19.3 million, an increase of €1.7 million. This increase is due to the integration of TRF3 in the scope of the Group.

No exceptional impairment or impairment loss was recorded in 2016.

NOTE 11. NET DISTRIBUTIONS TO INVESTORS

Net Distributions to Investors are broken down by division as follows:

(€ thousands)	**2017**	2016	Variation 2017/2016	
Freight railcars	(4 388)	(3 667)	(721)	19,7%
Shipping Containers	(57 399)	(54 215)	(3 184)	5,9%
TOTAL	**(61 787)**	**(57 882)**	**(3 905)**	**6,7%**

Net distribution to investors increased by €3.9 million (equal to +6.7%), rising from €57.9 million in 2016 to €61.8 million in 2017.

Net distributions to investors correspond to variable asset rental charges belonging to investors which are managed by the Group and leased to their customers. The majority of managed assets are shipping containers. Shipping containers are denominated in US dollars and leased in US dollars.

At constant currency, distributions to investors increased by €4.7 million or +8.1%.

Freight railcars

In 2017, the Group managed 1,900 railcars (equivalent to 2,412 platforms) in Europe and the United States on behalf of third parties, compared with 3,635 railcars (4,539 platforms) in 2016.

Shipping containers

On 31 December 2017, the Group managed 447,068 CEUs for third parties, compared with 476,906 CEUs on 31 December 2016. The increase in distribution to investors corresponds to a better profitability of the assets, which can be explained by increased utilisation rates and consequently the significant decrease in operating expenses.

NOTE 12. OTHER OPERATING INCOME AND EXPENSES

In 2017, other operating expenses and income record a charge of €6.6 million, corresponding to:

- an impairment loss on goodwill in Morocco for -€8.3 million;
- the impact of the transition from the equity method to the full integration method of TRF3 for +€1.8 million; and
- the negative result of the sale of TXRF4 shares for -€0.1 million.

In 2016, other operating expenses and income included a charge of €2.5 million corresponding to an impairment loss on goodwill related to the acquisition of the modular buildings activity in Morocco.

NOTE 13. FINANCIAL INCOME

(€ thousands)	2017	2016	Variation 2017/2016	
Interest income	**78**	**146**		
Interest expense	(10 825)	(9 453)		
Cost of loans and borrowings	(10 825)	(9 453)		
Net Interest Expense	**(10 747)**	**(9 307)**	**(1 440)**	**15,5%**
Profit and loss on debt estinguishment	935	309		
Financial income and charges from discounting	(52)	(11)		
Other financial income and expenses	527	(1 713)		
Other financial income (expenses), net	**1 410**	**(1 415)**	**2 825**	**-199,6%**
NET FINANCIAL EXPENSE	**(9 337)**	**(10 722)**	**1 385**	**-12,9%**

The net financial expense decreased by €1.4 million (or -12.9%), changing from an expense of €10.7 million in 2016 to an expense of €9.3 million in 2017.

The net financial expense is broken down into the cost of net financial debt and other financial income and expenses.

- The cost of financial debt increased by 1.4 million between the two periods and is explained by the early repayment of financial debts and an increase in the average interest rate;
- Other financial income and expenses showed an income of €0.9 million, mainly due to foreign exchange gains on the USD and GBP.

NOTE 14. INCOME TAX

note 14.1. ANALYSIS OF THE TAX CHARGE ACCOUNTED FOR IN THE INCOME STATEMENT

Taxes on profits consist of taxes currently payable by Group companies and deferred tax arising from tax losses and temporary discrepancies between consolidated income shown in the Group's Financial Statements and income established for tax purposes.

The Group has opted for the tax consolidation system in the United States, France and the Netherlands and has formed the following groups:

- TOUAX Corp. and Gold Container Corp. : American tax group;
- TOUAX MODULAR BUILDING Llc and TOUAX LEASING CORP: American tax group;
- TOUAX SCA, TOUAX Container Services SAS, TOUAX Corporate SAS and TOUAX River Barges SAS: French tax group;
- Eurobulk Transport Maatschappij BV and CS de Jonge BV: Dutch tax group.

note 14.1.1. BREAKDOWN OF THE TAX CHARGE

The income tax expense recorded in income for the year amounted to €53 thousand (compared with a tax expense of €473 thousand in 2016). It is broken down as follows:

	2017			2016		
(€ thousands)	Current	Deferred	TOTAL	Current	Deferred	TOTAL
Europe	(94)	219	125	(39)	370	331
USA	(331)	322	(9)	(5)	(702)	(707)
Others	(320)	151	(169)	(3)	(94)	(97)
TOTAL	**(745)**	**692**	**(53)**	**(47)**	**(426)**	**(473)**

note 14.1.2. RECONCILIATION BETWEEN THE GROUP'S THEORETICAL TAX CHARGE AND THE TAX CHARGE ACTUALLY ACCOUNTED

(€ thousands)		2017	2016
Total profit before tax and extraordinary items		**(8 482)**	**(5 565)**
Theoretical tax at the current French rate of taxation	33.33%	2 827	1 855
Restrictions on deferred tax items		(4 683)	(952)
Temporary differences		715	(52)
Permanent differences and other elements		38	(1 748)
Tax losses generated in 2017			727
Current benefit of earlier losses		545	56
Difference in tax rate		505	(359)
EFFECTIVE TAX BURDEN	-1%	**(53)**	**(473)**

Outstanding deferred tax assets in France not recognised in the accounts are estimated at €32.6 million. Outstanding deferred tax assets in the Netherlands not recognised in the accounts are estimated at €1.3 million for the River Barge division.

note 14.2. TAXES ACCOUNTED FOR DIRECTLY IN SHAREHOLDERS' EQUITY

Deferred tax effects of swap valuations and net investment revaluations are booked to Shareholders' Equity.

(€ thousands)	2016	Changes by equity	2017
Redeemable warrants	(54)		(54)
Swaps evaluation	45	(45)	
Revaluation of net investments	431	(431)	
TOTAL	**422**	**(476)**	**(54)**

note 14.3. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax position is as follows:

(€ thousands)	2017	2016
Deferred tax asset	341	964
Deferred tax liability	(1 860)	(9 555)
TOTAL	**(1 519)**	**(8 591)**

Net deferred tax liabilities are broken down as follows:

(€ thousands)	2017	2016
Depreciation of fixed assets and financial lease restatement	(27 243)	(44 910)
Unused tax losses	26 902	36 518
Discounting of financial assets		4
Provisions for doubtul accounts	50	402
Others	(1 228)	(605)
NET BALANCE	**(1 519)**	**(8 591)**

NOTE 15. NET INCOME PER SHARE

Basic earnings per share are calculated by dividing the company's net income by the weighted mean number of shares in circulation during the financial year. The shares held by the company are deducted.

Diluted income per share is calculated by adjusting the weighted mean number of shares in circulation so as to take account of the conversion of all the Shareholders' equity instruments that could dilute this figure. On 31 December 2017 the Group had no potentially dilutive shareholders' equity instrument.

	2017	2016
Net consolidated net profit (€)	**(18 040 252)**	**(11 582 622)**
Outstanding shares at December 31	7 011 547	7 011 547
Weighted average number of outstanding ordinary shares	7 004 317	6 362 826
Potential number of shares		
- ORNANE 2015		
Weighted average number of shares for calculation of the diluted earnings per share	**7 004 317**	**6 362 826**
NET EARNINGS PER SHARE		
- basic	(2,58)	(1,82)
- diluted	(2,58)	(1,82)

NOTES CONCERNING THE BALANCE SHEET

ASSETS

NOTE 16. GOODWILL

Changes in goodwill were as follows:

(€ thousands)	2016	Decrease	Conversion adjustment	Change in the scope of consolidation	2017
Freight railcars	**5 101**				**5 101**
SRF Railcar Leasing Ltd	547				547
Touax Rail Limited	4 554				4 554
Modular Buildings	**21 688**				
Siko Containerhandel Gmbh	1 583			(1 583)	
TOUAX Sro - TOUAX SK Sro	11 533		687	(12 220)	
Touax Maroc / Ramco Sarl	8 572	(8 329)	(243)		
TOTAL	**26 789**	**(8 329)**	**444**	**(13 803)**	**5 101**

In 2017, the change in Goodwill is explained by the impairment of goodwill recorded in the scope of the Moroccan subsidiaries for €8.3 million, by the sale of the entities Siko Containerhandel GmbH and Touax Sro for €13.8 million and by the conversion differences.

In 2016 an impairment loss of €2.5 million was recorded as Goodwill related to the acquisition of the modular construction plant in Morocco following the results of the impairment test to match the company's value of the *discounted cash flows* realised.

Impairment tests

Impairment tests have been carried out for each cash-generating unit (CGU) for which goodwill is presented in the accounts. The recoverable value is based on the unit's value in use, equal to the amount of future cash flows, discounted using the weighted average cost of capital. Future cash flows are based on three-year forecasts and a terminal value estimated on the basis of forecast cash flows.

The table below describes the main assumptions for the CGUs presenting goodwill:

(€ thousands)	Value of associated goodwill	2016 discount rate	Indefinite growth rate 2016	2017 discount rate	Indefinite growth rate 2017
Freight Railcars	5 101	7,00%	1,70%	6,92%	1,50%
Modular Buildings Africa zone		8,66%	1,50%	10,06%	1,50%
TOTAL	**5 101**				

The discount rates used are the weighted average cost of capital (WACC) estimated for each activity.

The growth rate used of 1.5% corresponds to the internal growth objectives for the European zone of the Railcar division.

Analyses of the sensitivity of the recoverable value to a possible change in a key assumption (including variation of +/-50 base points in the discount rate; change of +/- 50 base points in the growth rate to infinity and variation of +/-5% of the projected cash flows included in the terminal value) were performed on the CGU presenting an asset with an indefinite useful life.

These sensitivity analyses showed that a change of 50 base points in the hypotheses of discount rates or growth rates or 5% in projected cash-flows for the freight railcars activity would not result in the accounting of an impairment in the Group's consolidated financial statements on 31 December 2017. As a result of these calculations, a goodwill impairment in the Africa Modular Buildings Zone resulted in an impairment of €8.3 million.

Sensitivity of the recoverable value according to a +/- 50 base point change in the rates applied:

(€ thousands)	Rate sensitivity				Flow level sensitivity	
	Discount rate		Indefinite growth rate		Variation of future cash flows of terminal value	
	+50 bp	-50 bp	+50 bp	-50 bp	+5%	-5%
Freight Railcars	(23 718)	28 527	25 649	(21 316)	11 977	(11 977)

NOTE 17. INTANGIBLE ASSETS

(€ thousands)	2016	Purchases	Disposals	Allocation for the fiscal year	Variation in conversion	Disposals in progress or realised	Reclassification and ultimate disposal	2017
Freight Railcars	613			(20)	(39)			554
River Barges	12			(9)				3
Shipping Containers	242	139		(132)	(23)			225
Others	360	16		(215)	(3)	(128)	61	90
Disposals realised		(13)		149	2	(78)	(61)	
TOTAL	**1 227**	**142**		**(226)**	**(63)**	**(206)**		**874**

Intangible assets mainly record licences and software.

NOTE 18. FIXED ASSETS

note 18.1. BREAKDOWN BY TYPE

	2017			2016
(€ thousands)	**Gross value**	**Amort.**	**Net value**	**Net value**
Land and buildings	5 449	(2 054)	3 395	8 239
Equipment	382 025	(99 401)	282 624	442 639
Other fixed assets	7 814	(6 802)	1 012	3 405
Tangible assets (WIP)	615		615	591
TOTAL	**395 903**	**(108 258)**	**287 645**	**454 874**

note 18.2. CHANGES IN GROSS VALUE, BY TYPE

(€ thousands)	2016	Purchases	Disposals	Variation in conversion	Disposals in progress or realised	Reclassifications and inclusion in the perimeter	2017
Land and buildings	12 309	131	(2 547)	(118)	(4 370)	44	5 449
Equipment	660 906	12 088	(52 429)	(9 383)	(272 353)	43 196	382 025
Other fixed assets	14 859	473	(760)	(136)	(6 599)	(24)	7 813
Tangible assets (WIP)	591	2 398		8	(353)	(2 028)	616
Disposals in progress or		(7 683)	32 722	(2 119)	(22 688)	(232)	
TOTAL	**688 665**	**7 407**	**(23 014)**	**(11 748)**	**(306 363)**	**40 956**	**395 903**

The acquisitions of equipment concern the Freight Railcars activity for €6.7 million, the River Barges activity for €0.6 million and the Shipping Containers activity for €0.1 million.

The gross value of capital outflows (sales) mainly relate to the Freight Railcars activity for €20.2 million, and Shipping Containers for €1.9 million.

Changes in the scope of consolidation of €40.9 million mainly concern the perimeter entry of TRF3 in the Freight Railcar activity.

The Group's fixed assets comprise leasing equipment (shipping containers, river barges and freight railcars). The unit values of shipping containers (20 feet) do not generally exceed $2,500. Unit values of freight railcars range from €10,000 for used 60-ft railcars to €125,000 for new 106-ft articulated intermodal railcars. The unit values of river barges range from €150,000 for used barges (1,700-ton), to over €1 million for newly-bought barges (2,800-ton).

NOTE 19. FINANCIAL INSTRUMENTS

note 19.1. FINANCIAL ASSETS

Fair value of financial instruments

Financial assets valued at fair value by the corresponding income consist mainly of negotiable securities, which are carried at fair value. Long-term financial assets are discounted at the rate for risk-free lending (government bonds). The impact of financial instruments on net income is explained in note 24.1.5 below.

The financial risk management policy is presented in note 32.

Both swaps and cash and cash equivalents are valued at their fair value. For trade receivables, the book value is used for the fair value, as these credits are all very short term.

Other non-current financial assets and other non-current assets are valued at their depreciated cost calculated using the effective interest rate. Their book values provide a reasonable estimate of the fair value.

Other Non-Current Financial Assets and other fixed assets undergo impairment tests on the basis of the estimated future income streams.

note 19.1.1. NON-CURRENT FINANCIAL ASSETS

Securities available for sale - Gross value	2017	2016
Opening total	1 858	1 799
Increases		
Decreases	(1 733)	
Difference on conversion	(124)	59
Other changes	899	
Closing total	**900**	**1 858**

Other N.C. financial assets - Gross value	2017	2016
Opening total	7 238	7 772
Increases	6 747	535
Decreases	(772)	(596)
Difference on conversion	(174)	30
Other changes	(4 029)	(503)
Closing total	**9 010**	**7 238**

Securities available for sale - Impairment in income statement	2017	2016
Opening total	(1 857)	(1 798)
Increases		
Decreases	1 733	
Difference on conversion	124	(59)
Other changes		
Closing total		**(1 857)**

Other N.C. financial assets - Impairment in income statement	2017	2016
Opening total	(3 060)	(3 678)
Increases		(40)
Decreases		44
Difference on conversion		10
Other changes	2 925	604
Closing total	**(135)**	**(3 060)**

Securities available for sale - Net value	2017	2016
Opening total	**1**	**1**
Closing total	**900**	**1**

N.C. financial assets - Net value	2017	2016
Opening total	**4 177**	**4 093**
Closing total	**8 875**	**4 177**

N.C. = Non current

€ thousands

- **Securities available for sale**

The Touax Group has a residual stake in the capital of TXRF4 (railcar asset company) for €0.9 million, or less than 3% of the capital.

- **Other long-term financial assets**

These are made up of loans, guarantee deposits and an escrow account given to the buyer of the European Modular Buildings activity for €5.8 million.

note 19.1.2. INTERESTS IN ASSOCIATED COMPANIES

There are no longer any shareholdings in associate companies as of 31 December 2017.

Shareholdings in associate companies amounted to €10.4 million on 31 December 2016 and represented investment in the structures TRF3 and TXRF4.

During the last quarter of 2016, our subsidiary Touax Rail Ltd made a contribution in kind (railcars) of €5.9 million to TX Rail Finance 4. Furthermore, TX Rail Finance 4 has on its balance sheet railcars financed by a Luxembourg SICAV-SIF and bank debt. Thus, 36.61% of this company's capital is held by the Group and the rest by other investors.

In March 2017, the Group sold 6% of the capital after making a contribution in kind of €0.5 million.

In June 2017, Touax Group's stake in the capital of TXRF4 was diluted by 18% following a capital increase of TXRF4 which was therefore deconsolidated. In July 2017, the group sold a large majority of its TXRF4 shares, leaving a 3% stake in this structure to Touax.

The principal financial data in 2016 relating to this company accounted by the equity method are:

- Revenue in 2016: €842,000;
- Net financial debt for 2016 is €25.8 million.

In December 2015, the company TRF3 was formed with a view to taking under management the European freight railcar leasing business of General Electric. The capital of this company is held by third party investors at 73.81% and by the Group at 26.19%. Bank financing of assets was set up to complete the financing of this acquisition. The company TRF3 was accounted for under the equity method in the Group's accounts for an amount of €2.7 million and the shareholding amounted to €5 million at 31 December 2016. Following the purchase of 3.3 million additional shares in TRF3, TOUAX Group has consolidated this entity using the full consolidation method since January 2017.

The principal financial data in 2016 relating to this company accounted by the equity method are:

- Revenue in 2016: €17.2 million;
- Net financial debt increased to €20.5 million in 2016.

Value of investments in associates *(€ thousands)*	2016
Value of shares at the beginning of the period	**2 867**
Touax Rail Finance 3	2 867
Change in Group structure	**5 987**
TX Rail Finance 4	5 987
Share of the Group in the net income of the period	**2 058**
Touax Rail Finance 3	2 102
TX Rail Finance 4	(44)
Share of the Group in other items of comprehensive income, net of taxes	**(81)**
Touax Rail Finance 3	(81)
Neutralization of internal margin	**(396)**
TX Rail Finance 4	(396)
Value of shares end of period	**10 436**

note 19.1.3. OTHER FIXED ASSETS

Finance lease receivables - Gross value *(€ thousands)*	2017	2016
Opening total	2 128	3 248
Increases	269	
Decreases	(1 092)	(90)
Difference on conversion	(135)	38
Other changes	(607)	(1 068)
CLOSING TOTAL	**563**	**2 128**

Finance lease receivables - Impairment in income statement *(€ thousands)*	2017	2016
Opening total		
CLOSING TOTAL		

Finance lease receivables - Net value *(€ thousands)*	2017	2016
Opening total	2 128	3 248
CLOSING TOTAL	**563**	**2 128**

Trade receivables – Gross value *(€ thousands)*	2017	2016
Opening total	3 334	
Increases	146	
Difference on conversion	(425)	159
Other changes	398	3 175
Closing total	**3 453**	**3 334**

Trade receivables – Impairment in income statement *(€ thousands)*	2017	2016
Opening total		
Closing total		

Trade receivables - Net value *(€ thousands)*	2017	2016
Opening total	3 334	
Closing total	**3 453**	**3 334**

TOTAL Other non-current assets	**4 016**	**5 462**

The Group's assets include assets held under finance leasing, in which it acts as lessor, amounting to a net book value of €1.4 million (€0.6 million in other non-current assets and €0.8 million in other current assets) and a historical cost of €10.2 million.

(€ thousands)	Minimum future payments	Discounted minimum future payments
For less than one year	973	855
Between one and five years	607	485
Over five years	91	79
TOTAL	**1 671**	**1 419**
Discounting of finance leases	246	
Discounting minimum future payments	**1 425**	**1 419**
Presentation in the Balance Sheet of finance lease receivables		
Other current assets		855
Other non-current assets		563
TOTAL		**1 419**

The interest rate applied in each finance lease is determined on the day the contract is signed. The average rate of interest used was 12.1% on 31 December 2017. The interest income from finance leases is recorded under leasing revenue (€0.2 million in 2017 compared with €0.3 million in 2016).

Customer reimbursements of finance lease receivables corresponding to the net investment booked on the balance sheet under assets increased to €1.4 million in 2017.

EBITDA

The EBITDA – understood by the Group as current operating income before depreciation charges and provisions – is not itself an accounting concept. However, it is very often used by financial analysts, investors and other users of financial statements as a measure of the operating performance of a business. In TOUAX's view, users of the Group's Financial Statements would find the restated EBITDA shown below to be a better measure of this performance.

Restated EBITDA

Restated EBITDA is EBITDA plus the capital repayments of the net investment in finance leasing granted to customers, amounting to €1.4 million on 31 December 2017. This makes it possible to calculate the cash flow from operations more accurately than by using the EBITDA. The practice is widespread among firms which lease out equipment.

(€ thousands)	Freight Railcars	River Barges	Shipping Containers	Others	2017
EBITDAR (gross operating margin)	24 678	5 703	58 406	(133)	88 653
Net distributions to investors	(4 388)		(57 399)		(61 787)
EBITDA	**20 290**	**5 703**	**1 007**	**(133)**	**26 866**
Payments received of principal of finance lease receivables		1 079	289		1 369
Restated EBITDA	**20 290**	**6 782**	**1 296**	**(133)**	**28 235**

NOTE 20. INVENTORIES AND WORK IN PROGRESS

Inventories and WIP include equipment to be sold as well as spare parts. The equipment is mainly intended to be sold to investors under asset management programs.

	2017				2016
(€ thousands)	Gross value	Prov.	Net value	Variation	Net value
Equipment	10 575	(287)	10 287	(14 328)	24 615
Spare parts	13 620		13 620	1 209	12 411
TOTAL	**24 195**	**(287)**	**23 908**	**(13 118)**	**37 026**

The inventory of the Freight Railcars division has stocks of spare parts for €12.3 million and railcars for €5.7 million (equal to 96 railcars).

The inventory of shipping containers corresponds to about 1,539 CEUs worth a total of €2.7 million.

The Modular Buildings division in Morocco has a stock account in goods or in production of €0.7 million and €1.4 million of spare parts.

NOTE 21. RECEIVABLES AND RELATED ACCOUNTS

Receivables and related accounts - Gross value *(€ thousands)*	**2017**	2016
Opening total	74 089	71 349
Variation	(8 449)	1 842
Difference on conversion	(3 553)	898
Other changes	(18 130)	
CLOSING TOTAL	**43 957**	**74 089**

Receivables and related accounts - Impairment in income statement *(€ thousands)*	**2017**	2016
Opening total	(22 541)	(20 500)
Increases	(5 877)	(8 453)
Decreases	8 970	6 845
Difference on conversion	1 434	(438)
Other changes	3 632	5
CLOSING TOTAL	**(14 382)**	**(22 541)**

Receivables and related accounts - Net value *(€ thousands)*	**2017**	2016
Opening total	51 548	50 849
CLOSING TOTAL	**29 575**	**51 548**

On first booking, trade receivables are recognized at their fair value which corresponds to their nominal value. They may be written down if there is a risk the debt may not be collected in full. At 31 December 2017, outstanding trade receivables totalled €29.6 million on the balance sheet. This is a reasonable estimate of the fair value.

The average duration of customer credit is 58 days. For receivables in arrears for less than one year, an impairment writedown was posted according to the customer's payment history. The average duration of customer credit was 55 days in 2016.

Before a new customer is accepted, the Group checks its solvency with credit rating agencies and determines the applicable credit limits.

On 31 December 2017 the Group recognised net overdue receivables of €11.3 million, the vast majority of which is outstanding for less than six months.

Aged balance of accounts 2017 *(€ thousands)*	**Trade receivables, gross**	**Depreciation**	**Trade receivables**
Unmatured	18 334	(84)	18 250
0 - 6 months	8 892	(1 747)	7 145
6 - 12 months	4 011	(2 597)	1 414
> 1 year	12 719	(9 954)	2 765
TOTAL	**43 957**	**(14 382)**	**29 575**

NOTE 22. OTHER CURRENT ASSETS

(€ thousands)	**2017**	2016
Sale of fixed assets		3
Prepaid expenses	1 686	3 310
Taxes and duties	4 136	5 994
Finance lease receivables within a year	855	926
Others	422	2 514
TOTAL	**7 099**	**12 747**

Taxes and Duties are mainly made up of VAT at the end of period.

Other current assets are all recoverable within one year.

NOTE 23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents *(€ thousands)*	**2017**	2016
Investments of less than three months	12 516	3 683
including short-term securities	*495*	*2 237*
Cash	17 347	24 332
CLOSING TOTAL	**29 863**	**28 015**

The balances of cash and cash equivalents shown on the Group's balance sheet on 31 December 2017 include €17.9 million in cash that is not available for the Group's daily cash management. This balance corresponds for an amount of (i) €2.0 million to contractual reserves on asset financing companies, and for (ii) €15.9 million to the Cash-flow of companies not 100% owned.

NOTE 24. FINANCIAL LIABILITIES

Non-current and current financial liabilities correspond to "Borrowings and Financial Debts" and "Borrowings and Current Bank Facilities".

note 24.1.1. ANALYSIS OF FINANCIAL LIABILITIES BY CATEGORY

(€ thousands)	2017			2016		
	Non current	Current	TOTAL	Non current	Current	TOTAL
Bond issue	22 473	7 565	30 038	43 911	480	44 391
Medium/long-term loans with recourse	13 010	2 908	15 918	46 423	25 056	71 478
Finance lease commitments with recourse	6 295	1 652	7 947	25 855	13 515	39 370
Revolving lines of credit with recourse		23 697	23 697	37 213	3 044	40 257
Debt without recourse	81 402	49 840	131 242	71 038	96 015	167 053
Current bank accounts with recourse		594	594		438	438
Current bank accounts without recourse		508	508		470	470
Liabilities on derivatives with recourse		217	217		362	362
Liabilities on derivatives without recourse		762	762		998	998
TOTAL FINANCIAL LIABILITIES	**123 180**	**87 741**	**210 922**	**224 439**	**140 378**	**364 817**

Debts "without recourse" concern:

- Financing of assets not guaranteed by the parent company TOUAX SCA for which the debt service must be provided by the income generated by the assets being financed (both by leasing income and sale proceeds).
- Financing not secured by the parent company TOUAX SCA granted to fully consolidated subsidiaries although not 100% owned by the Group.

According to IAS 7, changes in net financial debt are presented in the table below:

(€ thousands)	Opening	Cash flow	Non cash "variations"					Closing
			Changes in scope of consolidation	Exchange rate effects	Fair value changes	Other variations	Total "Non cash"	
Bond issue	44 391	(14 353)						**30 038**
Medium/long-term loans with recourse	71 478	(51 183)	(4 063)	(1 980)		1 666	(4 377)	**15 918**
Finance lease commitments with recourse	39 370	(7 467)	(24 362)	406			(23 956)	**7 947**
Revolving lines of credit with recourse	40 257	(13 382)	(3 649)	70		401	(3 178)	**23 697**
Debt without recourse	167 053	(58 040)	28 850	(4 546)		(2 075)	22 228	**131 242**
Current bank accounts with and without recourse	909	783	(509)	(81)			(590)	**1 101**
Liabilities on derivatives with and without recourse	1 360	(498)	354		(236)		118	**979**
NET FINANCIAL DEBT	**364 817**	**(144 140)**	**(3 379)**	**(6 132)**	**(236)**	**(7)**	**(9 754)**	**210 922**

IFRS 7.8 defines the following categories of financial instruments:

On 31 December 2017					
Types of financial liability *(€ thousands)*	**Consolidated financial statements**	**Valuation at fair value**	**Difference (%)**	**Sensitivity +1%**	**Difference compared with fair value**
Financial liabilities valued at amortized cost	209 943	212 595	1,26%	211 456	-0,54%
Financial liabilities valued at fair value	979	979			
TOTAL	**210 922**	**213 574**	**1,26%**	**211 456**	**-0,99%**

On 31 December 2016

Types of financial liability *(€ thousands)*	Consolidated financial statements	Valuation at fair value	Difference (%)	Sensitivity +1%	Difference compared with fair value
Financial liabilities valued at amortized cost	363 458	369 137	1,56%	366 602	-0,69%
Financial liabilities valued at fair value	1 360	1 360			
TOTAL	**364 817**	**370 496**	**1,56%**	**366 602**	**-1,05%**

As stated in note 1.18.3, financial liabilities are valued at cost depreciated by the “effective interest rate” method.

Applying the fair value principle would value the financial liabilities at €213.6 million, using closing prices at 31 December 2017 as a hypothesis.

The fair value of fixed-rate debt is determined for each borrowing by discounting future cash-flows. The discount rate used is the average rate of fixed-rate debt considered representative of the financing rate for the Group's risk class in the absence of listed securities (credit derivatives or bond yields).

The net book value of variable-rate debt (both long-term and short-term) provides a reasonable approximation of their fair value.

Derivative liabilities are assessed using the values obtained from first-rate financial institutions.

note 24.1.2. BREAKDOWN BY DUE DATE OF LOANS AND PAYMENTS ON 31 DECEMBER 2017

(€ thousands)	2018	2019	2020	2021	2022	+ 5 years	TOTAL
Bond issues	7 565	22 473					30 038
Medium/long-term loans with recourse	2 908	7 557	5 454				15 918
Finance leasing commitments with recourse	1 652	3 754	567	1 974			7 947
Short-term loans with recourse	24 508						24 508
Debts without recourse	51 110	4 613	67 142	4 746	698	4 203	132 512
TOTAL CAPITAL FLOW ON LOANS	**87 742**	**38 397**	**73 163**	**6 720**	**698**	**4 203**	**210 922**
Future interest flow on loans	6 695	4 811	3 385	422	235	308	15 857
TOTAL FLOW ON LOANS	**94 437**	**43 208**	**76 547**	**7 142**	**933**	**4 510**	**226 779**

Future interest payable on variable rate loans has been estimated on the basis of the interest rates applicable on 31 December 2017.

Borrowing maturities include the regular annual depreciation of loans up to their extension and the depreciation of certain loans. On 31 December 2017, the amount of lines to be renewed in 2018 amounts to €71.8 million and other depreciation amounts to €11.4 million. Depreciation of the lines of €71.8 million, some before the end of May, corresponds to 2 warehouse type facilities for the freight railcars and container divisions for €64.8 million and a bond debt for €7 million. To ensure its ability to repay these debts *in fine*, the Group particularly monitors the loan-to-value ratio and the amounts of assets to be refinanced or free of finance which enable it to refinance these lines.

Work is already underway to refinance these lines, as specified in note 32.3.

note 24.1.3. COMMITMENTS AND SPECIFIC CLAUSES OF THE LOANS

A medium-term bank loan includes default clauses related to non-compliance with financial ratios (financial covenants). These clauses apply to debts of €12.4 million on 31 December 2017. They entitle banks to insist on early repayment if the terms of the covenant are not met.

The financial covenants calculated on the Group's consolidated financial statements are presented in the following table:

Borrower	Touax Hydrovia Corp
Type of facility	bilateral
Period and issue mode	7 year long-term redeemable debt
Maximum amount	$22.3 m
Outstanding liabilities 31/12/17	$14.9 m
Scope of calculation	TOUAX SCA consolidated accounts
Gearing (net financial debt with recourse/shareholders' equity)	Below 1.9
Interest Coverage (restated EBITDA after distribution / Net financial expenses)	greater than 2
Calculation frequency	Semi-annual
Loan maturity date	31/12/2019
Guarantees	package of guarantees
Cross-default clauses	default on a debt greater than €5 million within the scope of calculation

Financing of assets and acquisitions borne by dedicated companies also include financial covenants that may result in compulsory prepayment of the loans concerned.

The financial covenants calculated on the Group's consolidated financial statements were respected on 31 December 2017.

Within the legal documentation, clauses requiring control of the Group by the WALEWSKI family have also been included.

Note that the TOUAX Group has no official financial credit rating and that in the financing agreements there is no advanced repayment clause which could be triggered by a lower credit rating.

note 24.1.4. ANALYSIS OF THE DEBT

Consolidated net financial debt is as follows:

(€ thousands)	**2017**	2016
Financial liabilities	210 922	364 817
Derivative Instruments asset		
Marketable securities & other investments	12 516	3 683
Cash assets	17 347	24 332
CONSOLIDATED NET FINANCIAL INDEBTEDNESS	**181 059**	**336 802**
Non-recourse debt	132 512	168 521
FINANCIAL INDEBTEDNESS EXCLUDING NON-RECOURSE DEBT	**48 547**	**168 281**

Recourse debt corresponds to asset financing for which TOUAX SCA does not collateralize. The lenders are secured primarily by the assets being financed and their underlying leasing contracts.

Financial liabilities broken down by currency

(€ thousands)	**2017**	2016
Euro (EUR)	142 147	290 933
US dollar (USD)	37 827	54 997
Polish zloty (PLN)		7 844
Pound (GBP)	21 336	
Others	9 613	11 043
TOTAL	**210 922**	**364 817**

Breakdown of gross debit by fixed rate – variable rate (including hedging instruments)

(€ thousands)	**2017**	2016
Fixed rate	129 253	173 745
Floating rate	81 670	191 072
TOTAL	**210 922**	**364 817**

Average rate of gross debt by currency

	2017	2016
Average debt rate in Euro (EUR)	3,51%	3,50%
Average debt rate in US dollar (USD)	4,48%	4,08%
Average debt rate in Polish zloty (PLN)		4,68%
Average debt rate in Pounds (GBP)	4,11%	
Average debt rate in Other currencies	4,01%	4,34%
AVERAGE RATE OF OVERALL GROSS DEBT	**3,77%**	**3,64%**

note 24.1.5. EFFECT OF FINANCIAL INSTRUMENTS ON NET INCOME

Others	
NET FINANCIAL EXPENSE	**(9 337)**

(€ thousands)	Available-for-sale securities	Loans and receivables	Instruments valued at amortized cost	Foreign exchange derivative	Instrument designated at fair value	2016
Interest income						
Interest expenses		48	(9 864)	(1 000)	(349)	(11 166)
Impact on income		**48**	**(9 864)**	**(1 000)**	**(349)**	**(11 166)**
Exchange gain/loss						309
Impact of discounting						(11)
Interest on cash						146
Others						
NET FINANCIAL EXPENSE						**(10 722)**

(en milliers d'euros)	Titres disponibles à la vente	Prêts et créances	Instruments évalués au coût amorti	Instrument dérivé de couverture de change	Instrument désigné à la juste valeur	2015
Produits d'intérêt						
Charges d'intérêt		120	(16 260)	(66)	738	(15 468)
Impact Résultat		**120**	**(16 260)**	**(66)**	**738**	**(15 468)**
Ecart de change						29
Effet actualisation						(8)

All Trade Payables are due within one year.

NOTE 25. SHAREHOLDERS' EQUITY

Details of Shareholders' Equity are given in the Schedule of Changes in Shareholders' Equity.

Management of capital

The Group's objective in managing its Shareholders' equity is to maximise the company's value by arranging for an optimal capital structure that minimises the cost of capital and ensures the best possible return to shareholders.

The Group manages its borrowing structure by optimizing its debt/equity ratio in the light of changes in economic conditions, its own objectives, and management of its risks. It assesses its working capital requirements and its expected return on investment, in order to control its financing requirements. Depending on the growth of its market and expectations of managed assets' profitability, the Group decides whether to issue new equity or to sell assets to reduce its debt.

The Group uses its gearing ratio as an indicator for managing its debt/equity ratio. indebtedness (with and without recourse) divided by stockholders' equity. The debt/equity ratios are as follows:

(€ thousands)	**2017**
Debts with recourse	48 547
Debts without recourse	132 512
Total shareholders' equity	136 693
Debt ratio (excluding debt without recourse)	0,36
Debt ratio of debt without recourse	0,97
DEBT RATIO	1,32

Hybrid debt

The Group made two issues of Undated Super Subordinated Notes (TSSDI) in 2013 and another in 2014, constituting a single stub to the amount of €50.8 million. The Group will have the option to pay them back at par value from August 2019. They entitle holders to an annual coupon at a fixed rate of 7.95% during the first six years. The payment of the coupon depends on the payment of a dividend by the parent company. In accordance with IFRS standards, these securities are accounted for as equity. This financial instrument enhances the structure of the Group's balance sheet when considering the lifetime of the Group's assets and its business development financing requirements.

Hybrid debt *(€ thousands)*	Part 1	Part 2	Part 3	**TOTAL**
Issue price	20 525	12 250	18 025	50 800
Net costs	(481)	(156)	(2)	(639)
Hybrid debt after deduction of issuing charges	**20 044**	**12 094**	**18 023**	**50 161**
Coupons received		301	1 158	1 460
TOTAL	**20 044**	**12 395**	**19 182**	**51 621**

Non-controlling interests (minority interests)

The amount of minority interests amounted to €24 million. They correspond to the participation of financial partners, mainly in SRFRL for €14 million and in TRF3 for €10 million.

NOTE 26. PROVISIONS

(€ thousands)	2016	Allocation	Reversal used	Reversal not used	Exchange	Disposal in progress	Reclassification	**2017**
Shipping Containers	4						(4)	
Others	3 603	97	(92)		(1)	(3 443)		164
Provision for risk	**3 607**	**97**	**(92)**		**(1)**	**(3 443)**	**(4)**	**164**

The risk provisions are mainly composed of customer, supplier and industrial tribunal risks.

NOTE 27. PENSION AND SIMILAR LIABILITIES

Changes in superannuation commitments can arise from:

- of personnel movements (arrivals of new personnel and departures),
- acquisition of entitlement by staff members during their employment within the business,
- changes in pay, and other actuarial assumptions.

(€ thousands)	2016	Allocation	Reversal	Change in the perimeter	Change in exchange rate	Reclassification	**2017**
River Barges	20	26	(20)				26
Shipping Containers	57	27	(61)			4	27
Others	479	145	(204)	(275)			145
TOTAL	**556**	**198**	**(285)**	**(275)**		**4**	**198**

The following assumptions were made to assess superannuation commitments:

- Employees' predicted length of service, calculated using probability coefficients for the various age groups,
- A discount rate of 1.33%,
- Pay rises of 0.8%,

- Changes in hypotheses set the retirement age at 62 years.

NOTE 28. OTHER LONG-TERM LIABILITIES

(€ thousands)	**2017**	2016
Shipping containers	2 627	3 104
Others		1 836
TOTAL	**2 627**	**4 940**

In 2017, other long-term liabilities represent more than one year of operating debt for the Shipping Container activity.

In 2009, the Modular Building division set up a new type of sales agreement with a repurchase commitment. This agreement involves recognizing the Group's repurchase commitment as well as the deferred income relating to the lease of modular buildings. Both these items are included in other long-term liabilities. At 31 December 2017, this type of other long-term liabilities is not included in the balance sheet since the sale of the European activity.

Among other long-term liabilities, we can also find debts related to the acquisition of fixed assets with a maturity of more than one year.

NOTE 29. ACCOUNTS RECEIVABLE

(€ thousands)	**2017**	2016
Freight Railcars	4 812	4 565
River Barges	1 112	1 532
Shipping Containers	2 088	4 306
Others	4 266	17 210
TOTAL	**12 278**	**27 613**

NOTE 30. OTHER CURRENT LIABILITIES

(€ thousands)	**2017**	2016
Capital creditors	350	7 591
Tax and social security liabilities	3 819	13 245
Accounts payable	22 111	36 251
Deferred revenue	1 128	4 477
Other current liabilities	6 048	3 863
TOTAL	**33 456**	**65 428**

In 2017, capital creditors represent €0.3 million for the purchase of river barges. In 2016, it accounted for €6.3 million for the purchase of shipping containers and €1.2 million for modular buildings.

Operating liabilities mainly represent debts related to the distribution to investors of leasing and sales activities. The variation is mainly due to the shipping containers activity.

Other current liabilities mainly include the amounts to due to investors in respect of compensation paid by clients in relation to lost or damaged materials.

NOTE 31. CONTINGENT LIABILITIES

note 31.1. ADJUSTMENT OF THE SALE PRICE OF THE MODULAR BUILDINGS ACTIVITY

The modular buildings activity in Europe was sold on 8 December 2017 for an amount based on an estimate of the accounts of 30 November 2017, with an adjustment of this amount required on the basis of the final accounts. The final accounts have been prepared by the purchaser and have been sent to us within 60 business days of the closing of the transaction in accordance with the sale agreement, showing an adjustment of the amount. The Group has 30 business days to challenge these items. At this point, the clarifications made by the buyer on these accounts are insufficient to assess a possible financial impact and no provision has been recorded in the accounts.

note 31.2. TAX AUDIT

Since 2012, Touax Container Investment Ltd has been subject to audit by the tax authorities. This audit resulted in numerous requests for information to which we responded in a precise and documented manner. In order to continue the adversarial principle, the Group was forced by the regulations to buy *tax certificates* (equivalent to $4.4 million since the beginning of the procedure and up to this date). The procedure continues and the tax administration is analysing a response sent on the 1 February 2018 by the Touax Group. Since the position of the administration is unfounded according to our analyses, no provision has been recorded in the accounts to date.

