HIGHLIGHTS 2018

Touax®

TOUAX BY YOUR SIDE

2nd in
Europe on the
intermodal market

FREIGHT RAILCARS
10,938 platforms

1st in Europe
and South America

RIVER BARGES
99

2nd in Europe
3rd in the world
in asset management

CONTAINERS
463,741
TEU

For 165 years, Touax has been offering tailor-made solutions for leasing and selling transport equipment. With environmentally-responsible solutions at the heart of global trade flows, Touax continually adapts to its market and its customers, enabling it to play the role of operator in its own right, agile and outsider.

262
employees

€154.5 million
of revenues

€1.2 bn
assets under
management

80%
recurring leasing
revenues

RAPHAËL
WALEWSKI
Managing Partner

FABRICE
WALEWSKI
Managing Partner

We initiated the strategic refocusing centred on our 3 long-standing transport equipment leasing business.

“

We are delighted to be playing an active role in the growth of three environmentally-friendly transport modes.

Fabrice Walewski

“

We are rebuilding a sustainable base of profitability.

Raphaël Walewski

In 2018, we initiated the strategic refocusing of the Touax group in its 3 long-standing transport equipment leasing businesses. Among the successful projects we have shared, special mention must go to:

• the signing of major financing contracts worth over $150M with our banking and investor partners to support our clients in their development projects;

• the leasing of more than 25,000 new containers to our predominantly Asian and European customers, and the development of our new and used container trading activities;

• the growth of our fleet of freight railcars leased in Europe and Asia, the strengthening of our Fleet Management department at our offices in Hamburg and Paris to further increase the quality of our maintenance services, and the launch of our first connected e-railcars in Europe;

• the launch of a new river barge production program to be leased to our major customers working on the Greater Paris site in France, or for biomass transport on the Rhine.

The current growth of GDP and world trade favours our businesses and those of our customers.

We are also very happy to contribute to the renewal, development and flexibilisation of transport infrastructure. We are therefore playing an active role in the growth of three environmentally-friendly transport modes (rail, river and intermodal).

We thank our customers, our partners and suppliers, and all the Touax teams for their loyalty, their total commitment alongside us, and for all the success we have shared in recent years.

CUSTOMER SATISFACTION AND A RETURN TO PROFITABILITY

“

What is our vision for the Touax group?

- To be one of the leading companies in the world for the leasing of standardised transport equipment. Today, we are the European leader in two of our 3 businesses.
- To play a proud part in the provision of transport equipment needed for sustainable development and global trade.
- To be present in dynamic and profitable markets, innovating our leasing services and our products, with a reputation for operational excellence and always in close proximity to our customers.
- To make Touax a strong brand.
- To place the development of our teams at the heart of the group's development.

“

What is our operational strategy for the next few years?

The focus of our operational strategy is to increase customer satisfaction and continue to improve our profitability through:
- increased utilisation rates and leasing rates (particularly in the freight railcar business);
- the growth of our revenues with the increase of fleets under management (by choosing the types of assets which correspond to the needs of our clients, and by linking ourselves to Infrastructure funds, and third-party investors to finance them);
- continue international growth (in particular for our container business already present on five continents, and on the railcar leasing business in Asia);
- develop our services related to leasing (trading of new and used equipment, third-party asset management, sale & lease back contracts, etc.);
- significantly increase the value of our 51% stake in Morocco's leading manufacturer of modular buildings, taking advantage of the high potential of Africa (Touax Group's remaining activity in modular building).

“

What were our greatest successes in 2018?

We have increased our profitability with a return to an increased operating income.

Our utilisation rates are rising significantly, and we are starting to raise our leasing rates, particularly in the Freight Railcar business.

We have successfully launched a Lean Management process, which has optimised our costs and increased the quality of our services.

We have signed major financing contracts worth over $150M with our banking and investor partners enabling us to support our clients in their development projects.

“

What are our strengths to succeed?

We are counting on our strong and highly competent teams that have shown an ability to adapt and respond in recent years. These teams are very present internationally and in close proximity to our customers.

We also rely on our worldwide marketing network, which enables an agility that is extremely valued by our clients.

We prioritise long-lasting relationships built on trust with our clients and partners.

We also benefit from a diversified service offering covering most of our clients' requirements.

We have launched a "Change Management" project called "Cobra" which takes the name of our activities (Container-Barges-Railcars-Asset Management) to transform the group and achieve operational excellence in order to fully satisfy our clients, and target sustainable and profitable growth.

The group has also created a new M&A role to give itself the means to develop through external growth and to associate equity partners in the development of our activities.

For sustainable growth and performance

Tuned in to global market trends, Touax pursues a profitable development policy, which relies in particular on a diversified offer, renowned expertise in each of its businesses and a long-standing relationship of trust with its stakeholders. Mindful of environmental issues,the Group places sustainable development at the heart of its innovation policy and the management of its operations.

PRODUCTS

FREIGHT RAILCARS

RIVER BARGES

CONTAINERS

OPPORTUNITIES

MARKET SIZE
€145 bm sustained by constant flows in world trades

THREE LEVERS
More economical
More ecological
More flexible

NEED FOR ANNUAL INVESTMENT
Containers
€7 bn
Railcars
€1 bn
Barges
€450 m

ASSETS

TOUAX ADVANTAGES

A dense 1st level global network

Renowned dominant positions

A long-standing relationship built on trust with our customers and partners

A diversified offer that covers all customers' requirements

Commercial agility

PROPOSITION OF VALUE

Quality of the product and the service

Reliability

80%
Leasing revenues are recurring

Diversification in the markets = balanced risk

SPECIFIC CHARACTERISTICS OF OUR BUSINESS

Standardised and mobile equipment

Eco-compatibility with the fight against global warming

Long-life assets 30-50 years

Long-term contracts of 3-6 years

Low level of obsolescence of equipment

High residual value of equipment

FREIGHT RAILCARS

The satisfaction of our customers is at the very heart of what we do

A comprehensive service for leasing, sale and maintenance of freight railcars. Touax Rail provides leasing contracts including maintenance services.
The expertise that Touax Rail has in its management of railway maintenance and safety is recognised by our clients. We have been providing these services for long-standing rail operators for several years now.

Touax Rail manages a diversified range of freight railcars: intermodal railcars (containers, swap bodies), car-carrier railcars, coil carriers (steel coils), sliding wall railcars (palletised products), hopper and powder railcars (cement, cereals).

In 2018, the European market for rail freight transport experienced general growth, particularly in the intermodal segment (+1.7% tonnes (tk) combined with a rail transport market share that increased to 17%), the automotive segment (+2.3% tk combined with a rail transport market share of 18%) and that of building materials (+0.9% tk).

These increases are reflected in the increase in our average European utilisation rate to 84.9% in 2018, up +3% compared to last year.

To meet the demand of our customers, we have redesigned our organisation around a "fleet management" service with the aim of improving our service offer, to provide greater responsiveness and efficiency and therefore improve the satisfaction of our customers. Alongside this, and for the same purpose, we have begun to equip our railcars with a GPS system to improve maintenance management and its cost.

SPECIFIC CHARACTERISTICS

ISO 9001 - 2015 for the leasing and maintenance of freight railcars

ECM: certified Entity in Charge of Maintenance

OUTLOOK

Touax Rail offers its leasing services in three main areas: in Europe through offices located in Ireland (Western Europe area) complemented by a network of agents covering all of Europe, including the United Kingdom, in the United States and in Asia in partnership with a local operator.
Given the need for railcar fleet renewal and the demand of our clients, our ambition is to continue our growth in Europe and Asia based on a process of continuous improvement and by prioritising the satisfaction of our customers.

10,938
platforms
(8,647 freight railcars)

2nd
leasing company in Europe, for intermodal railcars Europe, United States and Asia

70
railway operators, industrial companies and logistics providers

RIVER BARGES

An exclusive and tailor-made offer

With more than 165 years' experience in river transport, Touax River Barges develops innovative and exclusive solutions for leasing and sales of assets for manufacturers and logistics operators across the world's largest basins.
We bring added value by providing a tailor-made service offer.

We offer our customers complete expertise in the river transport sector:

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

2018 was marked by a demand recovery in Europe supported by long-term infrastructure projects (Greater Paris site and development of biomass power plants).

UNIQUE INTERNATIONAL PRESENCE

Touax River Barges has an extensive geographic presence across the world's main river basins:

- **in Europe:** on the Seine in France, on the Rhine, and the Main in the North and on the Danube in the Centre;
- **in North America:** on the Mississippi and Missouri;
- **in South America:** on the Paraná-Paraguay river that crosses Uruguay, Argentina, Paraguay and Bolivia.

PRESTIGIOUS CUSTOMERS

Logistics operators:
NAVROM-TTS, MILLER, RHENUS, P&O MARITIME SERVICES, ATRIA LOGISTICS...

Industrialists:
CEMEX, ARCELOR-MITAL, YARA, BUNGE, ADM, TOTAL...

SPECIFIC CHARACTERISTICS

Touax offers turnkey-delivered river assets across its business areas.

OUTLOOK

River transport, besides its environmental and cost benefits, helps to clear road networks (1 convoy of 24 barges in the United States is equal to 2,200 lorries).
In 2019, Touax will continue its selective investments on the Rhine and the Seine.

99
barges

Leading
operational lessor in Europe and in South America (dry bulk barges)

246,000 tonnes
of freight transport capacity

3 times less
CO_2 consumption than by road

CONTAINERS

A leading business partner

Touax Global Container Solutions contributes to the global growth of its customers through value-added solutions for the leasing, sale and trading of new and used containers. Thanks to the flexibility and proximity of our operational platform, we are a leading business partner for our customers and suppliers.

In 2018, we renewed with growth through investments in new containers exceeding $50 million.

We have strengthened our commercial partnership with our customers and expanded our panel of financial partners.

We maintained a utilisation rate of over 98% throughout the year, thanks to the favourable market environment and our long-term contracts representing 85% of our fleet.

We increased our used container sales volumes starting in the second half of the year with an increased returns by shipping companies of used containers that have reached the age limit for sea transport.

In addition to our long-standing equipment, standard dry containers, we began trading in refrigerated containers.

Lastly, we consolidated our new and used container trading activity in Europe, North America, Asia and South America. After 3-4 years of growth, we are now considered as an important and reliable operator in the trading of containers.

EXPANSION OF SERVICES

In 2019, 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 containerised products for logistics and storage markets.

SPECIFIC CHARACTERISTICS

Leasing, sale and trading

New and used dry and refrigerated containers

OUTLOOK

A FAVOURABLE ENVIRONMENT FOR CONTAINER LESSORS

With a demand for new containers estimated at around 8% of the current fleet, equal to 3.5M TEU, shipping companies, focused on their strategic assets, will continue to rely on leasing companies for their long-term container needs. We will be consolidating our objective to invest and renew our fleet in 2019.

30 years
of experience

463,741
containers (TEU) under management

200
depots throughout the world

99%
utilisation rate

+1,000
customers

ASSET MANAGEMENT

Investment in real assets managed by Touax

The Touax Group enables qualified investors and professional investors seeking diversification to invest directly or indirectly, in leased transportation assets, offering them regular yields.

An investment in real assets has several characteristics for investors:

- potential protection against inflation, with real asset values showing a strong correlation with inflation;
- diversification with regard to traditional investments (stocks and bonds);
- generally low volatility, as these asset categories are usually less exposed to speculation in the financial markets and benefit from a long leasing term (3-6 years);
- an attractive yield, as yields on financial assets (stocks, bonds) are currently low;
- a stable leasing revenue flow, while maximising a residual value that can be significant.

DIVERSIFIED INVESTORS

Among the current qualified and professional investors are a range of profiles, including family offices, wealth managers, insurance companies and financial institutions, foundations, businesses and infrastructure funds.

AN ORGANISATION DEDICATED TO MANAGEMENT FOR THIRD PARTIES

Touax has dedicated a specific team enabling investors to become a part of investment opportunities in containers, railcars and barges.

Touax's Asset Management team is constantly looking for opportunities to leverage all the Group's skills, knowledge and experience.

Our team has a solid understanding of the legal, business and technical aspects of the assets, as well as the characteristics of each market.

It also relies on operational divisions and their strong expertise and skills.

This includes asset lifecycle management, from negotiations with factories to initial leasing and renewals with end customers, and asset disposal at the end of their useful life.

SPECIFIC CHARACTERISTICS

Mobile and standardised asset management with low risk of obsolescence and useful life between 15 and 50 years

DISCLAIMER

Any investment in real assets presents potential risks associated with geopolitical issues and the 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 Registration Document. Any investment involves a high level of risk, and a poor performance may affect the overall return on an 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.