A tax audit of certain subsidiaries located in Morocco was carried out for the years 2010 to 2014. The financial years 2010 to July 2012 were covered by an assets and liabilities guarantee of the former owner of the subsidiary in the knowledge that it was acquired by the Group in July 2012. Notifications have been issued by the Moroccan tax authorities.

An appeal was made to the local tax commission in September 2015. The opinions received in 2017 show a favourable adjustment for our Moroccan subsidiaries with a reduced amount. The tax authorities and the Group appealed to the national tax appeal committee challenging the local commission's response. The hearing of this commission has been set for 15 May 2018. No provision has been recorded in the accounts to date.

note 31.3. GUARANTEE OF LIABILITIES

As part of the sale of the European modular buildings activity, a guarantee of liabilities was agreed with the purchaser.

The social risk mentioned in the Group's previous consolidated financial statements is part of this guarantee of liabilities: Following the Plan de Sauvegarde de l'Emploi job-saving scheme (PSE) started in 2013-2014 when the Modular Buildings assembly unit in Mignières closed, the 26 employees made redundant for economic reasons challenged their dismissal at the Employment Tribunal of Chartres. The judgement was delivered on 8 April 2018 and TOUAX appealed against that judgement. The deliberations of this appeal should be known during May 2018.

NOTE 32. RISK MANAGEMENT

note 32.1. MARKET RISK

Financial and market risks include currency risk, interest-rate risk, equity risk, and counterparty risk.

Interest rate and currency risks are monitored through monthly reporting and are managed centrally within the Group Treasury and Finance department, which reports them to the Management Committee on a monthly basis.

This reporting includes loans from financial institutions as well as loans made between Group subsidiaries under treasury agreements. The information is checked, analysed, consolidated and forwarded to the Executive Committee.

note 32.2. CREDIT RISK

Credit risk is described in note 21 page 99.

note 32.3. LIQUIDITY RISK AND COUNTERPARTY RISK

Liquidity risk

Liquidity risk is managed by the Treasury and Financing Department, which reports to the General Administration and Finance Department. Overall cash flow management at Group level allows compensation for surplus cash and cash requirements in order to limit the use of financial borrowing.

Liquidity risk management is assessed via the Group's requirements defined in the 3-year plan, the annual cash flow budget, as well as via quarterly, monthly, weekly and daily cash-flow forecasts. These forecasts reflect the anticipated operating cash flows of each of the divisions and the Group's debt maturities. They therefore make it possible to define the financial strategy established with the executive committee. The objective is to meet the Group's maturities, to best back the service of debts to the income generated by the assets, while trying to optimise the financial cost of the debt and to finance, if necessary, the Group's growth.

To this end, the Group has credit lines confirmed by its financial partners, mainly in the form of (i) medium-long-term loans, (ii) asset financing lines (borrowing and finance leasing) and (iii) bond borrowing.

All of the loans are negotiated or approved by the Treasury and Finance Department after agreement from the Group's management in order to control the legal and financial commitments (both on and off the balance sheet) made by the Group.

Some loans include clauses with drawdown conditions (asset eligibility) and others include financial commtments (ratios) that the Group must comply with, as indicated in note 24.1.3 on page 101.

In order to meet its borrowing obligations, the Group has cash flows from asset leasing and selling activities, and establishes a program to (re)finance assets for renewing or refinancing in fine redeemable lines detailed in the note 24.1.2 page 101.

A liquidity risk can occur if the Group does not have sufficient resources to meet its short-term needs, particularly its loan maturity dates. The liquidity risk of the group thus largely depends on its ability to refinance the *in fine* lines coming to maturity.

The Group's refinancing capacity depends on the amount of unfunded assets, the amount of assets released by the maturity of the 2 warehouses, which amounts to €64.8 million, and the Group's *Loan to value* which amounted to 54% at the end of 2017, an improvement compared to the end of 2016. Where appropriate, the Group may have to implement larger syndications or disposals of assets in the short or medium term. Already, €7.7 million of these debts correspond to railcar assets already identified for syndications.

At the end of December 2017, the Group had €29.8 million in cash and €4.1 million of undrawn available lines and €5.4 million equivalent of assets in inventory, to be sold to investors in addition to fixed assets.

The Group's future maturities are detailed in the note 24.1.2. The breakdown of the 2018 maturities into debts with recourse and without recourse is as follows:

(€ million)	2018
Repayment of medium/long-term credit with recourse	4,6
Repayment of short-term credit with recourse	31,4
Repayment of debts without recourse	51,1
Repayment of annual revolving credit	0,6
TOTAL	**87,7**
Estimated financial charges	6,7
TOTAL	**94,4**

The €51.1 million depreciation and debt repayment without recourse primarily corresponds to (i) €43.6 million of warehouse-type asset financing for the freight railcar division and (ii) investments of other non-recourse loans for €6.2 million.

The €31.4 million of depreciation and repayment of short-term confirmed loans with recourse primarily corresponds to (i) €21.2 million of warehouse-type asset financing for the containers division and (ii) €7 million of bond financing reaching maturity.

The Group intends to refinance these outstanding liabilities through new financing of long-term assets and warehouses and/or corporate as well as by the sale (syndications) of assets to investors. The Group believes that it is able to cope with these refinancings thanks to favourable Loan to Value levels of this financing.

The timetable of dates when the Group's debt falls due is as follows:

(€ million)	TOTAL	2018	2019	2020	2021	2022	+5 years
Debts with recourse	78,4	36,6	33,8	6,0	2,0		
Debts without recourse	132,5	51,1	4,6	67,1	4,7	0,7	4,2
TOTAL	**210,9**	**87,7**	**38,4**	**73,2**	**6,7**	**0,7**	**4,2**

Counterparty risk for the Group

It consists of the following 3 main risks:

- cancellation of approved credit lines following the default of a lender;
- counterparty default in the unwinding of an over-the-counter derivative;
- non-repayment of cash surpluses invested in spot or futures markets with a financial institution or as part of an investment.

The Group prefers financial institutions with first-rate banks, in other words institutions with excellent credit ratings from international credit rating agencies, for both renewable credit facilities and over-the-counter trading of hedging derivatives.

The Group only invests its surpluses in non-dynamic monetary investment products with first-rate banks in spot or futures markets.

Accordingly, the TOUAX Group believes that its exposure to counterparty risk remains limited. The Group therefore does not use any derivative instruments to manage this counterparty risk.

note 32.4. INTEREST-RATE RISK

To carry out its investment policy, the TOUAX Group uses debt. A majority of the Group's debt is concluded at variable rates. Interest rate risk is thus mainly linked to these variable rate loans.

In order to limit the negative impact of a rise in short-term rates (although certain reference rates were negative in 2017) the Group's policy is to not speculate in interest rates. It uses plain vanilla derivatives, and negotiates new fixed-rate or variable rate loans according to its decision to modify the fixed rate-variable rate share of its debt.

At the end of 2017, fixed-rate debt (after hedging operations) represents approximately 61% of total debt.

Hedging of Interest Rate Risk

The Group obtains financing at both variable and fixed rates, and uses interest rate derivatives in order to reduce its net exposure to interest rate risk. It should be recalled that these instruments are never held for speculative purposes.

Those instruments are mainly interest rate swap agreements, but the Group may occasionally use interest rate options (by purchasing caps or floor). These instruments are traded over-the-counter with first-rate bank counterparties.

Off-balance sheet financial instruments had the following characteristics at 31 December 2017:

(€ thousands)	Par value	Par value by maturity			Valuation at 31/12/17
		< 1 year	from 1 to 5 years	> 5 years	
Interest rate swaps borrower fixed rate / lender variable rate					
EUR Euribor / fixed rate	42 765	2 475	40 290	-	
GBP Euribor / fixed rate	21 336	1 805	19 531		
TOTAL INTEREST RATE HEDGING	**64 101**	**4 280**	**59 821**	**-**	**-874**

In 2015 and in accordance with the requirements of lenders, the Group set up a rate swap to hedge fluctuations in the floating rate during the refinancing of €55 million of a freight railcar financing line (SRFRL joint venture). This hedge led to an accounting loss of

€621 thousand in 2017 due to strongly negative Euro rates (due to the difference between the terms of the debt financing (floored to 0) and the fixed rate hedging ("not floored").

The impact of derivative instruments on the gross debt per currency is presented below :

(€ thousands)	Amounts on 31 December 2017		
	before hedging operations	Impact of derivatives	after hedging operations
Euro at fixed rate	45 834	42 765	88 600
Euro at variable rate	96 313	-42 765	53 548
Dollar at fixed rate	15 168		15 168
Dollar at variable rate	22 658		22 658
Pound at fixed rate		21 336	21 336
Pound at variable rate	21 336	-21 336	
Other currencies at fixed rate	4 149		4 149
Other currencies at variable rate	5 464		5 464
TOTAL fixed rate debt	65 152	64 101	129 253
TOTAL variable rate debt	145 771	-64 101	81 670
TOTAL DEBT	**210 922**		**210 922**

Sensitivity to changes in interest rates

A 1% increase in short-term interest rates would have a direct impact on the Group's financial charges of approximately €0.8 million, or approximately 10.3% of theoretical financial expenses on 31 December 2017. This theoretical calculation is determined after taking into account derivatives, on the assumption that gross debt remains stable over the coming financial year.

note 32.5. CURRENCY RISK

Operational currency risk

The TOUAX Group has an international presence and activity. It is therefore exposed to currency fluctuations. Indeed, the American dollar accounted for nearly 54% of the Group's turnover.

Despite this significant exposure to currencies, the Group considers that it is subject relatively little to operational currency risk because most of its expenses are denominated in the same currency as income. In addition, financings at Group subsidiary level are generally made in local currency.

However, the Group may need to set up hedges for its budget or for orders when operational currency risks are identified. In this case, the hedging instruments used are forward sales or purchases, or plain vanilla options.

The Group's main identified operational currency risks are related to:

- the structure of overheads for the Shipping Container business, which are mostly in Euros while revenues are in US dollars;
- the production of modular buildings, where the Moroccan dirham is the main currency but sales are in euros or foreign currencies.

There was no hedging of operational currency risk on 31 December 2017.

Financial currency risk

The Group's objective is to minimise financial currency risks, i.e. risks related to financial assets in foreign currency whose fluctuations would affect net financial income. Balance sheet positions in foreign currency are tracked monthly and reported to the Executive Committee. On 31 December 2017, these positions mainly include current account positions with subsidiaries, particularly on the US dollar, which are therefore hedged satisfactorily.

Currency risk on Investments

Due to its presence in various countries, the Group is subject to currency risks related to its investments in foreign subsidiaries. This risk arises in the changes in the Group's equity (net investment rule) and in the conversion of the subsidiary's income into euros in the parent company.

The Group does not hedge the currency risk concerning its equity. However, on several occasions in the past it has hedged the risk of converting the foreign currency income of some of its subsidiaries into Euros by purchasing options from first-rate counterparties, using the entities' budgeted income as a reference. On 31 December 2017 the Group did not have any hedging positions for its foreign currency income budgeted for in 2018.

As part of its overall cash flow management, the Group is led to change surpluses of a currency into euros, in order to minimise financial expenses and recourse to bank debt. As part of this multi-currency cash management, the Group regularly sets up forward buying/selling contracts making it possible to offset variations in the value of inter-company loans. These forward contracts are made with first-rate bank counterparties.

Hedging of Currency Risk

The Group therefore sets up forward exchange transactions on a regular basis in order to hedge its exposure linked to managing its cash in foreign currencies (USD).

The following table shows the foreign currency forward exchange transactions portfolio on 31 December 2017:

(€ thousands)	Par value	Maximum due date
USD forward purchase portfolio	19 178	31/01/2018
TOTAL OF FORWARD PURCHASE PORTFOLIOS	**19 178**	

› **Fair value hedge**

(€ thousands)	**2017**
Variation in fair value of the hedging instrument	146
Variation in fair value of the hedged item	166
NET IMPACT ON EARNINGS OF FAIR VALUE HEDGES	(20)

The net impact on earnings of a fair value hedge represents the ineffective component of the hedge.

Impact of the exchange rate on the current operating income and on shareholders' equity

The Group's exposure to fluctuations in exchange rates is mainly concentrated on shifts in the US dollar and Moroccan dirham. other foreign currencies are insignificant. The parity used to convert foreign currency accounts of subsidiaries into euros has the following impact on the Group's income and share of stockholders' equity in case of a 10% fall in value.

	Impact on operating income as at 31.12.2017	Impact on shareholders' equity - Group share at 31.12.2017
Fall of 10% in the US dollar	-0,94%	-2,74%
Fall of 10% in the Moroccan Dirham	2,90%	0,52%

The Modular Buildings activity in Morocco is mainly denominated in euros and Moroccan dirhams. The River Barge and Freight Railcar divisions are mainly denominated in euros within Europe, and in dollars in the USA and South America. The leasing and sale of Shipping Containers is international, and is mostly denominated in US dollars.

For long-term assets and liabilities the Group's policy is to correlate fixed assets denominated in foreign currency with borrowings denominated in the same currency, to avoid exposure to foreign exchange risk.

note 32.6. EQUITY RISK

Equity risk is the risk of an adverse change in the price of equity securities held by the Group.

The Group's investment strategy provides for only investing surplus liquidity in cash-based mutual funds (UCITS) for short periods. The Group has no dealings on the financial stock markets.

The main equity risk concerns the liquidity agreement that the Group signed with an investment services provider. The amounts currently invested do not represent a significant risk for the Group.

note 32.7. RAW MATERIAL PRICE VOLATILITY RISK

This risk is further explained under risk factors, in paragraph 4.3.24 of the reference document.

note 32.8. TAX RISK

See note on Contingent liability note 31.3 page 106.

note 32.9. EMPLOYMENT RISK

See note on Contingent liability note 31.3 page 106**Erreur ! Source du renvoi introuvable.**.

NOTE 33. RELATED PARTIES AS DEFINED IN IAS 24

The definition used for related parties is that given in IAS 24.9. Related parties are the key management personnel of TOUAX SCA, i.e. those who have authority and responsibility for planning, managing, and controlling the Group's activities. The officers who fit this description are Fabrice and Raphaël WALEWSKI, the Managing Partners of TOUAX SCA, as well as Société Holding de Gestion et de Participation (SHGP) and Société Holding de Gestion et de Location (SHGL), General Partners. Members of the Supervisory Board, in view of their control function, are also regarded as related parties.

The amount paid to the General Partners during 2017 for their 2016 statutory remuneration was €441 thousand.

A related party has a significant influence if it is able to take part in financial and operational policy decisions, without however exerting control over these policies. This influence is deemed to be significant if a physical person, legal entity or group of persons holds over 20 % of the voting rights: Alexandre, Fabrice and Raphaël WALEWSKI acting together hold directly and indirectly over 20 % of the shares.

The Group has not concluded any significant transactions with related parties.

The remuneration of corporate officers is detailed in chapter 15 of the reference document. Total remuneration of the corporate officers amounted to €933 thousand in 2017.

A transaction was indirectly concluded between TOUAX SCA and its Managing Partners, through a real estate investment trust, relating to the leasing of its premises in the Tour Franklin for a total of €1 million per year.

At the end of 2017, none of the equipment managed by the Group belonged to partner companies.

The pension and supplementary pension commitments for members of the Executive Committee are immaterial (statutory retirement benefits). TOUAX SCA has no stock option schemes.

The remuneration of members of the Supervisory Board is detailed in chapter 15 of the reference document. It amounted to €63 thousand.

Relations between the parent company and its subsidiaries are explained in paragraph 7.2 of the reference document and in note 26.5 of the notes to the individual financial statements.

NOTE 34. OFF-BALANCE SHEET COMMITMENTS

The presentation made does not omit any significant off-balance sheet commitments according to current accounting standards.

note 34.1. NON-CAPITALIZED OPERATING LEASES

(€ thousands)	TOTAL	at - one year	from 1 to 5 years	at + 5 years
Operating leases with recourse	7 246	5 054	1 595	597
of which River Barges	*768*	*648*	*120*	
of which Shipping Containers	*3 175*	*3 175*	*-*	
Of which real estate (offices)	*3 303*	*1 231*	*1 475*	*597*
Operating leases without recourse against the Group	1 701	1 565	136	
of which Shipping Containers	1 701	*1 565*	*136*	
TOTAL	**8 947**	**6 619**	**1 731**	**597**

Non-recourse finance leasing relates to finance leasing from financial institutions for which the Group acts as an intermediary in managing financing flows with the final lessee. The Group's obligation to pay lease payments to the banks is suspended if the clients (sub¬lessees) default on their own contractual payment obligations.

note 34.2. OTHER COMMITMENTS MADE

Bank guarantees issued by the Group as of 31 December 2017

(€ thousands)	Amount	Maximum maturity
Bank guarantees	**56**	
Freight Railcars	50	2 019
River Barges	6	indefinite period
Modular Buildings Africa	568	indefinite period

Firm orders for equipment from external suppliers

On 31 December 2017, orders and firm investments of productive assets from third parties amounted to €9.8 million of shipping containers. These shipping containers are intended to be syndicated to investors.

note 34.3. OTHER UNDERTAKINGS RECEIVED

Fixed-Term Operating Leases

The minimum future payments to be received under operating leases totalled €170 million.

(€ thousands)	Freight Railcars	River Barges	Shipping Containers	Others	**2017**
0 - 6 months	13 650	3 793	25 855	28	43 326
6 months - 1 year	9 320	2 837	21 594	15	33 766
Between 1 and 5 years	26 790	13 665	42 523	10	82 988
More than 5 years	8 747	913	644		10 304
TOTAL OPERATIONAL RENTS	**58 507**	**21 208**	**90 616**	**53**	**170 384**

(€ thousands)	Freight Railcars	River Barges	Shipping Containers	Others	2016
0 - 6 months	11 662	4 046	33 860	10 803	60 370
6 months - 1 year	9 155	3 713	29 369	6 023	48 259
Between 1 and 5 years	29 033	17 638	93 670	4 856	145 197
More than 5 years	8 296	3 019	2 188	59	13 562
TOTAL OPERATIONAL RENTS	**58 146**	**28 417**	**159 086**	**21 740**	**267 390**

Deconsolidated Finance Leases

The Group classifies finance leases as "deconsolidated" when the credit involved in the finance lease has been sold on to a financial institution or an investor, and the conditions for deconsolidating a financial asset defined in IAS 39 § 18b; §19 and §20 are met. There can be no recourse against the Group for such contracts.

Lease payments received are recorded under Leasing Revenues.

Lease payments still to be received under these contracts are as follows:

(€ thousands)	Rents receivable as at 31/12/2017	At 1 year	From 1 to 5 years	At + 5 years
Shipping Containers	3 580	3 443	137	
TOTAL	**3 580**	**3 443**	**137**	

(€ thousands)	Rents receivable as at 31/12/2016	At 1 year	From 1 to 5 years	At + 5 years
Shipping Containers	12 184	8 181	4 003	
TOTAL	**12 184**	**8 181**	**4 003**	

note 34.4. SECURED DEBT PROVIDED

To guarantee the loans granted to finance the Group's proprietary assets (apart from leasing agreements), the Group's subsidiaries have granted the following security interests:

(€ thousands)	Year of commencement	Maturity	31 December 2017		
			Pledged asset (gross value)	TOTAL balance Sheet item (gross value)	%
Mortgages (River Barges)					
	2012	2020	4 753		
	2012	2019	9 305		
	2013	2020	9 305		
TOTAL			**23 364**	**74 671**	**31,3%**
Tangible assets pledged					
Freight Railcars			**195 566**	**287 861**	
	2014	2018	52 260		
	2015	2018	935		
	2006	2018	9 877		
	2008	2018	26 633		
	2011	2021	14 838		
	2015	2020	91 023		
Shipping Containers			**39 133**	**44 368**	
	2014	2018	39 133		
GROUP TOTAL			**234 699**	**332 229**	**70,6%**

The security interests granted (mortgages, pledges and others guarantees) can be redeemed by repayment of the borrowings. In addition, as part of the extension of the warehouse financing for the Shipping Containers division, the pledge of Touax Container Services SAS shares was granted to the lenders on 31 January 2018 for the duration of the extension. There are no other special conditions to be disclosed.

note 34.5. SECURITY AND GUARANTEES

The security and guarantees are issued by the parent company in return for bank loans granted to its subsidiaries.

Subsidiaries concerned (€ thousands)	Year of implementation of guarantees	Original amount of guarantees granted	Guarantees maturing in less than one year	Guarantees maturing between 1 and 5 years	Guarantees maturing in over 5 years	Remaining capital at 31/12/2017
	2017					
	Before 2017	33 922		13 816		13 816
TOUAX River Barges SAS		**33 922**		**13 816**		**13 816**
	2017					
	Before 2017	3 420		851		851
TOUAX LEASING Corp		**3 420**		**851**		**851**
	2017					
	Before 2017	10 422	3 175			3 175
Gold Container Corp		**10 422**	**3 175**			**3 175**
	2017					
	Before 2017	18 611		12 411		12 411
TOUAX Hydrovia Corp.		**18 611**		**12 411**		**12 411**
	2017					
	Before 2017	8 912	2 028			2 028
TOUAX Moroc		**8 912**	**2 028**			**2 028**
GENERAL TOTAL OF GUARANTEES GRANTED		**75 287**	**5 203**	**27 078**		**32 280**

The original amount of the guarantees given with regard to the above bank credit facilities was €75.3 million. The bank loans to which these bonds and guarantees relate are included in the debt with recourse.

note 34.6. ADDITIONAL INFORMATION ON CAPITALISED FINANCE LEASES

(€ thousands)	**2017**
ORIGINAL VALUE	18 635
Amortization for the period	630
CUMULATIVE AMORTIZATION	4 823
NET BOOK VALUE	**13 811**

(€ thousands)	Minimum future lease payments	Interest	Present value of future payments	Residual value
2018	1 998	339	1 658	5
2019	3 902	149	3 754	2 915
2020	652	84	567	
2021	2 008	35	1 974	65
2022				
More than 5 years				
TOTAL	**8 560**	**607**	**7 953**	**2 985**
AMOUNT CHARGED TO INCOME STATEMENT (amortization & financial expenses)	2 138			

NOTE 35. FEES OF THE STATUTORY AUDITORS

2017 (€ thousands)	Deloitte Statutory Auditor (Deloitte & Associés)	Deloitte Network	RSM Statutory Auditor (RSM Paris)	RSM Network
Certification and semi-annual limited review of individual and consolidated accounts				
• Issuer	48		50	
• Fully consolidated subsidiaries	137	192	4	15
Sub-total	185	192	54	15
Services other than certification of accounts				
• Issuer				
• Fully consolidated subsidiaries		41		
Sub-total		41		
TOTAL	**185**	**233**	**54**	**15**

Deloitte Paris and RSM Paris did not carry out any services other than the certification of accounts

20.2. Statutory financial statements

The financial statements of TOUAX SCA are presented in accordance with the accounting principles generally applied in France.

Income Statement

note n°	*(€ thousands)*	**2017**	2016
3	Revenue	2 729	2 226
4	Write-back of provisions and transfer of expenses	25	24
5	Other income	1 464	397
	TOTAL operating income	4 217	2 647
6	Other operating expenses	(4 933)	(3 009)
7	Taxes and duties	19	(138)
8	Staff Costs	(63)	(75)
9	Depreciation provision	(1 999)	(1 116)
10	Allocations to operating provisions	(18)	(14)
	TOTAL operating expenses	(6 994)	(4 353)
	OPERATING INCOME	(2 777)	(1 705)
	Income attributed to common operations		
11	**NET FINANCIAL EXPENSE**	9 477	(27 499)
	Current income before taxes	6 700	(29 205)
12	EXTRAORDINARY PROFIT OR LOSS	(34 108)	
13	Taxes on profits	702	285
	NET INCOME FOR THE YEAR	**(26 706)**	**(28 920)**

The notes accompanying the appendix form an integral part of the company's financial statements

Assessment

note n°	*(€ thousands)*	**2017**	2016
	ASSETS		
14	Gross intangible assets		
	Intangible asset depreciation		
	Intangible assets, net		
15	Gross fixed assets	354	1 235
	Fixed asset depreciation	(300)	(1 036)
	Fixed assets, net	53	199
16	Long-term investments	177 600	143 633
	Long-term investment provisions	(21 653)	(28 169)
	Net long-term investments	155 947	115 463
	TOTAL fixed assets	156 000	115 663
17	Trade receivables	1 468	1 966
18	Other operating receivables	29 578	207 124
	Cash and negotiable securities	8 261	10 371
19	Deferred expenses	188	221
	Total current assets	39 495	219 683
19	Accruals	757	2 723
	TOTAL ASSETS	**196 252**	**338 069**
	LIABILITIES		
	Share capital	56 092	56 092
	Reserves	10 603	37 449
	Balance brought forward		2 515
	Profit or loss for the financial year	(26 706)	(28 920)
20	Shareholders' equity	39 989	67 137
	Issue of participating bonds	52 483	52 483
21	Other shareholders' equity	52 483	52 483
	Provisions for risks	6	339
	Provisions for charges	13	14
22	TOTAL provisions for Risks and Charges	20	354
23	Financial indebtedness	99 246	129 134
24	Operating liabilities	4 330	88 745
25	Accruals	185	216
	TOTAL LIABILITIES	**196 252**	**338 069**

The notes accompanying the appendix form an integral part of the company's financial statements

Self-financing capacity *(€ thousands)*	**2017**	2016
GROSS OPERATING SURPLUS	(2 018)	(924)
Financial rent and leasing		
Other operating income	1 464	397
Other operating expenses	(230)	(73)
Financial income	11 364	18 963
Financial expenses	(13 317)	(14 675)
Taxes on profits	702	285
SELF-FINANCING CAPACITY	**(2 036)**	**3 972**

Financing statement (jobs & resources) *(€ thousands)*	**2017**	2016
JOBS		
Dividends paid during the financial year	(441)	(362)
Repayment of contribution		
Net change in intangible and fixed assets		
Net change in long-term investments	(94 346)	
Reduction in shareholders' equity		
Expenses to be distributed	(319)	(244)
Repayment of loans	(95 289)	
TOTAL JOBS	(190 395)	(606)
RESOURCES		
Self-financing capacity for the financial year	(2 036)	3 972
Net change in intangible and fixed assets	99	
Net change in long-term investments	26 271	195
Expenses to be distributed		
Increase in Shareholders' equity		10 836
Increase in loans	65 718	1 949
TOTAL RESOURCES	90 052	16 952
CHANGE IN TOTAL NET WORKING CAPITAL (net use)	**(100 343)**	16 346

Change in total net working capital *(€ thousands)*	**2017**	2016
Operating variation		
Change in operating assets		
- Inventories and Work in Progress		
- Accounts receivable, related accounts and other operating receivables	(182 631)	(4 266)
Change in operating liabilities		
- Accounts receivable & other operating liabilities	84 416	20 003
Net operating change	(98 215)	15 737
Non-operating change		
- Change in other debtors	(366)	252
- Change in other creditors	31	(6)
Non-operating net change	(335)	247
WORKING CAPITAL REQUIREMENT FOR FINANCIAL YEAR		
NET CLEARING OF WORKING CAPITAL DURING THE FINANCIAL YEAR	(98 550)	15 984
Change in net cash-flow		
- Change in cash	(2 111)	(851)
- Change in bank current accounts & bank overdrafts	318	1 214
Change in net cash-flow	(1 793)	363
CHANGE IN TOTAL NET WORKING CAPITAL (net use)	**(100 343)**	**16 346**

The increase in financial liabilities and financial fixed assets is the consequence of the reclassification of intra-group receivables and debts in the long-term part of the balance sheet (note 16.2 page 121). At the end of 2016, intra-group receivables and payables were classified in full as receivables and operating liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Unless otherwise provided, all the figures are given in thousands of euros.

NOTE 1. SIGNIFICANT EVENTS AND EVENTS AFTER YEAR-END

On 8 December 2017, TOUAX S.C.A. completed a sale of all the securities held in Touax Solutions Modular SAS to WH Bidco SAS, a company indirectly controlled by funds managed by TDR Capital LLP. The sale of the European modular building business was completed for a company value of approximately 165 million euros.

Following the sale of the European modular building business, a price adjustment was claimed by the buyer at TOUAX S.C.A. in early March 2018 (see Note 26.4).

NOTE 2. ACCOUNTING PRINCIPLES

The annual accounts are prepared in accordance with the accounting standards defined by the General Accounting Plan in accordance with the provisions of the ANC 2016-07 regulation approved by the decree of 28 December 2016 and the French Commercial Code. They respect the opinions and recommendations of the Accounting Standards Authority, the Ordre des Experts Comptables and the National Company of Auditors.

The Company accounts were approved by the Management Board of TOUAX SCA on 27 March 2018. In accordance with French law, the financial statements will be considered final once they have been approved by the shareholders of the Group at the Ordinary General Shareholders' Meeting to be held on 20 June 2018.

The methods used to prepare the accounts for 2017 remain unchanged from those of the previous year.

The Company applies the provisions of the ANC 2015-05 regulation, approved by decree of 28 December 2015. This Regulation, which is mandatory from 1st January 2017, aims to clarify the terms and conditions for the recognition of forward financial instruments and hedging transactions. The impact of this regulation on the Company's balance sheet and income statement is not significant.

These financial statements are presented in euros, the functional currency of Touax SCA. All figures presented are expressed in euros rounded to the nearest thousand.

note 2.1. INTANGIBLE ASSETS

Intangible assets are entered at their acquisition cost and include the software programs acquired. These assets are depreciated using the straight-line method over their remaining useful lifetime.

note 2.2. FIXED ASSETS

The CRC regulation no. 2002-10 of 12 December 2002, which became mandatory for the financial years commencing after 1 January 2005, stipulates that the main components of a fixed asset, for which the lifetime is less than that of the main fixed asset, must be identified so that they may be depreciated over their own remaining useful lifetime.

Tangible fixed assets are entered at their acquisition cost. Depreciation is calculated using the straight-line method without deducting a residual value. The depreciation periods retained depend on the assets' estimated useful lifetimes. The significant fixed assets are reviewed at the end of each financial year. The initial useful lifetime is extended or reduced if deemed necessary by the conditions of use of the good in question.

The useful lifetimes are as follows:

- Administrative and commercial buildings 20 years
- Fixtures and fittings 10 years
- Office and computer equipment 4 years
- Office furniture 5 years

note 2.3. LONG-TERM INVESTMENTS

The gross value is made up of the purchase cost excluding incidental costs.

When the balance sheet value of the equity investments, established according to the stockholders' equity, the business development prospects and the latent capital gains on the assets, is less than the gross value, an impairment is constituted for the difference. This impairment is written back when the inventory value rises.

Receivables related to investments are subject to the closing of impairment tests and an impairment is recorded if the balance sheet value is lower than the book value.

Treasury shares are recorded as financial assets at historical cost. At the end of the financial year, this item consists of 6,674 shares for an amount of €90,773.

An impairment is constituted when the closing price is less than the purchase value.

note 2.4. Receivables

Receivables are valued at their nominal value. An impairment is created when the balance sheet value is less than the net book value.

note 2.5. Negotiable securities

Negotiable securities are evaluated at their acquisition cost.

In the event of the sale concerning all of the stock of a similar type conferring the same rights, the input value of the stock sold is determined using the "first in - first out" method.

If the price on the last day of the financial year is less than the purchase price of the stock, an impairment is constituted to cover the latent capital loss.

note 2.6. Shareholders' equity

The capital increase expenses are deducted from the issue premium.

note 2.7. Provisions for Risks and Charges

The risks for which there is a provision under this section include mainly the social, tax and exchange rate risks.

The calculation of the contingency and loss provisions takes into account the stipulations of Regulation 00-06 of the Accounting Rules pertaining to liabilities.

note 2.8. Foreign currency operations

Payables and receivables denominated in foreign currencies are converted at the rates applicable on 31 December of the financial year.

- Covered receivables and liabilities generate no impact on income given the symmetrical revaluation of foreign currency hedging.
- The differences resulting from the conversion of debts and receivables in unhedged foreign currency are accounted for as exchange rate differences.

In accordance with the precautionary principle, unrealized losses are subject to a provision for risks. Unrealized gains have no impact on income.

note 2.9. Pension and other retirement liabilities

The provision for pension compensation is calculated according to the evaluation rules of the revised IAS 19 standard. The variation of the provision is entered in the income statement. For TOUAX, this compensation only refers to the retirement packages of employees.

note 2.10. Fiscal consolidation

The company has opted to use the group tax system set out in article 223 A of the French general tax code. In accordance with the integration agreement:

- - The company is accountable to the Treasury Department for corporation income tax calculated on the total of the income established for fiscal purposes of the consolidated companies;
- - The accounting method for the tax applied by the Group is the so-called "neutrality" method. This method involves posting the tax owed by the consolidated subsidiaries as if they were taxed separately. TOUAX SCA records its own tax and the tax saving (or the additional expense) arising from the application of the tax system.

Given the sale of all the securities held by the company in Touax Modular Solutions SAS on 8 December 2017 (see note 1), Touax Solutions Modulaires SAS exited the tax consolidation, retroactively on 1 January 2017.

note 2.11. Expenses to be distributed

Deferred charges concern the loan issue expenses. They are subject to a linear depreciation over the term of the loan, in equal proportion.

NOTES REGARDING THE INCOME STATEMENT

NOTE 3. TURNOVER PER ACTIVITY ACTIVITY

(€ thousands)	**2017**	2016
Real estate	120	137
Intra-group services	2 609	2 088
TOTAL	**2 729**	**2 226**

Real estate

The real estate business refers to the leasing of buildings for private or office use.

Intra-group services

Intra-group services represent the sub-leasing of offices and the consulting services provided by TOUAX to the French companies of the Group. The increase over the year for this item relates to the increase in expenses incurred to provide these services.

NOTE 4. WRITE-BACK OF PROVISIONS AND TRANSFER OF EXPENSES

(€ thousands)	**2017**	2016
Provision for retirement indemnity	14	9
Other provisions	11	15
TOTAL reversals of provisions	25	24
Transfers of charges		
TOTAL transfers of charges		
TOTAL	**25**	**24**

The write-back of the provision for retirement compensation refers entirely to the provision posted in the previous closing accounts. The provision at the end of the financial year was for €14,000 and was charged in full over the financial year (note 10).

The reversal of the provision of €11,000 corresponds entirely to a customer provision reversal relating to the company's real estate activity.

NOTE 5. OTHER INCOME

(€ thousands)	**2017**	2016
Other income	1 464	397
TOTAL	**1 464**	**397**

Over the financial year, this item records the sale price of real estate assets for €1,453,000 euros, the balance being made up of leasing income from buildings not allocated to professional activities.

NOTE 6. OTHER OPERATING EXPENSES

(€ thousands)	**2017**	2016
Purchases of goods and consumables	5	14
TOTAL	5	14
Rental and property leasing charges	1 312	1 231
Maintenance and repairs	11	9
Insurance premium	93	138
TOTAL	1 415	1 378
Payment of intermediaries and fees	3 127	1 348
Advertising and Publications	38	40
Bank charges	108	145
Other	9	12
TOTAL	3 282	1 544
Bad debts	9	11
Attendance fees	59	57
Various management expenses	163	4
TOTAL	230	73
TOTAL OTHER OPERATING EXPENSES	**4 933**	**3 009**

Leasing and real estate leasing fees

This item mainly includes the leasing of offices. Most of the leasing expenses were invoiced to the subsidiaries occupying the offices (see note 3).

Insurance premiums

This item includes the insurance premiums for the insurance policies covering the real estate leased by the company and the insurance premiums covering the third party liability of the managers within the framework their professional activities.

Payment of intermediaries and fees

The payment of intermediaries and fees concerns the fees paid to third parties for their legal, assistance and consulting assignments. The significant increase in this item is mainly related to expenses paid to outside consultants in connection with the sale of Touax Solutions Modulaires SAS.

NOTE 7. TAXES AND DUTIES

(€ thousands)	**2017**	2016
On remuneration	5	6
Territorial economic contributions and property taxes	(26)	135
Other taxes	2	(3)
TOTAL	**(19)**	**138**

NOTE 8. STAFF COSTS

(€ thousands)	**2017**	2016
Salaries and wages	44	51
Social contributions	19	23
TOTAL	**63**	**75**

The average workforce over the year is 2 people.

NOTE 9. DEPRECIATION ALLOWANCES

(€ thousands)	**2017**	2016
Real estate	47	62
Deferred charges	1 953	1 054
TOTAL	**1 999**	**1 116**

Depreciation allowance for deferred charges refers to the loan issue expenses distributed over the period of the corresponding loans. The increase in this item is explained by the recovery, in full during the year, of borrowing costs still to be staggered following the early repayment, during the year, of the corresponding loans.

NOTE 10. OTHER OPERATING ALLOWANCES

(€ thousands)	**2017**	2016
Other provisions for Risks and Charges	18	14
TOTAL	**18**	**14**

Provisions for contingencies and charges include €13,000 for provision for retirement benefits recognized over the financial year and €5,000 for a provision related to a risk of non-recovery in the real estate business.

NOTE 11. FINANCIAL INCOME

(€ thousands)	**2017**	2016
Dividends and other equity products		**6 006**
FINANCIAL EXPENSES AND INCOME		
Financial income	10 917	12 319
Income from transfer of V.M.P	(4)	(135)
Financial expenses	(13 260)	(14 454)
Net financial costs	**(2 347)**	**(2 270)**
PROVISIONS		
Reversals	26 178	133
Provisions	(14 747)	(31 920)
Net change	**11 430**	**(31 786)**
EXCHANGE RATE DIFFERENCES		
Positive	397	603
Negative	(3)	(53)
Net exchange rate difference	**394**	**550**
NET FINANCIAL EXPENSE	**9 477**	**(27 499)**

note 11.1. DIVIDENDS AND SHARE IN THE PROFITS

No return of dividends over the year.

note 11.2. FINANCIAL EXPENSES AND REVENUES

All financial revenue consists of financial interest received on direct or indirect cash advances granted by the Company to its subsidiaries either within the scope of long-term loan agreements or the cash agreement between the company and the Group's companies.

The financial expenses of the financial year include mainly the following:

- €5,443 of financial interest on loans entered into with credit institutions;
- €4,039 of coupons paid and to be paid on Undated Super Subordinated Notes;
- €3,762 of financial interests paid for advanced funds, which were directly or indirectly made available to the company by the Group's companies;

note 11.3. PROVISIONS AND DEPRECIATIONS

Reversals of provisions for the year amounted to €25.8 million through the reversal of the provision for impairment of the equity investments of its subsidiary Touax Modular Solutions SAS and €339,000 by the reversal of the provision for the foreign exchange loss recorded at the previous year end.

The allocations for the year of €14.7 million euros mainly correspond to the write-down of receivables held on two of its subsidiaries to take into account the risk of non-recovery at the year end (see Note 16.2 and 18.2).

note 11.4. CURRENCY GAIN/LOSS

For the financial year, the positive net exchange income of €394,000 is mainly due to the impact of the fluctuation of the US dollar during the financial year.

NOTE 12. EXTRAORDINARY PROFIT OR LOSS

The extraordinary financial year result relates to the sale of the entire stake of the company in Touax Solutions Modulaires SAS. It relates to the difference between the gross value of equity investments (€60.4 million) and the selling price of these securities (€26.3 million).

This sale result is offset, in part, by the reversal of the provision for impairment of these equity investments (see note 11.3).

NOTE 13. TAXES ON PROFITS

As explained in the note 2.10, the Group has adopted the so-called "neutrality" method to account for corporation tax.

The company's accounting result before tax is a loss of €26.7 million. Given the fiscal reincorporations (€48.9 million) and the fiscal deductions (€26.1 million), the taxable income for the financial year shows a loss of €3.9 million.

In accordance with the consolidation agreement, TOUAX SCA posted a tax saving of €702,000 for the fiscal Group during the 2017 financial year.

NOTES CONCERNING THE BALANCE SHEET

ASSETS

NOTE 14. INTANGIBLE ASSETS

None

NOTE 15. FIXED ASSETS

note 15.1. DISTRIBUTION OF THE TANGIBLE FIXED ASSETS

(€ thousands)	2017			2016
	Gross value	Depreciation	Value net	Net value
Land and buildings	313	275	38	173
Other fixed assets	40	25	15	27
TOTAL	**354**	**300**	**53**	**199**

Movements associated with the tangible fixed assets are shown in the note 15.2 and the note 15.3.

note 15.2. ACQUISITIONS IN 2017

No acquisition of fixed assets during the year.

note 15.3. TRANSFERS AND REDUCTIONS IN 2017

The company transferred real estate assets with a gross value of €889,000. At the time of sale, these assets had a net book value in the accounts of €107,000.

NOTE 16. LONG-TERM INVESTMENTS

(€ thousands)	2017			2016
	Gross value	Depreciation	Net value	Net value
Shares	78 590	2 198	76 392	110 938
Loans and receivables associated with investments	92 797	19 322	73 475	4 243
Other loans and financial assets	6 213	133	6 080	282
TOTAL	**177 600**	**21 653**	**155 947**	**115 463**

note 16.1. EQUITY INVESTMENTS

(€ thousands)	2017			2016
	Gross value	Depreciation	Net value	Net value
Europe				
TOUAX Corporate SAS	2 591		2 591	2 591
TOUAX Container Services SAS	19 057		19 057	19 057
TOUAX Solutions Modulaires SAS				34 546
TOUAX River Barges SAS	23 419		23 419	23 419
TOUAX Rail Ltd	31 325		31 325	31 325
Touax Africa SAS	2 198	(2 198)		
Other	1		1	1
International				
TOUAX UK				
TOTAL	**78 590**	**(2 198)**	**76 392**	**110 938**

As indicated in Note 1, the Company transferred its entire stake in Touax Solutions Modulaires SAS over the financial year.

Impairment tests carried out at the end of the financial year led to the conclusion that there was no impairment of equity securities, with the exception of the subsidiary Touax Africa SAS, for which the total provision for equity securities was maintained.

note 16.2. LOANS AND RECEIVABLES ASSOCIATED WITH INVESTMENTS

(€ thousands)	2017			2016
	Gross value	Depreciation	Value net	Value net
TOUAX Rail Ltd	45 290		45 290	
TOUAX River Barges SAS	16 672		16 672	
TOUAX AFRICA SAS	11 549	(9 326)	2 222	
Touax Modular Building	9 996	(9 996)		
TOUAX Corporation	8 608		8 608	4 243
EUROBULK BV	683		683	
TOTAL	**92 797**	**(19 322)**	**73 475**	**4 243**

During the year, the company set up long-term credit agreements for the long-term portion of intra-group receivables. These agreements are subject, among other things, to a maturity date and a long-term interest rate. In the previous year, all intra-group receivables were classified as short-term receivables and fully classified as "other receivables".

This item thus records the long-term portion of intra-group receivables at the year-end. These receivables are all over one year old.

The provision of €19.3 million corresponds in full to the provision for impairment of receivables vis-à-vis its subsidiaries Touax Modular Building USA and Touax Africa SAS to cover the risk of non-recovery.

note 16.3. OTHER LONG-TERM INVESTMENTS

Other long-term investments amounted to €6.2 million in gross value and include a €5.8 million escrow account relating to the guarantee given to the purchaser of Touax Solutions Modulaires SAS.

The remaining balance is composed of a €93,000 contribution to the construction effort, €178,000 of various deposits and sureties and €91,000 of own shares.

NOTE 17. BREAKDOWN OF THE RECEIVABLES AND RELATED ACCOUNTS BY BUSINESS ACTIVITY

(€ thousands)	2017			2016		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Other	215		215	68	5	62
Intra-group	1 253		1 253	1 904		1 904
TOTAL	**1 468**		**1 468**	**1 972**	**5**	**1 966**

The miscellaneous item is made up of receivables vis-à-vis third parties, these receivables are at less than one year.

Intra-group receivables correspond to the invoicing of the service provided by the company to companies of the Group. At the end of the financial year, these intra-group receivables all mature within one year.

NOTE 18. OTHER TRADE RECEIVABLES

(€ thousands)	2017			2016		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
State and social institutions	708		708	195		195
Intra-group receivables	30 619	1 917	28 701	213 284	6 499	206 785
Various debtors	169		169	144		144
TOTAL	**31 496**	**1 917**	**29 578**	**213 622**	**6 499**	**207 124**

Most of the other receivables mature within one year.

Intra-group receivables are short-term receivables governed by the Group's treasury agreement and as such are repayable at any time.

note 18.1. STATE AND SOCIAL INSTITUTIONS

This amount mainly corresponds to the receivable related to the Competitiveness and Employment Tax Credit (CICE) for €434,000, while the balance of €274,000 euros corresponds to VAT to be recovered by the company.

note 18.2. INTRA-GROUP RECEIVABLES

Intra-group receivables are comprised of cash advances granted to Group companies under the cash management agreement, in other words for the short-term part of these receivables. As indicated in note 16.2, the long-term part of these receivables was subject to a specific credit agreement and was classified, at the end of the financial year, under "receivables from investments".

The impairment of €1.9 million corresponds to a provision for impairment of the receivable vis-à-vis its US subsidiary Touax Modular Building USA to take into account the risk of non-recovery of these receivables.

NOTE 19. ACCRUED INCOME AND PREPAID EXPENSES

(€ thousands)	2017	2016
Prepaid charges	188	221
Deferred expenses	751	2 384
Unrealised exchange rate gains	6	339
TOTAL	**945**	**2 944**

Pre-paid expenses are mainly composed of office rents and insurance premiums for the share pertaining to the 2018 financial year.

Deferred charges are the loan issue expenses spread over the term of the loan. During the financial year, the movements of this item are as follows:

- a €1.9 million decrease corresponding to the amount of expenses depreciated over the year,
- a €320,000 increase related to additional expenses during the financial year.

NOTE 20. SHAREHOLDERS' EQUITY

note 20.1. CHANGE IN SHAREHOLDERS' EQUITY

(€ thousands)	01.01.2017	Appropriation of 2016 profit	Capital increase	Other changes	31.12.2017
Share capital	56 092				56 092
Issue and merger premiums	34 040	(26 846)			7 194
Legal reserve	3 410				3 410
Other reserves					
Balance brought forward	2 515	(2 515)			
Profit/loss for the period	(28 920)	28 920		(26 706)	(26 706)
Statutory remuneration of general partners		441			
Dividends paid					
TOTAL	**67 137**			**(26 706)**	**39 990**

note 20.2. CHANGE IN THE CAPITAL STOCK

The amount of the capital is €56,092,000 at the end of the financial year.

(in euros)	Number of shares making up the capital	Nominal share value	Total amount of the capital
Share capital at 31.12.2010	5 695 651	8	45 565 208
Capital increases:	*25 098*	*8*	*200 784*
Share capital at 31.12.2011	5 720 749	8	45 765 992
Capital increases:	*19 518*	*8*	*156 144*
Share capital at 31.12.2012	5 740 267	8	45 922 136
Capital increases:	*143 506*	*8*	*1 148 048*
Share capital at 31.12.2013	5 883 773	8	47 070 184
Share capital at 31.12.2014	5 883 773	8	47 070 184
Capital increases:	*9*	*8*	*72*
Share capital at 31.12.2015	5 883 782	8	47 070 256
Capital increases:	*1 127 765*	*8*	*9 022 120*
Share capital at 31.12.2017	**7 011 547**	**8**	**56 092 376**

NOTE 21. OTHER SHAREHOLDERS' EQUITY

The other equity item comprises at the year end an amount of €50,800,000 following the issue in 2013 and 2014 of Undated Super Subordinated Notes (TSSDI). These TSSDI give entitlement to an annual fixed rate coupon of 7.95% until 2019 and the company reserves the right to repay at par with effect from August 2019.

Payment of the coupon is only mandatory if dividends are paid. This hybrid issue consolidates the Group's financial structure and enhances support for its international investment projects. This issue also gives the Group access to further sources of financing through the capital markets.

The company recorded an amount of €1,683,000 at the year end for coupons accrued over the year, coupons expected to be paid in 2018 subject to a dividend distribution.

NOTE 22. PROVISIONS FOR RISKS AND CHARGES

(€ thousands)	Provisions on 01/01/2017	Allocations during the year	Reversals during the financial year	Provisions on 31/12/2017
Conversion difference	339	6	(339)	6
Pension commitment	14	13	(14)	13
TOTAL	**354**	**20**	**(354)**	**20**

The provisions were entered in the accounts in accordance with the CRC 00-06 regulation.

Pensions and other retirement liabilities were entered in the accounts in compliance with recommendation no. 03-R-01 of the CNC.

The following assumptions were made to assess superannuation commitments:

- employees' predicted length of service, calculated using probability coefficients for the various age groups,
- a discount rate of 1.33%,
- pay rises at 0.8%,
- Changes in hypotheses set the retirement age at 62 years.

NOTE 23. FINANCIAL INDEBTEDNESS

note 23.1. ANALYSIS BY CATEGORY OF DEBT

(€ thousands)	2017		2016
Bonds	30 000		45 000
Medium-term loans from credit institutions			46 000
Short-term loans	2 475		36 800
Bank overdrafts and accrued interest payable	834	(1)	1 111
TOTAL loans	**33 309**		**128 911**
Intra-group debts	65 718		
Deposits received from customers	8		12
Intra-Group deposits received	211		211
TOTAL of other liabilities	**65 937**		**223**
TOTAL	**99 246**		**129 134**

(1) Including €834,000 of accrued interest

The company has put in place specific credit agreements for the long-term part (LT) of intra-group receivables and debts. The amount of €65.7 million is therefore the long-term part of the company's intra-group debt, with the short-term part being classified under "Other operating liabilities". During 2016, in the absence of such agreements, all of the company's intra-group debts were classified under "Other operating liabilities".

note 23.2. BREAKDOWN BY REPAYMENT DUE DATE

(€ thousands)	2017	2016
2018	10 309	21 411
2019	23 000	22 000
2020		62 500
2021		23 000
2022		
More than 5 years		
TOTAL	**33 309**	**128 911**

Borrowing maturities include the regular annual depreciation of loans up to their extension and the depreciation of certain loans.

note 23.3. BREAKDOWN BY REPAYMENT CURRENCY

The financial debt is denominated in euros.

note 23.4. CHANGE IN INDEBTEDNESS

(€ thousands)	2017	2016
Bank finance loans	33 309	128 911
Negotiable securities	(495)	
Liquid assets	(7 766)	(10 371)
NET BANK DEBT	**25 048**	**118 540**

(€ thousands)	2017	2016
Net bank debt	25 048	118 540
Other loans	65 937	223
Operating liabilities	1 733	1 860
Inventories and trade receivables	(1 468)	(1 966)
NET DEBT	**91 250**	**118 656**

note 23.5. INFORMATION ON THE INTEREST RATES

(€ thousands)	2017	2016
Fixed rate loans	30 000	45 000
Variable rate loans	2 475	83 118
FINANCIAL INDEBTEDNESS	**32 475 (1)**	**128 118**
AVERAGE ANNUAL VARIABLE INTEREST RATE	0,96%	3,27%

(1) excluding accrued interest for the year

The variable interest rates on debts are indexed on the money-market rates (EURIBOR mainly). The average annual rate is calculated after the interest rate swap contracts have been taken into account.

NOTE 24. OPERATING LIABILITIES

note 24.1. BREAKDOWN OF THE OPERATING LIABILITIES

(€ thousands)	2017	2016
Other	1 386	1 166
Inter-Group accounts receivable	295	557
TOTAL accounts receivable and related accounts	**1 681**	**1 723**
Tax and social debts	52	137
Other inter-group operating liabilities	2 499	86 788
Other liabilities	98	97
TOTAL other operating liabilities	**2 649**	**87 022**
TOTAL	**4 330**	**88 745**

The "other Intra-Group operating debt" mainly records the amount of funds made available to the company by the Group companies as part of the cash-flow management agreement. As indicated in Note 23.1, at the end of the financial year, the long-term part of intra-group debt is classified as "Other financial debt".

NOTE 25. ACCRUALS AND DEFERRED INCOME

(€ thousands)	2017	2016
Deferred income	185	216
TOTAL	**185**	**216**

The "deferred income" item corresponds to the share of the 2018 leasing revenue invoiced at the end of the financial year by the company to the other companies of the Group.

NOTE 26. OTHER INFORMATION

note 26.1. OFF-BALANCE SHEET COMMITMENTS

(€ thousands)	2017
Securities given in return for bank loans	
used by the subsidiaries and other guarantees of less than a year	5 203
from 1 to 5 years	27 078
more than 5 years	
TOTAL securities	**32 280**
Real estate leasing fees still to be paid	
TOTAL fees	
TOTAL	**32 280**

The original amount of the guarantees given with regard to the above bank credit facilities was €75.3 million.

No real security was given by TOUAX SCA on 31 December 2017.

note 26.2. REAL-ESTATE LEASING COMMITMENTS

TOUAX SCA has no real-estate leasing commitments at the end of the financial year.

note 26.3. INTEREST RATE AND EXCHANGE RATE HEDGING

Internal transactions, which replicate the conditions of the swaps contracted by the company on behalf of some of its subsidiaries, were set up between the company and the subsidiaries concerned. This was to transfer the risks and benefits associated with these hedging operations.

During the course of the financial year, the company did not have to exercise any hedging options against the exchange rate risk of converting profits in the consolidated accounts into euros.

The company also continued to contract purchases/sales of foreign currencies, mainly US dollars, to cover temporary cash advances in US dollars of certain of its foreign subsidiaries.

note 26.4. CONTINGENT LIABILITIES

The modular buildings activity in Europe was sold on 8 December 2017 for an amount based on an estimate of the accounts of 30 November 2017, with an adjustment of this amount required on the basis of the final accounts. The final accounts have been prepared by the purchaser and have been sent to us within 60 business days of the closing of the transaction in accordance with the sale agreement, showing an adjustment of the amount. The Group has 30 business days to challenge these items. At this point, the clarifications made by the buyer on these accounts are insufficient to assess a possible financial impact and no provision has been recorded in the accounts.

As part of the sale of the European modular buildings activity, a liability guarantee has been agreed with the purchaser. The social risk mentioned in the Group's previous consolidated financial statements is part of this guarantee of liabilities: Following the Plan de Sauvegarde de l'Emploi (PSE) job-saving scheme started in 2013-2014 when the Modular Buildings assembly unit in Mignières closed, the 26 employees made redundant for economic reasons challenged their dismissal at the Employment Tribunal of Chartres. The judgement was delivered on 8 April 2018 and TOUAX appealed against that judgement. The deliberations of this appeal should be known on 8 May 2018.

note 26.5. COMPENSATION OF CORPORATE OFFICERS

The remuneration of corporate officers, managers and members of the Supervisory Board, paid by the company in 2017 totalled €109,000.

note 26.6. TABLE OF SUBSIDIARIES AND HOLDINGS

Company or group of companies	Share capital	Shareholders' equity other than capital and before appropriation of profits	Share of capital held in %	Book value of securities held		Loans and advances granted by the parent company and not yet repaid	Amount (1) of guarantees given by the company	Total revenue	Profit or loss from last financial year	Dividends booked by the parent company during the last financial year
				Gross	Net					
1. SUBSIDIARIES (+50% owned)										
a. French subsidiaries										
TOUAX RIVER BARGES SAS	€12,803k	-€18,827k	100%	€23,419k	€23,419k	21,159k€		€4,867k	-€3,580k	
TOUAX CONTAINER SERVICES SAS	€8,251k	12,069k€	100%	€19,057k	€19,057k			4,988k€	17,963k€	
TOUAX CORPORATE SAS	€2,591k	-€457k	100%	€2,591k	€2,591k			8,745k€	€1k	
TOUAX AFRICA SAS	€11,970k	-386k€	51%	€2,198k	€0k	€11,549k		2,071k€	-€851k	
TOTAL FOR THE FRENCH SUBSIDIARIES				**€47,265k**	**€45,067k**	**€32,708k**				
b. Foreign subsidiaries										
TOUAX RAIL Ltd	€0.1k	€32,314k	100%	€31,325k	€31,325k	€57,369k		€70,543k	-€325k	
TOUAX UK	£1	£64k	100%	0k€	0k€			£1,799k	£29k	
TOTAL FOR THE FOREIGN SUBSIDIARIES				**€31,325k**	**€31,325k**	**€57,369k**				
SUBSIDIARIES TOTAL				**€78,590k**	**€76,392k**	**€90,077k**				

20.3. PRO FORMA FINANCIAL INFORMATION

Not applicable

20.4. FINANCIAL STATEMENTS

The consolidated financial statements are presented in paragraph 20.1 page 64 for the consolidated accounts and in paragraph 20.2 page113 for the individual financial statements.

20.5. VERIFICATION OF FINANCIAL INFORMATION BY THE STATUTORY AUDITORS

20.5.1. Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2017

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

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

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

To the Touax Annual General Meeting,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Touax for the year ended December 31, 2017.

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

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (C*ode de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

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

Impairment tests on goodwill and fixed assets

- **Key Audit Matter**

As of December 31, 2017, the net book values recorded on the balance sheet for goodwill recognized following external growth operations and for fixed assets amounted to €5.1 million and €287.6 million respectively, i.e. 73.5% of the total consolidated balance sheet assets.

As indicated in Note 16 to the consolidated financial statements, goodwill was allocated to the Africa Zone Modular Buildings Cash Generating Unit (CGU), which was 100% impaired at the 2017 year-end, and to the Freight Railcars CGU for €5.1 million.

Fixed assets for the Group's four CGUs, namely Africa Zone Modular Buildings, Freight Railcars, River Barges and Shipping Containers, mainly comprise leased equipment as specified in Note 18 to the consolidated financial statements.

In accordance with IAS 36 "Impairment of Assets," the recoverable amount of fixed and intangible assets is tested when there is an indication of impairment (company or market), and is reviewed at the end of each financial period. The recoverable amount of goodwill is tested at least once a year. The Group thus conducts annual impairment tests to estimate the value in use of each CGU's net assets (see Notes 1.6 and 1.9 to the consolidated financial statements).

An impairment loss is recorded when the recoverable amount of assets, based on a calculation of the value in use, is less than their net book value (see Note 1.9 to the consolidated financial statements).

We considered the valuation of these assets to be a key audit matter due to their material importance in the Group's consolidated financial statements, and the fact that the Group's management must use significant operating performance assumptions, estimates and judgments in determining their recoverable amount.

- **Audit response**

We familiarized ourselves with the process used by the Group for impairment tests and the controls that were implemented.

Our procedures also consisted in:

- Reviewing the performance indicators of each CGU by obtaining and comparing the key operating performance indicators (average utilization rates for assets, change in unit sale prices, change in per diem rates) with those of the last two years;

- Conducting a critical review of the discounted cash flow statements prepared by the Group, by:
    - verifying the reliability of the process used to calculate the estimates via an examination of the budget data preparation process;
    - corroborating, through discussions with management and documentation, the reasonableness of the data and assumptions used for the 2018 budget and the 2019-2020 business plan;
    - cross-checking the determination of discount and perpetual growth rates;
    - sample testing the arithmetical accuracy of the calculations.
- Verifying arithmetical accuracy by recalculating the sensitivity analyses presented.

We assessed the appropriateness and completeness of the disclosures in Notes 1.6, 1.9, 16 and 18 to the consolidated financial statements covering the valuation of goodwill and intangible assets, the underlying assumptions and the sensitivity analyses.

Revenue recognition for equipment sales

- **Key Audit Matter**

Consolidated revenue stood at €211.9 million for the year ended December 31, 2017. It comprises revenue from operating or finance leases involving equipment managed for third parties or held by the Group, and equipment sales for €146.1 million and €65.8 million, respectively, i.e. 69% and 31% of Group revenue, respectively.

The recording and recognition of equipment sales revenue requires a substantive analysis of a large number of transactions, in order to qualify whether Touax acts as agent or principal with respect to the IAS 18 criteria. There are two types of sales: “sales of equipment to investors” (syndications) and “sales of new and used equipment to end customers” (see Note 1.21.4 to the consolidated financial statements).

For revenue relating to sales of equipment to investors (syndications):

- If the Group retains the risks and rewards relating to the acquisition of the equipment prior to a resale to investors, the Group is qualified as a principal. This qualification as principal involves a recognition of gross revenue, and the corresponding equipment purchases and net book values in “Purchases and external charges”;
- In cases where the Group conducts a concomitant purchase-resale transaction, the Group is qualified as an agent. Under the agent qualification, only a commission is recognized in revenue.

For revenue relating to sales of equipment to end customers, a further analysis is conducted with respect to IAS 18 to determine whether the Group is acting as a principal in the transaction, based on the following criteria:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the amount of revenue can be measured reliably.

We considered the recognition of revenue from equipment sales to be a key audit matter in light of their relative importance in the Group’s consolidated financial statements and the judgments exercised to qualify the Group’s role, as agent or principal, based on the type of transaction and with respect to IAS 18.

- **Audit response**

We familiarized ourselves with the revenue recognition process implemented by the Group, based on the type of contract, and tested the effectiveness of the controls set up to verify its quality and reliability.

Our work also consisted in:

- obtaining a selection of equipment sale contracts drawn up for the year ended December 31, 2017;
- reviewing the criteria used to determine the principal/agent qualification of sales pursuant to IAS 18, in accordance with the criteria set out in Note 1.21.4 to the consolidated financial statements;
- ensuring that the accounting treatment complies with this qualification.

We also assessed the appropriateness and completeness of the disclosures in Notes 1.21.4 and 5 to the consolidated financial statements "Sales of new and used equipment."

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

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

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

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

Deloitte & Associés were appointed as statutory auditors of Touax by the Annual General Meeting held on June 6, 2000, and RSM Paris was appointed on June 9, 2016.

As of December 31, 2017, Deloitte & Associés and RSM Paris were in the 18th year and 2nd year of total uninterrupted engagement, respectively.

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

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

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

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

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

Objectives and audit approach

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

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

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

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

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris, Friday, April 13, 2018

The Statutory Auditors

Deloitte & Associés	RSM PARIS
Jean-François VIAT	Stéphane MARIE

20.5.2. Statutory Auditors' report on the financial statements

For the year ended December 31, 2017

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

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

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

To the Touax Annual General Meeting,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Touax for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

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

Valuation of equity investments, investments in associates and current accounts

- **Key Audit Matter**

As of December 31, 2017, equity investments, investments in associates and current accounts recorded on the balance sheet represented net book values of €76.4 million, €73.5 million and €28.7 million, respectively, or 91% of total assets. Notes 2.3 and 2.4 to the financial statements describe the methods used to measure equity investments, investments in associates and current accounts at the balance sheet date. The value in use of equity investments is defined based on shareholders' equity, business development outlooks and unrealized gains on assets. When the fair value of equity investments, determined based on shareholders' equity, business development outlooks and unrealized gains on assets, is lower than the gross value, an impairment loss is recorded for the amount of the difference. This impairment loss is reversed when the fair value rises. Investments in associates are tested for impairment at the balance sheet date. An impairment loss is recorded when the fair value of investments in associates is lower than the book value.

The Company recorded impairment losses before tax of €14.7 million for the year ended December 31, 2017, as indicated in Notes 11.3, 16.2 and 18.2 to the financial statements.

We considered the assessment of the value in use of equity investments, investments in associates and current accounts to be a key audit matter due to their material importance in the Group's financial statements, and the fact that Group management must use significant assumptions, estimates and judgments in determining the fair value of these assets.

- **Audit response**

We familiarized ourselves with the process used by the Company to estimate the fair value of equity investments, investments in associates and current accounts and the controls implemented. These procedures consisted in:

- Verifying that the equity used agrees with the entity accounts audited;
- Comparing the share of equity of the subsidiaries with the total net book value of equity investments, investments in associates and current accounts;
- Corroborating, through discussions with management, the reasonableness of the data and assumptions used for the value in use estimate.

Our work also consisted in:

- Assessing the recoverability of investments in associates and current accounts with respect to the equity investment analyses.
- Verifying that a contingency provision is recorded should the Company have to assume the losses of a subsidiary with a negative net worth.

We also assessed the appropriateness and completeness of the disclosures in Notes 2.3, 2.4, 11.3, 16.1, 16.2 and 18.2 to the financial statements.

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management Board's management report and in the other documents provided to shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to items your Company considers likely to have an impact in the event of a public tender offer or public exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified its compliance with the source documents communicated to us. Based on this work, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

Deloitte & Associés were appointed as statutory auditors of Touax by the Annual General Meeting held on June 6, 2000 and RSM Paris was appointed on June 9, 2016.

As of December 31, 2017, Deloitte & Associés and RSM Paris were in the 18th year and 2nd year of total uninterrupted engagement, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

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

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

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

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, Friday, April 13, 2018

The Statutory Auditors

Deloitte & Associés	RSM PARIS
Jean-François VIAT	Stéphane MARIE

20.5.3. Statutory Auditors' special report on regulated agreements and commitments

Annual General Meeting held to approve the financial statements for the year ended December 31, 2017

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Touax SCA Annual General Meeting

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 226-2 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 226-2 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Annual General Meeting, if any.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

The commercial lease entered into on March 25, 2011 by your Company with SCI FRANKLIN LOCATION concerning the lease for its corporate headquarters as well as an archives room and eight parking spaces was amended on September 1, 2015 and June 21, 2017.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorized and entered into during the year

Pursuant to Article L. 226-10 of the French Commercial Code, the following agreements and commitments, entered into during the year and previously authorized by your Supervisory Board on March 29, 2017, have been brought to our attention.

With the real estate investment company, SCI FRANKLIN LOCATION

Persons involved: **Messrs. Fabrice and Raphaël WALEWSKI (Managers of TOUAX SCA)**

Subject: commercial lease

The commercial lease was amended June 21, 2017, with effect on July 1, 2017. The amendment concerned the decrease in the rental space and lower rents. The purpose of this amendment was to save money and reduce headquarter costs.
For the second half of 2017, the expense totaled €477,818.61 excluding VAT, and included provisions for occupancy expenses.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Previously authorized agreements and commitments that remained in force during the year

Pursuant to Article R. 226-2 of the French Commercial Code, we have been informed that the following agreement, previously approved by Annual General Meetings of prior years, has remained in force during the year.

With the real estate investment company, SCI FRANKLIN LOCATION

Persons involved: **Messrs. Fabrice and Raphaël WALEWSKI (Managers of TOUAX SCA)**

Subject: commercial lease

The commercial lease was amended on September 1, 2015, with effect from October 1, 2015 until June 30, 2017.

The expense recorded between January 1 and June 30, 2017 corresponding to the lease and occupancy expenses amounted to €488,708.03 excluding VAT.

The Supervisory Board was required to review the terms and conditions of this lease, as mentioned above, to take into account the reduction in the surface area occupied by your Company in the premises made available by SCI FRANKLIN LOCATION.

Paris and Neuilly-sur-Seine, April 13, 2018

The Statutory Auditors

RSM PARIS

Stéphane MARIE

Deloitte & Associés

Jean-François VIAT

20.6. Date of the last financial information

The last financial year for which the financial information has been audited ended on 31 December 2017.

20.7. Interim financial reports and other reports

Not applicable

20.8. Dividend distribution policy

The company has a policy of regular distribution of an annual dividend. The dividend varies according to the results. It has no set distribution rule such as a fixed percentage of net income or of the share price.

Dividends that remain unclaimed 5 years after the payment date will lapse and be paid to the state.

20.8.1. Dividend history

financial year concerned *(in €)*	payment date	statutory remuneration of general partners	dividend per share	number of shares remunerated	total of the distribution
2014	2 January 2015		0,50	5 876 528	2 938 264
2014	1 July 2015	400 017			400 017
TOTAL 2014			**0,50**		**3 338 281**
2015	1 July 2016	362 264			362 264
TOTAL 2015					**362 264**
2016	1 July 2017	441 448			441 448
TOTAL 2016					**441 448**

20.9. LEGAL AND ARBITRATION PROCEEDINGS

No governmental, legal or arbitration proceedings (including all proceedings that the Group is aware of that are pending or with which it is threatened) have had or could have material effects on the financial situation or profitability of the Group in the last twelve months apart from the proceedings mentioned in the note 32.8 page 109 of the notes to the consolidated financial statements.

20.10. SIGNIFICANT CHANGES IN THE FINANCIAL OR TRADING SITUATION

No significant change has taken place in the Group's financial or trading situation since the end of the last financial year for which audited financial statements have been published.

21. ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

HISTORY OF THE CAPITAL STOCK AT 31 DECEMBER 2017

Year	Share capital (€)	Issue premium (€)	Accumulated number of shares	Par value	Transaction type
	45 922 136	870	5 740 267	€ 8	Issue of 38 shares following exercise of 144 redeemable stock
2013	47 070 184	-143 506	5 883 773	€ 8	Issue of 143,506 shares following a capital increase by incorporation of part of the issue premium
2014	47 070 184		5 883 773	€ 8	
2015	47 070 256	224	5 883 782	€ 8	Issue of 9 shares following exercise of 36 redeemable stock warrants
2016	47 070 528	805	5 883 816	€ 8	Issue of 34 shares following exercise of 36 redeemable stock warrants
	56 092 376	2 176 521	7 011 547	€ 8	Issue of 1,127,731 shares following a capital increase with cancellation of preferential subscription rights
2017	56 092 376		7 011 547	€ 8	

On 31 December 2017 the capital was made up of 7,011,547 shares with a fully paid-up par value of €8, representing 7,970,668 voting rights. The breakdown of TOUAX SCA's capital and voting rights is detailed in paragraph 18.1 page 60.

INFORMATION CONCERNING ISSUE AUTHORIZATIONS IN FORCE ON 31 DECEMBER 2017

The General Meeting of shareholders of 9 June 2016, with the unanimous agreement of the General Partners, delegated the following issue authorizations to the Management Board.

Description of authorisations	authorisation date	due date	authorised ceilings	use during 2017	total amount used
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with retention of preferential subscription rights	Combined General Meeting of 9 June 2016 (15th resolution)	8 August 2018	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	none
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with suppression of preferential subscription rights by offer to the public but with a priority time period	Combined General Meeting of 9 June 2016 (16th resolution)	8 August 2018	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	7 845 088 €
Increase the share capital resulting from excess demands	Combined General Meeting of 9 June 2016 (17th resolution)	8 August 2018	maximum of 15% of the initial issue	not used	1 176 760 €

(1) The ceiling of €20 is the maximum amount authorised for all capital increases in par value.

These authorizations cancel any previous delegations for the same purpose.

All financial instruments giving access to capital resulting in dilution are presented in paragraph 21.1.4 below.

21.1.1. Subscribed capital

The capital is fully subscribed and paid-up.

21.1.2. Securities not representing capital

There are no securities not representing capital.

21.1.3. Capital held by the issuer itself

The share of capital held by TOUAX SCA on 31 December 2017 is detailed in paragraph 18.5 page 62. No subsidiary holds a stake in TOUAX SCA.

21.1.4. Potential capital

The Group has issued bonds convertible into cash and/or new and/or existing shares (convertible bonds) whose characteristics on 31 December 2017 are explained below:

Instruments	Convertible bonds
Date of General Meeting	11/06/2015
Date of the Management Board	07/07/2015
Total number of financial instruments issued	1 277 777
Conversion starting point for the tools	10/07/2015
Expiration date	10/07/2020
Issue price	18 €
Number of converted instruments	29
Number of financial instruments cancelled or lapsed	
Parity	1 convertible bond for 1 share
Number of instruments outstanding as of 31 December 2017	**1 277 748**
Potential capital in number of shares	1 277 748

21.1.5. Non-paid up capital

Not applicable

21.1.6. Option or conditional or unconditional agreement relating to capital

Not applicable

21.1.7. Capital history

See paragraph 21.1 above.

21.2. Constitutive acts and articles of association

21.2.1. Extract from TOUAX SCA's articles of association

Form (Article 1)

The joint-stock company named “TOUAX SGTR-CITE-SGT-CMTE-TAF-SLM Touage Investissement réunies”, was converted into a partnership limited by shares under French law, by decision of the Extraordinary General Meeting of 30 June 2005.

The partners are as follows:

- Firstly, the General Partner(s) named in the present Articles of Association, who are indefinitely, jointly and severally liable for the partnership’s debts, i.e.:
  - (a) SHGL, a public limited company under Luxembourg law with a capital of €7,271,010, whose registered office is 124 bvd de la Pétrusse, L-2330 Luxembourg, registered under number B185375, one of whose directors is Raphael Colonna Walewski.
  - (b) the Holding Company of Management and Participation, a public limited company under Luxembourg law with a capital of €7,293,510, whose registered office is 23 route d’Arlon, L-8008 Strassen, registered under number B185331, one of whose directors is Fabrice Colonna Walewski.
- and secondly, the holders of shares currently in existence or that may be created in future, having the capacity of limited partners, who are referred to in the current Articles of Association as “the shareholders” or “the limited partners”, and who are only liable for the partnership’s debts up to the amount of their capital contribution.

Object of the partnership (Article 2)

The object of the partnership is in particular, in all countries:

- to purchase, lease, finance, sell, operate and maintain any standardized, mobile equipment, including shipping or storage containers, modular buildings, river barges and freight railcars;
- to operate river push-towing, towing, haulage, transport and chartering services on all waterways,
- to design, build, fit out, repair, purchase, sell, operate directly or indirectly and lease modular and industrialized buildings, and all industrial, mobile and transportable equipment in general,
- to acquire holdings in and operate any business or enterprise of an identical, similar or related nature, whether by forming new companies, capital contributions, subscribing or purchasing shares or other rights in such enterprises, by merger, association, or in any other way;
- to acquire, obtain and sell all types of patents, patents of addition and licenses of patents and processes;
- to acquire interests of any kind in any industrial, financial or commercial corporation, any corporation dealing in real or movable property, in existence now or in the future, in France or abroad;
- to acquire, operate, build or in any way develop any kind of land or buildings,
- the option to carry out services of any kind for the Touax Group, relating to the aforementioned objectives and any similar or related objectives which may further the development of the business operations of the company and its subsidiaries;
- in general, to carry out any commercial, industrial or financial transaction involving real or movable property directly or indirectly related to the above objects which may further the development of the partnership's business.

Partner's rights over the profits (extract from Article 20)

Rights to the partnership's profits, reserves, and the liquidation surplus are allocated as follows:

- a sum shall be deducted from the profit for the financial year, less any losses brought forward, and allocated to the legal reserve. After this deduction, a sum shall be allocated to the General Partners equal to a share of the consolidated net earnings (Group's share) of the partnership, calculated according to the formula specified in Article 15.5 of the Articles of Association.
- The remainder of the profit after the above deductions shall either be distributed as a dividend on all shares or allocated to one or more non-interest-bearing extraordinary, general or special reserve funds, as decided by the General Meeting on the proposal of the management.

The Annual General Meeting may also decide to distribute any amount from the reserves at its disposal, expressly indicating which reserves the withdrawals are made from.

General Partners' entitlement to profits (Article 15.5)

Due to the indefinite and joint and several liability incumbent upon them, the general partners are entitled to remuneration from the distributable profits of the company or, failing that, from the reserves or premiums available to the company, which they share in equal parts. This remuneration represents 3% of the Group's share of consolidated net profit after tax, plus 1% of the TOUAX Group's consolidated EBITDA, after deducting the leasing income due to investors. The EBITDA is the consolidated gross operating margin after deducting net operating provisions. This remuneration shall be payable at the same time as the dividend paid to shareholders, or failing that, within sixty (60) days of the Annual General Meeting called to approve the financial statements.

Members of the Supervisory Board (extract from Article 12 "Supervisory Board")

The members of the Supervisory Board are appointed by the Ordinary General Meeting for a period of three years. By way of exception, and to exclusively enable the implementation and retention of a staggering of the terms of the mandates of members of the Supervisory Board, the ordinary general meeting may appoint one or more members of the supervisory board for a period of one (1) or two (2) years (article 12.1).

Each member of the Supervisory Board must own at least 250 of the partnership's shares (Article 12.2).

Annual General Meetings (extracts from article 18 "meetings of limited partner shareholders")

The provisions applicable to meetings of limited partner shareholders shall be those provided for by the law for joint-stock companies.

General meetings shall be convened (at the registered office or such other place as indicated in the convening notice) by the Managers or the Supervisory Board or, failing these, by the auditors (Art. 18.2 "Convening of meetings – Agenda")

Unless expressly provided for by the law, all stockholders, regardless of the number of shares owned, are entitled to attend the General Meeting and to take part in its decisions in person, by proxy, or by absentee vote, regardless of the number of shares held, upon providing proof of identity and share ownership in either registered form or by depositing bearer securities at the places specified in the notice of meeting: the deadline by which these formalities must be completed is 2 days before the date of the Annual General Meeting (Article 18.3 "Admission – holding of meetings").

Voting rights (extract from Article 9 "Rights attached to each share")

Double voting rights are allocated to all fully paid-up shares which can be shown to have been registered in the name of the same stockholder for at least five years.

Double voting rights attached to shares existing prior to the conversion of the company into an SCA (partnership limited by shares under French law) shall be maintained.

In addition, in the event of a capital increase through the incorporation of reserves, profits or issue premiums, double voting rights shall be granted, from the date of issue, to registered shares allotted free of charge to stockholders on the basis of existing shares for which they have double voting rights (extract from Art. 9.4).

Form of shares (extract from Article 7)

Until they have been completely paid-up, shares are required to be registered in the name of their holder at an account held by the company or a proxy designated by it. Wholly paid-up shares are registered or in bearer form, at the discretion of the stockholder, subject to legal or regulatory provisions in force; in particular, the form of shares belonging to members of the Supervisory Board and Managing Partners is specified by the law and regulations.

The shares give rise to an entry in the ledger under the terms and conditions set forth in the legal and regulatory provisions in force and are transferred directly from account to account.

Transfer of shares (extract from Article 8)

Shares are transferred directly from account to account, under the terms and conditions set by law.

Identifiable bearer securities

The partnership may at any time apply to Euroclear France for the identity of the holders of bearer securities.

Amendments to the articles of association

The Extraordinary General Meeting of 30 June 2005 changed the company's legal form from a joint-stock company, TOUAX SA, to a partnership limited by shares, TOUAX SCA.

The articles of association were modified in 2017.

Crossing the thresholds

Only the legal thresholds must be respected.

21.2.2. Provisions of a charter or regulations concerning administrative, supervision and management bodies

The report of the Supervisory Board in paragraph 27.2 page 187 of the reference document describes these provisions.

21.2.3. Provisions of a charter or a regulation limiting the change of control or changes in capital

Not applicable

21.3. SHARE PRICE DATA

21.3.1. Share price history

On May 7, 1906 TOUAX shares were listed on the Paris Stock Exchange on the spot market. It was transferred to the Second Market on June 14, 1999. TOUAX is listed in Paris on NYSE Euronext and has belonged to Compartment C since 26 January 2012. Since 2011, TOUAX has been included in the CAC® Small and CAC® Mid & Small indices and since 17 November 2014 in the EnterNext © PEA-PME 150 index.

21.3.2. The TOUAX share price

At the end of 2017 the TOUAX share was worth €11.69, up 6.3% compared with the price on 31 December 2016 (€11). The highest price of the year was €14.28 on 6 November 2017 and the lowest price was €8.93 on 17 November 2017.

On 31 December 2017, the Group's market capitalization amounted to €81.96, compared with a consolidated book equity for the Group (excluding hybrid debts) of €62.5 million on the same date.

YEARS *(in €)*	**2017**	2016	2015
Consolidated figures			
Net dividend per share paid during the year	-	-	0,50
Total distribution for the year	-	-	2 938 264
Progression of the distribution compared to the previous year	-	-	-0,02%
Total number of shares at December 31	7 011 547	7 011 547	5 883 782
Share price ratios			
Net income per share	-2,58	-1,82	-4,08
P.E.R (1)	-	-	-
Total return on the share (2)	-	-	5,00%
Share price data			
Maximum share price	14,28	11,81	16,80
Minimum share price	8,93	7,45	9,85
Price at December 31	11,69	11,00	10,00
Market capitalization at December 31 (€m)	81,96	77,13	58,84
Average daily volume of capital traded (in € thousands)	152,54	47,79	79,96
Average daily number of shares traded	13 014	4 720	6 689

(1) Price/earnings ratio.

(2) The total return of the share for each year is calculated on the basis of the price on 31 December.

21.3.3. Trading levels over the last 18 months

The TOUAX share is listed on NYSE EURONEXT, ISIN code FR0000033003 – Reuters TETR. PA – Bloomberg TOUPFP equity.