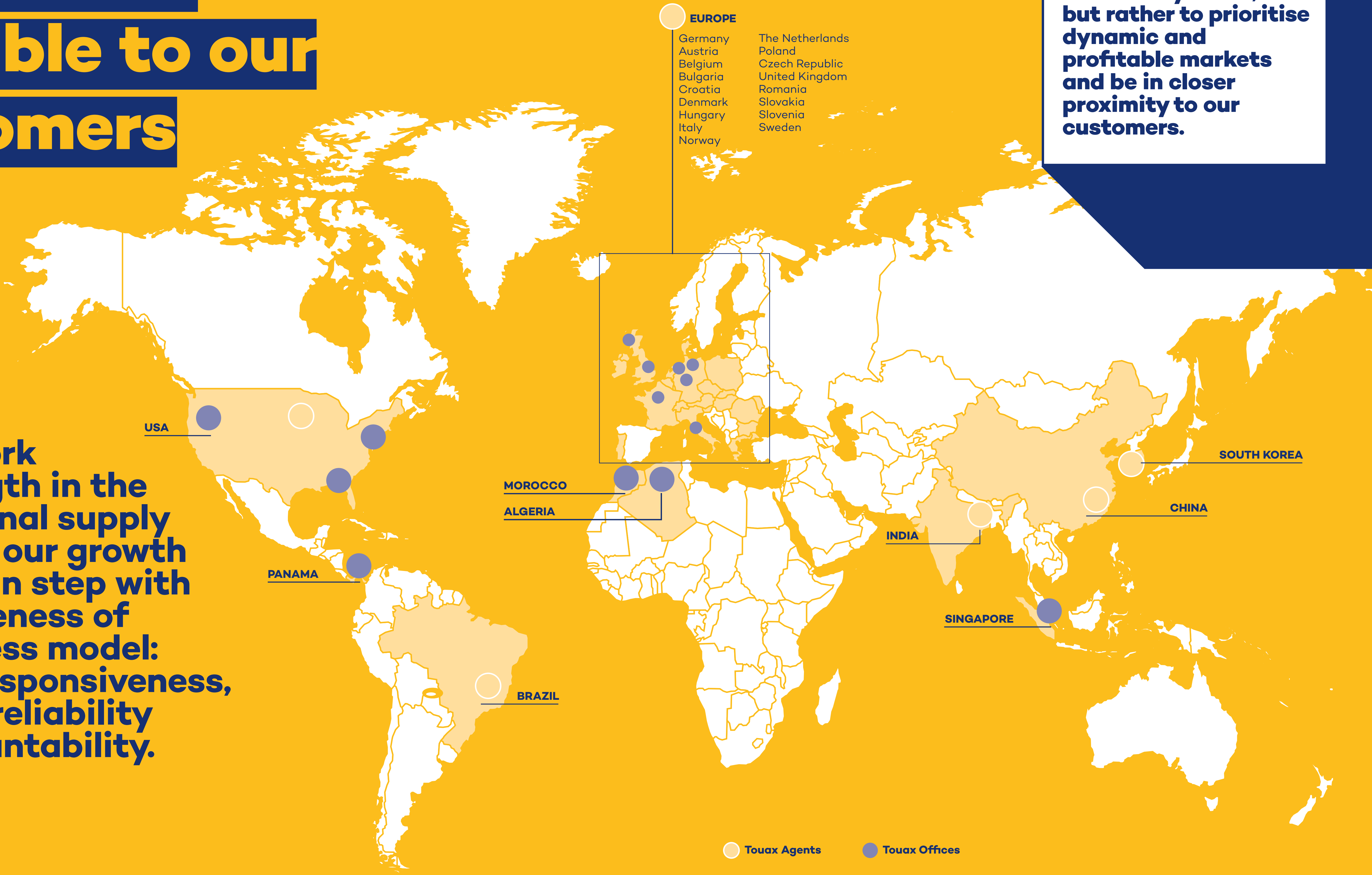
+20 years
in the management of real assets on behalf of investors

1.2
billion euros of assets under management at end of December 2018, of which
800 million euros was for third parties.

As close as possible to our customers

“Our objective is not to be everywhere, but rather to prioritise dynamic and profitable markets and be in closer proximity to our customers.

Our network is a strength in the international supply chain and our growth is always in step with the uniqueness of our business model: service, responsiveness, integrity, reliability and accountability.



A structure specifically adapted to the principles of good governance

Touax SCA is a partnership limited by shares under French law.
The law and the specific characteristics of its statutes provide for:

- 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 indefinite responsibility of the general partners, which is testament to the balance that has been established between strong 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.

Management Board

The company is managed and administered by two Managing Partners, Fabrice and Raphaël COLONNA WALEWSKI.

Partners

There are two categories of partner:
- the limited partners: these are the shareholders;
- the general partners: these are [Société Holding de Gestion et de Participation and Société Holding de Gestion et de Location] two companies belonging to Fabrice and Raphaël COLONNA WALEWSKI respectively.

Audit Committee

3 meetings in 2018, 100% attendance

The Supervisory Board has set up a specialised committee to provide technical and critical support to directors for the monitoring of the company's accounting and financial policy, composed of 2 members:
- Alexandre COLONNA WALEWSKI (Chair until 17 December 2018)
- Jérôme BETHBEZE, Chair (since 17 December 2018)

Supervisory Board

50% women

4 meetings in 2018, 100% attendance

80% independent members

- Alexandre COLONNA WALEWSKI, Chair
- Jérôme BETHBEZE (independent)
- Marie FILIPPI (independent)
- Julie de GERMAY (independent)
- Sylvie PERRIN (independent)
- François SOULET DE BRUGIERE (independent)

Executive committee

Ensures the effective management and steering of the Group through regular meetings, generally held twice a month. Financial committee meetings of a technical nature are also held among certain members of the committee.

FABRICE WALEWSKI
Managing Partner

RAPHAËL WALEWSKI
Managing Partner

DIDIER BACON
Managing Director of the River Barges division

JÉRÔME LE GAVRIAN
Managing Director of the Freight Railcars division

MARCO POGGIO
Managing Director of the Containers Division

STEPHEN PONAK
Managing Director Asset Management

THIERRY SCHMIDT DE LA BRÉLIE
Managing Director Administration and Finance

TORSTEN WOLF
Managing Director Strategy and M&A

Since 2015, Touax has chosen to refer to the rules of governance recommended by the Middlenext Governance Code for Small and Midcaps*

The Middlenext Code contains points of vigilance that serve as a reminder of the questions that the Supervisory Board should ask itself in order to promote the sound workings of active governance that is both embodied by and a vehicle for a project adapted to the reality of each company, to give it the means to be competitive and efficient, and based on clear and lasting principles.

It stresses the importance of exemplary duty that should guide shareholders, board members and managers and clarify their role.

The company has adopted ethics guidelines inspired by the Middlenext anti-corruption Code of conduct (this code refers to the United Nations Convention against corruption and focuses on combating all forms of corruption).

This charter is an integral part of the company's internal regulations and is published on the company website http://www.touax.com/en_value.html
It has been sent to all French employees and has been translated and distributed to all foreign entities.

In particular, the guidelines promote "responsibility towards the environment" and calls on each employee to:

- 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 this 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.

It helps to make employees aware of discriminatory practices and to prevent this type of behaviour as much as possible, as well as the ethical choice of suppliers.

Finally, it includes several preventive chapters (subject of gifts and invitations, corruption, conflicts of interest ...) and gives recommendations for the ethical behaviour to adopt in these situations.

* In its latest version of September 2016 available on **www.middlenext.com**.

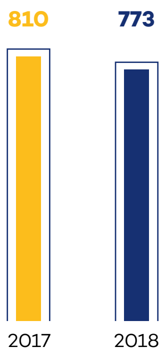
Key figures

EVOLUTION OF THE MANAGED FLEETS
(in € millions)

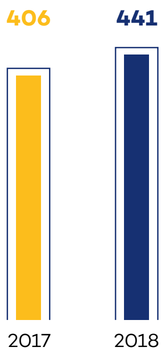
1,214

1,216 in 2017

Assets owned by investors
(in € millions)



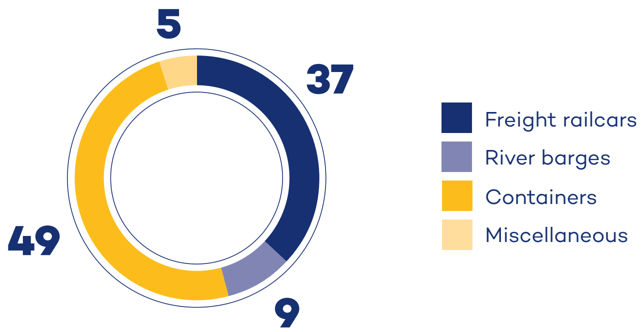
Assets owned by the Group
(in € millions)



REVENUES FROM ACTIVITIES 2018
(in € millions)

154.5

DISTRIBUTION OF REVENUE BY ACTIVITY ON 31 DECEMBER 2018
(as a percentage)



CURRENT OPERATING INCOME
(in € millions)

8

7.6 in 2017

EBITDA
(in € millions)

25.7

26.9 in 2017

TOTAL BALANCE SHEET AT 31/12/2018
(in € millions)

439

LOAN TO VALUE
(as a percentage)

52

54 in 2017

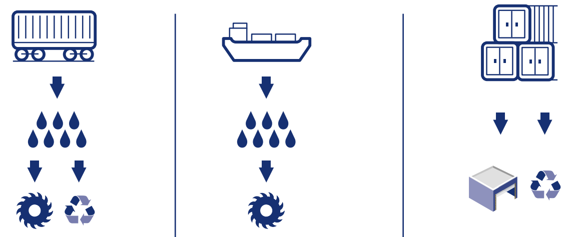
Our environmental approach

TOUAX contributes to the development of alternative forms of transport to road transport with its Freight Railcar, River Barge and Container businesses.

A calculator has been established to measure the reduction in CO_2 emissions on the www.ecotransit.org website.

Our road-using customers were asked to compare their CO_2 emissions according to their road-use and tonnes transported. Thanks to the equipment leased by TOUAX, customers can achieve significant reductions in CO_2 emissions that they can measure in an efficient way.

AT THE END OF THE LIFE CYCLE



All railcars no longer in use are either sold, or scrapped, then recycled.

Barges are cleaned, dismantled and deconstructed (in other words, broken into pieces) by approved companies. The steel (scrap metal) is resold and melted down in blast furnaces.

Containers are sold on the secondary market for multiple uses (transport, storage, transformation into housing, spare parts, etc.) or recycled, which is easy given the large amount of steel that they are made up of.

Touax also supports the search for technical solutions (particularly within professional associations) for the development of environmentally-friendly components used in the manufacture of equipment.

In addition, Touax ensures that its equipment is maintained in good condition by periodic revisions (thanks in particular to the thirty or so maintenance workshops certified for Touax maintenance regulations, with the Railcar Division being ECM-certified (Entity in Charge of Maintenance) since December 2011).

Employees

262
employees all over the world
at 31/12/2018

It should be noted that, due to its international nature, the Group welcomes numerous different cultures and nationalities within the various French entities.
We firmly believe in the values of diversity and consider that it is a key asset for the energy and evolution of the Touax Group. The diverse origins of our Collaborators stimulate creativity and allow us to better understand our customers.

Shareholders & investors

COMPANY FILE

- **ISIN code:** FR0000033003
- **Mnemonic code:** TOUP
- **Listing stock exchange:** NYSE Euronext
- **Market:** Euronext Paris - Compartment C
- **Activity sector:** Transport Services
- **PEA/SRD Eligibility:** Yes/No
- **Indices:** CAC INDUSTRIALS, CAC MID&SMALL, CAC SMALL, ENT PEA-PME 150
- **Share price 2018 :**
  - highest = €12.40
  - lowest = €4.26

FIRST LISTING:

7 May 1906

NUMBER OF SHARES:

7,011,547

SHARE PRICE:

€4.88

at 31 December 2018

AGENDA

15 MAY 2019
Revenue from activities 1st quarter 2019

24 JUNE 2019
General Meeting of Shareholders

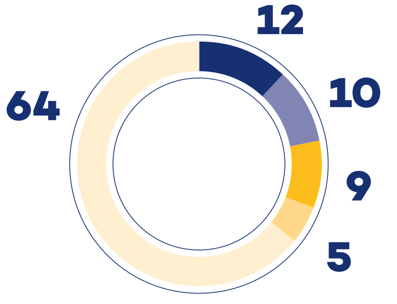
11 SEPTEMBER 2019
2019 half-yearly results
SFAF Presentation

12 SEPTEMBER 2019
Half-year results conference call

15 NOVEMBER 2019
Revenue from activities 3rd quarter 2019

SHAREHOLDING STRUCTURE AT 31/12/2018

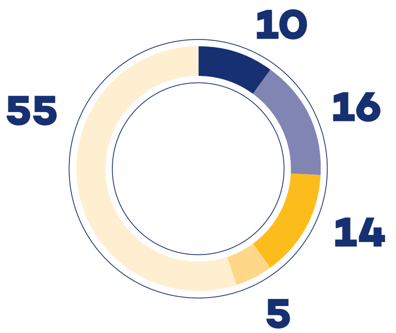
(in percentage ownership of capital)