(€)	Highest price	Lowest price	Last price	Number of securities traded	Amount of capital traded (in € millions)
September 2016	10,64	9,86	10,15	140 521	1,43
October 2016	11,43	10,07	10,93	112 530	1,21
November 2016	11,1	9,8	10,01	71 962	0,75
December 2016	11,13	10,01	11,00	294 215	3,12
January 2017	12,7	11,15	12	206 305	2,45
February 2017	12,4	11	11,32	182 549	2,15
March 2017	11,78	11,01	11,36	107 450	1,23
April 2017	11,52	10,43	11,31	94 381	1,05
May 2017	11,74	11,03	11,50	306 277	3,45
June 2017	12,7	11,28	12,38	149 456	1,78
July 2017	13,25	12,42	12,48	383 099	4,91
August 2017	13,5	12,4	13,41	202 648	2,67
September 2017	13,8	13,02	13,75	195 694	2,66
October 2017	14	13,5	13,53	170 720	2,35
November 2017	14,28	8,93	11,75	1 121 097	11,86
December 2017	12	11,45	11,69	185 754	2,18
January 2018	12,4	11,2	11,40	122 159	1,46
February 2018	11,95	9,1	10,70	179 224	1,94

22. SIGNIFICANT CONTRACTS

There are no significant contracts other than those entered into in the normal course of business.

There are no contracts other than those entered into in the normal course of business, concluded by a member of the Group and including provisions imposing on any member of the Group a significant obligation or commitment for the Group as a whole, at the date of registration of the document.

23. INFORMATION FROM THIRD PARTIES, DECLARATIONS OF EXPERTS AND DECLARATIONS OF INTEREST

23.1. CONTACT DETAILS OF THE EXPERTS

Not applicable

23.2. CERTIFICATE OF COMPLIANCE OF THE DECLARATIONS OF EXPERTS

Not applicable

24. DOCUMENTS ACCESSIBLE TO THE PUBLIC

For the period of validity of the present reference document in accordance with Articles 221-1 et seq. of the General Regulations of the French Financial Markets Authority (AMF), the Articles of Association, the auditors' reports and the financial statements for the last three financial years, as well as all reports, correspondence and other documents, historical financial information regarding TOUAX SCA, the Group, and its subsidiaries for the last three financial years, valuations and declarations drawn up by experts, when these documents are provided for by the law, and all other documents provided for by the law, can be consulted at the company's headquarters.

In addition, it should be noted that the reference documents including the financial statements and auditors' reports are available online on the Group's website (www.touax.com).

25. INFORMATION REGARDING HOLDINGS

A simplified organisational chart of the group appears in paragraph 7.2 page 53.

The Group's consolidated companies are presented in the notes to the consolidated financial statements note 2.2 page 82 and the subsidiaries of TOUAX SCA are presented in the notes to the individual financial statements note 26.6 page 125.

The Group owns two significant subsidiaries, TOUAX Container Leasing Pte Ltd, a company incorporated under Singapore law and TOUAX Rail Ltd, a company incorporated under Irish law.

26. REPORTS OF THE MANAGING PARTNERS

26.1. MANAGEMENT REPORT

Dear Shareholders,

TOUAX is a business services Group, specialised in operational leasing and the sale of standardised mobile equipment with a long service life (15 to 50 years). On 31 December 2017, the Group mainly manages 3 types of equipment through 3 distinct divisions:

- freight railcars used for freight transport for major rail and industrial groups in Europe, the United States and Asia. The Group manages a fleet of about 10,840 railcars including 1500 railcars, for which it provides technical management services,
- river barges intended for leasing in Europe, the USA and South America. The Group is the leader on this market in the world with 119 barges, and
- shipping containers with a fleet of about 475,000 TEU (measurement of container size in twenty foot equivalent units) distributed all over the world, giving the Group 1st position in continental Europe, and 8th position worldwide.

TOUAX is ideally placed to cater for the rapid growth in outsourcing by companies of their non-strategic assets and their use of leasing, which makes it possible to offer:

- a flexible contract for the short or long term;
- no capital expense for the customer,
- subcontracted maintenance;
- rapid availability.

Since TOUAX is a partnership limited by shares (SCA), it is stated that the joint decisions of the shareholders, apart from those relating to the appointment and dismissal of members of the Supervisory Board, only enter into force and become enforceable against the shareholders, the company and third parties, once it has been ascertained that the decision of the General Partners complies with the vote of the Limited Partner Shareholders at the Annual General Meeting.

1. The TOUAX Group

The Group's origins date back to 1853. The TOUAX Group was set up on December 31, 1898 and has been listed on the Paris Stock Exchange since 1906.

1.1. Group situation and analysis of the 2017 consolidated financial statements

1.1.1. International accounting standards

The consolidated financial statements on 31 December 2017 and comparative data have been prepared according to IFRS accounting standards, in accordance with the regulations in force.

In accordance with IFRS 5 (as of 30 June 2017), European and US Modular Buildings activities are presented as discontinued operations.

In practice, income and expenses from discontinued operations were treated as follows:

- The contribution to each line of the TOUAX consolidated income statement is grouped under "Net income from discontinued operations" over the periods presented;
- In accordance with IFRS 5, these restatements are applied to all periods presented in order to make the information consistent.

1.1.2. Scope of consolidation

The complete list of companies consolidated by TOUAX is mentioned in the note 2.2 page 82 of the notes to the consolidated financial statements of the reference document.

1.1.3. Factors affecting our operating results

Our operating results and operating indicators examined below have been, and may continue to be, affected by certain determinants discussed below as well as certain historical events and facts.

We are subject to the effects of cyclical macroeconomics and general economic conditions. Global economic growth has a major impact on the demand for goods and services provided by our various activities. Although periods of economic downturn or recession have had, and may in the future have, a negative impact on the demand and prices of our products and services, the diversification of our activities in 3 divisions and our global presence help to mitigate the impact of a downturn in a particular sector or market.

Our Freight Railcar, River Barge and Shipping Container divisions are all three affected by changes in the volume of trade.

Demand for freight railcars underlies demand for rail transportation. Rail transport depends on the evolution of trade worldwide and in a specific region. Levels of freight railcar leasing are therefore subject to variation based on a host of macroeconomic factors such as industrial output and consumer demand.

The demand for river barges is closely linked to the regulatory, political and macroeconomic factors affecting the transportation of goods across different river basins, such as levels of industrial production, harvest level, local demand for goods, government policy relating to imports and exports of goods and the structure of international trade.

The Shipping Containers market is by its very nature an international market. As a result, growth in the shipping container industry is tied to international trade volumes.

The paragraph on 6.1 of the reference document page 34 gives a thorough analysis of the macroeconomic conditions and other market factors that affect demand for our products and services.

Utilization rate, size of the leasing fleet and leasing rates

The three key factors affecting our leasing revenue are the utilization rate of our equipment, the quantity of equipment and the rates charged to our lessees.

Fluctuations in utilization rates directly affect our operating results in two ways. First, any change in the utilization rate has a direct effect on our leasing revenue: thus, a rising utilization rate increases our turnover. Secondly, the variation in the utilization rate can have an inverse effect on our operational expenses: a drop in the utilization rate can lead to an increase in storage costs. We are particularly affected by any variation in the utilization rate in our Freight Railcar and River Barge divisions, since a significant proportion of this equipment belongs to us. When we invest in an asset and keep it on our balance sheet, we bear all the risks and benefits associated with that property, as opposed to assets under management, for which a decline in sales or increase in costs reflects in lower distributions to investors.

We calculate the utilization rate of our leasing fleet over a period by dividing (i) the number of days that the tenant leased equipment by (ii) the number of days that the equipment was available for leasing. The utilization rate in our Shipping Container division excludes new shipping containers that have been manufactured but not yet leased for a first lease. Equipment used for our own use is also excluded from our utilization rate calculation.

The table below shows the quantity of equipment in our leasing fleet at the end of the year and the average utilization rate of our leasing equipment for each of our divisions for the years ended 31 December 2016 and 2017:

	For the entire year ended December 31	
	2017	2016
Freight railcars		
Number of railcars under management (end of year, platforms)*	9 335	9 420
Average utilization rate	82,0%	81,4%
River Barges		
Number of barges under management (end of year)**	119	120
Average utilization rate	93,2%	91,8%
Shipping containers		
Number of containers under management (at the end of the year, in TEUs)	475 027	553 382
Average utilization rate	97,0%	89,7%

* excluding railcars under maintenance management
** excluding chartered barges

Changes in the demand for our leasing equipment affect both the utilization rate and the prices we can charge. The demand for our products and services is subject to change based on a number of factors, including but not limited to the macroeconomic conditions affecting demand in the end markets to which we supply our products and services. Other factors affecting the utilization rate of our fleet include:

- the supply available in new and used equipment, the location and prices of this equipment;
- the decision of a client to own their equipment rather than lease it;
- changing trends and patterns in freight transport trends;
- the availability and financing of equipment;
- the lead times required to purchase equipment, which may vary significantly and affect our ability to meet customer demand;
- the quantity of equipment purchased by our competitors and the amount that the lessees themselves possess;
- the decision of a shipping line or logistics company to reposition unused containers or railcars in higher demand locations, instead of leasing containers or railcars to meet the demand;
- the consolidation of lessees of equipment and a lower demand for leased equipment because of the economic viability, for concentrated players, of buying their own fleets of equipment; and
- disasters serious enough to harm the local and global economy.

Many of these factors are out of our control. To a certain extent, we can influence utilization rates by optimising our fleet of leasing equipment or by adjusting our leasing rates. In addition, for our Shipping Container division, we can also influence utilization rates by limiting the locations where lessees can return containers at the end of the lease, so that our containers are where the leasing demand is highest.

The change in the size of our fleet has an impact on our operating results, either by increasing our fleet through purchases or by reducing our fleet through transfers. We purchase new equipment in the ordinary course of business to replace ageing assets. Because of the dynamics of the shipping container industry and the relatively short lead time with which customers expect to be able to take delivery of a container once they have signed a lease agreement, we seek to have a supply of new containers

immediately available for leasing. We closely monitor the price of equipment to seize the opportunity to buy new assets when prices are low. The price of containers depends largely on the price of steel, which is the major component used in their manufacture. In contrast with our Shipping Containers division, we generally do not purchase new equipment for use in our Freight Railcar and River Barges divisions if we have not signed a lease agreement with a customer.

We carry out two types of sales: syndications to investors and sales to end customers. Depending on the market situation and our liquidity needs, we sell equipment to investors with whom we establish an asset management relationship and we sell equipment to end customers, corresponding either to a sale of equipment or to a purchase option by a customer at the end of a lease agreement with an option to purchase.

The assets that make up our leasing fleet are long-term assets and generally retain a significant portion of their value on the second-hand market. When we sell an asset, we record the amount of the sale in the revenue, which can increase our revenue over the period during which the sale took place. When an asset in our leasing fleet is sold to a client, we will no longer be able to benefit from its leasing income, which may subsequently result in lower revenue and cash flow. As a general rule, our sales levels may vary considerably from one period to another depending on the sale of our equipment, which explains a change in our sales revenue and total revenue. Syndications are sales of equipment to third-party investors. Although we recorded a sale and the equipment no longer appears in our balance sheet during syndication, we continue to realize a recurring revenue related to the lease of this asset for the duration of the management contract for assets that we enter into with our third party investors.

Our revenue, operating margins and EBITDA are also dependent on the age of the equipment we sell in syndication or in simple sales. The more we depreciate our equipment over time, the greater our margins resulting from their sale. The breakdown of our sales between old equipment and new equipment tends to be determined by market prices, the demand of our investors and the availability of equipment.

Lastly, our leasing rates also have a direct impact on our operating results as our rates affect our leasing revenue. The leasing rates we charge our customers are directly correlated with the price at which we buy the equipment to optimise our return on investment. Since much of our leasing is long-term, we are able to contractually set rates despite the price fluctuations of new equipment on the market. However, in the event of a lasting reduction in the purchase price of new equipment resulting in a lower leasing rate or resale value on the market for all existing equipment, we may encounter difficulties in releasing equipment at a profitable price, even if a sustained reduction in prices would allow us to buy new equipment at a lower cost. Daily leasing rates in the shipping container leasing sector have generally been trending downwards in recent years, mainly due to lower steel prices and the consequent drop in the purchase price of new shipping containers. We cannot predict whether this trend will continue in the short term.

Property and management

Our main activity is the leasing of mobile and standardized equipment. We finance the growth of our leasing fleet in two ways: by financial debt and/or equity or by syndication of equipment to third-party investors.

The total gross book value of our leasing portfolio is approximately €1,216.1 million as of 31 December 2017, a decrease of approximately €227.4 million compared to 31 December 2016. We own 33% of our total leasing stock, with the remaining 67% held by third-party investors. The table below provides a breakdown of the gross book value of our assets under management for our own account and for third party investors on 31 December 2016 and 2017.

(€ thousands)	On 31 December			
	2017		2016	
	Owned by the Group	**Ownership of third party investors**	**Owned by the Group**	**Ownership of third party investors**
Freight railcars	276 919	135 087	254 948	156 684
River Barges (1)(1)	75 608	10 215	81 366	10 215
Shipping Containers	44 848	665 064	57 555	873 848
Other	8 401		8 933	
TOTAL	**405 776**	**810 366**	**402 802**	**1 040 747**

(1) The river barges that we use for operational leasing are indicated as belonging to third party investors. We do not engage in asset management within our River Barges division.

We buy freight railcars, river barges and shipping containers from supplier plants. We sell the equipment on the second-hand market or we destroy them at the end of their life cycle, when we believe that it is financially beneficial for us to do so, taking into account the location, the sales price, repair costs and any repositioning fees.

Mainly in our Freight Railcar and Shipping Container divisions, we syndicate part of our fleet to third-party investors who purchase the equipment directly from us. We generally finance the purchase of materials for syndication through revolving credits (*warehouse*), before selling this equipment to investors. These investors are wealth managers, financial companies or other investment companies who want to diversify their investments with recurring returns on real, tangible and long-lived assets. These investors enter into a management contract at the time of the acquisition of this equipment, under which we undertake, without guarantee, to lease and manage their equipment and, in return, to distribute to them the turnover from the leasing of this leasing, minus any management fees. The equipment is managed in pools of assets, which consist of a mix of syndicated assets and owned assets. By managing the equipment in this way, we are able to ensure equal treatment between TOUAX and the investors in our leasing fleet and ensure that we share the same benefits.

We achieve margins on our fleet under management in many ways. First, we achieve margins on our fleet under management at the time of purchase of equipment by the investor, which can represent 2% to 5% of the book value of the syndicated equipment. During the leasing period of the equipment, we collect management fees representing generally 5% to 10% of the gross leasing turnover. We receive an incentive for the duration of the contract until the targeted return on investment objectives are achieved. When disengaging an investor, we have several choices: we repackage the syndication portfolio to a new investor, sell the assets on the second-hand market or buy the portfolio for ourselves. If we sell the assets at the request of the investor, we generally receive a sales commission of between 5% and 15% of the selling price.

The accounting processing of the revenue related to our activities is shown in thenote 1.21.1 page 79 of the notes to the consolidated financial statements of the reference document.

We are continually looking for opportunities to syndicate new assets. Syndication is a way for us to grow without increasing our leverage or gearing ratio. When we retain the equipment on our balance sheet, we bear the associated risks (such as the risk of non-use and therefore a lower return on investment than expected), but are also able to take advantage of all of the profits that can be derived from the equipment, as opposed to syndication that requires us to distribute a significant portion of these profits to our investors. As a result, we benefit from a lower EBITDA and margins for equipment we manage for third parties than we generate with our owned fleet. We believe that syndication opportunities will continue to be open to us in the future, primarily because of our success in managing assets on behalf of our third-party investors and TOUAX's asset management expertise.

We finance our purchases of equipment through various means, including whether or not we intend to keep this equipment on our balance sheet or syndicate it to a third-party investor. We use a combination of drawings on our revolving lines of credit, our asset lines and our financial leasing lines to finance our acquisitions.

Operational performance

Our operating profit is significantly affected by our operating performance. We believe that our diversified business model allows us to generate revenue and recurring operating margins reflecting the quality of our standardized, flexible and liquid assets. Our day-to-day leasing and sales operations are enhanced by our dynamic equipment management enabling us to generate additional revenue through syndication and opportunistic sales of second-hand equipment.

Our operational performance improved in 2017 mainly due to leasing activity, as sales of equipment decreased. This performance is explained by the gradual improvement in utilisation rates in the leasing business.

The performance of our Freight Railcar business in 2017 is progressing with more owned equipment and sales increasing. The performance of our River Barges business showed an ad hoc increase in 2017, mainly with the resolution of a dispute in favour of the Group. The operational performance of our Shipping Container business is decreasing with lower volumes in 2017. The utilization rate is increasing significantly but the volume of equipment managed is decreasing with little investment for two years. This results in a higher profitability of the equipment but a lower volume profitability.

Exchange rate fluctuations

We operate internationally and are therefore exposed to various currency exchange risks. Although the presentation currency is the euro, the functional currency of each of our subsidiaries is generally the local currency. Nevertheless, when it comes to international commercial practice, the sales of shipping containers and the leasing rates charged for them are exclusively denominated in US dollars. As a result, the results of our Shipping Containers division may be particularly affected by changes in the exchange rate between the euro and the US dollar. Similarly, our River Barge division may also be particularly affected by a changing exchange rate between the euro and the US dollar, since leasing rates for river barges in North and South America are denominated in US dollars. Based on our results for the year ended 31 December 2017, we estimate that the 10% decrease in the exchange rate of the US dollar against the euro would result in a decline in our current operating income of 0.94%.

The sensitivity of our shareholders' equity and current operating income to exchange rate fluctuations is presented in the note 32.5 page 108 of the consolidated financial statements for the year ended 31 December 2017 of the reference document.

- *Conversion risk*

The conversion risk is the risk that the value of our revenues, costs, assets and liabilities reported in foreign currencies and converted into euros for the preparation of our consolidated income statement and balance sheet will fluctuate due to changes in exchange rates. For example, the weakening of the euro against the US dollar will result in an increase in our revenue and costs published in euros. Given that a number of our subsidiaries operate in markets other than those in the euro area and our Shipping Container division operates exclusively in US dollars, these effects can be significant.

- *Transaction risk*

Historically, our business has benefited from natural hedging against a significant portion of our transactional foreign exchange risk, as we generate in principle both income and expenses in the same currency, and we finance our assets in the same currency as the turnover they generate. There are some exceptions to this rule, such as the fact that certain costs related to our Shipping Containers division are incurred in euros or Singapore dollars, for example, while our revenue is expressed exclusively in US dollars.

We are most exposed when we exchange currencies in the normal course of our cash management and centralization. In order to avoid major exchange rate risks, we occasionally carry out hedging transactions to reduce our transactional foreign exchange risk. We generally use forward sales, purchase contracts or conventional options (*"plain vanilla"*). On 31 December 2017, there was no operational currency risk hedge.

Acquisitions, transfers and joint ventures

We have made strategic acquisitions either to access new markets or increase our market share in our existing markets.

In the Freight Railcars division, we are party to several joint ventures. In 1998, our subsidiary TOUAX Corporation, then TOUAX Rail Limited ("TRL"), invested 51% in a joint venture, CFCL-Touax LLC ("CFCL-Touax"), with Chicago Freight Car Leasing Co. ("CFCL") in order to expand our presence in the railcar leasing market in the United States. In 2014, TRL and CFCL concluded an agreement to liquidate CFCL-Touax, under the terms of which CFCL-Touax agreed to sell its fleet of railcars.

In addition, in 2012, TRL increased its interest in SRF Railcar Leasing Ltd ("SRFRL"), which we incorporated as a joint venture in April 2009 in Freight Railcars. TRL's stake in SRFRL is 51% of the capital and voting rights. Since acquiring control of SRFRL, we have consolidated it using the full consolidation method in our financial statements from 1 January 2012. In December 2015, the company TRF3 was formed with a view to taking under management the European freight railcar leasing business of General Electric. The capital of this company is held by third party investors at 73.81% and by the Group at 26.19%. Bank financing of assets was set up to complete the financing of this acquisition. The company TRF3 was accounted for under the equity method in the Group's accounts for an amount of €2.7 million and the shareholding amounted to €5 million at 31 December 2016. Following the purchase of 3.3 million additional shares in TRF3, TOUAX Group has consolidated this entity using the full consolidation method since January 2017.

We continually assess the viability and strategic liquidity needs of our businesses and may, from time to time, sell minority interests in our divisions to obtain cash.

Debt and financial structure

Financial debt dominates our financial structure due to the significant capital requirements of our businesses, impacting our future results and, in particular, our net financial expenses.

1.1.4. Description of the main income statement items

Revenue consists of leasing turnover and equipment sales.

Leasing revenue mainly includes the rent received from operating leases for all the equipment we manage, whether for our own account or on behalf of third-party investors, as well as additional services invoiced within the scope of the leases, such as repairs, transportation. In our River Barges division, leasing revenue also includes our chartering and storage activities in this sector. Interest income on finance leases granted to our customers is also recorded in our leasing revenue.

Sales of equipment correspond to the revenue generated by (i) the sale of new equipment as part of our trading activity (purchase of new equipment for resale), (ii) the sale of equipment that we manufacture in our Moroccan factory in the modular buildings business (production of new equipment for sale), (iii) syndications or in other words sales of equipment to third-party investors as part of our asset management business in the Freight Railcars and Shipping Containers divisions (we first buy the asset before reselling it to third-party investors while keeping assets under management) or sometimes the syndication commission in the case of a purchase and a concurrent sale and (iii) the sale of second-hand equipment that is shown on our balance sheet as being owned by us or managed on behalf of third party investors as part of our asset management business. For all these transactions, the total amount of the sale price of the asset is recorded in the sale of equipment, as is the price of certain associated services, such as transport. Equipment sales also include the sale of receivables on the finance lease, as well as certain commissions invoiced to our customers within the scope of our activity. In accordance with IFRS, revenue generated by transfers of assets other than freight railcars, river barges and shipping containers is not recorded in the equipment sales item, but in plus (or minus) transfer values.

The **cost of sales** includes all costs related to the sale. The cost of sales includes in particular (i) the purchase price of new equipment purchased for resale in the course of our trading activities, (ii) the purchase price of new equipment purchased for syndication to third-party investors as part of our asset management activity in the Freight Railcars and Shipping Containers divisions, (iii) the costs of producing equipment that we manufacture for sale to third parties in the context of our Modular Buildings business (including raw material costs and production staff expenses) and (iv) the net book value of the equipment that we sell and that was recorded on our balance sheet as property, plant and equipment or inventory at the time of sale as well as all costs associated with the sales of this equipment.

Operational expenses correspond to the costs incurred as part of our leasing activity. These operational expenses include maintenance and repair costs, transportation costs, storage costs, and other costs incurred in the leasing of equipment. Operational expenses also include personnel costs related to our agency teams and our operational teams, such as logistics and technical teams. In addition, operational expenses record operating provisions for bad debts. Finally, we record the value added contribution of companies (or "CVAE") for French entities as an operational expense.

Overheads and administrative expenses include general operating expenses, such as head office support expenses, including our administrative staff, other administrative and IT expenses, real estate rents, and consulting or legal fees.

Depreciation, amortization and impairments mainly correspond to the straight-line depreciation of assets held by our Group, the depreciation of equipment belonging to the Group and financed by finance leases, as well as impairment (excluding goodwill impairment).

Net distribution to third-party investors corresponds to the leasing revenue generated by the equipment we manage on behalf of third-party investors, less management fees and other operating expenses incurred in the management of this equipment, which is distributed to third-party investors according to the distribution rules of our management programs. Distributions may vary for a number of reasons, including a decrease in leasing revenue or an increase in the costs associated with the leasing fleet owned by a third-party investor.

Other income (expenses), net amount, includes non-recurring operating income and expenses

In particular, this section includes the goodwill impairment, the acquisition costs of the equity investments, the variations in the fair value of the additional amounts included in the prices agreed when acquiring stock and the restructuring costs.

Net financial expenses mainly list the interest payable on financial debt, minus any interest income on interest products as well as the *mark to market* valuation for derivatives and the convertible bond when this is recorded in the income statement.

Corporate tax consists of current taxes payable by our Group and deferred taxes calculated on tax losses and temporary differences between the consolidated results in our financial statements and the tax results.

1.1.5. Group operating results

The table below presents certain items in our income statement for the years ended 31 December 2016 and 2017.

(€ thousands)	Financial year to 31 December	
	2017	2016
Leasing revenue	146 103	147 111
Sales of equipment	65 826	85 549
Revenues	**211 929**	**232 660**
Plus (and minus) values of disposals	1 482	209
Revenue from ordinary activities	**213 411**	**232 869**
Cost of sales	(59 908)	(77 454)
Operating expenses	(42 975)	(51 729)
General and administrative expenses	(21 875)	(22 585)
Gross operating margin (EBITDAR)	**88 653**	**81 101**
Depreciation and impairments	(19 314)	(17 601)
Operating income before distribution to investors	**69 339**	**63 500**
Net distributions to investors	(61 787)	(57 882)
Current operating income	**7 552**	**5 618**
Other operating income and expenses	(6 632)	(2 519)
Operating income	920	**3 099**
Income in cash and cash equivalent	78	146
Cost of financial indebtedness, gross	(10 825)	(9 453)
Cost of financial indebtedness, net	**(10 747)**	**(9 307)**
Other financial income and expenses	1 410	(1 415)
Financial income	**(9 337)**	**(10 722)**
Income from companies accounted for by the equity method	(65)	2 058
Current income before taxes	**(8 482)**	**(5 565)**
Taxes on profits	(53)	(473)
Net income from continuing activities	**(8 535)**	**(6 038)**
Net income from discontinuing activities	(9 176)	(7 664)
Net income	**(17 711)**	**(13 702)**
Of which non-controlling interests (minority interests)	(3 145)	2 124
Of which non-controlling interests (minority interests) in the discontinuing activities	3 474	(5)
CONSOLIDATED NET INCOME (GROUP SHARE)	**(18 040)**	**(11 583)**
Of which net income from continuing activities	(5 390)	(3 914)
Of which net income from discontinuing activities	(12 650)	(7 669)

1.1.6. Year ended 31 December 2017 compared to the year ended 31 December 2016

Revenues

The table below shows the breakdown of our revenue for the years ended 31 December 2017 and 2016:

Revenue by activity *(€ thousands)*	Financial year to December 31, 2017	Contribution (in %)	Financial year to 31 December 2016	Contribution (in %)	2017/2016 change	Change (in %)
Freight railcars	**78 957**	**37%**	**48 869**	**21%**	**30 087**	**61,57%**
Leasing revenues	50 925	24%	37 501	16%	13 424	35,80%
Sales of equipment	28 031	13%	11 368	5%	16 663	146,58%
River Barges	**14 563**	**7%**	**13 870**	**6%**	**693**	**5,00%**
Leasing revenues	14 341	7%	12 846	6%	1 495	11,64%
Sales of equipment	222		1 024		-802	-78,30%
Shipping containers	**109 337**	**52%**	**162 884**	**70%**	**-53 546**	**-32,87%**
Leasing revenues	80 439	38%	96 594	42%	-16 155	-16,72%
Sales of equipment	28 898	14%	66 290	28%	-37 391	-56,41%
Miscellaneous and eliminations	**9 073**	**4%**	**7 037**	3%	**2 038**	**28,96%**
Leasing revenues	399		171		229	133,92%
Sales of equipment	8 674	4%	6 866	3%	1 809	26,35%
TOTAL REVENUE	**211 930**	**100%**	**232 660**	**100%**	**-20 729**	**-8,91%**

› Total revenue

Total revenue decreased by €20.7 million (equal to -8.9%), falling from €232.6 million in 2016 to €211.9 million in 2017. At constant scope and currency (restated at the scope of consolidation of TRF3), sales decreased by 13.4% for continuing operations.

Leasing revenue decreased by €1 million, falling from €147.1 million in 2016 to €146.1 million in 2017, equal to a variation of -1% The variation in leasing revenue at constant scope and currency is -8.8%.

The freight railcar leasing business is growing strongly thanks to the integration of revenues from the fleet owned by the subsidiary TRF3.

The River Barges activity benefits from increased chartering on the Rhine.

The Shipping Containers division's leasing business was down 16.7% due to a decrease in fleet and to a lesser extent a drop in per diem.

Equipment sales decreased by €19.7 million (-23%), falling from €85.5 million in 2016 to €65.8 million in 2017.

Sales to end customers fell by 30.4%. Used containers were sold in massive quantities in 2016 and few used containers were available for sale in 2017, with utilization rates averaging 97% over 2017.

Sales to investors were down €3.5 million.

› Revenue in the Freight Railcars division

The revenue generated by our Freight Railcars division increased by €30 million (or +61.6%), changing from €48.9 million in 2016 to €78.9 million in 2017. The leasing business, like the sales business, was up.

The leasing revenue generated by our Freight Railcars division increased by €13.4 million (or 35.8%), from €37.5 million in June 2016 to €50.9 million in June 2017. The increase in leasing revenue is mainly due to the full consolidation of the subsidiary that bought the 2,000 railcars at the end of 2015. The average utilization rate for 2016 was 81.4%, compared with an average of 82% for 2017.

Equipment sales in the freight railcars division increased by €16.7 million, from €11.4 million in 2016 to €28 million in 2017. The variation is mainly due to syndications.

› Revenue of the River Barges division

The revenue generated by the River Barges division increased by €0.7 million (or +5%), changing from €13.9 million in 2016 to €14.6 million in 2017. Chartering in the Netherlands increases significantly offsetting lower sales.

› Revenue in the Shipping Containers division

Revenues generated by the Shipping Containers division decreased by €53.5 million (equal to -32.9%), falling from €162.9 million in 2016 to €109.4 million in 2017. This change is mainly due to lower sales of containers to customers and investors.

Leasing revenues in our Shipping Containers division fell by €16.2 million (or -16.7%) falling from €96.6 million in 2016 to €80.4 million in 2017. At constant euro/dollar exchange rates, the leasing revenue from our Shipping Containers division fell by 15%. The decrease in leasing revenues is mainly due to a contraction in daily leasing rates. The fleet decreases by 72,752 CEUs between the two periods. The utilization rate has increased to an average of 97% over 2017 compared to 89.7% in 2016.

Equipment sales from the Shipping Container division fell by €37.4 million (or -56.4%), changing from €66.3 million in 2016 to €28.9 million in 2017. Used containers were sold in massive quantities in 2016 and given the high utilization rate, few used containers were available for sale in 2017. Sales to investors are also down.

Cost of sales

The table below shows the breakdown of our cost of sales by division for the years ended 31 December 2017 and 2016.

Cost of sales per division	2017	As a percentage of divisional equipment sales	2016	As a percentage of divisional equipment sales	Change
	(€ thousands)	*(In %)*	*(€ thousands)*	*(In %)*	*(In %)*
Freight railcars	(25 552)	91%	(9 801)	86%	161%
River Barges	(266)	120%	(262)	26%	1%
Shipping Containers	(26 148)	90%	(61 295)	92%	-57%
Others & eliminations	(7 942)	92%	(6 096)	89%	30%
TOTAL COST OF SALES	**(59 908)**		**(77 454)**		**-23%**
TOTAL COST OF SALES as a % of equipment sales		**92%**		**91%**	

Total cost of sales

The cost of total sales fell by €17.5 million (or -23%) changing from €77.5 million in 2016 to €59.9 million in 2017.

Cost of sales in the Freight Railcars division

Sales costs in our Freight Railcars division increased by €15.8 million, changing from €9.8 million in 2016 to €25.6 million in 2017. The variation of €15.8 million is mainly due to syndications.

Cost of sales in the River Barges division

The cost of sales for the River Barges division is stable with the sale of a bow thruster to a customer.

Cost of sales in the Shipping Containers division

The cost of sales in the Shipping Containers division decreased by €35.1 million (-57%), moving from €61.3 million in 2016 to €26.1 million in 2017. As for sales revenue, this decrease is mainly due to the drop in the sales activity of new or used containers in 2017. The margin on all sales decreased by €1.9 million compared to 2016.

Operating expenses

The table below shows the breakdown of our operating expenses by division for the years ended 31 December 2017 and 2016.

Operating expenses	2017	As a % of revenue for the division	2016	As a % of revenue for the division	Change	
	(€thousands)	*(In %)*	*(€thousands)*	*(In %)*	*(€thousands)*	*(In %)*
Freight railcars	(20 246)	26%	(10 452)	21%	(9 794)	94%
River Barges	(5 369)	37%	(5 403)	39%	34	-1%
Shipping Containers	(15 972)	15%	(34 560)	21%	18 588	-54%
Other & eliminations	(1 387)	15%	(1 314)	19%	(73)	6%
TOTAL	**(42 974)**	**20%**	**(51 729)**	**22%**	**8 755**	**-17%**

Total operating expenses

Operating expenses decreased by €8.8 million (-17%), falling from €51.7 million in 2016 to €43 million in 2017. We note a downward variation in the Shipping Containers business. The Freight Railcars division significantly increases its operating expenses.

Operating expenses in the Freight Railcars division

Operating expenses in the Freight Railcars division increased by €9.8 million, moving from €10.5 million in 2016 to €20.2 million in 2017 following the integration of the subsidiary that brought the purchase of 2,000 railcars at the end of 2015 within the scope of consolidation (€4.8 million euros):

- higher railcar repair, revision costs, spare parts inventory changes of €5.3 million excluding TRF3;
- increase in provisions for bad debts and the absence of reversal of provisions on stock amounting to €0.8 million.

Operating expenses in the River Barges division

Operating expenses in the River Barges division are stable.

- Chartering expenses increased in 2017 in correlation with revenues, equal to an increase of €0.9 million;
- Operating expenses were positively impacted by reimbursements of expenses incurred in an arbitration for €0.8 million;
- Provisions for trade receivables benefited from the provision reversal on one of the South American customers, equal to a variation between the two periods of €0.5 million.

Operating expenses in the Shipping Containers division

The operating expenses incurred in our Shipping Containers division fell by €18.6 million (or -54%) decreasing from €34.6 million in 2016 to €16 million in 2017.

The variation of €18.6 million was mainly due to:

- A decrease of €7.1 million in handling and storage costs (decrease in fleet volume, increase in utilization rate);
- A € 5.4 million decrease in lease purchase following the end of the contract in January 2017;
- A decrease in maintenance and repair costs of 1 million;
- An decrease in provisions for bad debts of €3 million.

General and administrative expenses

The table below shows the breakdown of our general and administrative expenses by division for the 2017 and 2016 financial years.

General and administrative expenses	2017	As a % of revenue for the division	2016	As a % of revenue for the division	Change	
	(€thousands)	*(In %)*	*(€thousands)*	*(In %)*	*(€thousands)*	*(In %)*
Freight railcars	(8,480)	11%	(8,353)	17%	(127)	2%
River Barges	(3,224)	22%	(3,832)	28%	608	-16%
Shipping Containers	(8,811)	8%	(9,538)	6%	727	-8%
Other & eliminations	(1,359)	15%	(862)	12%	(497)	58%
TOTAL	**(21 875)**	**10%**	**(22 584)**	**10%**	**709**	**3%**

Total general and administrative expenses

General expenses and administrative expenses decreased by 3%, from €22.6 million in 2016 to €21.9 million in 2017.

General and administrative expenses in the Freight Railcars division

General and administrative expenses incurred by the Freight Railcars division increased slightly. This variation is mainly due to an increase in fees.

General and administrative expenses in the River Barges division

General and administrative expenses for the River Barges division fell by €0.6 million or (-16%). This decrease is explained by a decrease in legal fees and a decrease in the re-invoicing of central fees.

General and administrative expenses in the Shipping Containers division

The general and administrative expenses incurred in our Shipping Containers division increased by €0.7 million (or -8%) changing from €9.5 million in 2016 to €8.8 million in 2017. The variation is mainly explained by the tax account that was adjusted in 2016.

Central costs

The Group's central costs increased by 4%, moving from €11.4 million in 2016 to €11.9 million in 2017. The increase in fees explains the variation.

Provisions for depreciation and impairment of assets

Provisions for depreciation and impairment of assets are analysed in the note 10 page 91of the notes to the consolidated financial statements of the reference document.

Net distributions to investors

The net distribution to investors is analysed in the note 11 page 91 of the notes to the consolidated financial statements of the reference document.

Other operating income and expenses

Other operating expenses and revenues are analysed in the note 12 page 92 of the notes to the consolidated financial statements page of the reference document.

Financial income

Financial income is analysed in the note 13 page 92 of the notes to the consolidated financial statements of the reference document.

Income tax

Corporate income tax is analysed in the note 14.1 page 92of the notes to the consolidated financial statements of the reference document.

1.1.7. Cash flow

The following table summarises our cash flows for the years ended 31 December 2017 and 2016. They are restated in accordance with IFRS 5

(€ thousands)	Financial year to December 31	
	2017	2016
Cash flow generated by operating activities	**31 085**	**30 199**
Ii - cash flows relating to investment operations	**138 163**	**(1 356)**
Cash flows related to financing activities	**(168 266)**	**(46 485)**
Cash flow linked to changes in exchange rates	**675**	**(157)**
Change in net cash	1 657	(17 799)
Cash at the beginning of the period	27 106	44 903
Cash at the end of the period	28 762	27 106

Cash generated by (used for) operational activities

The following table presents the components of our cash flows generated by (used for) operating activities for the years ended 31 December 2017 and 2016.

(€ thousands)	Financial year to December 31	
	2017	2016
Self-financing capacity before cost of net financial debt and taxes.	29 689	20 498
Taxes paid	(746)	(392)
Change in working capital requirement related to activity excluding changes in inventories	(11 454)	(7 029)
Stock variation	*5 045*	*11 682*
Change in investment working capital requirement	*(5 574)*	*(10 814)*
Acquisition of assets for leasing	*(7 023)*	*(8 104)*
Proceeds from disposal of assets	*18 698*	*8 921*
Net impact of finance leasing to clients	*1 367*	*595*
Subtotal (1)(1)	12 513	2 280
Total operating cash flows from continuing operations	**30 002**	**15 357**
Operating cash flows from discontinued operations	**1 083**	**14 844**
CASH FLOWS GENERATED BY OPERATIONAL ACTIVITIES	**31 085**	**30 201**

(1) The sum of inventory changes, changes in working capital requirement, the acquisition of lease assets, proceeds from the sale of assets and the net impact of lease financing granted to customers is the net impact of equipment purchases and sales over a period of time.

Our cash flow generated by (used for) operational activities is primarily influenced by the operating profitability of our activities minus any taxes paid, changes in working capital requirements related to activity outside inventory variations and cash flow linked to our acquisitions and transfers of assets.

Cash flow generated by our investment in leasing equipment and the revenue generated by the sale of this equipment are presented as cash flows from operating activities rather than as cash linked to investment operations, compliant with the IFRS referential. Similarly, repayments of loans granted under finance leases granted to our customers are included in cash flows from operating activities rather than in cash flows linked to investment operations.

› Description of the main cash flow components generated by operating activities

Self-financing capacity before cost of net financial debt and taxes

Self-financing capacity before cost of net financial debt and taxes corresponds to our operating results, adjusted for depreciation and provisions, provisions for deferred taxes, plus or minus values on transfers of fixed assets and other assets and non-cash income and expenses, before the cost of net financial debt and any taxes paid.

Taxes paid

Taxes paid include corporation taxes paid in each jurisdiction within which our Group operates, in particular, in France, the Territorial Economic Contribution, which includes the contribution on the value added of companies for French entities (CVAE), recorded on our revenue declaration as operational expenses, and the property contribution of companies.

Change in working capital requirement related to activity excluding changes in inventories

The change in the working capital requirement linked to the activity, excluding stock variation, corresponds mainly to the net changes in trade receivables, commercial payables and other current assets and liabilities, which are not related to the transfer of fixed assets or to investments.

Stock variation

Stock variation reflects the change in our inventory, mainly composed of leasing equipment that we have kept for less than a year. We generally syndicate the assets of the stock to third-party investors within one year of their acquisition.

Change in investment working capital requirement

The change in investment working capital requirement is the net change in accounts payable and receivable related to assets we hold as capital assets, which relates primarily to leasing equipment that we maintain on our own behalf and that we intend to keep, or that we can syndicate, but have kept on our balance sheet for a long time (usually over a year).

Acquisition of assets for leasing

Acquisition of assets for leasing corresponds to the funds expended for the purchase of equipment for our leasing fleet recorded as fixed assets and which are not acquired for the purpose of syndication to third-party investors.

Proceeds from disposal of assets

Proceeds from the transfer of assets correspond to the cash obtained from sales of equipment previously recorded as fixed assets on our balance sheet.

Net impact of finance leasing to clients

The net impact of finance leasing granted to customers corresponds to the cash impact of the repayments received during a given period of loans granted to our tenant customers within the scope of finance leasing.