- Alexandre COLONNA WALEWSKI
- Société Holding de Gestion et de Participation (Fabrice COLONNA WALEWSKI)
- Société Holding de Gestion et de Location (Raphaël COLONNA WALEWSKI)
- City Financial Absolute Equity Fund (OEIC)
- Floating

BREAKDOWN OF VOTING RIGHTS AT 31/12/2018

(as a percentage)



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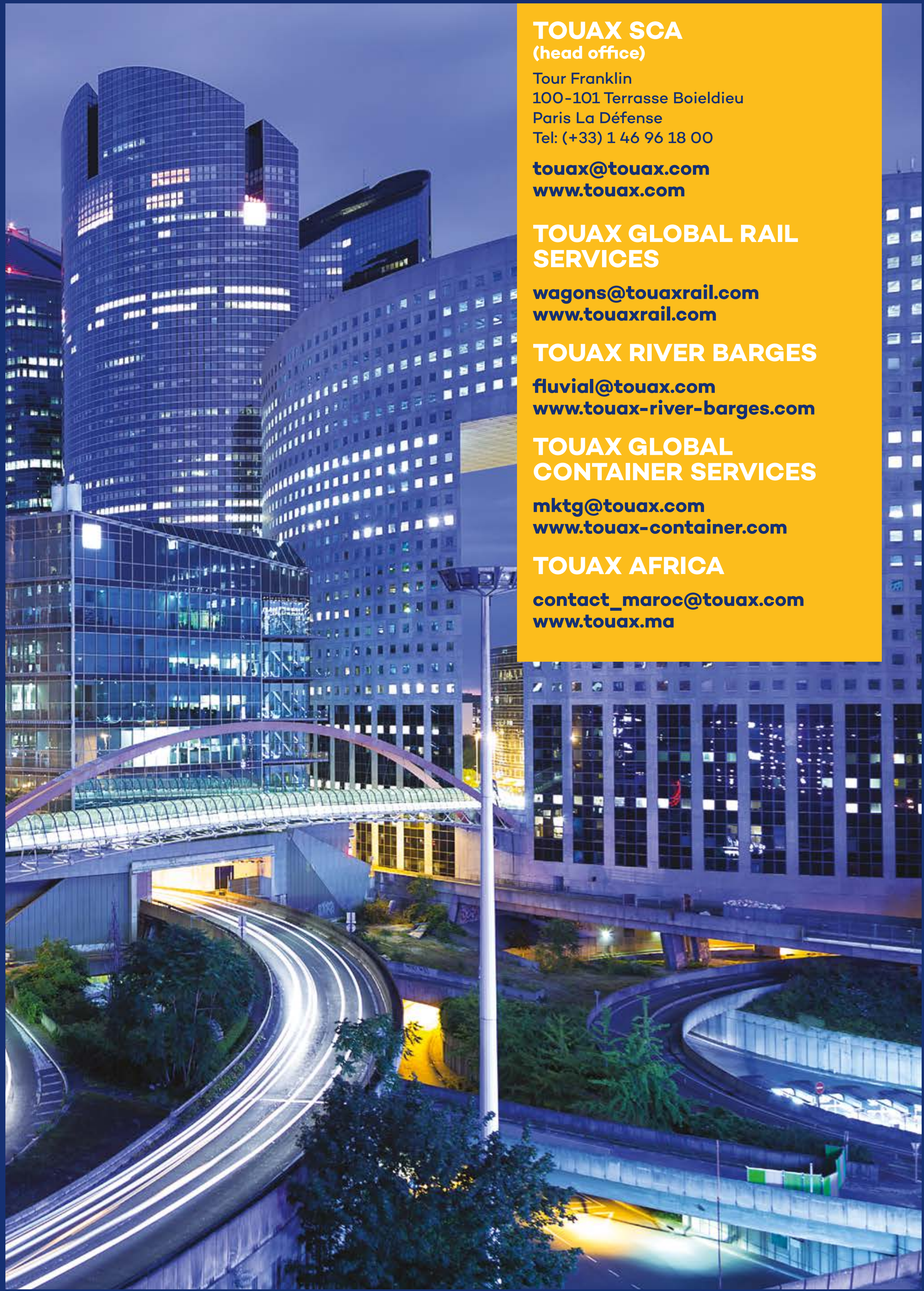

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Touax®

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CONTENTS

1. PERSONS RESPONSIBLE

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

Fabrice and Raphaël Walewski, Managing Partners

1.2. DECLARATION OF THE PERSONS RESPONSIBLE FOR THE REGISTRATION 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 registration 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 146 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 2018 is described in the statutory auditors' reports, starting on page 129 of this document, as well as those incorporated as a reference for the 2017 and 2016 financial years. »

12 April 2019

Fabrice and Raphaël WALEWSKI

Managing Partners

2. STATUTORY AUDITORS

2.1. STATUTORY AUDITOR DETAILS

	Date first appointed	Mandate expiry
Principal Statutory Auditors		
DELOITTE & Associés Represented by Mr. Jean-François VIAT 6, place de la Pyramide 92908 Paris La Défense CEDEX	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 application of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the European and US Modular Buildings businesses are presented as discontinued operations as of 31 December 2017.

The application of IFRS 15 "Revenue from contracts with customers", which came into effect on 1 January 2018, led the Group not to continue to present the syndications (sales of equipment to investors) as revenue but to record only the syndication commission in income and then record as revenue only the commissions from sales of used equipment belonging to the investors to customers instead of the gross amount of these sales, since the standard deems us to be an agent for these transactions. This has no impact on the net result. The 2017 financial statements have been restated accordingly. The Group has applied the retrospective method.

Key figures of the consolidated income statement

(in thousands of euros)	**2018**	2017*
Leasing revenues	134 540	146 103
Sales of equipment	18 749	20 944
Revenues	153 289	167 047
Fees on syndication	997	1 122
Capital gains or losses on disposals unrelated to recurring activities	255	1 482
Revenue from activities	154 541	169 651
EBITDAR (EBITDA before distribution to investors) (1)	83 100	88 653
EBITDA after distribution to investors) (1)	25 697	26 866
Operating income	8 112	920
Group share of net income	(4 158)	(18 040)
of which net income from continuing activities	*(3 203)*	*(5 390)*
of which net income from discontinued activities	*(955)*	*(12 650)*
Net income per share (Euro)	(0,59)	(2,58)

(1) EBITDA corresponds to current operating income restated for allowances for depreciation and provisions for fixed assets

(*) Amounts restated in accordance with the application of IFRS 15 "Revenue from Contracts with Customers"

Key figures of the consolidated balance sheet

(in thousands of euros)	**2018**	2017
Total assets	439 404	398 197
Gross fixed assets (1)	399 582	395 903
Net ROI (2)	6,43%	6,79%
Total non-current assets	307 611	307 752
Shareholders' equity attributable to owners of the Group's parent company	105 057	112 696
Total shareholders' equity	129 114	136 693
Minority interests	24 057	23 997
Gross debt	225 516	210 921
Net debt (3)	195 455	181 059

(1) Gross fixedassets exclude capital gains from intra-group disposals.
(2) Net Return on Investment: corresponds to EBITDA divided by gross fixed assets.
(3) Net debt corresponds to 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 146.

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* of 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 following 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 the French Commercial Code. 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 139.

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 have a significant negative impact on 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 freight railcars, river barges and containers is linked to changes in traffic resulting from freight and goods transportation, as well as the total traffic generated by transport. 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, or the establishment of customs barriers 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 freight railcars and shipping containers) 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 2018, the European and world economy continued its fast-paced growth. 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 have a significant negative impact on our business, operating results, cash flows and financial situation.

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

For the financial year to 31 December 2018, we generated 97% of our revenues outside France through transactions in numerous countries and across five continents. Our presence in many countries and our day-to-day international operations mean we bear the risks associated with these, and weigh heavily on our operations abroad and our international strategy.

For instance, we are subject to constantly changing and complex laws and regulations which govern, among other things, employment, 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, restrictive fiscal policies and transfer restrictions;
- threats that our operations or property could be subject to nationalisation and expropriation;
- difficulties enforcing contractual rights or foreclosing to obtain the return of our assets in certain jurisdictions;
- bad debts and longer collection cycles in some foreign countries;
- ineffective or delayed implementation of appropriate controls, policies, and processes across our diverse operations and for our employees; and
- nationalisation 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 them to offer equipment to customers at lower leasing rates or prices than ours.

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. Price competition in our Freight Railcars, River Barges and Shipping Containers leasing businesses, together with other forms of competition, may substantially damage our business, our operating results and our financial situation.

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 equipment availability, quality, service, reliability, appearance, functionality and delivery conditions, but price remains the first factor of competition.

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 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, the choice of a different transport type, availability of substitutes, the development or postponement of infrastructure projects 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 in higher-demand locations in lieu of leasing containers or railcars to meet this demand;
- consolidation or decrease in the number of equipment lessees in the shipping container, freight railcar and river barge 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 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 leasing 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 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 under-used equipment in stock, particularly storage costs, and we may not be able to successfully store this equipment in a cost-effective 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 2018. 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 reduce our ability to expand our fleet, which could harm our business, operational results and financial situation. We believe our Freight Railcars activity 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, we could experience significant supply shortages.

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 can be slowed down or interrupted if a supplier of raw materials, intermediate products or components encounters technical or financial difficulties or when we notice stock or supply shortages.

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. While leasing rates in the shipping container leasing industry had 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, these have been increasing since 2017. 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 leasing rates or resale value for all equipment could harm our business, our operating results and financial situation, even if this sustained reduction in price also allows us to purchase new equipment at a lower cost. Since 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 rates and selling prices of second-hand equipment. We cannot predict whether these trends will continue in the medium 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 2018, our leasing revenues represented 87% of our total income from operations, while 12% came from the sale of equipment.

For the year ended 31 December 2018, the three largest customers of each of our freight railcars, river barges and shipping containers leasing businesses (excluding third-party investors) accounted for approximately 8%, 7% and 31%, respectively, of our total leasing revenues. 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 repossession 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 divisions depend primarily on our activity as a lessor of equipment to shipping companies and railway and logistics companies. 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 encourage them to select ownership over 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 customers and other sellers with a view to reselling them. 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. 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 or occupational health and safety regulations or engages in wilful misconduct or other criminal acts while at a work site or on a customer’s premises within the scope of 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 significant amount of equipment in our fleet and it faces a number of ownership-linked 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 2018, we owned 69% of our fleet of freight railcars and 11% 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 2018, 68% 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 2018, one of the investors accounted for 7.3% of our total revenues. 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. 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 176.

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 be more competitive. 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 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. 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.The departure of the United Kingdom of Great Britain and Northern Ireland from the European Union could have a negative impact on our activities

The departure of the United Kingdom from the European Union presents many uncertainties. The departure terms are still unknown and the economic impacts for the European Union and the United Kingdom are uncertain. Several scenarios remain possible with very different consequences. For example, it is likely that growth in the United Kingdom will be strongly affected for many years by this departure. It is also possible that the growth of the European Union decreases with more restrictive trade with the United Kingdom. The United Kingdom's relations with the rest of the world will also be put under duress as the United Kingdom re-establishes agreements with all the countries with which it trades. The decline in trade between the United Kingdom and the European Union, between the United Kingdom and the rest of the world and the decline in domestic consumption within the United Kingdom may have a negative impact on our business and our financial situation. Uncertainty regarding future demand for our products in the United Kingdom, in the European union and worldwide could cause us to maintain excess equipment stocks and increase our capital expenditures beyond that which is necessary. In addition, the economic consequences of the departure of the United Kingdom from the European Union could generate volatility in the exchange rate of the British pound. This volatility could have a negative impact on our business, financial situation, operational results and cash flow. 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. A fall in demand can lead to lower profitability given the long life of these assets. We cannot guarantee that our strategic investment decisions based on our forecasts of demand will prove to be wise and that we will be able to apply our asset utilisation optimisation strategy entirely or in accordance with our plans, which could lead to a negative impact on our business, financial situation, operational results and cash flow.

4.3.21. 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.

4.3.22. We operate in many jurisdictions with highly complex and variable tax regimes, and any changes to 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.

4.3.23. The fair market value of our long-term 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. The profitability of the assets is measured by a homogeneous group of assets and mainly by asset category. 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 are booked at either book value or fair value (depending on which is the lowest), minus selling costs.

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.

4.3.24. Our information technology systems may fail to perform their functions adequately or malfunction

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.

4.3.25. 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 raw materials, especially steel, which represents the main component of freight railcars, river barges, shipping containers and modular buildings. 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. 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 low demand. A failure to pass on such increased operating costs would have an adverse effect on our business, results of operations and financial condition.

4.3.26. We are subject to risks associated with employment disruptions, particularly with our businesses that employ unionised labour, as well as changes in employment 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.

The employment law applicable to our company in certain countries may be particularly strict. 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 33.3 page 108. The list of principal borrowing containing specific clauses and commitments is mentioned in note 25.3 page 104 and note 32 page 108 of the notes to the consolidated financial statements.