› Comparison between the year ended 31 December 2017 and the year ended 31 December 2016

Cash flows generated by operating activities amounted to €31.1 million for the year ended 31 December 2017, compared to cash flows generated by operating activities of €30.2 million for the year ended 31 December 2016, representing an increase of €0.9 million. This increase is mainly attributable to continuing operations:

- Investments are slightly lower than last year;
- The sale of assets for leasing is significantly higher in 2017 compared to 2016. The level of asset sales is explained by the syndication of railcars to investors in 2017.

Self-financing capacity improved, moving from €20.5 million in 2016 to €29.7 million in 2017.

Cash flows relating to investment operations

The following table presents the components of our cash flow linked to investment operations for the years ended 31 December 2017 and 2016.

revenue from the sale of assets	Financial year to December 31	
	2017	2016
Acquisitions of property, plant and equipment and intangible assets	(525)	(459)
Net change in loans and advances	(6 138)	249
Acquisitions of financial fixed assets		
Proceeds from the transfer of assets other than those intended for leasing	1 457	211
Impact of changes in the scope of consolidation	8 082	(3)
Cash flow from the sale of consolidated companies		
Cash flows related to investment operations of continuing activities	**2 876**	**(2)**
Cash flows related to investment operations of transferred activities	**135 287**	**(1 354)**
CASH FLOW RELATED TO INVESTMENT OPERATIONS	**138 163**	**(1 356)**

Cash flow from investment operations amounted to +€138.2 million on 31 December 2017 compared to a cash outflow of €1.4 million on 31 December 2016. The variation is mainly attributable to the cash flows related to the transfer of the European Modular Buildings activities.

Cash flows related to financing activities

The following table presents the components of our cash flows linked to financing operations for the years ended 31 December 2017 and 2016.

(€ thousands)	Financial year to December 31	
	2017	2016
Change in net cash position	44 073	27 355
Repayment of loans	(77 894)	(52 962)
Net change in financial debts	**(33 821)**	**(25 607)**
Net increase in Shareholders' equity	(638)	10 835
Net cost of financial debt	(10 746)	(9 307)
Distribution of dividends to minority shareholders	(1 451)	(784)
Statutory remuneration of general partners	(441)	(362)
Interest payment on hybrid capital	(4 039)	(4 039)
Net sale (acquisition) of own shares	(34)	65
Cash flow from financing operations of continuing activities	**(51 170)**	**(29 199)**
Cash flow from financing operations of transferred activities	**(117 096)**	**(17 286)**
CASH FLOW RELATED TO FINANCING OPERATIONS	**(168 266)**	**(46 485)**

Cash flow linked to financing activities was -€168.3 million on 31 December 2017, compared to flows of -€46.5 million on 31 December 2016, equal to a decrease in cash flows used for financing activities of €121.8 million. This decrease in cash flow from financing operations is partly attributable to the repayment of Corporate debt following the transfer of the European Modular Buildings activity.

1.1.8. Investments

As a company specialising in the leasing of standardised mobile equipment, we make investments in fixed assets as part of our ongoing operations. We look to acquire fleets of new or used equipment in order to grow our business. The choice of investing or not in new equipment is subject to analysis by each division based on a series of factors that allow them to calculate an estimate of the return on investment, including:

- The price at which the equipment must be purchased;
- The expected price at which we will be able to lease this equipment;
- The expected leasing period for this equipment; and
- Counterparty risk expected.

Most of our capital expenditures are discretionary. As a result, our investment rate varies year by year.

We intend to continue to invest as we have in the past in new equipment as part of our third-party growth strategy.

1.1.9. Commitments received under non-cancellable operating leases.

A substantial portion of our leasing fleet in all of our 3 activities is leased under lease agreements, the terms of which do not allow for termination at the option of the lessee without payment of penalties. This type of contract requires our lessees to keep the equipment for the duration of the contract; therefore, we have a certain degree of visibility on the minimum turnover generated in the future by this type of short-term and long-term contract.

Commitments received under operating leases are detailed in note 34.3 page 110 of the notes to the consolidated financial statements of the reference document.

1.1.10. Off-balance sheet commitments

Off-balance sheet commitments are detailed in the note 34.5 page 112 of the notes to the consolidated financial statements of the reference document.

1.1.11. Quantitative and qualitative information relating to market risks

Interest rate and exchange rate fluctuations linked to foreign currencies are the main source of exposure to market risks. They are detailed in the note 32.1 page 106 of our audited consolidated financial statements for the year ended 31 December 2017.

1.1.12. Accounting policies and critical assessments

The preparation of our consolidated financial statements requires us to make judgements, assessments and assumptions regarding, in particular, future events that may have an impact on the carried forward amounts of certain items in the financial statements. These estimates and assessments are revised at each reporting date, and the underlying assumptions are adjusted, as appropriate, based on actual results, experience and any other relevant factors given the economic circumstances. The effects of such adjustments are recognised once carried out. Items carried forward in our consolidated financial statements in the future may differ from current estimates due to changes in assumptions and economic circumstances on the date of the report. Significant assumptions relating to future events and other sources of uncertainty in the assessments on the reporting date that could result in a significant risk of equipment adjustment in relation to the carrying amount of assets and liabilities are presented below.

The note 1 page 71 of the notes to the consolidated financial statements of the reference document explains the accounting policies and critical assessments.

1.2. Foreseeable developments and outlooks

Following the transfer of the modular building sale and leasing business in Europe and the United States for a combined disposal value of approximately €170 million, the Group is finalizing its strategic refocusing on its three transport equipment leasing activities in a favourable market environment. This sale will allow TOUAX to increase its investment capacity.

The markets of the three transportation equipment leasing businesses are well-oriented.

After a growth of 2.5% in European GDP in 2017, the economic climate continues to improve in 2018, creating an increase in rail transport needs, and therefore in demand for freight railcars. As the 4th biggest leaser in Europe, and the 2nd biggest provider of intermodal railcars for container transport, TOUAX Rail is well-positioned and expects an increase in leasing rates.

Leasing of river barges in Europe is still well oriented. Requirements for river barges are significant in France with projects in Greater Paris and European growth is contributing to demand on the Rhine and the Danube. Only the South American market remains in overcapacity.

With growth in global GDP forecast to be 3.9% in 2018, demand for shipping containers is expected to remain strong and TOUAX Container is entering a new growth cycle of its fleet under management enabling it to resume investments in 2018.

An additional presentation of the Group's outlook, presented at the SFAF meeting of 28 March 2018, is detailed in paragraph 28.3 of the reference document page 205 supplemented by paragraph 12.2 on the trends page 56.

1.3. Other Group information

Group's research and development activity

During the 2017 financial year, no expenses were incurred in research and development.

Post-balance sheet events

Following the transfer of the European modular building activity, a price adjustment was claimed by the buyer to TOUAX in early March 2018

- **Debt position of the Group**

The note 24 page 100 of the notes to the consolidated financial statements of the reference document sets out the Group's debt.

- **Description of the main risks**

The main risks at Group level are detailed in the chapter 4 "Risk factors" of the reference document and in the notes to the consolidated financial statements note 32 page 106 of the notes to the consolidated financial statements. Price, credit, liquidity and cash-flow risks, including the Group's use of financial instruments, are included in the risk factors, paragraph 4.4 of the reference document, page 30.

The note 32 page 106 of the notes to the consolidated financial statements of the reference document details the company's financial risk management policy.

2. TOUAX SCA

TOUAX SCA is a holding company that advises its Group subsidiaries and also has a small real estate activity.

2.1. Situation of the company and analysis of the financial statements

- **Situation and results of the company and foreseeable developments**

TOUAX SCA's revenue amounted to €2.7 million compared to €2.2 million in 2016, increased due to a rise in expenses incurred to carry out these services. The result is impacted by an impairment of €11.2 million, mainly due to a provision for depreciation of a receivable with regard to its modular building subsidiary for Africa and to a lesser extent US with regard to its American subsidiary of modular buildings.

The amount of non-deductible expenses for the year (Article 39-4 of the French General Tax Code) amounts to €1,669.

The balance sheet of TOUAX SCA totals €196.3m compared with €338.1 million. The TOUAX SCA balance sheet mainly comprised its holdings on the assets side, and the financing of the holdings on the liabilities side.

The company does not have R&D business activities.

Since TOUAX SCA's business is mainly an advisory business for its subsidiaries, management does not anticipate any particular changes to the services but however expects 2018 to be comparable to 2017 (excluding market transactions).

TOUAX SCA bears the Group's corporate financing, which decreased due to the repayment of the Group's debt as a result of the transfer of the European Modular Buildings activities. The financial debt of TOUAX SCA amounts to €99.2 million compared to €129.1 million, including €30 million of bonds. The note 23 of the notes to the individual financial statements details the company's debt page 123 of the reference document.

Results of the company during the last five financial years (individual financial statements)

(in Euros)	**2017**	2016	2015	2014	2013
I SHARE CAPITAL AT YEAR END					
a) Share capital	56 092 376	56 092 376	47 070 256	47 070 184	47 070 184
b) Number of existing ordinary shares	7 011 547	7 011 547	5 883 782	5 883 773	5 883 773
II OPERATIONS AND RESULTS FOR THE YEAR					
a) Revenue excluding taxes	2 728 725	2 225 640	4 853 416	2 337 402	2 147 071
b) Profit before tax and depreciation and provisions	(2,737,281)	3 687 568	4 206 634	5 914 646	2 885 745
c) Corporation tax	(701 574)	(284 899)	(150 144)	49 626	(41 266)
d) Employee profit sharing due for the year					
e) Profit after tax and depreciation and provisions	(26,705,880)	(28 919 621)	661 664	5 573 639	2 716 259
f) Distributed income	-	-	2 938 264	2 938 888	2 867 517
III EARNINGS PER SHARE					
a) Profit after tax but before depreciation and provisions	-0,49	0,57	0,74	1,00	0,50
B) Profit after tax and depreciation and provisions	-3,81	-4,12	0,11	0,95	0,46
c) Net dividend per share	-	-	0,5	0,5	0,5
IV WORKFORCE					
a) Average number of employees during the year	2	2	2	2	2
b) Amount of payroll	43 688	51,469	39 454	39 252	39 000
c) Amount of benefits paid (social security, welfare benefits etc.)	19 417	23,409	19 094	14 034	16 803

Post-balance sheet event

Following the transfer of the European modular building activity, a price adjustment was claimed by the buyer to TOUAX in early March 2018

Main risks and uncertainties

The main risks are detailed in chapter 4 (risk factors) of the reference document, more particularly in the paragraph 4.4 page 30 for rate, market and equity risks and other financial instruments, as well as in the notes to the consolidated financial statements note 32 page 106.

The note 26.4 of the notes to the individual financial statements page 125 mentions contingent liabilities.

Objectives and policy of hedging transactions

The note 26.3 of the notes to the Individual financial statements page 125 details the hedging of foreign exchange and rate risks.

Activity of subsidiaries and controlled companies

The business of the subsidiaries is presented through each division. A general presentation of the activities is described in chapter 6 of the reference document, page 34 et seq. The activity of the subsidiaries is presented via each division, on the note 4 page 86 of the notes to the consolidated financial statements.

The organisation chart for the company's main subsidiaries is detailed in the reference document in paragraph 7.2 of the reference document page 53.

2.2. Annual approval of the individual financial statements

Allocation of the profit (1st and 4th resolution)

The Management submits to the next Ordinary General Meeting of 20 June 2018 the proposal for the allocation of the loss as well as the remuneration of the general partners on the issue premium, as follows:

Net income for the year ended 31 December 2017	-26 705 880 €
Allocation to the legal reserve	
Appropriation of the entire loss to carry forward	-26 705 880 €
Statutory remuneration of the general partners deducted from the issue premium	268 672 €

Dividend distribution policy

The company implements a regular distribution policy. The company has paid a dividend almost non-stop since its inception in 1898, except in recent years. The dividend varies according to the Group's results. It has no set distribution rule, such as a fixed percentage of net income or of the quoted market price. The company does not anticipate a dividend payment in 2018.

A log of the distribution policy is presented in paragraph 20.8.1 page 137 of the reference document.

The dividend amounts distributed for the three previous years were as follows:

financial year concerned *(in €)*	payment date	statutory remuneration of general partners	dividend per share	number of shares remunerated	total of the distribution
2014	2 janvier 2015		0,50	5 876 528	2 938 264
2014	1 juillet 2015	400 017			400 017
TOTAL 2014			**0,50**		**3 338 281**
2015	1 juillet 2016	362 264			362 264
TOTAL 2015					**362 264**
2016	1 juillet 2017	441 448			441 448
TOTAL 2016					**441 448**

Regulated agreements (5th resolution)

Only one regulated agreement was concluded by TOUAX SCA and continued during the 2017 financial year:

Companies concerned	TOUAX SCA AND SCI FRANKLIN LOCATION
nature of the agreement	Commercial lease of premises located in La Défense
amendment of the agreement	- Modification of the lease authorised by the Supervisory Board on 31 August 2015 and motivated by making savings for the Group (the surface area of premises and as a result the amount of rent and expenses being reduced) - Modification of the lease authorised by the Supervisory Board on 29 March 2017 and motivated by making savings for the Group (the surface area of premises and as a result the amount of rent and expenses being reduced)

No new regulated agreement was concluded during the 2017 financial year.

You are asked to approve the special report from the statutory auditors.

2.3. Main features of the internal control and risk management procedures

The internal control procedure is defined and implemented by the company, and aims to ensure:

- compliance with applicable laws and regulations,
- application of instructions and business policies set by General Management,
- that its internal processes work properly, particularly those that concern the preservation and security of its assets,
- that financial information is reliable.

And more generally, internal control is a system that helps to control its businesses and enhances the efficiency of its operations and use of its resources. The Group applies the guidelines for mid caps and small caps published by the AMF in July 2010.

The company's internal control procedures are intended to ensure that:

- the administrative acts, performance of operations and behaviour of the staff comply with the company's business policies defined by the corporate bodies, applicable laws and regulations, and the values, standards and internal procedures of the company,
- the accounting, financial and management information communicated to the corporate bodies gives a true and fair view of the company's activity and situation,
- The procedures ensure compliance with management policies, the preservation and security of assets, prevention and detection of fraud and errors, the reality and exhaustiveness of accounting records, and the establishing of reliable accounting and financial information within the time allowed.

The company's internal control system cannot however completely guarantee that the objectives set will be achieved, since no procedure is infallible.

2.3.1 The fundamental elements of internal control

The organisation of the Group

The TOUAX Group is organised around three operational divisions (Freight Railcars, River Barges and Shipping Containers) to which the Group's operating entities are attached as well as a residual stake of Modular Buildings in Africa.

The management of the operating divisions is in charge, across its perimeter, of the management of the operations within the framework of the strategic objectives set by the Group Management and reviewed by the Group's management committee. The Group's Executive Committee is made up of 6 people and is described in paragraph 4.3 of the report of the Supervisory Board page 192 of the reference document.

The functional departments of the Group bring their expertise to the operational departments and assist the General Management in the definition of the standards and the principles and the control of their application. The functional departments of the Group include the Legal Department (including financial communication, corporate social responsibility and Group insurance), the Accounting and Tax Department (in charge of statutory compliance and statutory accounting), the Consolidation Department (in charge of reporting and international economic accounting compliance), the Finance and Treasury Department, the Information Systems Department - with these divisions being grouped together within the General Administration and Finance Department - as well as the Human Resources Department and the General Asset Management Department.

The Internal Control and Internal Audit system is based on this organisation and covers the processes of fully-consolidated entities and entities accounted for by the equity method. The system of internal control put in place by the Group is appropriate for its size.

The main components of internal control

The main internal control policies are determined according to the company's objectives. The Group's objectives are defined by the Managing Partners. They concern not only its economic performance but also the areas in which the Group aims to achieve a particular level of excellence. These objectives are specified for each entity and are clearly explained to the employees so that they understand and adhere to the organization's risk and control policy.

The Group's internal control and risk management systems are structured around this three-tier organisation - holding, operational divisions and operational entities - where each level is directly involved and accountable in line with the degree of centralisation decided by General Management.

The main components of internal control are (i) the control environment, (ii) risk management, (iii) internal control activities and regulations, and (iv) management and reporting activities. Ongoing monitoring of the system is carried out around the governance of the activities described above.

2.3.2 The control environment

Values and ethics

The Group's control environment relies first and foremost on the Group's Ethical Charter, which, in addition to safety, guides our actions and our daily choices, beyond the Group's values, as a responsible employee, as a responsible company, and as a responsible manager. Our values are formalised on our website and the Ethical Charter is formalised in a guide distributed to all employees. Respect for our values and our ethics develops and maintains our trusting relationships within the Group between all employees and all the Group's stakeholders.

Structure of internal control and responsibilities

The structure of internal control is based on three levels:

- (1) operational management, responsible for the implementation of internal control;
- (2) support functions (such as Finance, Legal, Human Resources, etc.) which prescribe the internal control systems, monitor their implementation and effectiveness, assist the operational staff ; and
- (3) governance bodies that oversee the review and effectiveness of the control system through activity committees, *Board meetings* for the activities and *Board meetings* for the companies.

Players involved in internal control

Internal control concerns everyone within the company, from the management bodies to each member of staff. The players involved in internal control are described below:

Management Board

The Management Board defines, promotes and supervises the internal control system that is the best suited to the Group's situation and business.

In this connection, the Managing Partners keep themselves regularly informed of any malfunctions, inadequacies or implementation difficulties and ensure that the necessary corrective action is taken.

The management informs the Supervisory Board of any important points.

Supervisory Board

It is the responsibility of management to give an account to the Board of the essential features of the internal control system.

The Supervisory Board may use its general powers to carry out the controls and checks that it considers fit, and to take any other action it considers appropriate in this respect.

Within the Supervisory Board, an audit committee has been set up, which monitors the process of preparing financial information, monitors the effectiveness of the company's internal control and risk management systems, the monitoring of the statutory audit of the annual accounts and consolidated accounts and the review and monitoring of the independence of the statutory auditors. The Audit Committee reports on its work to the Supervisory Board.

› **Operational divisions**

The operational divisions are wholly responsible for the use of the system within their remit and its proper functioning. The functioning and effectiveness of the internal control system are assessed by the financial controllers of each division on the basis of requests made by management as well as during the periodic review of companies and activities within the various governance bodies with mainly the monthly review of accounts, the monthly review of cash flow forecasts, half-yearly or quarterly Board meetings, half-yearly board meetings for the activities and half-yearly supervisory board for the activities.

› **The Group's employees**

All employees have the knowledge and information required for setting up, operating and monitoring the internal control system at their level of responsibility, according to the targets they are set.

In particular, the Group's Human Resources policy aims to ensure that employees' skills are properly aligned with their roles. Job descriptions within the different entities of the Group specify the skills and expertise required to enable employees to carry out their responsibilities effectively. In addition, the Human Resources Department regularly organises and updates policies to improve these skills through training, evaluation and staff retention policies (individual annual interviews, training programs, remuneration policies and careers management).

2.3.3 Risk control activities

The risk in the company is that of not achieving the objectives set. For the implementation of its strategy, the General Management defines the objectives in terms of operational fulfilment, reporting and compliance that are applied at the different levels of the organisation.

The operational objectives emphasise the definition and efficient use of human, material and financial resources. They are formalised most notably during the forecasting exercises (budget and periodic forecasting) and the long-term plan (business plan). They are regularly monitored as part of the self-assessment process. Monitoring of operational objectives (financial and non-financial) enables decision-making and monitoring of the performance of activities at each level of the organization. Risk management aims to identify and limit risks to the company's assets, resources, personnel, continued existence, profitability, reputation and its values in the broad sense of the term. The risk management activities are implemented on a daily basis by all members of staff, while performing their duties. The Administrative and Financial Department is responsible for managing the overall risk management and control system, in particular the monitoring of financial risks as well as those related to the preparation and processing of financial and accounting information.

To ensure better monitoring of financial and accounting risks, the Administrative and Financial Department relies on a number of functional departments (Legal and Financial Communication, Finance and Treasury, Consolidation, Reporting, Accounting and Taxation, Information Systems) and its operational finance departments (one per activity). The operational finance departments all have a twofold relationship with the Chief Executive Officer of the division and the Group's Chief Financial Officer. The financial departments of the subsidiaries also have a twofold connection with the CFO of the division and the general manager of the subsidiary.

This organisation combines business expertise and technical expertise to better assess risks and limit conflicts of interest.

These risks are identified in chapter 4 (Risk factors) page 19 of the reference document. One or more of these risks, or other risks not yet identified or considered as immaterial by TOUAX, could have an adverse effect on the its business, financial situation, profits or share price.

Financial risks

The financial risks are market risks (interest rate and foreign exchange risks), liquidity and/or counterparty risk, and equity risk. They are described in paragraph 4.4 of the reference document (risk factors) on page 30.

Financial risk management is an integral part of the Group's financial management. All the financial files are supervised centrally by the Finance and Treasury Department, with support, in particular, from a financing plan, a monthly cash flow statement and a daily cash flow forecast. This information is reviewed on a monthly basis by the Group's Executive Committee.

The aim of the Administration and Finance Department is to rapidly produce accounting and financial information that is reliable and pertinent, pass on this information, monitor risk, in particular financial, operational and counterparty risks, put in place administrative, accounting and financial procedures, provide legal and fiscal monitoring of the Group, consolidate the accounts and respect the applicable rules and the accounting standards and implement the Group's financial policy and provide cash management.

Other risks

Responsibility for monitoring risks is delegated to the various operational and functional departments who implement this risk management at operational level. The operational and functional departments are accountable for the risks inherent in their

businesses and give an account to General Management of these risks and the action plans put in place to reduce their exposure. Two functional divisions also exist to better assess the procedures and risks of activities; the human resources department and the information systems department. The Group's Administrative and Financial Department is involved in the management and control of these other risks.

2.3.4 Steering and reporting activities

Internal control procedures

Internal control is based on formalized procedures, the information systems, and the competence and training of the staff.

The main procedures in force at Group level concern, in financial areas, asset tracking, investments, financing and treasury, budgetary control and financial reporting.

In the operational areas, these procedures mainly concern directives, regulations or recommendations in the fields of health, general safety, industrial safety and IT, environment, sustainable development, integrity and the prevention of fraud and corruption.

In terms of operating entities, control activities are organised around the main operational cycles of leasing and sales, purchases, investments, production, fixed assets and inventories, human resources, financing and cash, as well as the process of closing the accounts.

Among other things, operational financial services are responsible for the follow-up of administrative and accounting procedures and the periodic reporting of financial information. The role of the financial departments is part of a process of continuous improvement of internal control and mainly involves reviewing the procedures in place, checking the implementation of the Group's internal control standards and recommending improvements for reducing risks.

Procedures for preparing and processing financial and accounting information

Administrative and accounting procedures are in place to ensure that transactions recorded in the annual accounts meet the objectives regarding their true and fair nature. These procedures, which are integrated into internal control, are based on:

- an integrated management and accounting system (with the use of a reporting package with uniform accounting methods approved by the consolidation department),
- a segregation of duties (in so far as the department and company size allows),
- supervision and control by the functional departments and general management.

All financial and accounting information is reported each month to the Consolidation Department, which checks in detail the flows and the methods used. Activity management control activities verify the consistency of the data and provide monitoring. The Consolidation Department then carries out monthly economic consolidation of the results and a full consolidation according to IFRS standards every quarter. These accounts are reviewed by the Group's General Management.

Monthly monitoring of the results and commitments of the subsidiaries and the Group enables General Management to check the financial effects of the business strategies pursued, and to compare the results with the Group's budgetary commitments and objectives.

The consolidated financial statements are produced on the basis of consistent accounting standards within a supervised process.

The consistency of the standards is ensured by the Consolidation Department, which supervises and centralises the interpretation and dissemination of the applicable accounting standards and ensures their effective implementation through a regular and formalised communication process with the financial managers of the subsidiaries and divisions.

The process of closing the accounts is governed by consistent monthly financial reporting and a closing schedule shared by all subsidiaries. This reporting and the consolidated financial statements use an identical framework and standards. Financial reporting and individual accounts are systematically analysed for discrepancies. Off-balance sheet commitments are part of this process. The closing process also relies on the formalisation of economic assumptions, judgements, estimates, processing of complex accounting transactions, centralised and supervised by the Consolidation Department, the General Administration and Accounting Department and General Management.

The procedures put in place for reporting, consolidation and budgetary monitoring are also aimed at ensuring the aggregation of the other information necessary for drawing up the reference document.

Assessment of internal control

Internal control procedures and those related to the drawing up of accounting and financial data are continually identified, assessed and managed and did not change significantly in 2017. Internal control is currently assessed by the various reviews of the Group's and subsidiaries' financial statements conducted at internal meetings addressing each of the activities and the Audit Committee.

2.4. Social and environmental information

The TOUAX Group publishes, in accordance with Article L.225-102-1 of the French Commercial Code, corporate, social and environmental information (CSER) in paragraph 26.2 page 167.

This report describes how TOUAX takes into account the social and environmental consequences of its activity, including the impact of its activity and use of the goods and services it produces on climate change, as well as its commitments for sustainable development, the circular economy, the fight against food waste and combating discrimination and promoting diversity.

The report from an independent third party, the Saint Front agency, appears in paragraph 26.4 page 184 of the reference document.

2.5. Other information

Cross stockholding and ownership

There is no cross-stockholding (holding of securities of TOUAX SCA by its subsidiaries). The Group's simplified organisation chart is explained in paragraph 7.2 of the reference document page 53 and the exhaustive list of consolidated subsidiaries is presented in the note 2.2 page 82 of the notes to the consolidated financial statements.

Share buyback program and treasury shares

The Group has made purchases and sales of its own shares through its liquidity contract managed by an investment services provider (ISP), resulting from the share buy-back program voted by the Combined General Meeting of 21 June 2017. On 31 December 2017, the company held 6,674 of its own shares. A detailed history of the treasury shares held by TOUAX is provided in paragraph 18.5 of the reference document page 62.

Status of employee participation in the company's share capital on 31 December 2017

There is no employee participation in the company's share capital as of 31 December 2017, as TOUAX has not implemented any of the employee share ownership plans provided for by the texts. The company does not have a stock option or a free share allocation scheme.

Payment period of the company

In the following table, we present the breakdown as of 31 December 2017.

in euros	Invoices **received** and outstanding at the financial year end which are due						Invoices **issued** and outstanding at the financial year end which are due					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 day and above)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 day and above)
Late payment bracket												
Number of invoices concerned		1		1	2	4			2	2	3	7
Total amount of invoices concerned (specify with or without VAT)		323 €		2 063 €	662 €	3 048 €			1 569 €	729 €	3 654 €	5 951 €
Percentage of the total amount of the purchases for the year (specify with or without VAT)		0,0%		0,0%	0,0%	0,1%						
Percentage of revenue for the financial year (specify with or without VAT)									1,0%	0,4%	2,2%	4,7%

Dealings in securities carried out by the management

To the best of the Company's knowledge, there has been no securities transaction in 2017 by management, senior executives or persons to whom they are closely related as well as the general partners except for the following transactions:

- Mrs. Julie de Germay, a member of the Supervisory Board appointed in 2017, acquired, within 4 months of her appointment, 250 shares in the company.

Adjustment of the conversion bases of the securities giving access to the capital

There was no conversion adjustment for convertible bonds during the 2017 financial year.

Acquiring significant stakes in companies with head offices in France

None

Existing branches

None

Operating a classified facility

None

Amount of loans granted to micro-enterprises, SMEs or middle-market companies

None

Injunctions or sanctions for anti-competitive practices

None

3. Information on other ordinary resolutions submitted to the vote of the shareholders

Renewal of two terms of office of members of the Supervisory Board (7th and 8th resolutions)

The company's Supervisory Board is currently made up of 6 members (3 men and 3 women). The term of office of the members is 3 years. You are invited to renew the terms of the following 2 members as follows:

- Mrs Marie FILIPPI	Duration of 3 years, namely until the Annual General Meeting called to approve the financial statements for 2020
- Mrs Julie de GERMAY	Duration of 3 years, namely until the Annual General Meeting called to approve the financial statements for 2020

A detailed presentation of these 2 members whose terms of office you are asked to renew is given in paragraph 27.2 section 4.4.7 page 196 of the report from the Supervisory Board.

It is stated that, in accordance with the law, the General Partners who are shareholders cannot take part in the vote to renew the terms of office of the members of the Supervisory Board.

We propose that you allocate attendance fees to the members of the Supervisory Board for a total of €63,000.

Renewal of the authorisation of a stock redemption scheme (9th resolution)

We propose that you renew the scheme to authorise the stock redemption scheme in our company.

It should be noted that this scheme only concerns TOUAX shares listed for trading on Compartment C of the NYSE Euronext Paris regulated market under the code ISIN FR0000033003.

The previous stock redemption scheme was authorised by the Ordinary General Meeting of 21 June 2017 and has been reported half-yearly to the AMF. The purpose of the scheme was to:

- carry out market making and ensure the liquidity of the TOUAX SCA share through a liquidity agreement with an investment services provider, in accordance with the Code of Practice recognised by the French Financial Markets Authority (AMF);
- grant stock options and/or allot bonus shares to employees and managers of the company and/or of TOUAX Group companies;
- grant coverage for securities that entitle the holder to receive shares in the partnership under the regulations currently in force;

- keep the shares bought, and use them later for trading or as payment in possible corporate acquisitions, though the shares acquired for this purpose may not exceed 5 % of the share capital;
- proceed to their cancellation.

The scheme was set up for the sole purpose of conducting transactions so as to enhance activity and liquidity in the market for the shares. These purchase and sale transactions were carried out via a liquidity agreement concluded on October 17, 2005 in accordance with the code of ethics approved by the AMF, with the investment services provider GILBERT DUPONT.

On 31 December 2017 the company held 6,674 of its own shares, it being stated that during the 2017 financial year it bought 160,987 shares and sold 159,992 shares under the liquidity agreement, the sole purpose of which was market making and ensuring the liquidity of the TOUAX share.

The transactions are summarized in the following table:

Statement by TOUAX SCA of the transactions carried out on its own shares as of 28 February 2018	
Percentage of capital directly or indirectly held by Touax SCA	0,10%
Number of shares cancelled during the last 24 months:	
Number of securities held in portfolio:	7 315
Book value of portfolio (€)	71 285,79
Market value of portfolio (€)	78 270,50

TOUAX has not used derivatives in connection with its previous stock redemption scheme.

The renewal of this scheme is in line with articles L. 225-209 of the French Commercial Code and will be submitted to the Annual General Meeting of shareholders on 20 June 2018.

Our company wants to implement this stock redemption scheme with the same aims as those adopted by the Annual General Meeting of 21 June 2017.

Regarding the aim of managing the share price, the company's shares will be bought on its behalf by an investment services provider acting under a liquidity agreement and in accordance with the code of ethics approved by the French Financial Markets Authority (AMF).

These shares may be acquired, sold, transferred or exchanged on one or more occasions, by any means including, where appropriate, by private agreement, block sale of holdings or the use of derivatives. These transactions may be carried out at any time, including during a takeover bid, subject to the regulations in force.

The programme concerns the possibility of buying back a maximum of 10 % of the share capital under the following conditions:

• Maximum purchase price per share: €25

• Maximum amount: €17,528,867

• Length of the scheme: 18 months from the authorisation granted by the Ordinary General Meeting of 20 June 2018, i.e. until 19 December 2019.

We ask you to approve the draft resolutions which are submitted for your approval.

La Défense, 12 April 2018

Fabrice and Raphaël Walewski

Managing Partners

26.2. REPORT ON CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

TOUAX publishes non-financial information (quantitative and qualitative) of a social, environmental and corporate nature in its management report (excluding all other media).

The applicable texts stipulate that this information must be verified by a third party, which has been approved as an independent third-party organisation (OTI). The latter were assessed by the Saint Front firm. The report of the independent third party organisation appears in paragraph 26.4 page 184.

All social, environmental and corporate information is subject to a verification of sincerity.

In the report, we reported on the companies held throughout the year 2017, which excludes the entities of the European and American modular activities transferred at the end of 2017. Indeed, reporting data that does not correspond to the activity of the entire financial year or the balance sheet does not seem logical to us. As a result, in the report, the comparison between 2017 and 2016 is not generally taken at the same scope.

1. Social information

1.1. Employment

Total workforce and breakdown of employees by gender, age and geographic zone

As of this year, the workforce is recorded on 1st January of the following year which makes it possible to include exits on December 31st in the reporting. The Group had a workforce of 236 employees throughout the world in 1 January 2018 compared with 890 employees at the end of 2016. This significant decrease in the workforce is due to the transfer of the modular activities in Europe and the United States in the last quarter of 2017, which represents approximately 600 affected employees.

The breakdown in employees by geographic location and business segment on 1 January 2018 is as follows:

	Freight railcars		River Barges		Shipping Containers		Modular Buildings		Central Services		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Europe	51	50	9	9	21	23	1	624	26	34	108	740
Asia					12	11					12	11
Africa							107	103			107	103
N & S America				1	6	8		24	3	3	9	36
TOTAL	**51**	50	**9**	10	**39**	42	**108**	751	**29**	37	**236**	890

Across the average workforce in 2017, 24% are located in France, 21% elsewhere in Europe, 45% in Africa, 4% in North and South America and 5% in Asia.

Geographical distribution	**2017**	2016
France	**24%**	18%
International	**76%**	82%
Distribution by gender		
Men	**73%**	76%
Women	**27%**	24%
Distribution by categories		
Managers	**21%**	13%
Employees	**79%**	87%
Age pyramid		
Under 26	**3%**	6%
Between 26 and 40	**38%**	43%
From 41 to 50 years	**34%**	30%
51 and over	**25%**	21%
Years of service		
Less than one year	**11%**	17%
from 1 to 5 years	**38%**	44%
from 6 to 10 years	**30%**	25%
More than 10 years	**21%**	14%
Type of Contract		
Number of employees on fixed-term contracts (CDD)	**6%**	20%
Number of employees on permanent contracts (CDD)	**94%**	80%

The transfer of almost all of the modular activity in 2017 changed the breakdown of the various categories as the employees whose companies were transferred are no longer recorded. A somewhat homogeneous distribution of the age pyramid of the employees in the remaining activities within TOUAX can be observed. Similarly, there is a significant drop in the number of fixed-term contracts, which mainly concern the plant owned by the Group in Morocco.

Appointments and dismissals

Appointments and dismissals in 2017 are the following (the figures do not take into account departures due to transfers, equal to approximately 600 employees):

	2017	2016
Total number of departures during the year	**67**	325
- whose reason is dismissal	**6**	
Total number of entries during the year	**59**	330
Turnover (in %)	**26%**	37%

The Group applies a recruitment procedure, whose main objectives are:

- To define recruitment needs as accurately as possible in terms of level, qualifications, skills, experience, etc. in order to match the candidate with the position to be fulfilled,

- To validate the expense commitment,
- To clarify the roles of each participant, the resources to be implemented and the recruitment process.

This procedure concerns all recruitment (permanent, fixed-term, temporary and trainees), both for France and internationally.

The various recruitment stages at TOUAX are:

- The definition of the desired profile,
- Verification of the allocated budget,
- Search for candidates,
- The selection of the candidate,
- The drawing up of the employment contract,
- Welcome and integration of the employee.

Salaries and salary rises

On 31 December 2017, the Group's payroll represented €15,957,790**,** compared with €38,716,884 for the previous financial year which included all the entities of the modular activity.

Average remuneration in Euros (gross wages)	2017	2016
Geographical distribution		
France	**55 769**	46 362
Outside of France	**31 729**	20 692
Distribution by categories		
Managers	**104 946**	74 022
Employees	**22 741**	18 305

Due to the transfer of the modular business in Europe and the United States, the average salary of managers has risen sharply. This effect is partially due to the sale of the plant located in the Czech Republic, which represented around 42% of the total workforce.

1.2. Organization of work

Organization of working hours

On 31 December 2017, 1.7% of the Group's employees worked part time.

Working hours are organized differently depending on the country. The French entities can be distinguished from the rest of the world.

In France, the working hours are displayed and are visible on the compulsory notice board. The reference working hours within the TOUAX economic and social unit (such as it is defined in paragraph 1.3 below) are as follows:

- Monday to Thursday: 8:45 AM to 12 noon and 1:15 PM to 5:45 PM, with a 75-minute lunch break,
- Friday: 8:45 AM to 12 noon and 1:15 PM to 4:15 PM, with a 75-minute lunch break.

The working week comprises 37.25 hours (37 hours and 15 minutes). The difference between the working hours of 37 hours and 15 minutes and the legal limit of 35 working hours is offset by days' leave for the reduction of working hours.

In 2017, there were 14 days off in lieu for all employees of TOUAX UES not subject to a fixed-day contract. In addition, a note to resolve issues related to the working time of full-time employees within TOUAX UES was submitted to the WC for information/consultation in March 2016. This memo was not intended to challenge the existing system, but simply to describe its current application and to clarify its use. The memo refers in particular to the number of days worked (218) and the number of days off for employees subject to the fixed days package but also the allocation of days off in lieu for employees on an hourly calculation.

For our foreign entities, a 40-hour working week generally applies. Each subsidiary has the autonomy and flexibility to set its reference schedule according to its own constraints and the culture of each country and for some countries these regulations are given in the Internal Rules signed in partnership with staff representatives. For the others, this is provided within work contracts.

Absenteeism

The total absenteeism rate for the TOUAX Group was 3% in 2017, representing a total of 1,437 working days of absence. This data does not include absences from transferred operations for reasons of reliability.

The following table gives a breakdown of days of absence by grounds:

Detail of absences by reason	2017
Maternity	166
Illness	921
Accident at work (including commuting accidents)	3
Authorised absences (family events, sick children)	347
	1437 days

1.3. Labour relations

- **Organization of social dialogue, in particular procedures for informing and consulting employees and negotiating with them**

› Organization of social dialogue in France

The Economic and Social Unit (UES) comprising TOUAX Corporate, TOUAX Modular Solutions, TOUAX Container Services and TOUAX River Barges was created in 2007 and modified in 2014. Elections to the works council of the economic and social unit are held every 4 years. The most recent election of the UES works council members took place in 2015.

The elected members have the remit of the works council and of staff representatives. This combined works council/staff representative organization (DUP) can be used within the economic and social unit, given that there are fewer than 199 members of staff.

The staff representatives are informed and consulted, on an ad hoc basis and periodically (according to a projected schedule), in particular concerning the organization and running of the company, the workforce, working time and training.

Minutes are drawn up at the end of each meeting of the works council and passed on to all employees of the economic and social unit.

These representatives attend meetings of the works council with Senior Management. The main topics dealt with are social issues concerning the company, such as private health insurance or the organization of working time.

Following the sale of Touax Solutions Modulaires, recognition of the new scope of the UES will be conducted during the first half of 2018.

› Organization of social dialogue in our foreign entities

Strictly speaking, the organization of social dialogue is not as structured abroad as it is in France, particularly since local labour law does not require companies to set up specific structures.

Our entity in Morocco (TOUAX Morocco) is nevertheless different from the other foreign entities. It has 4staff representatives elected by all employees. Elections are held every 6 years, supervised by the Senior Management and the labour inspectorate.

In general, social dialogue takes place at individual and/or collective meetings between the employees and the management.

- **Assessment of the collective agreements**

No collective agreement was signed by the French and foreign entities of TOUAX in 2017.

1.4. Health and safety

- **Health and safety conditions at work**

› Health and safety conditions at work in France

The TOUAX UES set up a health, safety and working conditions committee (CHSCT) in December 2011.

The members of the CHSCT are appointed every 2 years by the incumbent members of the works council and the incumbent staff representatives. The members have received specific training in these topics. The CHSCT is chaired by the Human Resources Director.

The CHSCT meets once each quarter (or more often if there is an exceptional request or serious accident) at the request of its Chairman who draws up the agenda with the CHSCT secretary.

The role of the CHSCT is to help to protect the physical and mental health and the safety of workers, and to improve their working conditions. It can propose preventive measures and seek the assistance of an expert in certain circumstances. It should be noted that at the head office of the French entities, all of which are located in the Tour Franklin, the company doctor, the head of safety in the Tour Franklin, the labour inspector and the representative of the regional health insurance fund (CRAMIF) are invited to these meetings.

The TOUAX Group meets its legal obligations regarding health and safety at work, for example:

- By updating the single document,
- By planning medical examinations for employees,
- By organising safety training according to the type of work (e.g.: safe driving certificate (CACS) for handling equipment drivers),
- By using personal protection equipment in the agencies (gloves, protective goggles, safety footwear etc.).