4.4.2. Interest rate and currency exchange 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. In fact, variable rate loans, which, after taking into account hedging instruments, represent 19.3% 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 33.4 page 109.

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 33.5 of the notes to the consolidated financial statements, page 110.

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. Accounting impacts may exist for companies whose main operational flows are carried out in a currency other than the currency of the company's accounting reporting.

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, exposure to currency exchange risk is mainly due to fluctuations in the US dollar, sterling and, to a lesser extent, the Moroccan dirham against the Euro. Based on the results for the year ended 31 December 2018, the Group estimates that a 10% decrease in the exchange rate of the US dollar against the Euro would result in a 0.88% fall 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 potentially 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 33.6 page 112.

- **Risk of dilution for shareholders**

The Group's strategy is based on the growth and development of various 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.

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 33.3 page 108.

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 their 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 civil liability insurance.

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 Container 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 INVESTMENT 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 January 1 and ends on December 31.

- Share capital

On 31 December 2018 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

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5.1.5. Historical background

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.

During 2018, a continuous improvement program ("CIP") was set up as well as a new organisation for the freight railcar activity in order to continually improve the quality of our service and the satisfaction of our customers. We have undertaken €110 million of asset refinancing, issued a €16.6 million Euro Private Placement, syndicated €24 million of assets to third-party investors and signed an investment agreement of $80 million with an infrastructure fund.

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 2018, 64% 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 2018, the share of assets owned by the Group had slightly increased compared with 2017. The investment strategy for each division is described in the paragraph "Procurement of our fleet" on page 48 for Freight Railcars, page 51 for River Barges and page 56 for Shipping Containers.

The Group is keen to pursue growth by increasing the amount of new equipment on long-term lease agreements. In 2019, the Group will prioritise 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 corresponds to the notion of *Return on Equity* or profitability of shareholders' equity 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 2018, the breakdown of managed assets stood at 36% owned equipment and 64% 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 has 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 utilisation rates. However, investors continued to show an interest in assets managed by the Group, which has made it possible to sign new management schemes for railcars and containers.

5.2.2. Major investments in productive assets in progress

On 31 January 2019, orders and investments in productive assets from third parties paid since the beginning of the year 2019 amounted to approximately €0.8 million.

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

5.2.3. Firm investment commitments in productive assets

On 31 December 2018, orders and firm investments in productive assets from third parties amounted to €14.2 million, including €12.7 million in railcars and €1.5 million in shipping containers.

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 2018. 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:

(in thousands of euros)	2018		2017	
	Owned by the Group*	investors outside the Group	Owned by the Group*	investors outside the Group
Freight railcars	281 655	125 276	276 919	135 087
River Barges (1)	73 165	10 215	75 608	10 215
Shipping Containers	78 180	637 528	44 848	665 064
Modular Buildings	8 075		8 401	
TOTAL	**441 075**	**773 019**	**405 776**	**810 366**

* 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 35.1 of the Notes to the consolidated financial statements page 112.

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 manager of containers, and one of the largest lessors of 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.

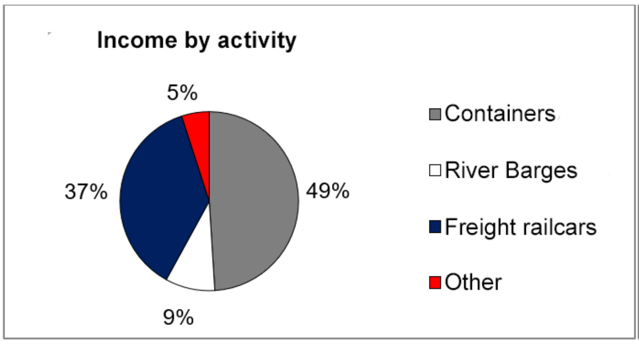
We offer a wide range of services related to our equipment, which we either own or manage for the account of third-party investors, to a variety of customers around the world, providing us with diverse and recurring revenue streams. In addition to operational leasing of equipment, we engage in financial 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.

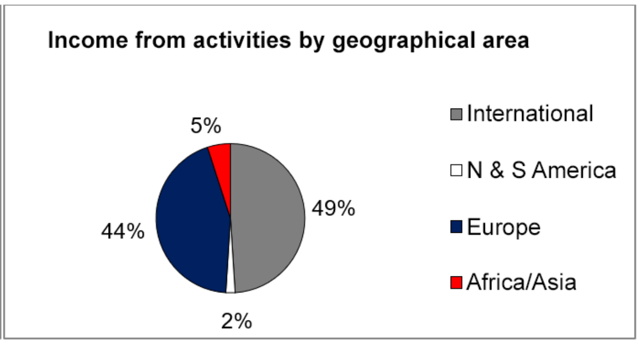
We operate a global and highly diversified business model, with 3 divisions operating in a total of approximately 40 countries on 5 continents. Our Shipping Container division revenues, which we consider to be international in nature, accounted for 49% of our total revenues for the year ended 31 December 2018. Our other two activities generated 44% of our total revenues in Europe (of which 3% was in France), 2% in the Americas and 5% in Africa/Asia. Other activities account for 5% of the revenues achieved in Africa.

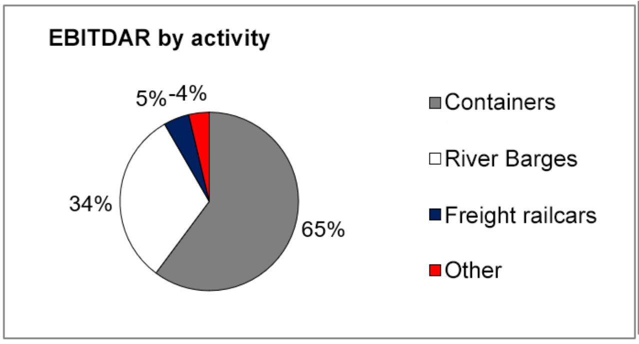
Over the years we have developed an extensive platform comprising a global network of branches, offices and depots, as well as a first-rate reputation enabling us to build long-term relationships with our customers. We serve several thousand customers worldwide in a vast range of end-markets, including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

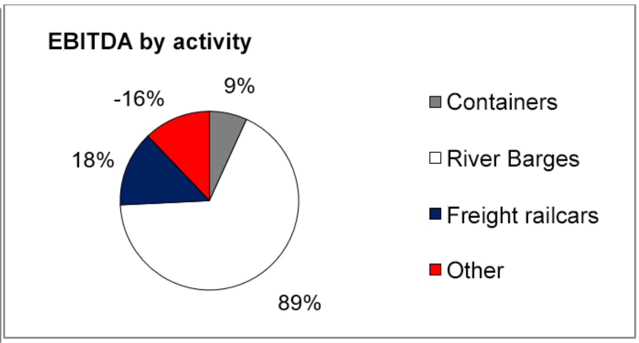
At the end of December 2018, income from our activities stood at €154.5 million, our EBITDAR (EBITDA before distributions to investors) at €83.1 million and EBITDA at €25.7 million.

Set forth below is a breakdown of our income by activity and by geographical area as well as our EBITDAR and EBITDA by activity at the end of December 2018:

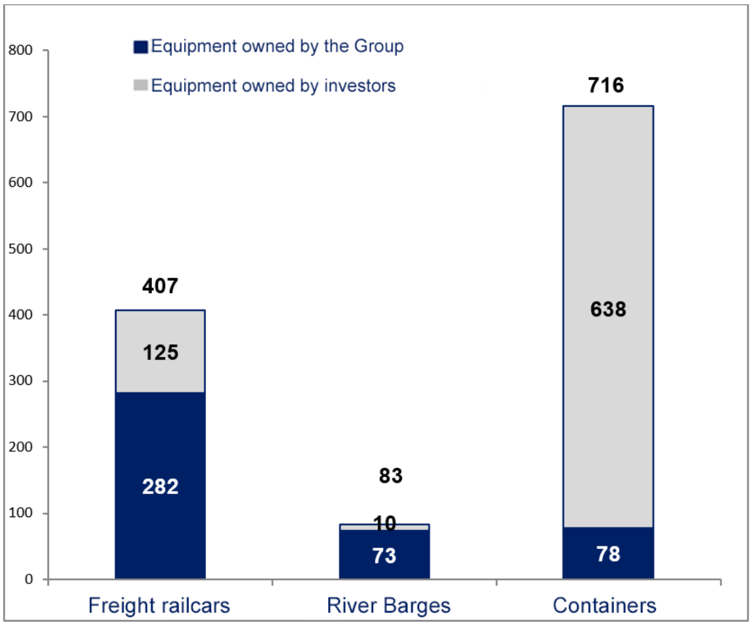








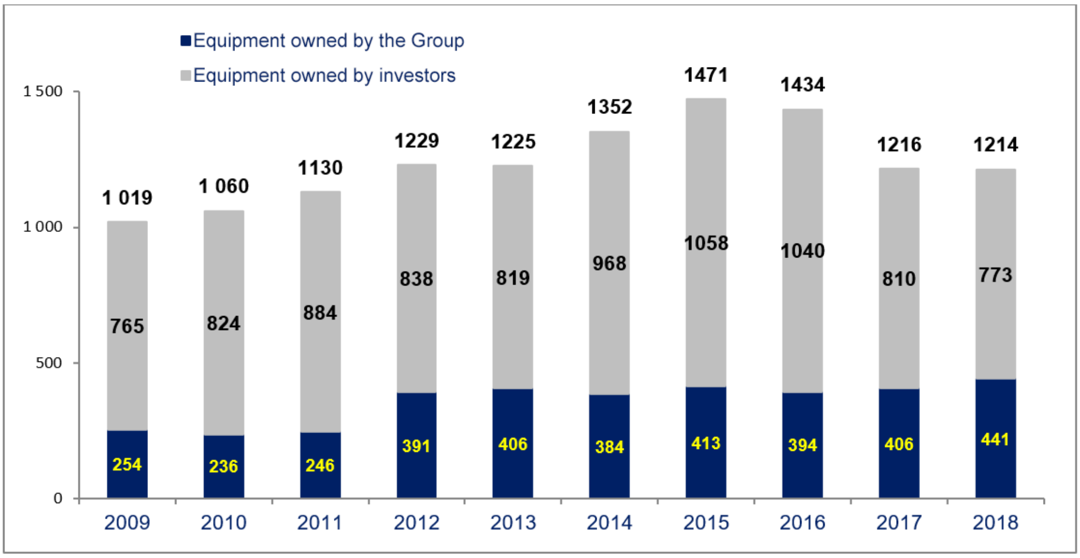
On 31 December 2018, we manage a fleet of assets with a total gross book value of approximately €1.2 billion, which are either directly owned by us or managed on behalf of third-party investors. This fleet includes 9,434 freight railcars (platforms) of which 31% are managed on behalf of third-party investors, 99 river barges and 463,741 twenty-foot equivalent shipping containers (TEUs), 89% 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 leasing revenue attributable to the managed portfolio. As of 31 December 2018, our third-party investors owned 64% of the total gross book value of our leasing fleet.

The breakdown in terms of gross book value of our total fleet from the end of 2009 to the end of 2018 (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 9,434 units (platforms) representing a gross book value of approximately €407 million as of 31 December 2018, of which 31% 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 99 river barges, representing a gross book value of approximately €83 million as of 31 December 2018.

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. Our shipping container fleet totalled 463,741 TEU, representing a gross book value of approximately €716 million as of 31 December 2018, of which 89% consisted of shipping containers that we managed on behalf of third-party investors.

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 a unique and 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 types of 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 2018, our top 10 customers (excluding investors in our asset management programs) represented 47% of our total revenues.

Our operations are geographically diverse. Our shipping container revenues, which we consider to be international in nature, accounted for 49% of our total revenues at the end of December 2018. Our other divisions generated 44% of our total revenues in Europe (of which 3% was in France), 2% in the N & S America and 5% 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 2018 a total gross book value of approximately €1.2 billion (of which 36% 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 2018, the average age of our fleet of freight railcars, river barges and shipping containers was 20.4 years, 13.7 years and 9.5 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 (up to 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. Since 2008, we have consistently maintained a ratio of total debt to total assets (excluding intangible assets) below 70% with a ratio of 52% as of 31 December 2018.

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 driven by global economic growth and growth in international trade volumes as well as the need for annual renewal of transportation equipment. Through our geographically diversified operations, we benefit from the macroeconomic growth of advanced, developing and emerging economies. The need for equipment renewal is particularly significant. We estimate that we have an annual requirement of 2 million 20-foot equivalent containers (for a market value of $4 billion) and 14,000 European railcars (for a market value of €1.4 billion).

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. The average age of our fleet was 20.4 years at the end of 2018.

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 focused our efforts in markets showing good outlooks in Europe and potential growth in terms of demand. The South American market remains sluggish and has no prospects for improvement in the short term.

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 leases 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 years 2017 and 2018 were marked by a strong demand for shipping containers. We believe that this trend will continue for the year 2019, with the need for renewal remaining in any case very significant.

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 targeted by our 3 divisions. The WALEWSKI family is our principal shareholder. As of 31 December 2018, members of the WALEWSKI family, Alexandre, Raphaël and Fabrice WALEWSKI, jointly owned approximately 31.42% 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 expertise and unique platforms to continue to stand out from our competitors and to continue to grow our 3 activities. 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 utilisation rate of the existing fleet that we manage as well as leasing rates.

Consolidate our leading positions in mature markets

In mature markets, 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 in-depth business expertise, our top quality platform and our worldwide presence. For our other 2 divisions, we are developing our processes to minimise equipment downtime during revisions and therefore enable our customers to optimise their use at a higher level than our competitors' equipment. Maintenance services are also an essential element of our strategy to stand out from our competitors in the Freight Railcars and the River Barges divisions.

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 the monitoring and sharing of information about our equipment to our customers via the Internet, as well as online restitution services.

Improve utilisation 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. The disposal of the European and US modular building activities led to significant debt reduction by the Group in 2017, reducing total net debt by €155.7 million to €181.1 million on 31 December 2017. At the end of 2018, net debt amounted to €195 million and gross debt €225 million, bearing in mind that the Group's balance sheet held assets intended for sale to investors in 2019. EBITDA stood at €25.7 million in 2018 compared to €26.9 million in 2017.

**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 2018, the Group created syndications in the Freight Railcar and Shipping Container activities and we hope to increase syndications in both activities in 2019.

Grow our activities 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 6 to 11 of this registration document with the addition of the management report on page 146.

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 67. A presentation of the outlook given at the meeting of the French Society of Financial Analysts (SFAF) on 28 March 2019 is provided in section 28.3 page 205.

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: Continental Europe mainly, India and to a lesser extent the United States.

Europe

The European market for freight railcar leasing was estimated to be worth approximately €590 million in 2016. The European railcar leasing market has a total fleet of approximately 750,000 railcars in 2016, with an average age of approximately 23 years, according to a third-party market research firm. The European market, which was particularly affected by the global economic crisis ten years ago, has been recovering for 2 to 3 years. 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 period 2013/2019, due in part to deregulation of the market and the implementation of policies designed to promote rail freight and environmentally friendly transport. The growth rate recovery of this market, and the ongoing need for renewal of freight railcar fleets will help meet existing demand. Due to lowered production levels in recent years and the reduction of manufacturing capacity, we believe that meeting replacement demand will be a challenge for European market operators, and that this situation will favour those with younger fleets. According to an external market analysis company, it appears that the number of TKM in 2018 stands at 453 billion.

India

Having been a core infrastructure in the Indian territory for over 150 years, rail transport is a key driver of socio-economic development. In addition, they constitute one of the leading modes of transport with 40% of the freight transported, and represent 690 billion tonne-kilometres (TKM) in 2016, which has been steadily increasing since the last decade (+60% of TKM between 2005 and 2016).

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 (combined length of over 3,000 km). These new lines connect the main ports and the Indian cities of Delhi, Mumbai, Chennai and Kolkata. New dedicated corridors will be introduced in the coming years to increase the volume transported by rail.

The new freight corridors put into service in recent years may be used by different operators thanks to the tendering of Indian Railways. The Indian rail market in 2016 has more than 270,000 freight railcars owned almost exclusively by the Indian Railways.

United States

According to third-party research, the U.S. market for freight railcar leasing was estimated to be worth approximately €166 billion in 2016. The U.S. freight railcar leasing market had a total fleet of approximately 1,650,000 railcars in 2016 with an average age of approximately 19 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. According to an external market analysis company, the number of TKM in 2016 (2,810 billion TKM) has returned to a level equivalent to that of 2005 (2,872 billion TKM).

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 ten years earlier 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. Since then, the improvement of the economic environment in Europe and market conditions in recent years has contributed to the increase in demand for additional equipment. Railcar manufacturers have become stronger by concentrating their operations and offering higher production capacity to absorb demand but with longer production lead times.

In Europe, the average age was estimated to be approximately 23 years on 31 December 2016, according to third-party market research, as compared with approximately 16 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. Furthermore, sale and leaseback transactions and finance leasing can allow companies to manage their balance sheet while outsourcing to lessors the management of the disposal of their used containers.

Competition

There are several large competitors operating in the freight railcar leasing industry. These companies tend to specialise in several types of railcars.

While we specialise in intermodal railcars and other dry goods transportation railcars, certain other market operators, such as GATX, VTG and ERMEWA, specialise in tank railcars.

The main competitor of our Freight Railcar division in the intermodal railcar segment is VTG (since the acquisition of AAE. The other operators are GATX, Ermewa.

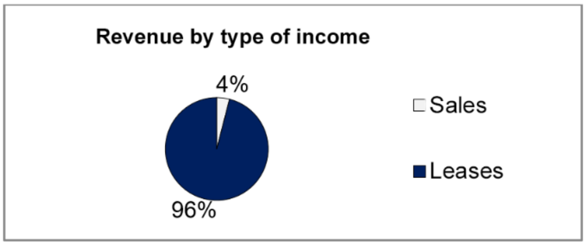
General presentation of the business

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 2018, our Freight Railcars division revenues accounted for €56 million of our revenues, or 36%, of the total Group's revenues and 89%, of our EBITDA. The geographical distribution of our revenues in the Freight Railcar division for 2018 is concentrated across Europe with 96% of the revenues.

Revenues are distributed, as follows:



Our freight railcar fleet

As of 31 December 2018, our total fleet of railcars consisted of 9,434 platforms with a gross book value of approximately €407 million, of which 31% consisted of railcars that we managed on behalf of third-party investors. The average utilisation rate for our leasing fleet was approximately 85% for the year ended 31 December 2018. 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 palletised 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. On 31 December 2018, our freight railcar fleet totalled 7,143 (or 9,434 platforms).

As of 31 December 2018, 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 2018 was 20.4 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 €53.4 million, or 96%, of our total revenues in the Freight Railcars division for the year ended 31 December 2018.

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, pursuant to which we are responsible for inspections and checks of the leased freight railcars and repair of their wheel sets while our customer is responsible for all other corrective and day-to-day maintenance; and
- sale and leaseback transactions, pursuant to 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 8 years. On 31 December 2018, the average term of our leases was approximately 3.8 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. On 31 December 2018, our Freight Railcars division had assets under management for third parties with a gross book value of approximately €125 million, or 31% 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.

Procurement of our fleet

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. On 31 December 2018, 31% of the gross book value of our freight railcar fleet was owned by third-party investors and 69% 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.

Principal 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 GCA, Shuttlewise, Oceanogate, Hödlmayr International, ARS Altmann, Distri Rail. Our principal railway company customers include SNCF, Deutsche Bahn, SBB, Belgian Railways, Rail Cargo Austria and Rail Cargo Hungaria.

Our principal industrial customers include VW, BASF and Solvay. During the year ended 31 December 2018, no single freight railcar leasing customer represented more than approximately 9.9% of our leasing revenues in the division. Our ten largest Freight Railcar equipment leasing customers represented approximately 43% of our leasing revenues in the Freight Railcar division for the year ended 31 December 2018.

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, 52.5 million tonnes of goods were transported in France during 2017. This figure is stagnating due to a poor cereal crop, but the share of building materials transportation, a Touax segment, has increased by 6.9%. According to the 2016 annual report by the European Inland navigation Observatory, 550 million metric tons of freight were transported over inland waterways in the European Union in 2016, of which two thirds was on the Rhine. Of the 40,000 km of European waterways, this represents a total traffic of 150 billion tonnes x km. In the United States, approximately 600 million tons of commodities freight moved on inland waterways in 2016, according to the Waterways Council, a U.S. public body. This represents 14% of domestic volumes trade, valued at $250 billion.

According to the World Bank, freight traffic in the Paraná-Paraguay Basin, our main market in South America, mainly consisting of grains and bulk minerals, estimated at around 17 million tonnes in 2017, fell by almost 2 million tonnes in 2018 as a result of an increased period of drought which impacted heavily on harvests. Iron ore volumes, which had been drastically reduced since 2015, have stagnated since then with an average of 3 million tonnes.

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

Principal Market Drivers

Macroeconomic factors affecting demand for freight traffic

The demand for the leasing and sale of river barges is closely linked to regulatory, political and macroeconomic factors affecting the transport of goods in the countries and regions where a particular river flows. These factors are for example: levels of aggregate industrial production and harvesting, local demand for goods, government policies related to the import and export of goods or the pattern of international trade.

We believe that demand for river barges will increase in the short term in Europe. 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 or road infrastructure. We believe that river transport will continue to play an important role because of the steady increase in seaport traffic and the growing influence of the environmental constraints linked to greenhouse gas production. 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 has remained stable. According to the Paraguayan Chamber of Commerce, the food needs of the continent will lead to a doubling of volumes transported on the Parana-Paraguay by 2025.

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 operating leasing company, we operate in a niche market and do not encounter significant competition from other lessors, who are more likely to be river operators with a different business model from ours.

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. In this niche market, 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 bulk 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.

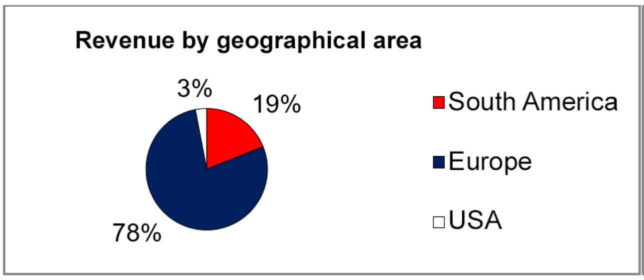
For the year ended 31 December 2018, our River Barges division revenues accounted for €14.5 million, equal to 10%, of our total revenues or 15% of our EBITDA.

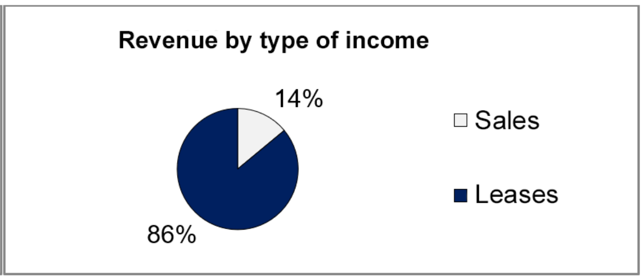
The breakdown of our revenues in the River Barges division for the year ended 31 December 2018 is as follows:

- Revenues: €14.5 m

- EBITDA: €4.5 m

- Net income: €420 k





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. On 31 December 2018, our fleet of river barges consisted of 99 units (excluding chartered barges) with a gross book value of approximately €70 million. The average age of our river barge fleet on 31 December 2018 was 13.7 years. The average utilisation rate for our fleet was 90.9% for the year ended 31 December 2018.

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.

We also offer our expertise for the preparation, construction monitoring and delivery of new barges for customers wishing to acquire or renew their fleet.

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 2018, revenue from leasing and related services accounted for €12.4 million, or 86% of our total revenues in the River Barges division.

We generally enter into long-term leases with our river barge lessees. These leases can last for up to 10 years. On 31 December 2018, the average term of our long-term river barge leases was approximately 5.4 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 2018, there was no trading, but sales of barges represented 14% of the total revenues in the River Barges division.

Procurement of our fleet

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.

The price of a new river barge depends heavily on the technical specifications to be met, the place of manufacture or delivery required for the barge as well as general market conditions influencing demand at the time of purchase. For a standard dry bulk cargo barge, the purchase price can range from approximately $650,000 to $1.5 million. It takes from 2 to 7 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. However, the construction offer of river projects is dependent on the strength of the market.

Financing our 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 ensure that the administrative documents for our barges are up-to-date, that the navigation certificates are renewed regularly and we manage the processing of insurance premiums and claims and any 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.

Principal customers

Our River Barges leasing business primarily caters to logistics companies and industrial groups. Our principal river logistics sector customers include Trading Line, Miller, P&O Maritime Services, ATRIA Logistics and Redereij De Jong. Principal industrial sector customers include Cemex, ArcelorMittal, Yara, Bunge and ADM. During the year ended 31 December 2018, no single customer represented more than 45% of our leasing revenues in the River Barges division.

3. Container business

Key characteristics of the container business

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 containerised traffic. In 2018, annual production of shipping containers was estimated to be approximately 3.8 million TEU. This is in line with a trend for a growing global shipping container fleet, which has moved from around 29 million TEU in 2008 to around 40 million TEU at the end of 2018 with increased production expected for the year 2019.

Shipping lines will typically use a combination of owned containers and leased containers. At the end of 2018, it was estimated that shipping lines owned approximately 48% of the total worldwide shipping container fleet (40 million TEU) while 52% of the total worldwide shipping container fleet was managed by leasing companies. In addition, it is estimated that 55% of shipping containers produced in 2018 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

Globalisation leading to increased trade volumes

We believe that trade flows resulting from globalisation 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 internationalisation of the production value chain means that goods will need to travel further afield from their place of manufacture to their 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 2018, a shipping company required just under 2 containers per vessel slot to optimise its operations while minimising the unproductive time associated with not having a ready source of new containers at each port. This ratio is expected to remain relatively unchanged in 2019.