In 2016, the TOUAX Group responded to its obligation to assess the exposure of employees to difficult working conditions. An evaluation was carried out and leaflets were distributed to relevant employees to inform them that they are subjected to certain forms of occupational risk. In addition, an evaluation of the occupational risk factors will now be carried out for each new employee recruited. An annual declaration of occupational risk factors per employee is carried out via the Nominative Social Declaration (DSN).

In addition to its legal obligations, for several years the Group has implemented initiatives concerning emergency aid by training certain employees as First Aid Officers. This training includes learning how to use defibrillator devices.

Finally, in order to increase awareness among travelling employees, the Driver's Charter has been updated and it is signed by each new employee concerned.

- Health and safety conditions at work outside France

The size of the structure and the activity of the entities often determine the level of requirements for health and safety at work. As a result, the Group's industrial entities in the Modular Buildings activity located in Morocco will have much stricter requirements than the other entities.

Assessment of the agreements signed with the trade unions or staff representatives regarding health and safety at work

- Assessment of the agreements signed in France and abroad

No agreements concerning health and safety at work were signed by TOUAX in France and its foreign entities in 2017.

Industrial accidents, in particular their frequency and seriousness, and occupational illness

Detail of absences by reason	2017	2016
Number of work accidents (with work stoppage)	**1**	21
Work accident frequency rate	**2,29**	15,46
Number of working days of stoppage following accidents at work	**3**	688
Work accident severity rate	**0,007**	0,51
Number of fatal work accidents		
Number of occupational illnesses reported during the year		

The significant drop in days of absence due to an industrial accident is due to the transfer of the European and American modular activities. In 2016, the majority of work accidents occurred in one of the production plants.

1.5. Training

Training policies implemented

- Policies implemented in France

In response to the legislation in force in France, the training interview has been replaced by the "professional interview" which is a meeting between the employee and their manager dedicated to career development prospects, particularly in terms of qualifications and employment. This interview is not about evaluating the employee's work.

- Policies implemented abroad

In general, there is no common training policy. Each entity has the power to manage its own training budget. The two main types are:

- compulsory training imposed by local regulations in particular regarding safety at work,
- training aimed at developing employees' skills approved by local management during an interview between the employee and their line manager.

The human resources procedures at our companies in Morocco are more formalized than in the other foreign entities. An annual training plan to improve skills is drawn up in January and submitted to the training office by April 30 each year at the latest.

In Ireland, the United States, Singapore and Hong Kong, a comprehensive training plan continues to provide training to a number of our employees. In addition, TOUAX wants to implement and coordinate a Group training policy group by collecting data in order to establish a consolidation.

Total number of training hours

In 2017, the TOUAX Group spent €16,995 on training courses at global level, representing 441.50 training hours. The Group trained 28 employees during the year, equal to 11% of the average workforce during the year. As a reminder, the data does not include the training hours for entities transferred in 2017.

1.6. Equal treatment

Measures taken to promote equality between men and women

Of the Group's total workforce as of 31 December 2017, 27% are women. Of the total number of managers, 13% are women. Note that during the 2017 financial year, the TOUAX Group endeavoured to recruit more women across all its entities.

- **Measures taken to promote the employment and integration of disabled workers**

The Group encourages the employment of disabled workers through partnerships with recruitment agencies that specialize in placing disabled workers as well as the purchase of certain supplies and services from E.S.A.T).

The Group continues to pay all of its apprenticeship tax to schools that specialising in special needs education and continues to promote the integration of workers with a disability as far as possible. Since 2007 in France, TOUAX has chosen to pay most of the apprenticeship tax to the following training centres that specialise in the integration of people with a disability into working life: Institut Medico Professionnel de Morhange (57), Institut Medico Educatif Andre Beule de Nogent Le Rotrou (28), IME Leonce Malecot De Saint Cloud Saint Cloud (92), Institut National Des Jeunes Sourds de Paris (75).

- **Anti-discrimination policy**

All TOUAX Group companies respect local regulations regarding discrimination and comply with the law.

In 2011, the Group introduced an ethical charter which was given to all French employees and translated and passed on to all foreign entities. The charter has a section that deals with the issue of "respect for employees and industrial relations".

It is specified that all employees must "refrain from all forms of discrimination in particular on the grounds of sex, handicap, marital status, sexual orientation, age, political opinion, religious beliefs, trade union activity or race...". It is also specified that "these commitments apply at the time of recruitment, but also to all decisions regarding training, promotion, continuation in employment and working conditions".

This charter makes it possible to increase employees' awareness of discriminatory practices and prevent as far as possible this type of inappropriate behaviour. It should be noted that, due to its international nature, the Group welcomes numerous different cultures and nationalities within the various French entities.

1.7. Promotion of and respect for the fundamental conventions of the International Labour Organization

- **Respect for freedom of association and the right to collective bargaining**

The TOUAX Group respects the principles of freedom of association and the right to collective bargaining.

Furthermore, the ethical charter specifies that all employees must "refrain from all forms of discrimination on the grounds of trade union activity" and that "these commitments apply at the time of recruitment, but also to all decisions regarding training, promotion, continuation in employment and working conditions".

- **Elimination of discrimination regarding employment and profession**

The ethical charter has a section presenting the anti-discrimination policy

- **Elimination of forced or compulsory labour and effective abolition of child labour**

The ethical charter does not expressly deal with this issue, but does deal with the choice and fair treatment of suppliers. All employees must "be extremely vigilant with regard to suppliers that do not respect the Group's ethics, the labour laws in force in the countries concerned, or the health, safety and environmental protection regulations".

The TOUAX Group informs its employees of the ethical issues involved when choosing suppliers.

1.8. Appendix to the corporate information

- **Methodological note**

The employment section contains qualitative and quantitative information. A matrix developed in house is sent by the Human Resources Department every year to each person identified within each business activity in order to obtain the data that appears in the report. This information is then supplemented by interviews.

- Note concerning calculation of the workforce

This includes all employees who have a fixed-term or permanent employment contract with the TOUAX Group on 31 December 2017. It therefore also includes employees whose employment contract has been suspended (paid leave, sickness, maternity leave, parental leave, sabbatical leave, individual training leave etc.) and apprentices who receive a pay slip. Expatriates are included in the workforce of the company where their mission is performed on the basis of the local contract. Temporary workers and interns are not included in the calculation of the workforce.

- Group scope of consolidation applied

The scope of consolidation for the corporate information includes all TOUAX Group's consolidation entities that employ staff. This includes the following entities:

BUSINESS	COMPANIES
Shipping containers	Touax Container Services Gold Container Corp. Touax Container Leasing Pte Ltd
Modular Buildings	TOUAX Modular Industry Algeria Touax Morocco and Ramco
River Barges	Touax River Barges Eurobulk Transport Maatschappij BV
Freight railcars	Touax Corporate Touax Rail Limited
Central Services	Touax Corporate TOUAX UK Ltd Touax Corp

The scope of consolidation for corporate indicators therefore includes the entire workforce of the TOUAX Group.

The scope of consolidation is reviewed and updated after each internal or external growth operation communicated by the management. In 2017, Group entities of the modular activities in Europe and the United States, which were sold at the end of 2017 and also exited Touax Hydrovia (Panama), exited the group.

For some indicators, the data was not available for all subsidiaries. The scope of consolidation for each indicator is specified in the following section, "Coverage rate of the indicators published".

- Note concerning the idea of the "manager" and "employee" categories

We have decided to introduce manager and employee categories throughout the Group.

According to the definition adopted, a manager is someone who supervises at least two people for foreign subsidiaries and since 2014 this criterion is also used for France.

- Note concerning the calculation of seniority

Seniority is calculated from the date of the first contract signed by the employee with a company belonging to the TOUAX Group, and does not take into account changes of position within the Group.

- Note concerning calculation of staff turnover

This is the total number of departures during the year + the total number of entries during the year divided by 2 divided by the average number of employees during the year. The average workforce is calculated by dividing by 2 the sum of the workforce at the start of the year and the workforce at the end of the year.

- Note concerning calculation of the rate of absenteeism

This indicator is calculated by dividing the total number of working days of absence (excluding paid leave) during the year by the number of days worked during the year.

Coverage rate of the indicators published

The Group selected the scope of consolidation for which the indicators have been published. The coverage rate is the ratio for each indicator between the perimeter actually concerned and the Group perimeter adopted. This rate is calculated in relation to the total workforce of the Group at the end of the year.

2. Environmental information

2.1. General environmental policy

As a result of its services activity, the Group has not identified any environmental risk.

The organisation of the company to take into account environmental issues and, where appropriate, environmental assessment or certification procedures

Section 2.5 of the TOUAX ethical charter emphasizes "environmental responsibility" and raises the awareness of all employees to this issue. Employees must ensure that they:

- contribute to the TOUAX environmental initiatives,
- think about their behaviour, in all areas of activity that have an impact on the environment, in order to minimise the impact whenever possible (number of trips, saving energy, saving water, reducing waste), and
- immediately inform their line manager of any unusual discharge or emission into the ground, air or water.

Each of the Group's businesses involves different environmental issues, which we will present separately.

- **Freight railcars**

The Freight Railcar business contributes to sustainable development through its soft method of transport, in the same way as the River Barge and Shipping Container divisions. According to a study by the French Environment and Energy Management Agency (ADEME), in France, rail freight transport is the method of transport that emits the lowest level of CO2, at 5.75 grams per tonne/kilometre. Next comes water transport (applicable to river barges) with 37.68 grams, then road transport with 133.11 grams.

As a member of trade associations, TOUAX Rail Ltd helps to promote and defend rail freight transport among government and European organizations. It helps to promote combined rail transport and consequently contributes directly to sustainable development and the quality of the environment at European level.

The division has also had Entity in Charge of Maintenance (ECM) status since December 2011 and the certification was renewed in December 2014. Some of the partner workshops to which maintenance of the railcar fleet is subcontracted have ISO 14001 certification, but this is not a requirement within the rail sector. In addition, the railcar maintenance workshops and railcar manufacturers comply with the local environmental standards in force.

- **River Barges**

The River Barge business uses existing and natural waterways. It is a safe, low-polluting method of transport. A barge can transport far more goods than a truck or a railcar. For example, on average, a convoy of 12 barges transports the equivalent of 1,100 truckloads. This business helps to promote sustainable development by emitting comparatively less CO2 than other more conventional methods of freight transport such as road transport, according to a comparative study of CO2 emissions by different methods of freight transport by the French Environment and Energy Management Agency (ADEME).

It should be noted that the general insurance policy of the European fleet covers risks of pollution. The leases require the lessees to comply with navigation rules and expressly mention the ban on transporting radioactive products and waste.

- **Shipping containers**

Shipping containers can only be loaded and transported on ships designed for that purpose, called container carriers. Most current container carriers have a container capacity of 500 to 20,000 TEU. In recent years, shipping companies have adopted new LNG technology engines on their vessels or have redesigned the hull of their vessels to consume less fuel. Even though the business only makes containers available to its customers, it indirectly contributes to sustainable development by promoting soft transport of goods which emits less CO2 per tonne/kilometre.

A typical container in the Group's fleet is made of 77% steel, 14% wood and 9% miscellaneous products (paint, joints etc.). The business has no constraints regarding recycling of materials since the containers are sold before the end of their life cycle. It is nevertheless easy to recycle containers at the end of their life given the large amount of steel they contain. In addition, the business supports research into technical solutions (through the Institute of International Container Lessors - IICL) for developing environmentally friendly components for manufacturing containers, e.g. combinations of wood and steel for the floor in order to strengthen the latter and minimize wood consumption.

- **Other Modular Buildings activity**

The Group operates a modular building plant in Morocco. The module assembly process on the customer's site is a dry process which does not consume water on site or pollute the soil, and reduces all the problems of traditional construction. Unlike traditional construction, the modules are solutions that can be quickly and easily moved from one site to another, with less environmental impact.

Training and information provided for employees regarding environmental protection

In 2017, no employee of the Freight Railcars, River Barges or Shipping Containers divisions received training on environmental issues.

The means devoted to preventing environmental risks and pollution

In 2017, none of the Freight Railcars, River Barges or Shipping Containers divisions devoted resources to the prevention of environmental risks and pollution.

The amount of the provisions and guarantees for environmental risks, provided that this information is not likely to cause serious harm to the company in a current dispute

In 2017, there were no provisions or guarantees for environmental risks within the TOUAX Group. The environmental risks likely to affect the company’s assets or income are insignificant, since the Group is mainly a service provider.

2.2. Pollution

The measures for preventing, reducing and correcting discharges into the air, water and soil that have a serious environmental impact

The Group optimizes its fleet of trucks and consequently respects the environment by reducing carbon emissions in the atmosphere. The means implemented are in particular:

- Regular checks of freight railcars and pushers,
- Subcontracting of transport to specialized companies and/or
- Streamlining of deliveries/returns in order to avoid unnecessary travel.

Generally speaking, by ensuring that its assets are in good condition, the Group helps to respect the environment.

> **Freight Railcars and Shipping Containers**

There is no policy for discharges in these divisions which do not represent any specific risk in this regard, since TOUAX does not manufacture containers or freight railcars.

TOUAX, with regard to its Freight Railcars business, has planned ahead for changes to the European standard for reducing waste that can damage the soil by choosing to equip its new European railcars with a less polluting type of sole. Soles made from composite material have replaced cast iron soles.

In addition, TOUAX Rail ensures that its equipment is maintained in good condition through periodic revisions thanks to the thirty or so maintenance workshops certified for TOUAX maintenance rules. Each railcar undergoes a full service. Each railcar normally has between 2 and 6 axles, given that an axle comprises a central pin and two wheels, one at each end. Work on the railcars in the maintenance workshops is divided into two separate flows:

- a flow for the axles, and
- a flow for the railcars.

The railcars are serviced about every 3 years in the workshops. In 2017, 1,020 railcars were serviced.

> **River Barges**

Each unit complies with the standards for registration (registration, flag, measurement) and safety for each river basin. They are registered with the waterway administration that issues registration and navigation certificates. These certificates are issued after inspection(s) by an approved company and renewed at regular intervals, generally every 5 years, with an intermediate inspection every two and a half years. To renew the certificate, it may be necessary to dry-dock the barge for inspection and repair work.

All barges are therefore monitored and maintained in good condition in order to meet environmental and safety standards for their respective basin.

> **Other Modular Buildings activity**

The activity does not produce significant emissions and processes are being improved.

Procedures for dealing with noise disturbance and all other forms of pollution specific to an activity

The Group's businesses have the advantage of producing very little noise disturbance. Nevertheless, since 2010, the Freight Railcar activity has had new railcars manufactured that are fitted with composite brake wear plates, which are quieter and comply with European standards for reducing noise levels emitted by railway systems. Beginning in 2017, TOUAX began bringing its fleet of equipment into line with the latest standards concerning the sound level of railcars, in order to promote rail transport as a sustainable mode of transport.

In December 2014, the modular building industrial site located in Morocco commissioned analyses on interior air, brightness and noise; the results were compliant with the regulatory limits.

The only industrial site remaining in the Group, in Morocco, for the Modular Buildings activity recorded no complaints in 2017.

2.3. Circular economy

2.3.1 Waste prevention and management

Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste

> **Freight railcars**

The service life of a railcar varies between 30 and 50 years. At the end of their life cycle, railcars are never dumped. All railcars that are no longer used are either sold or scrapped (process similar to the barge recycling process).

A railcar comprises:

- 99.5% of recyclable metals, and
- 0.5% of spare parts (rubber tightness seals in the braking system, rubber buffer in the shock and traction systems) and liquid waste (axle grease).

The axle grease is cleaned with detergents in the maintenance workshops and then all the parts are recycled in accordance with local regulations for the workshop.

After recovering any re-usable spare parts, all scrapped railcars are recycled. In 2017, only 1 railcar was scrapped in this way.

> **River Barges**

The actual service life of a barge is 30 to 50 years, even though the depreciation period is 30 years.

At the end of their life cycle, the barges are cleaned, dismantled and scrapped (i.e. taken apart) by authorized companies. The steel (scrap metal) is resold and reused. A scrapping certificate is issued by the contractor and makes it possible to obtain a scrapping and deregistration certificate from the waterway administration.

Consequently, at the end of their life barges are never abandoned or dumped, but are always dismantled and recycled as described above. In 2017 none of the division's barges were sent for recycling.

- **Shipping containers**

The service life of a shipping container is 15 years and the service life of a storage container varies between 20 and 40 years.

At the end of the life cycle, used containers are sold on the after market for many uses (transport, storage, processing, spare parts). They are therefore rarely discarded by the TOUAX Group, except if a particularly damaged container that can no longer be repaired is returned.

In the event of destruction of the container, it is almost entirely recyclable, because of its composition that is mainly made of steel.

When Touax buys new containers, it applies manufacturing standards that are increasingly respectful of the environment. The division now uses water-based solvent-based seals for its containers instead of silicon-containing chemical seals and bamboo flooring instead of wood. In addition, all container manufacturers have been using water-based paints on containers since April 2017 and after a test period to significantly reduce volatile organic compounds, which are organic compounds that can easily be found in gaseous form in the atmosphere and which were harmful to health.

- **Action to combat food waste**

Employees at headquarters using the collective catering services have been made aware of the fight against food waste.

2.3.2 Sustainable use of resources

- **Water consumption and supply according to local constraints**

By their nature, the TOUAX Group's businesses consume little water. Consumption mainly corresponds to the daily use of offices for service activities. This information is not relevant given the diversity of the Group's sites.

- **Consumption of raw materials and measures taken to improve efficiency of their use**

- **Freight railcars**

	2017	2016
Number of new railcars bought	138	202
Number of railcars sold	404	78
Fleet of railcars (platforms) under management on 31 December	9 317	9 420
Steel equivalent of the new railcars bought (in tonnes)	3 309	3 838

- **River Barges**

	2017	2016
Number of new barges bought (excluding service boats and pushboats)		
Number of barges sold (excluding service boats and pushboats)		
Fleet of boats under management on 31 December	120	120
Steel equivalent of the new barges bought in tonnes (excluding service boats and pushboats)		

- **Shipping containers**

	2017	2016
Number of new containers bought (in TEU*)	1 598	19 000
Number of containers sold (in TEU)	68 770	76 271
Container fleet under management on 31 December (in TEU*)	475 007	553 269
Steel equivalent of new containers bought (in tons)	2 660	28 791
Quantity of wood for the floors of the new containers bought (in tons)	475	5 141

TEU: Twenty foot Equivalent Unit

- **Other Modular Buildings activity**

	2017	2016
Number of modules manufactured by the Moroccan factory*	1 390	5 716
Number of modules sold by the Moroccan factory	1 294	3 188
Fleet of modules under management on 31 December		
Steel equivalent of the modules manufactured by the Moroccan factory (in tons)	766	6 263

* data for the Moroccan factory is for illustrative purposes only.

Energy consumption and measures taken to improve energy efficiency and the use of renewable energy

By their nature, the TOUAX Group's activities consume little water. Consumption mainly corresponds to the daily use of offices for service activities.

Other Modular Buildings activity

The fuel consumption of our modular building assembly site linked to logistics (forklift trucks) was 8200 litres in 2017. The energy consumption of this site was as follows:

Moroccan factory	2017	2016
Electricity consumption in GWh	0,368	0,354
Gas consumption in GWh	0,04	0,04
Total consumption in GWh	**0,408**	**0,394**

Land use

In view of issues faced by our various businesses, this information is not applicable.

2.4. Climate change

The risk factors outline the impact of climate change in paragraph 4.3.14 of the reference document page 26.

The significant amounts of greenhouse gas emissions generated as a result of the company's activity, in particular the use of the goods and services it produces

The Group's various business activities produce little pollution and emit very little greenhouse gas, since the Group's main activity is as a leasing company. The issue of emissions may arise at the level of our stakeholders, such as:

- our customers, who transport goods using the barges, containers and railcars that we make available to them, and
- our suppliers who produce our products and who may emit greenhouse gases during the production processes.

TOUAX contributes to the development of alternative forms of transport to road transport with its Shipping Container, Freight Railcar and River Barge business activities. A calculator has been established to measure the reduction in CO2 emissions on the www.ecotransit.org website.Our road-user clients were asked to compare their CO2 emissions according to their road-use and tonnes transported. Thanks to the equipment leased by TOUAX, customers can achieve significant reductions in CO2 emissions that they can measure in an efficient way.

Adapting to the consequences of climate change

Freight railcars

In theory, climate change, and in particular the rise in temperatures favours the Freight Railcar business by replacing polluting methods of transport (road) with cleaner methods such as rail.

River Barges

Climatic incidents occur frequently, but it is not possible to determine whether their frequency is due to climate change. Our customers are directly affected by of the hazards of navigation, such as drought, floods or ice sheets. In 2017, there was no significant disruption on the Danube.

Shipping containers

The Shipping Container business is dependent on world trade. Any impact of climate change on world trade would have an impact on this business. For example, the rise in temperature could make new trade routes accessible in the North Pole, which would reduce the number of containers required for trade between Asia and Europe.

2.5. Protection of biodiversity

Measures taken to protect or develop biodiversity

Out of concern for the future of the planet, the TOUAX Group decided to introduce a system for collecting documents (newspapers, magazines, paper, cardboard) and computer media (CDs, DVDs, hard drives and diskettes) at the head office in La Défense. Shred-it containers are provided for employees near the printers.

These highly efficient machines shred documents, computer media and cardboard boxes which are then squashed into bundles and directly sent for recycling to be made into second grade paper (toilet paper, kitchen paper etc.). Shred-it, which provides this service, gives us an environmental certificate at the start of each calendar year showing the number of trees saved thanks to our contribution. In 2017, around 21 trees were preserved.

More generally, the businesses of the TOUAX Group do not have a direct impact on biodiversity. Consequently, no concrete measures were taken to protect or develop biodiversity in 2017.

2.6. Appendix to the environmental section

The environmental section contains qualitative and quantitative information. A matrix developed in house is sent every year to each person identified within each business activity in order to obtain the information that appears in the report. This information is then supplemented by interviews. Information is fed back to the Group's Finance Department under the supervision of each local finance department.

Methodological note

- Group scope of consolidation applied

The quality information published concerns all of the consolidated entities of the TOUAX Group that employ personnel. This is the same scope as that of the social part in point 1.8 above page 172, it being specified that the information does not concern modular buildings that were transferred in 2017.

- Note concerning the calculation of the steel equivalent of new railcars

This calculation is based the average weight of an empty railcar of 23.1 tonnes, of which on average 99.5% is made of steel. The average weight was calculated by the TOUAX technical department based on the technical data for each railcar (including the tare or unloaded weight) in our information system. The calculation is the ratio between the sum of the unladen weights of all of the railcars in the fleet, and the number of railcars in the fleet at a given date.

However for the 2017 data, the steel weight of each railcar purchased is known, allowing for the total steel equivalent of all the railcars purchased to be calculated with precision.

- Note concerning the calculation of the steel equivalent of new barges (excluding service boats and push boats)

The weight of the steel of each barge bought is known to the nearest kilogram, which makes it possible to calculate the total steel equivalent of all of the barges bought.

- Note concerning the calculation of the steel equivalent of new containers

The weight of the steel and wood of the containers is the same whatever type of container is purchased by the Group. However, the weight varies depending on the type of container.

- Note concerning calculation of the steel equivalent of the modules produced

The weight of the steel of the modules produced corresponds to a standard unit module regardless of its dimensions as well as the surfaces of the specific productions compared to a 6x3 equivalent in m².

Coverage rate of the indicators published

This section specifies the scope of consolidation for which the indicators have been published.

The coverage rate is the ratio for each indicator between the scope actually concerned and the scope adopted (Group, division, industrial site, etc.). This rate is calculated in relation to the total workforce of the Group at the end of the year. TOUAX undertakes to increase as far as possible its coverage rate each year.

Due to the diversity of the TOUAX Group's businesses and the current organization of reporting, the indicators (except for the provisions and resources devoted to environmental protection) are not consolidated at Group level but by business. The scope of consolidation of each indicator is specified in the text. When the indicators are consolidated by business, the contributing entities are those presented in the table concerning the scope of the data. Due to the transfer of the European modular division in December 2017, the scope has changed significantly between 2017 and 2016, with the remaining modular activity in Morocco only being focused on sales.

3. Information regarding the social commitments to promote sustainable development

3.1. Territorial, economic and social impact of the company's activity

Regarding employment and regional development

The Group mainly employs people with office jobs, all located in major cities around the world. Its modular activity in Morocco is located more than 20 kilometres from Casablanca, and the vast majority of the employees working here come from the neighbourhood, which helps to boost the local employment pool.

Regarding surrounding or local communities

Under the apprenticeship tax, the Group has paid just under a thousand euros to the French association "ZYVA" whose aim is to facilitate the integration of young people into society by setting up activities enabling the care of young people in vulnerable situations.

3.2. Relations with people and organizations concerned by the company's business, in particular associations that promote integration, teaching institutions, environmental associations, consumers associations and the surrounding communities

₪ Conditions for dialogue with these people or organizations

The relations formed with many organizations helps the group to share best practices with other businesses and prepare for changes in regulations and standards, particularly in relation to the environment.

In general, people or organizations interested by the business activities of each division can obtain information on their products and services on each relevant website. To obtain an element of information on the TOUAX Group, the interested people or organizations can go to the www.touax.com website.

₪ Partnership and sponsorship initiatives

Section 2.4 of the ethical charter, "Charitable activities and sponsorship" specifies that the TOUAX Group "authorizes sponsorships and contributions to charitable activities provided that they are in the general interest and contribute effectively to the social action specified by the Group. *These actions or contributions are subject to the prior written approval of the director of the division concerned, the Managing Partners and the Human Resources Department.* They are duly listed to ensure the coherence of the Group's general humanitarian policy. »

The TOUAX Group has provided support to humanitarian initiatives through recognized NGOs. In 2017, our Moroccan entity was the partner of the "*Morocco sailing challenge*", a project aiming to provide financial support to a team circumnavigating Morocco by yacht to promote ecological water sports, protection of the coastline and sports education of orphans.

3.3. Subcontracting and suppliers

₪ Consideration of environmental and social issues in the purchasing policy

Section 3.4 of the ethical charter addresses the issue of the choice and fair treatment of suppliers. It stipulates that all employees in contact with suppliers must "be extremely vigilant with regard to suppliers who do not respect the Group's ethics, the labour laws in force in the countries concerned, or the health, safety and environmental protection regulations. »

The TOUAX Group informs its employees of the ethical issues involved when choosing suppliers. At present, there are no clauses concerning social and environmental criteria in our purchasing policy. However it is worth noting that some suppliers enforce their own CSR criteria.

Our Freight Railcars business pays special attention to the consideration of social and environmental issues, especially as an Entity in Charge of Maintenance (ECM) for railcars under our own management as well as railcars operated by other providers for which we are the ECM. The ECM must plan, develop, control and monitor the maintenance carried out on the fleet. The suppliers referred to for scheduled maintenance are selected based on their certificates but also their audit results. Monitoring is established and traceability is ensured by the Quality systems and ECM Monitoring in order to ensure that any suppliers found to be in breach are removed.

In the Shipping Container division, when purchasing containers, the TOUAX Group holds interviews with suppliers and visits factories. More generally, a study is underway to integrate social and environmental issues into the purchasing process.

₪ The importance of subcontracting and the consideration of social and environmental responsibility in relations with suppliers and subcontractors

The TOUAX Group intends to conduct a study in the next few years and introduce initiatives aimed at giving greater consideration to its social and environmental responsibility in its relations with suppliers and subcontractors.

3.4. Loyalty

₪ Action taken to prevent corruption

The TOUAX Group's ethics charter has several sections on preventing corruption. Section 1.5 deals with gifts and invitations, section 1.6 deals with corruption and section 1.7 deals with conflicts of interests. Each section provides recommended ethical behaviour to be adopted in these situations. Measures are therefore taken to increase the awareness of Group employees of the fight against corruption.

₪ Measures taken to promote consumer health and safety

› Freight railcars

User manuals and maintenance guides are provided for each customer to improve user safety.

› River Barges

All our barges comply with safety standards. All persons on board must comply with the safety standards (life jacket, safety footwear and hard hat where appropriate).

On certain acquisitions, we undertook the installation of anti-slip paint on the work areas of the decks of each barge. Handrails around coamings have been restored, in order to guarantee optimum safety for convoy crews.

Other initiatives in favour of human rights

To date, the TOUAX Group has not subscribed to the international standards concerning the respect for human rights. Nevertheless, the ethical charter makes employees aware of this issue.

3.5. Appendix to the social section

The social section provides 100% qualitative data. The quality information published concerns all of the consolidated entities of the TOUAX Group that employ personnel. The scope of consolidation is the same as that used in the social section, point 1.8 below page 172.

A matrix developed in house is sent every year to each person identified within each business activity in order to obtain the information that appears in the report. This information is then supplemented by interviews. Information is fed back to the Group's Finance Department under the supervision of each local finance department.

La Défense, 11 April 2018

Fabrice and Raphaël Walewski

Managing Partners

26.3. Managers' report to the Extraordinary General Meeting

Dear Shareholders,

We have invited you to an Extraordinary General Assembly to ask you to, in particular, to make a decision:

(i) on a delegation of authority to the Management Board for the purpose of issuing ordinary company shares and securities, with retention of the preferential subscription right of the shareholders, for a period of 26 months;

(ii) on a delegation of authority to the Management Board for the purpose of issuing ordinary company shares and securities, by way of a public offer, with cancellation of the preferential subscription right of the shareholders but with a mandatory subscription priority time period, for a period of 26 months;

(iii) on a delegation of authority to the Management Board to increase the issue of ordinary company shares and securities, in the event of excess demand, for a period of 26 months;

(iv) on a delegation of authority to the Management Board for the purpose of issuing shares for the benefit of the Group's employees, with cancellation of the preferential subscription right, for a period of 26 months;

(v) on an authorisation to be given to the Management Board in order to cancel all or part of the shares purchased by the company under the provisions of Article L. 225-209 of the French Commercial Code, for a period of 24 months.

The Combined General Meetings of 9 June 2016 and 21 June 2017 have delegated to the Management Board the following issuance authorisations, in progress:

type		due date	characteristics: authorised ceilings, discount	% of capital	use
AUTHORISATIONS - VALIDITY 18 MONTHS					
Stock redemption		20 December 2018		10%	none
AUTHORISATIONS - VALIDITY 24 MONTHS					
Cancellation of shares		20 june 2019		10%	none
ISSUE OF SECURITIES - VALIDITY 26 MONTHS					
common ceiling	Capital increase with preferential subscription right	8 August 2018	ceiling of 20 million euros	36%	none
common ceiling	Capital increase without preferential subscription right - with public offer and priority period	8 August 2018	ceiling of 20 million euros, maximum discount of 5%	36%	7 845 088 €
	Greenshoe - excess issue	8 August 2018	15% of the initial issue	15% of the initial issue	1 176 760 €

On 31 December 2017, the Company's capital was €56,092,376, divided into 7,011,547 shares with a par value of €8

PSR: preferential subscription right

1. Delegation of authority to the Management Board to authorise capital increases (10TH, 11TH AND 12TH RESOLUTIONS)

TOUAX is a diversified Group in 3 business areas (freight railcars, river barges and shipping containers), and specialises in the operational leasing of mobile and standardised equipment. The Group is resolutely internationally-focused.

You will find all the information on the progress the company and the Group is making in the management report for the year ended 31 December 2017, on page 144 of the 2017 registration document, available on the website www.touax.com.

The purpose of the financial authorisations submitted to you is to offer the Management Board the greatest flexibility in the choice of potential issuances and to adapt, when the time comes, the nature of the financial instruments to be issued depending on the status of and opportunities in the financial markets, in order to respond quickly to current market developments.

The amounts raised make it possible to seize and finance investment opportunities in accordance with the defined strategy, to refinance part of Touax Group's existing financing, or to consolidate its shareholders' equity so it can continue its growth.

You are therefore requested to authorise the Management Board to undertake:

(i) the issue of ordinary shares and/or securities giving access to the share capital or the allocation of debt securities with retention of preferential subscription rights and

(ii) the issue of ordinary shares and/or securities giving access to the share capital or the allocation of debt securities with cancellation and replacement of preferential subscription rights, by way of a priority subscription period for the benefit of shareholders.

The authorisations voted on at the Annual General Meeting on 9 June 2016 were the subject of different resolutions and use was made of the delegation with cancellation of preferential subscription rights in July 2016. The Management Board wishes to propose their renewal to the Annual General Meeting of 20 June 2018.

The resolutions presented at this meeting would enable your Board to decide to issue securities giving access to the Company's capital, either by issuing new shares such as bonds that are convertible or redeemable in shares, or bonds combined with a subscription of shares, or by remittance of existing shares such as "OCEANE" (bonds convertible into shares to be issued or exchangeable into existing shares). These securities could be in the form of debt securities as in the above examples, or equity securities, for example, shares combined with equity warrants. However, in accordance with the law, equity securities that are convertible or convertible into debt securities may not be issued.

Securities giving access to capital in the form of debt securities (for example, convertible bonds or bonds redeemable in shares, or bonds with equity warrants) could give access, either at any time or during fixed periods or on fixed dates, to the allocation of shares (within the ceiling mentioned below). This allocation could be made by conversion (for example, bonds convertible into shares), redemption (for example, bonds redeemable in shares), exchange (for example, bonds exchangeable for shares) or presentation of a warrant (for example, bonds with equity warrants) or in any other manner, during the term of the loans, whether or not the preferential subscription right of the shareholders to the securities thus issued is retained.

The policy of the Management Board is to prioritise, as a matter of principle, the conventional capital increase with the retention of shareholders' preferential subscription rights (10th resolution).

However, depending on the market conditions, the nature of the investors involved in the issue and the type of securities issued, it may be preferable, if not necessary, to cancel the preferential subscription right, in order to place securities in the best conditions, particularly when the speed of the operations is an essential condition for their success. Such a cancellation may result in a larger capital pool due to more favourable issuing conditions. With a capital increase with cancellation of the preferential subscription right (11th resolution), the Management Board would thus be able to take advantage of the opportunities offered by the financial markets in certain circumstances, it being specified that the resolution provides for a priority period for existing shareholders to subscribe to shares or securities giving access to the capital that would be issued.

The delegations provided for by these resolutions aim to increase the capital by issuing shares and securities giving access to the capital up to an overall limit of 20 million euros in nominal value, which does not take into account any increases that may be required to preserve the rights of holders of securities giving access to capital and capital increases in the event of excess demand. This overall ceiling is common to the 10th and 11th resolutions. Thus, a capital increase with cancellation of the preferential subscription right decided under the 11th resolution would be imputed on the ceiling of the 10th resolution.

Delegation of authority to the management board to increase the share capital with retention of preferential subscription rights (10th resolution)

You are hereby requested to confer to the Management Board the powers necessary to proceed with the issuance, with retention of the preferential subscription right of the shareholders, on one or more occasions, in the proportions and at the times that it will assess, on the French and/or international market, either in euros, or in foreign currencies or in any other account unit established by reference to a set of currencies:

- ordinary shares, and/or

- equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, and/or
- more generally securities giving access to equity securities to be issued by the company or giving right to the allocation of debt securities,

of any kind whatsoever, whether in return for payment or free of charge, it being specified that the subscription of the shares and other securities may be made either in cash or by offsetting with certain, liquid and payable receivables.

In accordance with Article L. 228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares of any company which directly or indirectly owns more than half of the capital or of which it directly or indirectly owns more than half of the capital.

It is specified that the total nominal amount of the capital increases that may be carried out immediately and in the future is set at twenty million (20,000,000) euros, subject to the resolution concerning excessive demand. Added to the above ceiling, if applicable, is the nominal amount of the issues that may be required to preserve, in accordance with the law, the rights of the holders of securities giving access to the capital in accordance with the legal and regulatory provisions as well as the contractual stipulations.

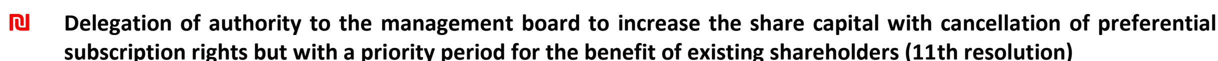
In the event of this delegation being used, the Management Board, the shareholders, will have, in proportion to the amount of their shares, a preferential subscription right to the securities that would be issued pursuant to this delegation. The Management Board may establish, where applicable, a subscription right on a reducible basis, for new non-subscribed capital shares that the shareholders may exercise proportionately to the subscription rights available to them and, in any case, within the limits of their demands

In accordance with the provisions of Article L. 225-134 of the French Commercial Code, the Management Board may, in such order as it deems appropriate, allocate the shares, debt securities and/or securities not subscribed in whole or in part for the benefit of the people of its choice, offer the public all or part of the non-subscribed securities and/or limit the issue to the amount of subscriptions received as soon as they reach at least ¾ of the issue decided upon.

If you consent to the delegation, the latter will bring, for the benefit of the holders of the issued securities, an express waiver by the shareholders of their preferential subscription right to the new shares to which the securities issued by virtue of this delegation may give entitlement.

The Management Board would have all the powers to decide upon and carry out the capital increase(s) that it deems appropriate.

This authorisation would be given for a period of 26 months and it will cancel and replace the authorisation given by the annual general meeting of 9 June 2016 in its 15th resolution.



Delegation of authority to the management board to increase the share capital with cancellation of preferential subscription rights but with a priority period for the benefit of existing shareholders (11th resolution)

You are hereby requested to confer to the Management Board the powers necessary to proceed with the issuance by offer to the public with cancellation of the preferential subscription right, on one or more occasions, in the proportions and at the times that it will assess, on the French and/or international market, either in euros, or in foreign currencies or in any other account unit established by reference to a set of currencies:

- ordinary shares, and/or
- equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, and/or
- more generally securities giving access to equity securities to be issued by the company,

of any kind whatsoever, whether in return for payment or free of charge, it being specified that the subscription of the shares and other securities may be made either in cash or by offsetting with certain, liquid and payable receivables.

It is specified that the total nominal amount of capital increases that may be carried out immediately and in the future is set at twenty million (20,000,000) euros subject to the resolution relating to excess demand, it being specified that the nominal amount of the shares that may be issued under this delegation will be deducted from the ceiling referred to in the 10th resolution. Added to this ceiling, if applicable, will be the additional nominal amount of ordinary shares to be issued to retain, in accordance with the law and any applicable contractual stipulations providing for other cases of adjustment, the rights of the holders of securities or holders of other rights giving entitlement to equity securities of the company.

You are requested to grant the shareholders a mandatory priority subscription period for all such issues, not giving rise to the creation of negotiable rights, exercisable in proportion to the number of shares held by each shareholder and, where applicable, on a reducible basis. The management board shall have the power to set the duration and the terms thereof in accordance with legal and regulatory provisions.

The cancellation of preferential subscription rights should make it possible to facilitate public offering transactions and attract new investors if necessary, although it is specified that shareholders would be favoured over new entrants by way of priority instituted to their profits.

The issue price of the equity securities will be at least equal to the minimum price provided for by the legal and regulatory provisions applicable on the day of setting the issue price (namely on this date, at the weighted average of the last three sessions prior to its fixing, possibly reduced by a maximum discount of 5%).

The issue price of the securities giving access to the capital of the company shall be such that the amount received immediately by the company, plus any additional fees that may be collected by the company, is, for each share issued as a result of the issue of these securities, at least equal to the issue price.

In the event of insufficient subscriptions, the management board may use, in the order it determines, one or both of the options set forth in Article L. 225-134 of the French Commercial Code, namely:

(i) shares or financial securities not subscribed for may be allocated in whole or in part by the board of managers for the benefit of the persons of its choice, in accordance with the legal and regulatory provisions in force,

(ii) such shares or financial securities may be offered to the public, or

(iii) the issue may also be limited to the quantity of subscriptions actually received, provided these amount to at least ¾ of the issue decided upon.

If you consent to the delegation, this will bring, for the benefit of the holders of the securities giving access to the capital, the express cancellation of the shareholders' preferential right to subscribe to the new shares to which these securities entitle them.

The Management Board would have all the powers to decide upon and carry out the issues of shares or securities that it deems appropriate.

It is specified that the Management Board may, in the context of the implementation of this delegation, modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities.

This authorisation would be given for 26 months and it will cancel and replace the authorisation given by the annual general meeting of 9 June 2016 in its 16th resolution.

- **Delegation of authority to the Management Board to increase the amount of issues in the event of excess demand (12th resolution)**

You are hereby requested to authorise the Management Board to decide, within the time and within the limits provided for by the law and regulations applicable on the day of the issue, for each of the issues decided upon pursuant to the 10th and 11th resolutions, to increase the number of securities to be issued, subject to compliance with the ceiling provided for in the resolution under which the issue is decided.

This authorisation will be for a period of 26 months.

2. Delegation of authority to the Management Board with a view to increasing the share capital for the benefit of the group's employees with cancellation of preferential subscription rights (13TH RESOLUTION)

In accordance with Articles L.3332-18 to 3332-24 of the Labour Code and Articles L. 225-129-6 and L.225-138-1 of the French Commercial Code, our company presents to you a draft resolution tending to delegate to the Management Board its competence to proceed, on one or more occasions, under the conditions laid down in Article L. 3332-18 et seq. of the French Labour Code, an increase in the share capital in cash of up to €600,000 reserved for employees of the company and its related companies who, under the terms of Article L. 225-180 of the French Commercial Code, are members of a company savings plan.

The purpose of this provision is to promote the shareholding of all employees.

The total number of shares that could be subscribed by the employees could not be greater than 3% of the share capital on the day of the Management Board's decision and the subscription price of the shares would be fixed in accordance with the provisions of article L.3332 -18 et seq. of the Labour Code.

This authorisation will be granted for a period of 26 months.

3. Authorisation to be given to the Management Board in order to cancel all or part of the shares purchased by the company under the provisions of Article L. 225-209 of the French Commercial Code (14TH RESOLUTION)

You are also asked to authorise the Management Board to reduce the share capital, on one or more occasions, by a maximum of 10% of the share capital per period of twenty-four months, by cancelling some or all of the treasury shares acquired under the stock redemption programme adopted by the company's shareholders at the present Annual General Meeting, or at a previous or subsequent Annual General Meeting.

This authorisation will be granted for a period of 24 months.

The cancellation of Company shares held by the latter may respond to various financial objectives, such as active capital management, balance sheet optimisation or offsetting the dilution resulting from capital increases.

The Management Board could allocate the difference between the repurchase price of the cancelled shares and their par value at the time of cancellation, to the premiums and free reserves.

The Management Board shall have all powers to determine the terms and conditions of these cancellations, in order to amend, where appropriate, the Company's articles of association, make any declarations, carry out any other formalities, and in general do whatever is necessary.

This authorisation would cancel and replace the authorisation granted by the Extraordinary General Meeting of 21 June 2017, in its 6th resolution, which has not been used at all.

* * * *

You will also hear the reading of the auditors' reports.

We also remind you that in accordance with Articles R. 225-116 and R. 225-117 of the French Commercial Code, the management and your statutory auditors will draw up a supplementary report describing (i) the final terms and conditions of the issues (ii) their impact on the situation of holders of equity securities and securities giving access to the capital, in particular with respect to their share of shareholders' equity at the end of the last financial year, and (iii) their theoretical impact on the current market value of the share as it results from the average of the previous twenty trading sessions.

We ask you to approve all the resolutions except the 13th resolution that is regulatory and is not in the immediate interest of the Group. It was decided that the company savings plan established would not use company shares.

The managers remain at your disposal to give you any additional information or explanations that you might require.

12 April 2018

Fabrice and Raphaël Walewski

Managing Partners

26.4. Report from the accounting expert professional designated the independent third-party body on the consolidated corporate, social and environmental information contained in the management report

Financial year to 31 December 2017

To the shareholders,

In our capacity as an accounting expert professional designated the independent third-party body accredited by COFRAC under the number 3-1055 (whose scope is available on the website www.cofrac.fr), we present our report on corporate, social and environmental information consolidated for the year ended 31 December 2017, presented in the management report (hereinafter "CSER Information"), in application of the provisions of Article L.225-102-1 of the Commercial Code.

Corporate responsibility

It is the responsibility of Management to draw up a management report including the CSR Information provided for in Article R.225-105-1 of the French Commercial Code, prepared in accordance with internal guidelines (hereinafter referred to as the "Guidelines").

Independence and quality control

Our independence is defined by regulatory texts, by the code of ethics of the profession inserted in the decree of 30 March 2012 relating to the undertaking of public accounting activity and takes into account the provisions provided for in Article L. 822-11 of the French Commercial Code. In addition, we have established a quality control system that includes documented policies and procedures to ensure compliance with ethical rules, professional standards and applicable laws and regulations.

Responsibility of the professional accountant

It is our responsibility, based on our work:

- to certify that the required CSR Information is present in the management report or that, in the case of any omission, an explanation is provided pursuant to the third paragraph of Article R.225-105 of the French Commercial Code (Confirmation of presence of CSR Information);
- to express a conclusion that the CSR Information taken as a whole is fairly presented, in all material aspects, in accordance with the Guidelines (reasoned opinion on the sincerity of the CSR Information).

Our work mobilised the expertise of 4 people between 6 December 2017 and 10 April 2018 for a period of 7 days with an audit at the headquarters on 28 February 2018.

We conducted the work described below in accordance with the professional standards applicable in France and the decree of 13 May 2013 determining the conditions under which the independent third party carries out its mission.

Confirmation of presence of CSR Information

Nature and extent of work

On the basis of interviews with the managers of the departments concerned, we reviewed the presentation of sustainable development guidelines, based on the social and environmental consequences of the company's activities and its corporate commitments. and, where appropriate, actions or programmes resulting from these.

We compared the CSR Information presented in the management report with the list provided for in Article R.225-105-1 of the French Commercial Code.

In the absence of certain consolidated information, we verified that explanations were provided in accordance with the provisions of article R.225-105 paragraph 3 of the French Commercial Code.

We verified that the CSR Information covered the consolidated perimeter, namely the company as well as its subsidiaries within the meaning of Article L.233-1 and the companies it controls within the meaning of Article L.233-3 of the French Commercial code with the limits specified in the methodological note presented in the paragraphs "appendix to the social information", "appendix to the environmental section" and "appendix to the corporate part" of the management report.

Conclusion

On the basis of this work and given the limitations mentioned above, we certify that the required CSR Information is included in the management report.

Observation

Without calling into question the above conclusions, we draw the reader's attention to the fact that the information relating to the entities transferred during the 2017 financial year does not appear in the information presented for the year 2017.

Reasoned opinion on the sincerity of the CSR Information

Nature and extent of work

We conducted 4 interviews with the persons responsible for the preparation of CSR Information in the departments responsible for information gathering processes and, where applicable, responsible for internal control and risk management procedures, in order to:

- assess the appropriateness of the processes (to the Guidelines) with regard to the following points: relevance, comprehensiveness, reliability, neutrality, comprehensibility;
- verify the establishment of a process of collection, compilation, processing and control aimed at the exhaustiveness and the coherence of the CSR Information and to be aware of the internal procedures for controlling and managing the risks related to producing CSR Information.

We have determined the nature and extent of our tests and controls based on the nature and importance of the CSR Information in terms of the Company's characteristics, the social and environmental issues of its activities, its sustainable development directions and sectoral good practices.

In addition to consistency checks of all CSR Information, we have in particular studied:

- Social information: total workforce, distribution by age/gender/geographical area; appointments and dismissals; remuneration and its evolution; absenteeism; work accidents; training policy and training hours
- Corporate information: consideration of environmental and social issues in the purchasing policy; the importance of subcontracting and the consideration of social and environmental responsibility in relations with suppliers and subcontractors

For this CSR Information that we considered the most important:

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), for the quantitative information, we verified the calculations as well as the data consolidation and we verified their coherence and consistency with the other information contained in the management report;
- for a representative sample that we selected based on the following points: activity, contribution to the consolidated indicators, geographic location and risks, we conducted interviews to verify the correct application of the procedures and implemented detailed tests on the basis of sampling, consisting of verifying the calculations carried out and reconciling the

data from the supporting documents. The sample thus selected represents between 17 and 100% of the quantitative social information.

Finally, we assessed the sincerity of the explanations relating, where appropriate, to the total or partial absence of certain information.

Sampling methods and sample sizes were used to exercise our professional judgement. Due to the use of sampling techniques and other limitations inherent to the operation of any information and internal control system, the risk of not detecting a significant anomaly in the CSR Information cannot be totally eliminated.

Conclusion

Based on this work, we have not identified any significant anomaly that could call into question the sincerity of the CSR Information presented, in accordance with the Guidelines.

Observation

Without calling into question the above conclusions, we draw the reader's attention to the fact that the scope, as specified in the introduction to the CSR report, covers the companies present for the full 2017 financial year, which excludes the modular activity transferred during the year.

Toulouse, 12 April 2018

The Independent Third Party Organisation

SAS Cabinet de Saint Front

Jacques de Saint Front, Chairman

27. REPORTS OF THE SUPERVISORY BOARD

27.1. REPORT OF THE SUPERVISORY BOARD ON ITS BRIEF TO CONTINUOUSLY MONITOR THE GROUP'S MANAGEMENT

Dear Shareholders,

In addition to the Management Report, which details the activities and results of each division of the Group, the Supervisory Board presents its report pursuant to Article L. 226-9 of the French Commercial Code, on its brief to continuously monitor the Group's management and presents its opinion on the main resolutions proposed for your votes today.

The Supervisory Board met 6 times in 2017 and exercised its supervisory duties completely independently. It considers that it received the documents and information required for it to properly carry out its brief, particularly in relation to the accounts, financial commitments and risks inherent in the business and its environment. It has been regularly informed by the Managing Partners on the progress of the proposed transfer of the European modular division, changes to the activities and their prospects within the framework of the strategy defined by the Management as well as the general situation of the Group.

Through its Chairman, the Supervisory Board takes part in divisional supervisory committees. These committees are organised by the Managers and the operational departments, and their purpose is to present the business strategies, in particular the changes in market strategy, competitive positioning and a perspective with regard to previous strategies. Their purpose is also to study significant events occurring during the period in question. In 2017 and in a context of Group restructuring, the action plans of each division were presented to the Supervisory Board.

The Supervisory Board continued to pay particular attention to the Group's debt and notes that the transfer of the European modular division enabled the Group to repay its corporate bank debt. Debt has decreased significantly and bank ratios were respected at the end of December 2017. However, taking into account the total debt (with and without recourse), the leverage ratio remains above the internal limit of 5 recommended by the Supervisory Board, but is decreasing.

In terms of governance, since 2015 the Company has referred to the Middlenext Code and examined the situation of each member in terms of their independence.

The Audit Committee met on 2 occasions prior to the meeting of the Supervisory Board relating to the interim and annual financial statements. In particular, it reviewed the consolidated financial statements and risks and submitted a report about its brief to the Supervisory Board.

* * *

Regarding the main financial data of 2017 and without going back over the detailed comments from Management in this regard, we remind you that the transfer of the European and American modular division has been restated in the accounts under the terms of IFRS 5. The accounts on 31 December 2017 relating to the retained activities show that:

- Consolidated Group revenue amounted to €212 million on 31 December 2017, lower than in 2016 due to a decrease in Shipping Container sales partially offset by an increase in Freight Railcar sales;

- the current operating income increases to €7.6 million;

- consolidated net loss amounted to -€18 million, including a loss of €12.7 million for discontinued operations, €5.9 million for the residual modular buildings activity in Morocco (including -€4.2 million of the group's share of impairment of goodwill) and €0.5 million euros for continuing operations excluding Morocco;

- net debt decreased sharply by €156 million to €181 million;

- free cash flow is positive at €30 million for continuing operations;

- Fixed tangible assets amounted to €288 million, assets in inventories to €24 million and cash and marketable securities to €30 million.

The Management Board's Annual Report and the Financial Statements provided to you show the developments in the Group's business and results during the 2017 financial year. The Statutory Auditors have reported the findings of their audits. We have no observations to make regarding the consolidated individual financial statements of the last financial year.

* * *

The main resolutions submitted to you on a regular basis relate to the approval of the financial statements, the appropriation of results, the renewal of one third of the members of the Supervisory Board and the authorisation to execute the actions.

Extraordinary resolutions concern authorisations to increase capital. An authorisation is also given to the Management Board to cancel the share capital.

The Board invites you to approve all the resolutions submitted for your approval, with the exception of the resolution concerning a capital increase for employees that is not part of the Group's current strategy.

La Défense, March 28, 2018

Supervisory Board

27.2. REPORT FROM THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE

Dear Shareholders,

Pursuant to Article L.226-10-1 of the French Commercial Code, this report sets out the corporate governance.

This report was discussed at the meeting of the Supervisory Board on 28 March 2018.

1. Specific characteristic of the Partnership limited by shares under French law

Presentation of the partnership limited by shares

TOUAX is a Partnership limited by shares under French law governed by Articles L.226-1 to L.226-14 of the Commercial Code and, insofar as they are compatible with the articles referred to above, by the provisions relating to limited partnerships and joint stock companies, with the exception of Articles L.225-17 to L.225-93. It is also governed, within the context of the law, by the specific characteristics of its statutes.

This legal structure includes two categories of partners:

- limited partners (the shareholders), whose status is the same as that of the shareholders of a public limited company: their shares are negotiable under the same conditions and their liability is limited to the amount of their contributions;
- general partners, who are in the same legal position as the partners in a general partnership: they act as business people and are jointly and severally liable for social debts on their own property. Their rights within the Company (realised in the form of shares) are not freely transferable, they require the unanimous approval of the partners and of the extraordinary general meeting of the limited partners. The general partners may, however, hold shares if they have made contributions or if they have purchased securities; in this case, they then combine the two qualities of general partners and limited partners. Given the existence of two categories of partners, collective decisions require a double consultation : That of the limited partners gathered in General Assembly and that of the general partners. However, the general partners are not involved in the appointment of members of the Supervisory Board, the latter being the responsibility of the limited partners only (not general).

The Company also has a Supervisory Board representing the limited partners. It ensures permanent control over the management of the Company.

The Company is managed by one or several managers, natural or legal persons, chosen from the general partners or third parties. Managing Partners may be statutory or appointed subsequently during the course of the corporation's existence. Any appointment or re-election of a managing partner is the responsibility of the general partners.

The law and the specific details of the TOUAX statutes make the limited partnership a modern structure that is perfectly adapted to the principles of good governance:

- a clear separation of powers between Management, which runs corporate affairs and the Supervisory Board, made up of shareholders responsible for supervising the management and accounts;

- the unlimited liability of the general partner for their own property, which reflects the balance established between investment commitment, power and responsibility; and
- assignment to the Supervisory Board of the same powers and rights of communication and investigation as those devolved to the Auditors.

Factors likely to have an impact in the event of a takeover bid

The TOUAX Group is a partnership limited by shares under French law which by nature is controlled by the general partners. This legal form is generally regarded as giving protection from takeover bids. There are two classes of shareholders, limited partners and general partners.

It has two general partners: SHGP (management & participation holding company) and SHGL (leasing & management holding company). These two companies belong respectively to Fabrice and Raphaël WALEWSKI. General Partners have rights in the appointment and dismissal of Managers, which make it difficult to change control.

Finally, in some financings there may be clauses for a change of control in the company or the general partners.

Furthermore, Alexandre WALEWSKI, Fabrice WALEWSKI, Raphaël WALEWSKI, SHGP and SHGL acted in concert in 2017, as they have since 2005. This alliance is a de facto alliance that was established in 2005 during the conversion into a partnership limited by shares under French law. In total, on 31 December 2017 this alliance held 31.64% of the shares and 39.69% of the voting rights.

There is no shareholder agreement, providing for preferential conditions for the sale or acquisition of shares.

A change of control requires, therefore, a change in the composition of both general partners and limited partners.

2. General statements

To our knowledge, during the past five years,

- No general partner, no manager, no member of the Supervisory Board has been convicted of fraud;
- No general partner, no manager, no member of the Supervisory Board has been associated with any bankruptcy, receivership or liquidation;
- No general partner, no manager, no member of the Supervisory Board has been subject to any incrimination or official sanction;
- No general partner, no manager, no member of the Supervisory Board has been prevented by a court from acting as a member of an administrative, management or supervisory body monitoring an issuer or intervening in the management or conduct of the affairs of an issuer.

In addition, to the best of our knowledge there are:

- No potential or actual conflicts of interest between the duties, with regard to TOUAX SCA, of one of the members of the Supervisory Board, members of the Management Board, one of the general partners and their private interests or other duties, it being specified that there is a regulated agreement involving the Managers;
- There are no arrangements or agreements between any of the members of the Supervisory Board or the Management Board, or between a General Partner and any of the main shareholders, customers or suppliers;
- No restrictions on transfer by the members of the Supervisory Board within a certain period of time of their stake in the share capital of TOUAX SCA;
- No restriction on the transfer by the Managing Partners or a general partner within a certain period of time of their stake in the share capital of TOUAX, with the exception of the intervention rules on the securities provided for by the legal provisions in force;
- No service contract binding the members of the Supervisory Board or the Board of Managers of TOUAX SCA or binding any of the general partners with any of the subsidiaries of TOUAX and providing for the granting of benefits under such a contract;
- There are no family ties between the members of the Supervisory Board.

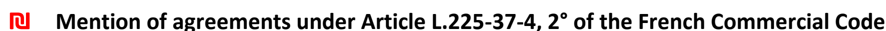
3. Application of the Middlenext code

In addition to the legal requirements, the Group has chosen to refer, as of 2015, to the governance rules recommended by the Middlenext Corporate Governance Code for Medium and Small Values (in its latest version dated September 2016 available on https://middlenext.com).

The Middlenext code contains points for vigilance that recall the questions that the Supervisory Board should ask in order to promote the proper functioning of governance.

In accordance with the provisions in paragraph 8 of Article L. 225-68 of the French Commercial Code, this report specifies the provisions of the code that are not applied by the company.

4. Governance of TOUAX SCA



Mention of agreements under Article L.225-37-4, 2° of the French Commercial Code

There is no mention of any agreement entered into, directly or by proxy, between, on the one hand, a member of the Supervisory Board or the Management Board or one of the shareholders having a fraction of the voting rights in excess of 10%, namely Alexandre Walewski and SHGP and, on the other hand, another company of which TOUAX SCA directly or indirectly owns more than half of the capital.

4.1. The General Partners

TOUAX is a partnership limited by shares which has two general partners as mentioned in the statutory provisions.

The General Partners are SHGP, held and managed by Fabrice WALEWSKI and SHGL, held and managed by Raphaël WALEWSKI. The general partners own 20.01% of the capital of TOUAX as of 31 December 2017. They are therefore also limited partners.

The general partners approved all the resolutions submitted to the shareholders' vote at the Combined General Meeting of 21 June 2017 and did not take part in the resolutions concerning the members of the supervisory board, in accordance with the law.

The remuneration of the General Partners is provided for under Article 15.5 of the articles of association and voted on by the Extraordinary General Meeting. This represents 3% of the Group's share of consolidated net profit after tax, plus 1% of the TOUAX Group's consolidated EBITDA, after deducting the leasing income due to investors. Based on the 2016 financial year, in 2017 this amounted to €221,000 for SHGP and SHGL. Since the General Partners are themselves corporations, no provisions have been set aside or recognized in respect of pensions or other benefits.

4.2. Management Board

Since July 28, 2005 the company has been managed and administered by a Management Board made up of the two Managing Partners, Fabrice and Raphaël WALEWSKI. They were appointed at the Extraordinary General Meeting of June 30, 2005 for an unlimited period. In accordance with the powers of the Supervisory Board and the Annual General Meeting, the powers of the Managing Partners are not limited.

Alexandre WALEWSKI (Chairman of the Supervisory Board), Raphaël WALEWSKI and Fabrice WALEWSKI are first-degree relatives.

In discharging their duties the Managing Partners are assisted by an Executive Committee and the senior management of the operational departments.

Meetings of the Management Board

The Management Board met 9 times in 2017. The main purpose of these meetings was:

- closing the annual individual and consolidated financial statements and closing the consolidated half-year financial statements;
- refinancing the credit lines;
- giving authorisation to sell real estate, and
- decisions relating to the transfer of the European and American modular activity.

Remuneration of the Managing Partners

The remuneration of the Managing Partners is specified in the Articles of Association. It comprises a fixed portion, a variable portion, and a family separation allowance for business trips abroad. Article 11.5 of the articles of association stipulates that:

« Each Managing Partner's annual compensation in connection with the general social security scheme is determined as follows :

- *A fixed portion amounting to €129,354, together with benefits in kind up to a limit of 15% of the fixed salary, it being specified that this amount does not include the directors' attendance fees, payments or repayments of expenses received by the Managing Partners in respect of corporate mandates or duties performed in any of the company's subsidiaries, up to a limit of €80,000 per Managing Partner;*
- *A gross amount of €850 per day during business trips outside France, as a family separation allowance;*
- *The General Partners may only adjust these amounts within the limit of the cumulative change in the annual inflation rate published by the French national institute of statistics and economic studies (INSEE).*
- *a variable portion not exceeding 0.50% of the TOUAX Group's consolidated EBITDA, after deducting the leasing income due to investors. For the purposes of this calculation, it is specified that the EBITDA is the consolidated gross operating surplus after deducting the net operating provisions.*

The compensation of the Managing Partners is revised annually in accordance with the provisions of the Articles of Association.

The General Partners are free to determine the methods of payment of the Managing Partners' remuneration, and may limit its amount. The variable portion is paid, following the General Partners' decision, within sixty (60) days of the Annual General Meeting called to approve the financial statements.

This remuneration may be modified at any time by decision of the Annual General Meeting of Shareholders on the proposal of the General Partners after consulting the Supervisory Board, provided both General Partners agree.

All travel and representation expenses incurred by a Managing Partner in the interests of the company will be paid by the company. »

Say on pay provisions are not applicable to TOUAX SCA, so a resolution is not submitted to the shareholders.

The total amount and detail of the remunerations are presented below:

Global remuneration

Table summarising the remuneration, options and shares attributed to each corporate officer *(€ thousands)*	2017	2016
Raphaël WALEWSKI - Managing Partner		
Remuneration due for the financial year	**416,5**	541,7
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**416,5**	541,7
Fabrice WALEWSKI - Managing Partner		
Remuneration due for the financial year	**443,2**	553,1
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**443,2**	553,1

Table summarising the remuneration of each corporate officer *(€ thousands)*				
	2017		2016	
Raphaël WALEWSKI **Managing Partner**	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration & attendance fees	186,9	186,9	193,8	193,8
Annual variable remuneration	134,3	128,4	224,5	119,7
Multi-year variable remuneration				
Exceptional remuneration				
Travel allowance	91,5	91,5	119,7	119,1
Benefits of any kind	3,7	3,7	3,7	3,7
TOTAL	**416,4**	**410,5**	**541,7**	**436,3**
	2017		2016	
Fabrice WALEWSKI **Managing Partner**	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration & attendance fees	186,9	186,9	193,8	193,8
Annual variable remuneration	134,3	129,1	224,5	131,6
Multi-year variable remuneration				
Exceptional remuneration				
Travel allowance	118,8	118,7	131,6	116,2
Benefits of any kind	3,2	3,2	3,2	3,2
TOTAL	**443,2**	**437,9**	**553,1**	**444,8**

TOUAX provides the Managing Partners with the necessary equipment to perform their duties (car, mobile phone, computer, etc.).

Other attributes of remuneration

No stock options were attributed to the executive directors

No performance-related shares or free shares were attributed to executive directors during the financial year or in a previous financial year.

No equity warrants (free of charge) under Articles L.225-197-1 et seq. of the French Commercial Code were attributed to the corporate officers during the fiscal year.

More generally, no equity securities, debt securities or securities giving access to capital or entitlement to the allocation of debt securities were allocated to the corporate officers of the company or of the companies mentioned in Articles L.228-13 and L.228-93 of the French Commercial Code during the 2017 financial year. The Managing Partners are not direct shareholders of TOUAX SCA.

The General Partners benefit from the same pension scheme as the other managers of the Group. The Group has no "umbrella" pension scheme. They do not have supplementary pension plans.

The Directors shall not be entitled to any remuneration, indemnities or benefits due or likely to be due as a result of the taking, terminating or changing their position or subsequent thereto. The managers are also not entitled to any indemnities relating to a non-competition clause.

The Managing Partners have no labour contract with TOUAX SCA.

Mandates and positions of Raphaël WALEWSKI, Managing Partner

- Took office at TOUAX SA: director in 1994 (term of office expired on 28 July 2005),
- Director General, Deputy Chief Executive Officer or President of TOUAX SA between 1998 and 2005,
- Managing Partner of TOUAX SCA since 2005,
- Age: 51,
- Swiss nationality.

Mandates and positions held during the 2017 financial year:

Within the TOUAX Group from 31 December 2017	TOUAX SCA, TOUAX Corporate SAS, TOUAX UK Ltd, Touax Corporation, Gold Container Corp, Touax Container Leasing Pte Ltd, Touax Container Financing Pte Ltd, TOUAX Africa SAS Touax Ivory Coast , TOUAX Modular Building USA, Llc, TOUAX Modular Industry Algeria SPA, TOUAX Morocco Capital SARL, TOUAX MOROCCO SARL RAMCO SARL, TOUAX Rail Ltd, TOUAX Rail Finance Ltd, TOUAX Rail Finance 2 Ltd, TOUAX Rail India Ltd, TOUAX Rail India Finance Ltd, TOUAX River Barges SAS, TOUAX Leasing Corp., TOUAX Hydrovia Corp., TOUAX Rom SA, Eurobulk Transport Maatschappij BV,CS de Jonge BV
In former subsidiaries	TOUAX Solutions Modulaires SAS, TOUAX Module Asset SARL, TOUAX Espana SA, TOUAX SRO, TOUAX SK Sro, TOUAX BV, TOUAX NV, TOUAX Sp.zo.o, TOUAX Assets BV, SIKO Containerhandel GmbH, TOUAX Panama SA
Other	Société Holding de Gestion et de Location, SCI Franklin Location, Touax management Sarl

Raphaël WALEWSKI did not directly hold any shares in TOUAX SCA on 31 December 2017.

Mandates and positions of Raphaël WALEWSKI, Managing Partner

- Took office at TOUAX SA: director in 1994 (term of office expired on July 28, 2005),
- Director General, Deputy Chief Executive Officer or President of TOUAX SA from 1998 to 2005,
- Managing Partner of TOUAX SCA since 2005,
- Age 49,
- French citizen.

Mandates and positions held during the 2017 financial year:

Within the TOUAX Group from 31 December 2017	TOUAX SCA, TOUAX Corporate SAS, TOUAX UK Ltd, Touax Corporation, Gold Container Corp, Touax Container Leasing Pte Ltd, Touax Container Investment Ltd, Touax Container Financing Pte Ltd, TOUAX Container Services SAS TOUAX Africa SAS, TOUAX Modular Building USA, Llc, TOUAX Rail Ltd, TOUAX Rail Finance Ltd, TOUAX Rail Finance 2 Ltd, TOUAX Rail India Ltd, TOUAX Rail India Finance Ltd, TOUAX Texmaco Railcar Leasing Pte, Dunavagon S.r.o., DV 01, TOUAX Hydrovia Corp.
In former subsidiaries	TOUAX Espana AG, TOUAX NV, TOUAX Sp.zo.o
Other	Société Holding de Gestion et de Participation, SCI Franklin Location, Touax management Sarl

Fabrice WALEWSKI did not directly hold any shares in TOUAX SCA on 31 December 2017.

Powers of the Managing Partners

Article 11.4 of the Articles of Association defines the powers of the Managing Partners.

4.3. The Executive Committee

Composition

The Executive Committee currently has seven members:

Raphaël WALEWSKI	Managing Partner (since June 1994)
Fabrice WALEWSKI	Managing Partner (since June 1994)
Stephen Ponak	Managing Director – Asset Management (since January 1998)
Jérôme LE GAVRIAN	General Manager of the Freight Railcars division (since June 2014)
Thierry Schmidt de La Brelie	Managing Director - Finance Director (since March 2005)
Torsten WOLF	Director General of strategy and M&A (since January 2015)
Marco POGGIO	General Manager of the Shipping Containers Division (joined in September 2017)
Didier BACON	General Manager of the River Barges division (joined in October 2017)

Functioning

The management committee ensures the effective management and steering of the Group through regular meetings, generally held twice a month.

Its main missions are:

- to develop the Group's strategy and investment and financial strategies,
- to monitor and control the Group's businesses,
- to monitor and manage risks,
- to monitor investment and transfer decisions made by the decision-making bodies of the subsidiaries.

Financial committee meetings of a technical nature are also held among certain members of the committee.

4.4. Supervisory Board

4.4.1 Balanced composition of the Supervisory Board

In accordance with legal provisions and the Articles of Association, the Supervisory Board comprises a minimum of three and a maximum of twelve members, appointed by the Annual General Meeting of Shareholders. The term of office of the members of the Supervisory Board starts from the Annual General Meeting of 21 June 2017 and lasts 3 years, it being specified that the renewal of the members of the Board is now staggered.

Each member must hold at least 250 shares in TOUAX SCA, in accordance with article 12.2 of the articles of association.

Selecting members of the Supervisory Board

When each member of the Supervisory Board is appointed or re-appointed, information on their experience and skills is provided to shareholders.

At the date of the report, the Supervisory Board was made up of 6 members. The members were all appointed or renewed for one, two or three years by the Annual General Meeting of 21 June 2017 which they attended.

The Group does not fulfil the conditions for appointing a member representing the employees pursuant to article L.225-79-2 of the French Commercial Code.

There is no representative member of the Supervisory Board.

On 31 December 2017, the members of the Supervisory Board do not belong to the Group's workforce and do not have other duties within the Group.

Proportion of women on the Supervisory Board

On 31 December 2017, there were three women among the six members of the Board, which makes TOUAX lawful in terms of the representation of women.

Qualification of independence of members

The Middlenext Code specifies that a member of the Supervisory Board must not hold a "*financial, contractual, family relationship or one of significant proximity that is likely to affect the independence of the judgement* ".

In order to qualify one of its members as independent, the Board reviews the status of each member with regard to the following criteria:

- not being an employee or corporate officer of the company or a company in its Group and not having been this in the last 5 years;
- not having a significant business relationship with the company or its group (customer, supplier, service provider, creditor, banker, etc.) and not having had this in the past 5 years;
- not being a reference shareholder of the Company or holding a significant percentage of voting rights;
- not having any close family ties with a corporate officer or shareholder;
- not having been an auditor of the company in the past 6 years.

The qualification as an independent member of the Supervisory Board was discussed by the Supervisory Board on 28 March 2018. The situation of each member was examined. The Supervisory Board concluded that out of the 6 in post 5 of them were considered independent. The independent members are listed in section 4.4.7 below.

4.4.2 Work of the Supervisory Board

The Board wishes to point out that it conducts its work above all in a collegiate manner, with respect for ethical values, the law, regulations and recommendations.

In accordance with legal provisions and the Articles of Association, the Supervisory Board continually monitors the management of the company. The work of the Board is organised by its Chairman. The main topics for which the Board met in 2017 include:

Monitoring of the Group's principal orientations	- Review of the action plans of each division - Review of the transfer plans for the European and US Modular Divisions - Assessment of various financial opportunities (funding and various projects) - Business market
Financial position and cash	- 2018 Budget - 2016 annual and 2017 interim consolidated financial statements - 2016 annual individual financial statements - Evolution of the activity, the financial situation and the statement of net financial debt of the company and the Group and review of the action plans - Review of press releases relating to annual and interim financial statements
Company administration and internal control	- Adoption of the report of the Chair of the Supervisory Board on the 2016 company administration and internal control and risk management procedures - Adoption of the 2016 report of the Supervisory Board - Review of the classification of independence of the members of the Supervisory Board

Other topics	- Presentation of the resolutions at the general meeting - Deliberation on gender equality - Annual review of regulated agreements

The Chairman:

- receives the documents prepared by TOUAX internal departments under the authority of the Managing Partners;
- organises and manages the work of the Supervisory Board;
- ensures that the members of the Board are able to carry out their brief, and in particular makes sure that they have the information and documents needed to carry out their brief.

4.4.3 Operation of the Supervisory Board - Internal Regulations

Participation of members

The Supervisory Board is convened by its Chairman or the Management Board subject to two weeks' notice by email except in an emergency. The Supervisory Board met 6 times during the 2017 financial year. The attendance rate was 100 %.

Participation of the members of the Supervisory Board at Board meetings in 2017:

Member of the Supervisory Board	Number of sessions attended
Jerôme Bethbeze	6, equal to 100%
François SOULET DE BRUGIERE	6, equal to 100%
Alexandre WALEWSKI	6, equal to 100%
Julie de GERMAY*	3, equal to 100%
Marie FILIPPI	6, equal to 100%
Sylvie PERRIN	6, equal to 100%

* this member having been appointed during the year 2017

The statutory auditors are invited to the meetings of the Supervisory Board that inspect the annual or half-year financial statements.

The regulations applicable to securities transactions by insiders apply to members of the company's Supervisory Board.

Internal regulations of the Supervisory Board

The work of the Supervisory Board is governed by rules of procedure that are intended to complete the laws, regulations and Articles of Association, which the Board and its members do of course respect.

The internal regulations specify in particular the operating procedures of the Board and that of its audit committee, the composition of the Board, the information given, the duties and the code of ethics of the members.

These rules are likely to be amended by the Board, in view of changes in the law and regulations, and also in its own method of functioning. The last modification is dated 29 March 2017 to reflect the new requirements of the Middlenext Code.

Rules of ethics of the members of the Supervisory Board

Each member of the Supervisory Board is made aware of their responsibilities at the time of their appointment and is encouraged to observe the rules of conduct relating to their mandate, namely, in particular, to comply with the legal rules relating to multiple directorships, to inform the board in case of a conflict of interest arising after obtaining their mandate, to attest to their diligence at board meetings and annual general meetings, to ensure they have all the information necessary in relation to the agenda of board meetings before making any decision and to respect professional confidentiality.

The internal regulations provide that "*generally, the Board must regularly review members' conflicts of interest and, at least once a year or when they are appointed, request a declaration from each member on situations of conflict of interest.* »

Informing members of the Supervisory Board

Documents allowing members of the Supervisory Board to vote in full knowledge of the items on the agenda are communicated electronically to members of the Supervisory Board at least one week before the board meeting. However, it may be that certain documents are sent closer to the date of the board meeting.

In addition, members of the Supervisory Board are regularly informed between meetings whenever the Group's current situation warrants this.

Minutes of the meetings of the Supervisory Board

The Supervisory Board appoints a secretary at each meeting. The secretary draws up the minutes of the meeting which are validated by the Chairman and submitted for approval to the next Board meeting. They are then signed by the Chairman and a member of the Board, and included in the minute book.

4.4.4 Assessment of the functioning of the Supervisory Board

The members of the Board expressed their views on the functioning of the Board and on the preparation of its work during the year 2017 in a written evaluation. Since the last written evaluation carried out in 2014, the functioning of the Supervisory Board has improved globally and more particularly in relation to the duration of meetings and the information given to the members. Board members have nonetheless stated that one area for improvement is better management of the deadlines for sending documents prior to Board meetings. They consider that they have total freedom of judgement. This freedom of judgement enabled them to take part in the Board's work and collective decisions with total independence.

The Supervisory Board considers that it is in a position to exercise its supervisory mission in a constructive manner.

4.4.5 Remuneration of the members of the Supervisory Board

The remuneration of the Supervisory Board amounted to €63,000 in the 2017 financial year as detailed below:

(€ thousands) Name	Position	Nature of the remuneration	**2017**
Philippe Reille	CS member	attendance fees	11,9
François Soulet de Brugière	CS member	attendance fees	8,9
Marie Filippi	CS member	attendance fees	8,9
Sylvie Perrin	CS member	attendance fees	8,9
Julie de GERMAY	CS member	attendance fees	6,6
Alexandre WALEWSKI	president of the CS	attendance fees	17,8
TOTAL ATTENDANCE FEES			**63,0**
($ thousands)			
Alexandre WALEWSKI	president of the CS	other remuneration	192,7
TOTAL OTHER REMUNERATION			**192,7**

Except for the amounts paid to Alexandre Walewski in his capacity as Chairman of the Supervisory Board, none of the members of the Board received any other remuneration or benefits from a TOUAX Group company.

50% of attendance fees were allocated as a fixed payment, and 50% was paid according to their actual presence at Supervisory Board meetings. The Chairman of the Supervisory Board receives double attendance fees. Attendance fees will be allocated to the independent member(s) of the Audit Committee.

There has been no suspension of the payment of attendance fees resulting from non-compliance with the provisions relating to the balanced distribution of men and women on the Board.

The Ordinary General Meeting of 20 June 2018 will be invited to approve remuneration of €63,000 for the 2018 financial year, exactly as it was in 2017.

4.4.6 The audit committee set up by the Supervisory Board

The Supervisory Board has elected to be assisted by an audit committee.

Creation

The Audit Committee was created at the meeting of the Supervisory Board of January 30, 2006. Its brief began with the 2005 financial statements.

The Audit Committee has 2 members, Mr Alexandre WALEWSKI, Chairman of the Supervisory Board, and Mr Jérôme BETHBEZE, member of the Supervisory Board. The background and experience of both members is described in paragraph 4.4.7 below. These two members were selected for their financial expertise and their experience of the TOUAX Group.

The audit committee includes an independent member in the person of Jérôme BETHBEZE.

Functioning

The Audit Committee met twice in 2017, prior to the Board Meetings deliberating the annual and half-yearly financial statements. The attendance rate was 100%.

It dealt with the following matters in particular:

- review of the 2016 consolidated financial statements and the 2017 half-yearly financial statements;
- checking that the accounting and financial reporting process complies with legal and statutory requirements;
- checking the existence of a procedure to identify, analyse and monitor risks, in particular financial risks;
- examining the Statutory Auditors' annual audit programmes.

During its meetings the Audit Committee held discussions with, in particular, the Statutory Auditors, the Administration and Finance Officer and the Managing Partners. The documents transmitted include the report of the Statutory Auditors on their work. The Audit Committee can have recourse to external advice.

Only independent members of the Audit Committee receive remuneration in the form of attendance fees related to their actual attendance at meetings.