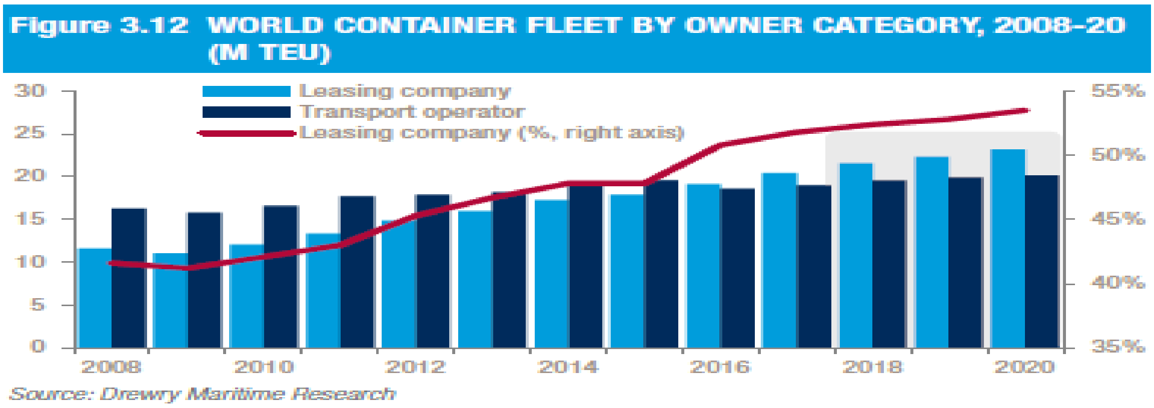
Increased shipping times leading to increased demand for shipping containers

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. Firstly, 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. Furthermore, 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 companies have voluntarily reduced the speed of their ships, a practice known as "slow steaming" or "extra-slow steaming", to reduce fuel costs. 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 general decrease in the share of shipping containers purchased.

The chart below shows the change in the worldwide container fleet by owner category (in millions of TEU) and the global share represented by lessors, from 2008 through 2020 (data from 2018 onwards is based on forecasts).



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, following the gradual introduction of new environmental regulations concerning carbon dioxide emissions, carriers are now concentrating their investments on their main assets, the ships. The main shipping companies have also allocated their capital to strengthening their global presence, through the acquisition of competitors and port terminals, but also through a process of vertical integration of logistics and/or freight forwarding companies. 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 services, such as sale and leaseback transactions and/or finance leasing, enabling shipping lines to manage their balance sheets while effectively outsourcing to lessors the management of the disposal 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.

Alongside this, the shipping industry has also been consolidating for a number of years, generating an increase in the share of revenues from major shipping companies in our customer portfolio. 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 main competitors in the Shipping Container division 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 shipping containers that we own or manage on behalf of third-party investors. In addition, we sell used containers for mainly land-based purposes. 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 on 31 December 2018. Our division has offices and/or representatives in several countries.

Shipping containers constitute highly standardised, 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 2018, income from activities in our Shipping Containers division accounted for €76.4 million, equal to 49%, of our total revenues or 9% 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.

Our container fleet

On 31 December 2018, we had a shipping container fleet of 463,741 TEU. The gross book value of our fleet was approximately €637.5 million on 31 December 2018, of which 89% 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 2015 to 31 December 2018, in thousands of TEU:

	2018	2017	2016	2015
Number of containers bought (in TEU)	30 709	1 598	19 000	25 100
Number of containers sold (in TEU)	40 019	68 770	76 271	72 760
Fleet managed on 31 December (in TEU)	463 732	475 007	553 269	585 237
Steel equivalent of the containers bought (in tonnes)	47 983	2 660	28 790	38 290
Wood equivalent of the containers bought (in tonnes)	8 568	475	5 141	6 837

TEU: twenty equivalent unit

The average utilisation rate for our shipping container fleet was close to 98% for the year ended 31 December 2018.

The majority of our fleet comprises standard dry freight shipping containers. Standard dry freight shipping containers are typically 8 feet wide, come in lengths of 20 feet, 40 feet or 45 feet and are either 8 or 9 feet high. 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. On 31 December 2018, the average age of our shipping container fleet was 9.5 years. Our fleet consists of new containers, with a long useful leasing life and assets acquired from shipping companies through Sale & Lease back contracts.

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 equipment 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 2018, leasing and related services accounted for €68 million of total revenues, or 89%, of our overall Shipping Containers division revenue.

- Long-term leases are designed for customers seeking to secure a steady supply of containers at a fixed 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 term of these leases typically ranges from five to eight years. On 31 December 2018, the average duration of our long-term leases, including renewals and extensions, was approximately 6.5 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. 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 to a lesser extent for intercontinental needs.

- Finance leases are designed for customers that want to secure a steady supply of containers and finance their purchase in a different way from traditional bank loans. These leases can range in duration from three to ten years. At the end of the lease and upon making a final monthly 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 for a given transport type. We seize the opportunities to offer this type of lease when it is advantageous for us to relocate a container to another port or as part of our new container trading business.

- Sale and leaseback contracts are sale and leaseback agreements by which we purchase fleets from shipping companies in order to lease them back.

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 container portfolios 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 investor partners to build for them a portfolio of assets, which can comprise new shipping containers, existing containers in our leasing fleet or containers subject to sale and leaseback arrangements or any combination thereof, with the aim of meeting their 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.

On 31 December 2018, our assets under management for third parties had a gross book value of approximately €637.5 million, accounting for 89% of the gross book value of our fleet of shipping containers.

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. We sell these containers for other uses than shipping, our customers include companies such as Pac-Van, K-Tainer, AceCastle, Interport Maintenance, Arnal, among others. In 2018, sales of equipment represented 11% of the total revenues 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.

Procurement of our fleet

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 2018.

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 confirm our order with a delivery date of 30-45 days 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.

Occasionally, 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 these containers while no longer carrying them 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 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. On 31 December 2018, 89% of the gross book value of our container fleet was owned by third-party investors and 11% 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 leased, we then refinance the container through our asset financing line (TCAF) 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 asset financing line (TCAF) 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. On 31 December 2018, 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 process of tendering and negotiating contracts usually takes between 2 and 4 weeks. 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 principal 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 CMA-CGM, Evergreen, Hapag-Lloyd Container Line, Maersk, Mediterranean Shipping Company, Hyundai Merchant Marine, ONE, Yang Ming and ZIM. In 2018, no single customer represented more than 25% of the leasing revenues in the division.

4. Residual sales activity of modular buildings

After transferring the European and American modular building leasing and sale activities, our only modular building activity is established in Morocco. We believe that a number of fundamental factors make Africa a prime geographic market for the sale of modular buildings for various end markets in the infrastructure, education, industrial, private and public sectors. The significant need for infrastructure (ports, dams, roads, schools and hospitals, for example) feeds the demand for modular buildings destined for use as they are or on construction sites. The constant growth of oil and mining sites call for modular buildings to be used as on-site facilities for workers and supervisors. . Modular buildings are typically used by customers in the construction industry for on-site facilities, such as offices, accommodation or changing rooms. 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.

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 spaces, sales offices, sheds and temporary or 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 pages 6 to 11 and paragraph 6.1.1 page 38.

6.3. Exceptional events

Not applicable

6.4. Dependence on patents, licenses and contracts

Not applicable

6.5. Competitive position

See pages 6 to 11 and paragraph 6.1.1. page 38.

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 87 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 129 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 Corporate SAS	**France**	**100%**	**Service company**
TOUAX UK Ltd	**United Kingdom**	**100%**	**Service company**
Freight Railcar business			
TOUAX Rail Ltd	**Ireland**	**100%**	**Leasing and sale of freight railcars**
TOUAX Texmaco Railcar leasing Pte	India	39%	Leasing of railcars
CFCL TOUAX Llc	USA	51%	Leasing and sales of railcars
River Barge 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
Container 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 MOROCCO SARL	Morocco	51%	Sale of modular buildings
RAMCO SARL	Morocco	51%	Leasing of modular building
TOUAX Modular Industry Algeria	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 owns a small amount of goodwill (€5.1 million) or intangible assets (€0.7 million) compared to tangible assets (€288.2 million), stocks (€67.2 million) and financial leasing receivables (€0.6 million), with tangible assets, stocks and financial leasing receivables representing the tangible equipment belonging to the Group that are leased (freight railcars, river barges and containers).

In addition to equipment leased, the Group operates a modular construction assembly site in Morocco. This site is mainly comprised of tools and machinery 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 tangible assets and intangible assets is given in the appendix to the consolidated financial statements on note 18 and note 19 pages 97 and seq.

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 30.

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 146.

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 146.

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 20.1 paragraph note 25 page102 and in the note 33.3 on liquidity risks page 108 and note 33.4 interest rate risks page 109.

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 pages 67 et seq.

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;
- bond loans used for general purposes and the Group's medium-term business;
- 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 sometimes used for pre-financing assets (shipping containers and freight railcars) as well as the long-term financing of assets that the Group wishes to keep on its Balance Sheet.

The note 25 of the notes to the consolidated financial statements page 102 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 25 of the notes to the consolidated financial statements page 102.

The balances of cash and cash equivalents shown on the Group's balance sheet on 31 December 2018 include €15.6 million in cash that is not available for the Group's daily cash management. This balance corresponds for an amount of (i) €3.2 million to contractual reserves on asset financing companies, and for (ii) €12.4 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 firm investment commitments.

11. Research and development, patents and licenses

In its Freight Railcar, River Barge and Shipping Container businesses, the Group prefers to buy and lease standardised equipment 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 registration document

The main trends are detailed in the management report paragraph 26.1 page 146 and in the presentation of the Group's outlooks presented at the SFAF meeting of 28 March 2019 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 growth has weakened. It is estimated at 3.7% for 2018, in line with the forecasts of global economic outlooks (IMF) in October 2018, despite weaker performances in some economies, particularly in Europe and Asia. The global economy is expected to grow by 3.5% in 2019 and by 3.6% in 2020, equal to 0.2% and 0.1% less than forecast last October.

More specifically, growth in advanced economies is expected to slow, from around 2.3% in 2018 to 2.0% in 2019 and 1.7% in 2020. This estimated growth rate for 2018 and the projections for 2019 are 0.1 percentage point lower than those of the IMF in October 2018, mainly due to downward revisions for the euro zone.

For emerging markets and developing economies, growth is expected to slow to 4.5% in 2019 (down from 4.6% in 2018) before improving to 4.9% in 2020. Forecasts for 2019 are 0.2 percentage points lower than in October 2018.

World trade growth is slowing as trade tension persists.

World trade will continue to face significant challenges in 2019 and 2020 after slower than expected growth in 2018 due to rising trade tension and increased economic uncertainty. WTO economists expect growth of merchandise trade volumes to fall to 2.6% in 2019 from 3.0% in 2018. Trade growth could then reach 3.0% in 2020. However, it depends on the easing of trade tension.

The Group's transport activities benefit from global geographic diversification. Underinvestment in transportation equipment over the last decade combined with the recovery of global trade has created a shortage of equipment that improves our utilisation rates and leasing rates. In Europe, more specifically, we see these increases for railway and river transport equipment, which should continue during 2019.

A presentation of the forecasts for the Group given at the SFAF Meeting on 28 March 2019 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 GENERAL MANAGEMENT

14.1. CONTACT DETAILS FOR ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND 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 185.

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 185.

15. REMUNERATION AND BENEFITS

15.1. REMUNERATION OF CORPORATE OFFICERS

15.1.1. Remuneration of the executive directors

- **Terms for determining 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 with the scope of 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.

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

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

The terms of the remuneration of the Managing Partners are specified in the report of the Chairman of the Supervisory Board in paragraph 27.2.4 page 186.

Global remuneration

Table summarising the remuneration, options and shares attributed to each director *(in thousands of euros)*	2018	2017
Raphaël WALEWSKI - Managing Partner		
Remuneration due for the financial year	521	416,5
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**521**	**416,5**
Fabrice WALEWSKI - Managing Partner		
Remuneration due for the financial year	544,2	443,2
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**544,2**	**443,2**

Amount *(in thousands of euros)*	2018			2017	
Raphaël WALEWSKI Managing Partner	Amounts due	Amounts paid		Amounts due	Amounts paid
Fixed remuneration	153,5	153,5	Fixed remuneration and attendance fees	186,9	186,9
Attendance fees and expense reimbursements	94,9	94,9			
Annual variable remuneration	128,5	122,9	Annual variable remuneration	134,3	128,4
Travel allowance	121,1	121,1	Travel allowance	91,6	91,6
Benefits of any kind	23	23	Benefits of any kind	3,7	3,7
TOTAL	**521,0**	**515,4**		**416,5**	**410,6**
	2018			**2017**	
Fabrice WALEWSKI Managing Partner	Amounts due	Amounts paid		Amounts due	Amounts paid
Fixed remuneration	153,5	153,5	Fixed remuneration and attendance fees	186,9	186,9
Attendance fees and expense reimbursements	94,9	94,9			
Annual variable remuneration	128,5	128,7	Annual variable remuneration	134,3	129,1
Travel allowance	144,3	144,3	Travel allowance	118,8	118,7
Benefits of any kind	23	23	Benefits of any kind	3,2	3,2
TOTAL	**544,2**	**544,4**		**443,2**	**437,9**

Reimbursements of statutory expenses were not included in the remuneration and are henceforth included in this table.

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 2018 financial year. The Managing Partners are not stockholders of TOUAX SCA.

15.1.2. Remuneration of members of the supervisory board

(in thousands of euros) Name	Position	Nature of the remuneration	2018	2017
Philippe Reille	CS member	attendance fees	11,5	11,9
François Soulet de Brugière	CS member	attendance fees	8,6	8,9
Marie Filippi	CS member	attendance fees	8,6	8,9
Sylvie Perrin	CS member	attendance fees	8,6	8,9
Julie de GERMAY	CS member	attendance fees	8,6	6,6
Alexandre WALEWSKI	president of the CS	attendance fees	17,1	17,8
TOTAL ATTENDANCE FEES			**63,0**	**63,0**
($ thousands)				
Alexandre WALEWSKI	president of the CS	other remuneration	192,7	192,7
TOTAL OTHER REMUNERATION			**192,7**	**192,7**

Rules for distributing attendance fees are specified in the Report of the Supervisory Board page 186.

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 Chair of the Supervisory Board. This allowance amounts to $48,175 per quarter in 2018, as it did in 2017.

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 2018 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 27.2page 185.

16.2. Regulated agreements

Regulated agreements are listed in the management report section 2.2 page 161 and included in the auditors' report paragraph page 138**Erreur ! Signet non défini.**. Information on related parties is appears in the note 34 page 112.

16.3. Information on the various committees

The report by the Supervisory Board sets out the functioning and organisation of the audit committee in paragraph 27.2.4 page 186.

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 27.2.3 page 186, with the Group referring to the Middlenext Code.

17. Employees

17.1. Breakdown of the workforce

The breakdown in employees by geographic location and business segment as of 31 December 2018 is as follows:

	Freight railcars		River Barges		Shipping Containers		Modular Buildings		Central Services		TOTAL	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Europe	59	51	9	9	22	21	1	1	23	26	114	108
Asia					12	12					12	12
Africa							126	107			126	107
N & S America					7	6			3	3	10	9
TOTAL	**59**	**51**	**9**	**9**	**41**	**39**	**127**	**108**	**26**	**29**	**262**	**236**

The paragraph 1 in section 26.2 page 167 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 64 of the registration document with the profit sharing of Alexandre Walewski (Chairman of the Supervisory Board), Fabrice Walewski (Managing Partner), Raphaël Walewski (Managing Partner), SHGP (general partner), and SHGL (general partner).

The company has not issued any stock options.

17.3. Employee participation in the capital

An employee profit-sharing agreement has been put in place for all French entities, which does not give entitlement to shares in the capital. Shareholding of €9,092 was paid in 2018

TOUAX SCA does not have any profit-sharing agreements or employee shareholding plans.

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 paragraph 18.5 Page 66).

Distribution of share capital and voting rights on 31 December 2018

capital	No. of shares	% of capital	Number of voting rights that can be exercised	% of voting rights that can be exercised	of which double voting rights that can be exercised
Alexandre WALEWSKI	814 854	11,62%	815 117	10,14%	526
SHGL	656 586	9,36%	1 164 246	14,48%	1 015 320
SHGP	731 331	10,43%	1 251 957	15,57%	1 041 252
Total Majority Group	**2 202 771**	**31,42%**	**3 231 320**	**40,18%**	**2 057 098**
City Financial Absolute Equity Fund (OEIC)*	374 220	5,34%	374 220	4,65%	
Public - registered securities	24 166	0,34%	38 904	0,48%	29 476
Public - bearer securities	4 397 125	62,71%	4 397 125	54,68%	
Treasury shares	13 265	0,19%	0	0,00%	
TOTAL	**7 011 547**	**100,00%**	**8 041 569**	**100,00%**	**2 086 574**

** To the knowledge of TOUAX*

**To the knowledge of TOUAX SCA*

TOUAX SCA is controlled by the WALEWSKI Family. SHGL and SHGP 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, the SHGL and the SHGP act in concert and jointly own 31.42% of TOUAX SCA, representing 40.18 % of the voting rights on 31 December 2018.

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 2018, 31.8% of the shares issued by TOUAX SCA were registered, and the remainder were bearer shares. 98.9% 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 2018, there were 58 registered shareholders. At the last Combined General Meeting on 20 June 2018, the chairman received 5 proxies, 29 shareholders sent an appointed person as their proxy or sent postal voting forms and 35 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 share 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 and SHGP, which held an interest of between 30% and 33.33% on 1 January 2010 (31.13% of the share 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 for its share capital holding and to this end made a shareholding declaration to 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 11 October 2018, the City Financial Absolute Equity Fund company (OEIC) declared that on 9 October 2018 it had gone above the threshold of 5% of the share capital and voting rights to reach 5.34% and 4.65% of the share capital of TOUAX SCA and voting rights respectively.

By a declaration dated 27 October 2018, the Quaero Capital company declared that on 22 November 2018 it had gone below the threshold of 5% of the share capital and voting rights to reach 4.29% of the share capital of TOUAX SCA and 3.74% of the voting rights respectively.

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

capital	31/12/2018		31/12/2017		31/12/2016	
	Capital %*	Voting rights %*	Share capital %*	Voting rights %*	Share capital %*	Voting rights %*
Alexandre WALEWSKI	11,62%	10,13%	11,62%	10,22%	11,62%	10,22%
SHGL	9,36%	14,47%	9,36%	14,08%	9,36%	14,08%
SHGP	10,43%	15,56%	10,65%	15,39%	10,65%	15,38%
Total WALEWSKI concert	**31,42%**	**40,16%**	**31,64%**	**39,69%**	**31,64%**	**39,68%**
Treasury shares	0,19%	0,00%	0,10%	0,00%	0,08%	0,00%
Financière Arbevel					6,14%	5,40%
Qaero - Argos			5,31%	4,67%	5,31%	4,67%
City Financial Absolute Equity Fund (OEIC)	5,34%	4,65%				
Public (nominative and bearer)	63,05%	55,18%	62,95%	55,64%	56,83%	50,25%
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 at least five years by the same stockholder. 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 and SHGL. These two companies belong to Fabrice and Raphaël WALEWSKI respectively.

Furthermore, Alexandre WALEWSKI, SHGP and SHGL acted in concert in 2018. 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 2018 this concert held 31.42% of the shares and 40.16% 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 (Autorité des Marchés Financiers AMF).

18.5. Treasury shares

Description of the share buyback scheme

On 31 December 2018, the company held 13,265 of its own shares, equal to 0.19% of the share capital. These shares were acquired following the buyback scheme decided by the Combined General Meeting of 20 June 2018, 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 2018 financial year, 137,657 shares were purchased and 131,066 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 on the transactions carried out on its own shares as of 28 February 2019	
Percentage of share capital directly or indirectly held	0,14%
Number of shares cancelled during the last 24 months:	
Number of securities held in portfolio:	10 053
Book value of portfolio (€)	48 555,99
Market value of portfolio (€)	53 356,96

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 24 June 2019 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 stockholders

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 34 page 112 (see the auditors' report on regulated agreements and commitments, paragraph 20.5.3 page **Erreur ! Signet non défini.**138).

20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL POSITION AND INCOME

20.1. CONSOLIDATED FINANCIAL STATEMENTS

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

In application of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the European and US Modular Buildings businesses are presented as discontinued activities as of 31 December 2017.

The application of IFRS 15 "Revenue from contracts with customers", which came into effect on 1 January 2018, led the Group not to continue to present the syndications (sales of equipment to investors) as revenue but to record only the syndication commission in income and then record as revenue only the commissions from sales of used equipment belonging to the investors to customers instead of the gross amount of these sales, since the standard deems us to be an agent for these transactions. This has no impact on the net result. The 2017 financial statements have been restated accordingly. The Group has applied the retrospective method.

Consolidated income statement, presented by function at 31 December note n° *(in thousands of euros)*		2018	2017*
	Leasing revenues	134 540	146 103
	Sales of equipment	18 749	20 944
	REVENUES	**153 289**	**167 047**
	Fees on syndication	997	1 122
	Capital gains or losses on disposals unrelated to recurring activities	255	1 482
5	**Revenue from activities**	**154 541**	**169 651**
	Cost of sales	(13 644)	(16 148)
	Operating expenses	(33 955)	(42 975)
	General and administrative expenses	(23 842)	(21 875)
	GROSS OPERATING MARGIN (EBITDAR)	**83 100**	**88 653**
10	Depreciation and impairments	(17 741)	(19 314)
	OPERATING INCOME before distribution to investors	**65 359**	**69 339**
11	Net distributions to investors	(57 403)	(61 787)
	CURRENT OPERATING INCOME	**7 956**	**7 552**
12	Other operating income and expenses	156	(6 632)
	OPERATING INCOME	**8 112**	**920**
	Income in cash and cash equivalent	20	78
	Gross cost of financial debt	(10 081)	(10 825)
	Net cost of financial debt	**(10 061)**	**(10 747)**
	Other financial income and expenses	(182)	1 410
13	**FINANCIAL PROFIT OR LOSS**	**(10 243)**	**(9 337)**
	Share of profit/loss in associate companies		(65)
	CURRENT INCOME BEFORE TAXES	**(2 131)**	**(8 482)**
14	Taxes on profits	(475)	(53)
	Net income from continuing activities	(2 606)	(8 535)
15	Net income from discontinued activities	(955)	(9 176)
	GLOBAL CONSOLIDATED NET INCOME	**(3 561)**	**(17 711)**
	Including portion attributable to:		
	- Non-controlling interest (minority interests) in continuing activities	597	(3 145)
	- Non-controlling interest (minority interests) in discontinued activities		3 474
	GROUP SHARE OF NET INCOME	**(4 158)**	**(18 040)**
	Of which net income from continuing activities	(3 203)	(5 390)
	Of which net income from discontinued activities	(955)	(12 650)
16	**Net income per share (Euro)**	**(0,59)**	**(2,58)**
16	**Diluted net earnings per share (Euro)**	**(0,59)**	**(2,58)**

(*) Amounts restated in accordance with the application of IFRS 15 "Revenue from Contracts with Customers"

Consolidated income statement, presented by type at 31 December note n°	*(in thousands of euros)*	2018	2017*
	REVENUES	**153 289**	**167 047**
	Fees on syndication	997	1 122
	Capital gains or losses on disposals unrelated to recurring activities	255	1 482
5	**Revenue from activities**	**154 541**	**169 651**
6	Purchases and other external expenses	(55 168)	(65 784)
7	Staff Costs	(15 931)	(15 935)
8	Other operating income and expenses	(6 391)	(2 491)
	GROSS OPERATING SURPLUS	**77 051**	**85 441**
9	Operating provisions	6 049	3 212
	GROSS OPERATING MARGIN (EBITDAR)	**83 100**	**88 653**
10	Depreciation and impairments	(17 741)	(19 314)
	OPERATING INCOME before distribution to investors	**65 359**	**69 339**
11	Net distributions to investors	(57 403)	(61 787)
	CURRENT OPERATING INCOME	**7 956**	**7 552**
12	Other operating income and expenses	156	(6 632)
	OPERATING INCOME	**8 112**	**920**
	Income in cash and cash equivalent	20	78
	Gross cost of financial debt	(10 081)	(10 825)
	Net cost of financial debt	**(10 061)**	**(10 747)**
	Other financial income and expenses	(182)	1 410
13	**FINANCIAL PROFIT OR LOSS**	**(10 243)**	**(9 337)**
	Share in associate companies		(65)
	CURRENT INCOME BEFORE TAXES	**(2 131)**	**(8 482)**
14	Taxes on profits	(475)	(53)
	Net income from continuing activities	(2 606)	(8 535)
15	Net income from discontinued activities	(955)	(9 176)
	GLOBAL CONSOLIDATED NET INCOME	**(3 561)**	**(17 711)**
	Including portion attributable to:		
	- Non-controlling interest (minority interests) in continuing activities	597	(3 145)
	- Non-controlling interest (minority interests) in discontinued activities		3 474
	GROUP SHARE OF NET INCOME	**(4 158)**	**(18 040)**
	Of which net income from continuing activities	(3 203)	(5 390)
	Of which net income from discontinued activities	(955)	(12 650)
16	**Net income per share (Euro)**	**(0,59)**	**(2,58)**
16	**Diluted net earnings per share (Euro)**	**(0,59)**	**(2,58)**

(*) Amounts restated in accordance with the application of IFRS 15 "Revenue from Contracts with Customers"