4.4.7 Presentation of the 6 members of the Supervisory Board

Alexandre WALEWSKI – Chairman of the Supervisory Board and member of the Audit Committee

Alexandre WALEWSKI	
Date of 1st appointment to TOUAX SCA and mandates fulfilled	Director from 1966 to 30 June 2005 Chief Executive Officer from July 1977 to December 1997 Member of the Supervisory Board since June 30, 2005 Chairman of the Supervisory Board since September 29, 2005
Expiry of term of office as member of the Supervisory Board	Period of two years with effect from the Ordinary General Meeting of 21 June 2017. Expiry at the Annual General Meeting called to approve the financial statements for the 2018 financial year.
Independent director	no Family relationship with the Managing Partners Holds almost 11.6% of the capital and 10.2% of the voting rights of TOUAX SCA and is part of the WALEWSKI concert
Member of a Committee	Chairman of the Audit Committee
Mini CV	Alexandre WALEWSKI was the manager of the Group for 20 years
Age:	84
Nationality:	French
Number of TOUAX shares held on 31 December 2017	814,854 shares
Mandates and positions held in any company during the 2017 financial year (other than TOUAX SCA)	None

Jérôme BETHBEZE – member of the Supervisory Board and member of the Audit Committee

Jerôme Bethbeze	
Date of 1st appointment to TOUAX SCA and mandates fulfilled	Director from June 28, 2004 to June 30, 2005 Member of the Supervisory Board since June 30, 2005
Expiry of term of office as member of the Supervisory Board	Period of three years with effect from the Ordinary General Meeting of 21 June 2017. Expiry at the Annual General Meeting called to approve the financial statements for the 2019 financial year.
Independent director	Yes
Member of a Committee	Member of the Audit Committee
Mini CV	Jérôme Bethbèze has gained financial expertise, thanks to over 25 years' experience working in financial institutions. For about twenty years he has carried out various management duties in the Quilvest group
Age:	55
Nationality:	French
Number of TOUAX shares held at December 31, 2017	417 shares
Mandates and positions held in any company during the 2017 financial year (other than TOUAX SCA)	Member of the Management Board and employee of Quilvest Banque Privée

François SOULET DE BRUGIERE, member of the Supervisory Board

François SOULET DE BRUGIERE	
Date of 1st appointment to TOUAX SCA and mandates fulfilled	Member of the Supervisory Board since June 18, 2008
Expiry of term of office as member of the Supervisory Board	Period of three years with effect from the Ordinary General Meeting of 21 June 2017. Expiry at the Annual General Meeting called to approve the financial statements for the 2019 financial year.
Independent director	Yes
Member of a Committee	No
Mini CV	François Soulet de Brugière has spent almost all his career in the shipping industry, and has very extensive knowledge of the issues in this sector.. He has also held management positions for very many years.
Age:	64
Nationality:	French
Number of TOUAX shares held at December 31, 2017	422 shares
Mandates and positions held in any company during the 2017 financial year (other than TOUAX SCA)	Chairman of the Supervisory Board of the Grand Port Maritime of Dunkirk (non salaried) Delegate chairman of the Union of Ports of France (non salaried) Member of the Superior Council of the Merchant Navy (UPF mandate - non salaried)

Marie FILIPPI, member of the Supervisory Board

Marie FILIPPI	
Date of 1st appointment to TOUAX SCA and mandates fulfilled	Member of the Supervisory Board since June 9, 2016
Expiry of term of office as member of the Supervisory Board	Period of one year with effect from the Ordinary General Meeting of 21 June 2017. Expiry at the Annual General Meeting of 20 June 2018 called to approve the financial statements for the 2016 financial year. That meeting will be asked to renew her term of office for a further three years.
Mini CV	For more than 25 years, Marie Filippi has acquired financial expertise in banking and financial institutions, both in France and the United Kingdom. She currently holds the position of Director General of Piasa. She also holds an MBA from HEC.
Age:	54
Nationality:	French
Number of TOUAX shares held at December 31, 2017	1,000 shares
Mandates and positions held in any company during the 2017 financial year (other than TOUAX SCA)	President of Octagones SAS Managing Director of Piasa SA Director of the SLGP PRIGEST PERLES SICAV - Swiss Life Private Banking

Sylvie PERRIN, member of the Supervisory Board

Sylvie PERRIN	
Date of 1st appointment to TOUAX SCA and mandates fulfilled	Member of the Supervisory Board since June 9, 2016
Expiry of term of office as member of the Supervisory Board	Period of two years with effect from the Ordinary General Meeting of 21 June 2017. Expiry at the Annual General Meeting called to approve the financial statements for the 2018 financial year.
Mini CV	Sylvie Perrin is a partner in the law firm De Gaulle Fleurance & Associés. She specialises in all areas related to project and asset financing. She has extensive experience in financing in the fields of renewable energy, rail and road transport and industrial infrastructure. She works on both French and international projects.
Age:	51 years
Nationality:	French
Number of TOUAX shares held at December 31, 2017	500 shares
Mandates and positions held in any company during the 2017 financial year (other than TOUAX SCA)	Partner of the firm De Gaulle Fleurance & Associés

Julie de GERMAY, member of the Supervisory Board

Julie de GERMAY	
Date of 1st appointment to TOUAX SCA and mandates fulfilled	Member of the Supervisory Board since June 21, 2017
Expiry of term of office as member of the Supervisory Board	Period of one year as of the Ordinary General Meeting of 21 of June 2017. Expiry at the Annual General Meeting of 20 June 2018 called to approve the financial statements for the 2016 financial year. That meeting will be asked to renew her term of office for a further three years.
Mini CV	After around 7 years experience in the advertising world, for the last 15 years, Julie de Germay has been managing a service structure that helps foreign customers to manage their Parisian heritage. She has also had more than 10 years experience in various investment holding companies (SMEs and industrial companies)
Age:	Age 46
Nationality:	French
Number of TOUAX shares held at December 31, 2017	250 shares
Mandates and positions held in any company during the 2017 financial year (other than TOUAX SCA)	Director of JBDC Member of the Supervisory Board of GYS Manager of the company House & Co. Executive Director of FNB 4

5. Annual general meetings

Participation in the Annual General Meetings is limited to the shareholders of TOUAX SCA, regardless of the number of shares that they hold. Articles 16 to 18 of the Articles of Association contain the provisions on the collective decisions of the general partners and the limited partners.

5.1. Shareholder credentials

Registered shareholders

Holders of registered shares do not have to carry out any formalities to prove that they are shareholders.

Holders of bearer shares

Holders of bearer shares must prove their ownership by requesting a certificate of shareholder status from their financial intermediary (bank or stockbroker which manages the securities account in which the TOUAX shares are registered). This certificate must be submitted together with an admission card to the TOUAX SCA legal department.

The shares must have been registered or the certificate submitted no later than midnight (Paris time) at least two working days before the date of the Annual General Meeting.

Proof of identity must be shown on entering the General Meeting.

5.2. Voting rights

Stockholders may exercise their voting rights in one of 4 ways:

- **by attending the Annual General Meeting in person:** an admission card must be requested from TOUAX SCA's legal department. If, however, this admission card is not received in time, holders of bearer shares may nevertheless attend the meeting provided that they present a certificate of shareholder status issued by the intermediary holding the account within the 3 days preceding the General Meeting;
- **giving proxy to the Chairman of the Meeting;**
- **giving proxy to any person of their choice** (spouse, partner with whom a civil solidarity pact has been concluded, another TOUAX SCA shareholder or any other physical person or legal entity of their choice);
- **by postal vote.**

For those unable to attend the General Meeting in person, a single form for postal or proxy voting is available to shareholders on request by registered letter with acknowledgement of receipt received at the registered office at least six days before the meeting.

To be valid this form must be filled in, signed, and have reached the registered office at least three days before the meeting. Owners of bearer shares must enclose their certificate of stockholder status with the form.

However, if the sale of securities takes place before 0.00 a.m. CET on the third working day preceding the Meeting, the company will invalidate or modify accordingly, depending on the case, the postal vote, the proxy, the admission card or the certificate of participation. For this purpose, the authorized intermediary holding the account will notify the company of the sale and give it the necessary information. If the shares are sold after that time, the certificate of shareholder status will remain valid, and the assignor's vote will be counted.

5.3. Delegations granted by the Annual General Meeting and used in 2017

The General Meeting of shareholders of 9 June 2016, with the unanimous agreement of the General Partners, delegated the following issue authorizations to the Management Board.

Description of authorisations	authorisation date	due date	authorised ceilings	use during 2017	total amount used
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with retention of preferential subscription rights	Combined General Meeting of 9 June 2016 (15th resolution)	8 August 2018	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	none
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with suppression of preferential subscription rights by offer to the public but with a priority time period	Combined General Meeting of 9 June 2016 (16th resolution)	8 August 2018	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	7 845 088 €
Increase the share capital resulting from excess demands	Combined General Meeting of 9 June 2016 (17th resolution)	8 August 2018	maximum of 15% of the initial issue	not used	1 176 760 €

(1) The ceiling of €20 is the maximum amount authorised for all capital increases in par value.

La Défense, March 28, 2018

Supervisory Board

28. RECENTLY RELEASED INFORMATION

28.1. PRESS RELEASE OF FEBRUARY 22, 2018

Annual consolidated revenue at €212 million

Stable leasing activity

Confirmation of an operating profit in 2017

REVENUE ANALYSIS

Revenue by type *(unaudited data, € thousands)*	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**TOTAL**	Q1 2016	Q2 2016	Q3 2016	Q4 2016	**TOTAL**
Leasing revenue (1)	38,498	37,820	34,414	35,371	**146,103**	36,130	35,202	36,648	39,132	**147,112**
Sales of equipment	15,070	31,123	5,679	13,954	**65,826**	22,538	17,623	17,585	27,802	**85,549**
Including sales to clients	*8,947*	*8,324*	*5,842*	*14,033*	*37,146*	*12,622*	*13,921*	*11,783*	*15,082*	*53,408*
Including sales to investors	*6,123*	*22,799*	*(163)*	*(79)*	*28,680*	*9,916*	*3,702*	*5,802*	*12,720*	*32,141*
Consolidated revenue	**53,568**	**68,943**	**40,093**	**49,325**	**211,929**	**58,668**	**52,825**	**54,233**	**66,934**	**232,660**

(1) Leasing revenue includes ancillary services.

Over the full 2017 financial year, consolidated revenue amounted to €211.9 million compared to €232.7 million in 2016, a decrease of 8.9% due to lower Shipping Container sales partially offset by higher Freight Railcar sales. At constant exchange rates, revenue decreased by 13.4% mainly due to the falling value of the US dollar.

Leasing revenue was stable at €146.1 million. The fall in Shipping Container activity mainly due to currency effects and a decreased managed fleet is offset by the increase in the River Barges and Freight Railcars leasing activities.

Customer sales were down at €37.1 million. Used container sales decreased in 2017 in a buoyant leasing market context with a 99% utilisation rate as few containers were available for sale.

Few investments and therefore syndications to investors were made in 2017 in the Shipping Containers division to focus on improving utilisation rates and the leasing of unused containers. Following the launch in 2017 of a special partnership with an investment fund in real assets, sales of freight railcars to investors rose by 177% in a favourable European market.

Analysis of the contribution of the 3 Group's divisions

Revenue by type *(unaudited data, € thousands)*	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**TOTAL**	Q1 2016	Q2 2016	Q3 2016	Q4 2016	**TOTAL**
Leasing revenue (1)	11,929	12,826	12,309	13,861	**50,925**	9,102	9,191	9,318	9,891	**37,501**
Sales of equipment	598	24,038	135	3,260	**28,031**	178	2,333	70	8,786	**11,368**
Including sales to clients	*434*	*1,139*	*135*	*3,260*	*4,969*	*178*	*2,333*	*70*	*469*	*3,051*
Including sales to investors	*164*	*22,899*			*23,063*				*8,317*	*8,317*
FREIGHT RAILCARS	**12,527**	**36,864**	**12,444**	**17,121**	**78,957**	**9,280**	**11,524**	**9,388**	**18,677**	**48,869**
Leasing revenue (1)	3,699	3,560	3,624	3,457	**14,341**	3,089	2,768	3,281	3,707	**12,846**
Sales of equipment	6	111	52	53	**222**	918	18	18	71	**1,024**
Including sales to clients	6	111	*52*	*53*	*222*	918	18	*18*	*71*	*1,024*
RIVER BARGES	**3,705**	**3,671**	**3,676**	**3,510**	**14,563**	**4,007**	**2,786**	**3,299**	**3,778**	**13,870**
Leasing revenue (1)	22,824	21,572	18,427	17,616	**80,439**	23,828	23,132	23,986	25,647	**96,594**
Sales of equipment	13,480	6,320	4,037	5,061	**28,898**	19,429	13,725	16,970	16,166	**66,290**
Including sales to clients	*7,520*	*6,420*	4,200	*5,140*	*23,281*	*9,513*	*10,023*	11,168	*11,762*	*42,466*
Including sales to investors	*5,960*	*(100)*	(163)	*(79)*	*5,618*	*9,916*	*3,702*	5,802	*4,403*	*23,824*
SHIPPING CONTAINERS	**36,304**	**27,892**	**22,464**	**22,678**	**109,337**	**43,257**	**36,857**	**40,956**	**41,813**	**162,884**
Leasing revenue (1)	45	(137)	54	436	**399**	111	111	62	(114)	**171**
Sales of equipment	987	653	*1,454*	5,579	**8,674**	2,013	1,547	*527*	2,780	**6,866**
Including sales to clients	*987*	*653*	*1,454*	*5,579*	*8,674*	*2,013*	*1,547*	*527*	*2,780*	*6,866*
MISCELLANEOUS AND UNALLOCATED	**1,032**	**516**	**1,508**	**6,016**	**9,073**	**2,124**	**1,658**	**589**	**2,666**	**7,037**
Consolidated revenue	**53,568**	**68,943**	**40,093**	**49,325**	**211,929**	**58,668**	**52,825**	**54,233**	**66,934**	**232,660**

(1) Leasing revenue includes ancillary services.

FREIGHT RAILCARS: The Freight Railcar activity that accounts for most of the Group's investments is the most significant contributor to EBITDA. Revenues for the Freight Railcars division increased by 61.6% from €48.9 million to €79 million at the end of December 2017, mainly due to higher leasing revenues and syndications to investors. Leasing revenues increased by €13.4 million (or +35.8%) to reach €50.9 million as of 31 December 2017 due to the full consolidation of an asset-holding subsidiary. At the end of December, the average utilisation rate rose in a growing market.

RIVER BARGES: Revenues for the River Barges division totalled €14.6 million, an increase of 5% thanks to improved activity on the Rhine and despite the lack of sales in 2017 compared to 2016.

Shipping containers: The Shipping Containers activity consists mainly of assets managed on behalf of third parties. The leasing market recovered strongly in 2017 with a utilisation rate of 99% at the end of 2017. Revenues in the Shipping Containers division decreased to €109.3 million mainly due to scope effects. Half of the fall in leasing revenues in 2017 is due to the falling value of the dollar while the other half is due to the decreased fleet. Sales are down in 2017 with a lower volume of used sales and the almost absence of syndication.

The retained activity of modular buildings sales in Africa grouped under "miscellaneous" shows an improvement in 4th quarter due to the completion of many projects started during the previous quarters.

OUTLOOK

Following the transfer of the modular building sale and leasing business in Europe and the United States for a combined disposal value of approximately €170 million, the Group is finalizing its strategic refocusing on its three transport equipment leasing activities in a favourable market environment. This sale will allow TOUAX to increase its investment capacity.

The **Freight Railcars** leasing activity in Europe and Asia continues to grow in line with the growth of trade and GDP in these two areas, allowing TOUAX to strengthen its partnership with real asset and infrastructure funds.

Demand for **River Barges** varies depending on the country, with low demand in South America, but increasing requirements in Europe.

With global GDP growth of 3.9% expected in 2018, the growth in world trade and hence demand for **Shipping Containers** should continue and promote the high leasing level of our equipment. In order to meet the needs of its customers in 2018, TOUAX plans to invest in shipping containers for its own account and in partnership with third-party investors.

TOUAX confirms an operating profit for the full year 2017.

28.2. Press release of March 28, 2018

Current operating income up 34% to €7.6 million

Net income includes losses from the discontinued operations and the depreciation of the goodwill of the Moroccan activity

Positive net income from retained operations excluding modular buildings

Debt reduction of €155.7 million, down by 46%

Main figures *(in € million - IFRS)*	**2017**	2016	Variation 2017-2016
Revenue	**211.9**	**232,7**	**-8.9 %**
including Freight railcars	79.0	48.9	61.6 %
River barges	14.6	13.9	5 %
Shipping containers	109.4	162.9	-32.9 %
Miscellaneous and unallocated	9.0	7.0	28.9 %
Gross operating margin - EBITDAR (1)	88.7	81.1	€+7.6 m
EBITDA (2)	26.9	23.2	€+3.6 m
Current operating income	7.6	5.6	€+2.0 m
Profit before tax	-8.5	-5.6	€-2.9 m
Consolidated net profit (loss) (Group's share)	**-18.0**	**-11.6**	**€-6.5 m**
Including income from retained operations excluding modular buildings	0.6	0.6	-
Including income from retained operations of the modular buildings	-5.9	-4.5	€-1.4 m
Including income from discontinued operations	-12.7	-7.7	€-5 m
Net earnings per share (€)	-2.58	-1.82	

Total non-current assets	307.8	503.9	€-196 m
Total assets	398.2	633.3	€-235.1 m
Total shareholders' equity	136.7	156.8	€-20.1 m
Net bank borrowing (3)	181.1	336.8	€-155.7 m
Operating cash flow	31.1	30.2	€+0.9 m
Loan to Value	54 %	60 %	

(1) the EBITDAR (earnings before interest taxes depreciation and amortization and rent) calculated by the Group corresponds to the operating income increased by depreciation charges and provisions for capital assets and distributions to investors

(2) EBITDA corresponds to the EBITDAR (€88.7 million) after deducting distributions to investors (€61.8 million)

(3) Including €132.5 million in non recourse debts at the end of December 2017

The consolidated accounts were approved by the Managing Partners on 27 March 2018 and were submitted to the Supervisory Board. The audit procedures on the consolidated accounts have been completed. The audit reports are in the process of being issued.

HIGHLIGHTS 2017

The year 2017 marks a refocusing on leasing of transportation equipment (freight railcars, river barges and shipping containers) with the sale of modular buildings activities in the United States on 2 November 2017 and in Europe on 8 December 2017. The sale of these activities enabled the Group to significantly reduce its debt down by 46%.

The profitability of leased transportation equipment rose in the year 2017 with increase in demand and utilization rates. This increase results in a decrease in operating expenses, particularly for storage.

The Modular Building activity in Morocco in partnership with a specialised investment fund in Africa has continued but goodwill has been impaired at 100%.

2017 RESULTS

Consolidated revenues for the year 2017 amounted to €211.9 million compared to €232.7 million in 2016, a decrease of 8.9%, due to a drop in sales of Shipping Containers, in part offset by higher sales of Freight Railcars.

EBITDAR reflects the performance of our business activities and all the assets managed by the Group. EBITDAR increased by €7.6 million to reach €88.7 million as a result of the improved profitability of equipment due to higher utilization rates.

EBITDA also increased by €3.6 million from €23.2 million in 2016 to €26.9 million in 2017, reflecting an increase in the number of owned railcars.

As a result, current operating income is up by 34% to €7.6 million, mainly driven by Freight Railcars and River Barges, with lower volumes in Shipping Containers.

Current income records the total impairment of goodwill (- €8.3 million) on the Modular Buildings activity in Morocco.

Net income for the year 2017 amounted to -€18 million, including a loss of €12.7 million from discontinued operations, a loss of €5.9 million from the modular buildings activity in Morocco (including -€4.2 million of the Group's share of impairment of goodwill) and a profit of €0.5 million from retained operations excluding Morocco.

Overall, the Group manages €1.2 billion of property assets, 33% of which are owned by the Group. TOUAX records more owned equipment, particularly in the Freight Railcars business.

The Group's net bank debt fell to €181.1 million compared to €336.8 million at the end of December 2016. Financial ratios improved with a Loan to Value ratio of 54% compared to 60% and a gearing (net debt/equity) of 1.32 compared to 2.15.

OUTLOOK

The markets for the three transportation equipment leasing businesses are well-oriented.

After a growth of 2.5% in European GDP in 2017, the economic climate continues to improve in 2018, creating an increase in rail transport needs, and therefore a demand for **freight railcars**. As the 4th biggest leaser in Europe, and the 2nd biggest provider of intermodal railcars for container transport, TOUAX Rail is well-positioned and expects higher leasing prices.

Leasing of **river barges** in Europe is still well oriented. Requirements for river barges are significant in France with infrastructure projects in Greater Paris and European growth is contributing to demand on the Rhine and the Danube. Only the South American market remains in overcapacity.

With growth in global GDP forecast to be 3.9% in 2018, demand for **shipping containers** is expected to remain strong and Touax Container is entering a new growth cycle of its fleet under management, allowing to resume its investments in 2018.

28.3. Presentation of outlook given during the SFAF meeting on 28 March 2018

The chapter 6 on the description of the activities, the paragraph 12.2 on known trends and section 1.2 of the management report (paragraph 26.1) on the foreseeable evolution of the activities are supplemented by the following information, presented on the occasion of the announcement of the Group's annual results.

In the short term, the Group hopes to improve its operating profitability and increase its EBITDA through:

- improved utilization rates and leasing rates in its Freight Railcar division;
- the growth in managed fleets for its 3 divisions;
- growth towards developing markets;
- additional financing by third-party investors and reinvestment of positive free cash flow.

In the medium term the Group also plans to obtain a significant global position in each division by strengthening its economies of scale:

- The objective of the Freight Railcars division is to grow to exceed 15,000 railcars under management, including 3,000 in Asia and 12,000 in Europe, in a context where there should be a significant market for the replacement of existing ageing stock;
- The objective of the River Barges division is to pursue selective investments on the Rhine and the Danube;
- The objective of the Shipping Containers division is to grow to reach a fleet of 600,000 containers.

29. DRAFT RESOLUTIONS AT THE GENERAL MEETING OF 20 JUNE 2018

On first notice of meeting, the Ordinary General Meeting can only validly proceed if the shareholders present in person or by proxy hold at least one fifth of the shares to which voting rights are attached. Motions pass by simple majority of votes cast.

FIRST RESOLUTION (APPROVAL OF THE FINANCIAL STATEMENTS FOR THE 2017 FINANCIAL YEAR)

The Annual General Meeting, having reviewed the report from the management Board, the reports from the Supervisory Board and the Statutory Auditors' report for the financial year ended 31 December 2017, approves the annual financial statements for the year ended 31 December 2017, as presented to it, showing a net book loss of €26,705,880.

The Annual General Meeting approves the expenses and charges not deductible from profits as specified in Article 39-4 of the General Tax Code amounting to €1,669, as well as a tax saving of €714,817 resulting from fiscal integration.

SECOND RESOLUTION (APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2017 FINANCIAL YEAR)

The Annual General Meeting, having reviewed the report from the Management Board, the reports from the Supervisory Board and the Statutory Auditors' report, approves the consolidated financial statements for the financial year ended 31 December 2017 as they have been presented and the transactions reflected in these accounts, showing a loss of €18,040,255 attributable to the Group.

THIRD RESOLUTION (DISCHARGE OF MANDATES)

The Annual General Meeting grants discharge to the Management Board, the Supervisory Board and the Statutory Auditors for the performance of their mandates for the 2017 financial year.

FOURTH RESOLUTION (ALLOCATION OF PROFIT)

The Annual General Meeting, approving the proposals of the Management Board, decides to allocate the profit as follows:

Résultat net de l'exercice clos le 31 décembre 2017	-26 705 880 €
Dotation à la réserve légale	
Affectation de la totalité de la perte au report à nouveau	-26 705 880 €
Rémunération statutaire des commandités prélevée sur la prime d'émission	268 672 €

In accordance with Article 243-bis of the General Tax Code, the General Meeting notes that the dividends distributed for the three previous financial years were as follows:

financial year concerned *(in €)*	payment date	statutory remuneration of general partners	dividend per share	number of shares remunerated	total of the distribution
2014	2 January 2015		0,50	5 876 528	2 938 264
2014	1 January 2015	400 017			400 017
2014 TOTAL			**0,50**		**3 338 281**
2015	1 July 2016	362 264			362 264
2015 TOTAL					**362 264**
2016	1 July 2017	441 448			441 448
2016 TOTAL					**441 448**

FIFTH RESOLUTION (REGULATED AGREEMENTS)

The Annual General Meeting, having taken note of the special report from the Statutory Auditors on the agreements referred to in Article L. 226-10 of the French Commercial Code, and the report from the Management Board, takes note of this report and approves the agreement described therein.

SIXTH RESOLUTION (FIXING OF ATTENDANCE FEES)

The Annual General Meeting sets the total amount of the annual attendance fees for the Supervisory Board at €63,000.

SEVENTH RESOLUTION (RENEWAL OF THE SUPERVISORY BOARD MEMBER'S MANDATE OF MRS. MARIE FILIPPI)

The Annual General Meeting, having considered the report from the Management Board, declaring that the term of office as member of the Supervisory Board of Mrs. Marie FILIPPI expires at the end of this Meeting, renews it for a period of three years. which will end at the end of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2020.

EIGHTH RESOLUTION (RENEWAL OF THE SUPERVISORY BOARD MEMBER'S MANDATE OF MRS. JULIE DE GERMAY)

The Annual General Meeting, having considered the report from the Management Board, declaring that the term of office as member of the Supervisory Board of Mrs. Julie de GERMAY expires at the end of this Meeting, renews it for a period of three years. which will end at the end of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2020.

NINTH RESOLUTION (AUTHORISATION OF A STOCK REDEMPTION SCHEME)

The Annual General Meeting, having considered the report from the Management Board, authorises the Management Board, in accordance with article L. 225-209 of the French Commercial Code, to acquire, on one or more occasions at the times determined by it, a number of shares representing up to 10% of the share capital under the following conditions:

Maximum purchase price per share: 25 €

Maximum amount (as an indication): 17,528,867 €

This maximum amount may be adjusted, if necessary, to take into account any capital increase or reduction operations that may occur during the period of the scheme.

In accordance with Article L. 225-210 of the French Commercial Code, the acquisition of company shares must not bring the shareholders' equity below the level of the capital plus non-distributable reserves.

These shares may be acquired, sold, transferred or exchanged, on one or more occasions, by any means, including where appropriate by mutual agreement, by block transfer or by use of derivatives, with a view to the realization of one or more purposes provided for by law, including:

- carrying out market making and ensuring the liquidity of the TOUAX SCA share through a liquidity agreement with an investment services provider acting independently, in accordance with the AMAFI Code of Practice recognised by the French Financial Markets Authority (AMF);
- granting stock options and/or granting bonus shares for the benefit of the employees and officers of the company and/or companies related to it as well as all allocations of shares under a company or group savings plan, in respect of sharing the company's profits and/or any other form of allocation of shares to employees and/or corporate officers of the group;
- granting coverage for securities that entitle the holder to receive shares in the partnership under the regulations currently in force;
- keeping the shares bought, and using them later for trading or as payment in possible corporate acquisitions, though the shares acquired for this purpose may not exceed 5% of the share capital; and/or
- to cancel them, pursuant to the 14th resolution of the Annual General Meeting on 20 June 2018.

For the first objective, the company shares will be bought on its behalf by an investment services provider acting under a liquidity agreement and in accordance with the AMAFI Code of Practice approved by the French Financial Markets Authority (AMF).

These transactions may be carried out at any time, including during a takeover bid, subject to the regulations in force.

This authorisation enters into effect upon its acceptance by the present General Meeting. It is granted for a period of 18 months. It cancels and replaces the authorisation granted by the Annual General Meeting of 21 June 2017, in its 21st resolution.

The General Meeting grants all powers to the Management Board or any person duly appointed thereby, to decide when to implement this authorisation and to determine its terms and conditions, and in particular to adjust the above purchase price in case of transactions that modify the shareholders' equity, the share capital or the par value of the shares, to place any orders on the stock exchange, conclude any agreements, make all declarations, carry out all formalities and in general do everything that is required.

On first notice of meeting, the Extraordinary General Meeting can only validly proceed if the shareholders present in person or by proxy hold at least a quarter of the shares to which voting rights are attached. It acts by a 2/3 majority of votes cast.

TENTH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD FOR THE PURPOSE OF ISSUING ORDINARY COMPANY SHARES AND SECURITIES GIVING ACCESS TO OTHER SECURITIES OF THE COMPANY TO ISSUE OR GIVING THE RIGHT TO THE ALLOCATION OF DEBT SECURITIES, WITH RETENTION OF PREFERENTIAL SUBSCRIPTION RIGHTS FOR THE SHAREHOLDERS, FOR A PERIOD OF 26 MONTHS)

The Annual General Meeting, having reviewed the report from the Management Board and the special report from the Statutory Auditors and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 228-92 of the French Commercial Code:

1) decides to confer to the Management Board the powers to decide, upon its sole deliberations, on the issuance, with retention of the preferential subscription right of the shareholders, on one or more occasions, in the proportions and at the times that it will assess, on the French and/or international market, either in euros, or in foreign currencies or in any other account unit established by reference to a set of currencies:

- ordinary shares, and/or
- equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, and/or
- more generally securities giving access to equity securities to be issued by the company or giving right to the allocation of debt securities,

of any kind whatsoever, whether in return for payment or free of charge, it being specified that the subscription of the shares and other securities may be made either in cash or by offsetting with certain, liquid and payable receivables.

In accordance with Article L. 228-93 of the French Commercial Code, the securities to be issued may give access to equity securities to be issued by the company and/or any company which directly or indirectly owns more than half of the capital or of which it directly or indirectly owns more than half of the capital.

2) Decides that the issue of preference shares and the issue of any securities giving access to preference shares is excluded from this delegation.

3) Decides that the maximum nominal amount of capital increases that may be carried out immediately and in the future pursuant to this delegation, is set at twenty million (20,000,000) euros, subject to the 12th resolution. To the above ceiling shall be added, where applicable, the nominal amount of the issues that may be required to preserve, in accordance with the law and, where appropriate, the contractual stipulations providing for other cases of adjustment, the rights of the holders of securities giving access to the capital of the company.

4) Decides that the shareholders will have, in proportion to the amount of their shares, a preferential subscription right to the securities that would be issued pursuant to this delegation.

5) Decides that the Management Board may establish, where applicable, a subscription right on a reducible basis, for new non-subscribed capital shares that the shareholders may exercise proportionately to the subscription rights available to them and, in any case, within the limits of their demands.

6) Decides that if subscriptions on an irreducible and, where applicable, reducible basis have not absorbed the entirety of an issue, the Management Board may use, under the conditions laid down by law and in the order that it will determine, one and/or the other faculties hereafter:

- freely distribute all or part of the non-subscribed securities for the benefit of the persons of their choice,
- offer to the public all or part of the non-subscribed securities, and/or
- limit the amount of subscriptions received as soon as they reach at least ¾ of the issue decided upon.

7) Notes that this delegation entails the express waiver by shareholders of their preferential subscription right to the new shares to which these securities entitle them to the benefit of the holders of the securities.

8) Gives all powers to the Management Board to decide and carry out the capital increase(s) that it deems appropriate and:

- determine the conditions of the issue (s), and in particular the forms and characteristics of the shares and/or securities, determine the amount to be issued within the limits referred to above, the issue price and the amount of the issue premium, set the dates of the opening and closing of subscriptions,
- record the realisation of these capital increases and to amend the Articles of Association accordingly,
- charge, on its sole initiative, the costs of the capital increases to the amount of the premiums related thereto and deduct from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, to undertake what is required in such a matter, and
- more generally to take all measures, to conclude all agreements, to carry out all necessary formalities and to take the necessary steps to attain and successfully complete the issues envisaged under this delegation.

This delegation is given for a period of 26 months from the date of this Meeting, it cancels and replaces the authorisation given by the Annual General Meeting of 9 June 2016 in its 15th resolution.

ELEVENTH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD FOR THE PURPOSE OF ISSUING ORDINARY COMPANY SHARES AND SECURITIES GIVING ACCESS TO OTHER CAPITAL SHARES OF THE COMPANY TO ISSUE OR GIVING THE RIGHT TO THE ALLOCATION OF DEBT SECURITIES, BY WAY OF A PUBLIC OFFER, WITH REMOVAL OF PREFERENTIAL SUBSCRIPTION RIGHTS FOR THE SHAREHOLDERS, BUT WITH A MANDATORY SUBSCRIPTION PRIORITY TIME PERIOD, FOR A PERIOD OF 26 MONTHS)

The Annual General Meeting, having reviewed the report from the Management Board and the special report from the Statutory Auditors and noted that the capital is fully paid-up, in accordance with the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 and L. 228-92 of the French Commercial Code:

1) decides to confer to the Management Board the powers to decide, upon its sole deliberations, on the issuance, on one or more occasions, in the proportions and at the times that it will assess, on the French and/or international market, either in euros, or in foreign currencies or in any other account unit established by reference to a set of currencies:

- ordinary shares, and/or
- equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, and/or
- more generally securities giving access to equity securities to be issued by the company,

of any kind whatsoever, whether in return for payment or free of charge, it being specified that the subscription of the shares and other securities may be made either in cash or by offsetting with certain, liquid and payable receivables.

2) Decides that the issue of preference shares and the issue of any securities giving access to preference shares is excluded from this delegation.

3) Decides that the total nominal amount of capital increases that may be carried out immediately and in the future under this delegation is set at twenty million (20,000,000) euros subject to the 12th resolution, it being specified that the nominal amount of the shares that may be issued under this delegation will be deducted from the ceiling referred to in the 10th resolution. To the above ceiling shall be added, where applicable, the nominal amount of the issues that may be required to preserve, in accordance with the law and, where appropriate, the contractual stipulations providing for other cases of adjustment, the rights of the holders of securities giving access to the capital of the company.

4) Decides to cancel the shareholders' preferential subscription right to ordinary shares and securities giving access to the capital and/or debt securities that are the subject of this resolution.

5) Decides to grant shareholders a mandatory subscription priority time period for all such issues, not giving rise to the creation of negotiable rights, exercisable in proportion to the number of shares held by each shareholder and, where applicable, on a reducible basis, and consequently delegates to the Management Board the power to set the duration and the terms thereof in accordance with the legal and regulatory provisions.

6) Notes that this delegation entails the express waiver by shareholders of their preferential subscription right to the new shares to which these securities entitle them to the benefit of the holders of the securities.

7) Decides that

- the issue price of the equity securities will be at least equal to the minimum price provided for by the legal and regulatory provisions applicable on the day of setting the issue price.
- The issue price of other securities shall be such that the amount received immediately by the company, plus any additional fees that may be collected by the company, is, for each share issued as a result of the issue of these securities, at least equal to the issue price defined in the previous paragraph.

8) Decides that in the event of insufficient subscriptions, the Management Board may use, under the conditions set out by law and in the order in which it determines, one or both of the following powers:

- freely distribute all or part of the non-subscribed securities for the benefit of the persons of their choice,
- offer to the public all or part of the non-subscribed securities, and/or
- limit the amount of subscriptions received as soon as they reach at least ¾ of the issue decided upon when the primary security is a share.

9) Gives all powers to the Management Board to decide and carry out the issue(s) of shares or securities which it deems appropriate, and in particular:

- determine the conditions of the issue(s), and in particular the forms and characteristics of the shares and/or securities, determine the amount to be issued within the limits referred to above, the issue price and the amount of the issue premium, set the dates of the opening and closing of subscriptions,
- record the realisation of these capital increases and amend the Articles of Association accordingly,
- make any adjustments to take into account the impact of the transaction on the capital of the company and set the terms and conditions under which the preservation of the rights of the holders of financial securities ultimately giving access to the share

capital will be ensured in accordance with the provisions of the applicable laws and regulations and, where appropriate, contractual stipulations providing for other adjustments,

- charge, on its sole initiative, the costs of the capital increases to the amount of the premiums related thereto and deduct from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, to undertake what is required in such a matter, and
- more generally to take all measures, to conclude all agreements, to carry out all necessary formalities and to take the necessary steps to attain and successfully complete the issues envisaged under this delegation.

It is specified that the Management Board may, in the context of the implementation of this delegation, modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities.

This delegation is given for a period of 26 months from the date of this Meeting, it cancels and replaces the authorisation given by the Annual General Meeting of 9 June 2016 in its 16th resolution.

TWELFTH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD FOR THE PURPOSE OF ISSUING ORDINARY COMPANY SHARES AND SECURITIES GIVING ACCESS TO OTHER SECURITIES OF THE COMPANY TO ISSUE OR GIVING THE RIGHT TO THE ALLOCATION OF DEBT SECURITIES, IN THE CASE OF EXCESS DEMAND, FOR A PERIOD OF 26 MONTHS)

The Annual General Meeting, having reviewed the report from the Management Board and the special report from the Statutory Auditors and ruling in compliance with the provisions of Articles L. 225-135-1 of the French Commercial Code, authorises the Management Board to decide, within the time and within the limits provided for by the law and regulations applicable on the day of the issue (to date, within thirty days of the closing of the subscription, within the limit of 15% of the initial issue and at the same price as that used for the initial issue), for each of the issues decided pursuant to the 10th and 11th resolutions, to increase the number of securities to be issued, subject to compliance with the ceiling provided for in the resolution pursuant to which the issue is decided.

This delegation is given for a period of 26 months with effect from the date of this Meeting.

THIRTEENTH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD FOR THE PURPOSE OF ISSUING SHARES FOR THE BENEFIT OF THE GROUP'S EMPLOYEES, WITH CANCELLATION OF THE PREFERENTIAL SUBSCRIPTION RIGHT, FOR A PERIOD OF 26 MONTHS)

The Annual General Meeting, having considered the report of the Management Board and the special report of the Statutory Auditors, ruling under Articles L.3332-18 to 3332-24 of the Labour Code and Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code:

1) Delegates to the Management Board its competence to proceed, on one or more occasions, under the conditions set out in Article L. 3332-18 et seq. of the French Labour Code, an increase in the share capital in cash of up to €600,000 reserved for employees of the company and its related companies who, under the terms of Article L. 225-180 of the French Commercial Code, members of a company savings plan;

2) Decides that this delegation is granted for a period of twenty-six months from today;

3) Decides that the total number of shares that may be subscribed by the employees may not exceed 3% of the share capital on the day of the Management Board's decision, this amount being independent of any other ceiling on the delegation of capital;

4) Decides that the subscription price of the shares will be set in accordance with the provisions of Article L. 3332-19 et seq. of the Labour Code;

5) Grants the Management Board full powers to implement the present authorisation and, to that end:

- to set the number of new shares to be issued and the vesting date;
- to set the issue price for the new shares, having considered the special report of the Statutory Auditors; and to set the deadlines for employees to exercise their rights;
- to decide when and how the new shares shall be freed of restrictions;
- to record the corresponding capital increase(s), and to amend the Articles of Association accordingly;
- to complete all necessary transactions and formalities entailed by the capital increase(s).

This authorisation shall also constitute the existing shareholders’ express waiver of their right of first refusal to the shares to be issued, in favour of the above employees.

FOURTEENTH RESOLUTION (AUTHORISATION TO BE GIVEN TO THE MANAGEMENT BOARD IN ORDER TO CANCEL ALL OR PART OF THE SHARES PURCHASED BY THE COMPANY UNDER THE PROVISIONS OF ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE, FOR A PERIOD OF 24 MONTHS)

The Annual General Meeting, having considered the report of the Management Board and the report of the Statutory Auditors and pursuant to Article L. 225-209 of the Commercial Code,

1) authorises the Management Board, for a period of twenty-four months from this Annual General Meeting, to reduce the share capital on one or more occasions, by a maximum of 10% of the share capital, calculated on the day of the cancellation, per period of twenty-four months, by cancelling some or all of the treasury shares acquired under the stock redemption programme adopted by the company's shareholders at, before or after the present General Meeting;

2) authorises the Management Board to allocate the difference between the repurchase price of the cancelled shares and their par value at the time of cancellation, to the premiums and free reserves;

3) gives all powers to the Management Board to determine the terms and conditions of the cancellation(s), in order to amend, where appropriate, the Company's statutes, make any declarations, carry out any other formalities, and in general do anything necessary.

This authorisation enters into effect upon its acceptance by the present General Meeting. It cancels and replaces the authorisation granted by the Annual General Meeting of 21 June 2017, in its 6th resolution.

FIFTEENTH RESOLUTION (POWERS)

The General Meeting grants all powers to the bearer of a copy or extract of the minutes of the present General Meeting in order to carry out the legal and statutory formalities.

30. INCLUSION BY REFERENCE

In accordance with Article 28 of Commission Regulation EC 809/2004 implementing the “Prospectus” Directive 2003/71/EC, the following documents are included by reference in this document submitted on 18 April 2018:

- the reference document for the financial year ended 31 December 2015, submitted on 14 April 2016 under reference number D16-0339, and
- the reference document for the financial year ended 31 December 2016, submitted on 7 April 2017 under reference number D.17-0344.

31. GLOSSARY

River barge: non-motorized metallic flat-bottomed vessel used to transport goods by river.

Shipping container: standard sized metallic freight container.

Modular building: building made of standard elements (modules), installed unmodified at a site by stacking and/or juxtaposition.

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization. The EBITDA used by the Group corresponds to current operating income restated for allowances for depreciation and provisions for fixed assets.

EBITDAR: Earnings Before Interests, Tax, Depreciation, Amortization and Rent.

EVP (Equivalent vingt pieds): see TEU.

Operational leasing: unlike financial leasing, operational leasing does not transfer almost all the risks and benefits of the asset’s ownership to the lessee.

Pool: equipment grouping.

Pusher, push-tug: motorized vessel used to push river barges.

TEU (Twenty Foot Equivalent Unit): Twenty Foot Equivalent Unit - measurement unit for containers This unit may be physical (one 40’ container is the equivalent of two 20’ containers) or financial (the price of a 40’ container is equal to 1.6 times the price of a 20’ container). The measurement unit used in this report is the physical unit (TEU), unless otherwise indicated (financial unit = CEU). A 20-foot container is worth 1 TEU and a 40-foot container counts for 2 TEUs.

Intermodal transport: the carriage of goods using more than one means of transport, integrated over long distances and in the same container.

Freight railcar: Railcar used to transport goods.

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The present reference document was submitted to the French Financial Markets Authority (AMF) on 18 April 2018 in accordance with Article 212-13 of its General Regulations. It can be used in support of a financial transaction if it is completed by a short form prospectus certified by the French Financial Markets Authority. This document was drawn up by the issuer and the signatories accept liability for its content.

Copies of this reference document are available, free of charge, from TOUAX SCA, Tour Franklin – 23rd floor – 100-101 Terrasse Boieldieu – 92042 La Défense cedex, FRANCE, as well as on the TOUAX Internet site: www.touax.com and on the website of the French Financial Markets Authority (www.amf-france.org).