Statement of comprehensive income for the period *(in thousands of euros)*	**2018**	2017
Profit (loss) for the financial year	**(3 561)**	**(17 711)**
Other items of the comprehensive income, net of taxes		
Differences on conversion	987	(4 090)
Differences on conversion on net investment in subsidiaries	551	(637)
Gains and losses made on cash-flow hedging instruments (effective portion)	(265)	323
Tax on comprehensive income items	39	(126)
Other items of the comprehensive income that may be subsequently reclassified as net income	**1 312**	**(4 530)**
ORNANE fair value change attributable to credit risk (application of IFRS 9)	(390)	
Other items of the comprehensive income that cannot be subsequently reclassified as net	**(390)**	
Total Other items of comprehensive income, net of taxes	**922**	**(4 530)**
of which non-controlling interests (minority interests)	(130)	(495)
of which Owners of the Group's parent company	1 052	(4 035)
	922	**(4 530)**
Net income for the year		
of which non-controlling interests (minority interests)	597	329
of which Owners of the Group's parent company	(4 158)	(18 040)
	(3 561)	**(17 711)**
Global income for the year		
of which non-controlling interests (minority interests)	467	(166)
of which Owners of the Group's parent company	(3 106)	(22 075)
GLOBAL PROFIT/LOSS	**(2 639)**	**(22 241)**

Consolidated balance sheet on 31 December			
note n°	*(in thousands of euros)*	**2018**	2017
	ASSETS		
17	Goodwill	5 101	5 101
18	Intangible assets	749	874
19	Tangible assets	288 172	287 645
20	Long-term financial assets	11 142	9 775
20	Other non-current financial assets	2 352	4 016
14	Deferred tax assets	95	341
	TOTAL non-current assets	**307 611**	**307 752**
21	Inventories and Work in Progress	67 184	23 908
22	Trade receivables	29 108	29 575
23	Other current financial assets	6 255	7 099
24	Cash and cash equivalents	29 246	29 863
	Total current assets	**131 793**	**90 445**
	TOTAL ASSETS	**439 404**	**398 197**
	LIABILITIES		
	Share capital	56 092	56 092
	Hybrid capital	50 161	50 161
	Reserves	2 962	24 483
	Income for the period, Group's share	(4 158)	(18 040)
	Shareholders' equity attributable to owners of the Group's parent company	**105 057**	**112 696**
	non controlling interests (Minority interests)	24 057	23 997
26	**Total shareholders' equity**	**129 114**	**136 693**
25	Loans and Financial liabilities	168 972	123 180
14	Deferred tax liabilities	2 114	1 860
28	Pension and similar liabilities	353	198
29	Other long-term liabilities	543	2 627
	Total non-current liabilities	**171 982**	**127 865**
27	Provisions	504	164
25	Borrowings and current bank facilities	56 544	87 741
30	Trade payables	14 084	12 278
31	Other current liabilities	67 176	33 456
	TOTAL current liabilities	**138 308**	**133 639**
	TOTAL LIABILITIES	**439 404**	**398 197**

Change in consolidated shareholders' equity

(in thousands of euros)	Share capital (2)	Premiums (2)	Consolidated reserves	Conversion reserves	Cash flow hedge (1)	Overall income for the period	Shareholders' equity attributable to owners of parent company	Non controlling interests (Minority interests)	TOTAL Shareholders' equity
Situation on 1 January 2017	**56 092**	**34 041**	**47 662**	**13 270**	**(203)**	**(11 583)**	**139 279**	**17 470**	**156 749**
Other items of the comprehensive income that may be subsequently reclassified as net income				(4 250)	215		**(4 035)**	(495)	**(4 530)**
Profit/loss for the period						(18 040)	**(18 040)**	329	**(17 711)**
TOTAL accounted expenses and income				**(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)**
Statutory remuneration of general partners		(441)					**(441)**		**(441)**
Appropriation of overall 2016 net			(11 583)			11 583			
Dividends								(1 497)	**(1 497)**
Hybrid Capital Coupon			(4 039)				**(4 039)**		**(4 039)**
Change in the scope of consolidation			150		(70)		**80**	8 858	**8 938**
Other			(74)				**(74)**	(31)	**(105)**
Treasury shares			(34)				**(34)**		**(34)**
On 31 December 2017	**56 092**	**7 195**	**58 487**	**9 020**	**(58)**	**(18 040)**	**112 696**	**23 997**	**136 693**
Situation on 1 January 2018	**56 092**	**7 195**	**58 487**	**9 020**	**(58)**	**(18 040)**	**112 696**	**23 997**	**136 693**
Other items of the comprehensive income that may be subsequently reclassified as net income				1 715	(273)		**1 442**	(130)	**1 312**
Other elements of the comprehensive income that cannot be subsequently reclassified as net income					(390)		**(390)**		**(390)**
Profit/loss for the period						(4 158)	**(4 158)**	597	**(3 561)**
TOTAL accounted expenses and income				**1 715**	**(663)**	**(4 158)**	**(3 106)**	**467**	**(2 639)**
Capital increases								432	**432**
Repayment of shareholders' equity								(539)	**(539)**
Statutory remuneration of general partners		(269)					**(269)**		**(269)**
Appropriation of overall 2017 net			(18 040)			18 040			
Dividends								(300)	**(300)**
Hybrid Capital Coupon			(4 039)				**(4 039)**		**(4 039)**
Change in the scope of consolidation									
Other			(36)				**(36)**		**(36)**
Pension liability			(147)				**(147)**		**(147)**
Treasury shares			(42)				**(42)**		**(42)**
On 31 December 2018	**56 092**	**6 926**	**36 183**	**10 735**	**(721)**	**(4 158)**	**105 057**	**24 057**	**129 114**

(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 on 31 December *(in thousands of euros)*	2018	2017
	Net income from continuing activities	(2 606)	(8 535)
	Net income from discontinued operations	(955)	
	Income from companies accounted for by the equity method		65
	Depreciation and provisions	17 760	17 467
	Change in deferred tax items	532	(692)
	Capital gains and losses on disposal of fixed assets	(2 093)	(1 413)
	Disposal costs		(2 154)
	Other non-cash income and expenses	1 148	6 074
	Self-financing capacity after cost of net financial debt & tax	**13 786**	**10 812**
	Net cost of financial debt	10 061	10 747
	Current tax expense	(57)	746
	Self-financing capacity before cost of net financial debt & tax	**23 790**	**22 305**
	Current tax expense	57	(746)
A	Change in working capital requirement related to activity excluding changes in	10 764	(11 454)
B	Stock variation	(42 974)	5 045
C	Change in investment working capital requirement	24 296	(5 574)
	Acquisition of assets for leasing	(21 568)	(7 023)
	Proceeds from disposal of assets	9 466	18 697
	Net impact of finance leasing to clients	866	1 369
	sub-total	(29 914)	12 514
	CASH FLOW GENERATED BY CONTINUING OPERATING ACTIVITIES	**4 697**	**22 619**
	CASH FLOW GENERATED BY DISCONTINUED OPERATING ACTIVITIES		**8 467**
I	**CASH FLOW GENERATED BY OPERATING ACTIVITIES**	**4 697**	**31 086**
	Investment Operations		
	Acquisition of intangible & tangible assets	(549)	(526)
	Acquisition of financial assets		
	Net change in loans and advances	(1 149)	(6 138)
	Proceeds from disposal of assets other than those intended for leasing	279	1 457
	Impact of changes in the scope of consolidation		8 081
	CASH FLOWS RELATED TO OTHER INVESTMENT OPERATIONS OF CONTINUING ACTIVITIES	**(1 419)**	**2 874**
	CASH FLOWS RELATED TO OTHER INVESTMENT OPERATIONS OF DISCONTINUED ACTIVITIES		**135 288**
II	**CASH FLOWS RELATING TO OTHER INVESTMENT OPERATIONS**	**(1 419)**	**138 162**
	Financing Operations		
	Receipts related to new borrowings	111 519	44 073
	Repayment of loans	(101 836)	(77 894)
	Net change in financial debts	**9 683**	**(33 821)**
	Net increase in shareholders' equity (capital increase)	(111)	(637)
	Net cost of financial debt	(10 061)	(10 747)
	Distribution of dividends to TOUAX SCA shareholders		
	Distribution of dividends to minority shareholders	(377)	(1 413)
	Statutory remuneration of general partners	(269)	(441)
	Hybrid capital payment coupons	(4 039)	(4 039)
	Other	(23)	(39)
	Disposal (acq.) Net treasury shares	(42)	(34)
	CASH FLOW RELATED TO FINANCING OPERATIONS FOR CONTINUING ACTIVITIES	**(5 239)**	**(51 171)**
	CASH FLOW RELATED TO FINANCING OPERATIONS FOR DISCONTINUED ACTIVITIES		**(117 096)**
III	**CASH FLOW RELATED TO FINANCING OPERATIONS**	**(5 239)**	**(168 267)**
	Effect of exchange rate fluctuations	56	675
IV	**CASH FLOW RELATED TO EXCHANGE RATE CHANGES**	**56**	**675**
	CHANGE IN NET CASH (I) + (II) + (III) + (IV)	**(1 905)**	**1 656**
	Analysis of cash flow change		
	Cash at beginning of year	28 762	27 106
	Cash at end of year	26 857	28 762
	Change in net cash	**(1 905)**	**1 656**

The distribution of cash flow generated by operating activities was adjusted for an amount of €7,384,000 between continuing activities and transferred activities on 31 December 2017. This amount corresponds to the discontinuing depreciation of the assets of the discontinued activities.

	(in thousands of euros)	**2018**	2017
	Decrease / (Increase) in inventories and work in progress	(42 974)	5 045
B	**Change in inventory**	**(42 974)**	**5 045**
	Decrease / (Increase) in accounts receivable	3 542	(4 255)
	Decrease / (Increase) in other current assets	(313)	2 266
	(Decrease) / Increase in trade payables	1 660	(437)
	(Decrease) / Increase in other liabilities	5 875	(9 028)
A	**Change in WCR related to activity excluding inventory change**	**10 764**	**(11 454)**
	Decrease/(Increase) in receivables/fixed assets & related accounts		
	(Decrease)/Increase in liabilities/fixed assets & related accounts	24 296	(5 574)
C	**Change in investment WCR**	**24 296**	**(5 574)**

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 2018 totalled €2.4 million.

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

Therefore, the cash flow statement shows the Group's investments in leasing equipment and the income from sales of leasing 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

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant events and post-closure events

- **Significant events**

Freight Railcars Division

On 25 May 2018, signing of asset financing via the Touax Rail Finance and Touax Rail Finance 2 entities, combining a Term Loan of €48million with a maturity of five years and a confirmed line of €18 million over three years took place. Financing has been provided by banks already partners in the Railcar division.

Containers Division

On 29 May 2018, signing of asset financing through Touax Container Asset Financing Limited, combining a four-year Term Loan of US$26 million and a confirmed line of credit of US$34 million (RCF) with a maturity of two years took place. The documentation provides for an accordion option (extension of the line) to support growth. Financing was provided by a long-term partner bank with the Containers division and two new banks.

Corporate Division

TOUAX paid a coupon to the holders of Undated Super Subordinated Notes (TSSDI) for an amount of €4 million in August 2018.
On 31 July 2018, Touax SCA completed a senior unsecured Euro PP bond issue at a nominal amount of €16.6 million with a maturity date of 31 July 2023.
The Bonds bear interest at a nominal annual rate of 5.75%, payable annually in arrears.
The issue of the Bonds is intended to extend the average maturity of the Group's debt. The net proceeds of the issue will thus be used in part to refinance bonds maturing on 2 October 2018 that carried an interest rate of 6.25%; the balance being allocated to the general requirements of the Group.
This transaction reflects the Group's desire to achieve both asset finance and corporate financing with regard to the Touax SCA holding for the purpose of diversification and optimisation.

- **Post-balance sheet events**

Following the transfer of the European modular building activity, a price adjustment was claimed by the buyer to TOUAX SCA in early March 2018 The interim report from the expert appointed by the parties was received in March 2019, and presents a transfer price adjustment of TSM securities for €331 thousand owed by TOUAX SCA. A provision has been recorded in the accounts for this purpose and classified as discontinued operations. The expert's final report, the conclusions of which will be binding on the parties, is still being awaited.

NOTE 1. ACCOUNTING RULES AND METHODS

note 1.1. BASES FOR PREPARING AND PRESENTING THE ANNUAL FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

- **Approval of the financial statements**

The annual financial statements to 31 December 2018 and the associated notes were approved by the TOUAX SCA Management Board on 27 March 2019 and presented to the Supervisory Board on 28 March 2019.

- **Accounting rules and methods**

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 2018 financial year were prepared in accordance with IFRS (*International Financial Reporting Standards*) published by the IASB (*International Accounting Standards Board*) on 31 December 2018 and adopted by the European Union, on the date the accounts were closed.

- **New standards, amendments and interpretations adopted by the European Union and which must be applied from 1 January 2018**

- **IFRS 15 - Revenue from contracts with customers - Standard applicable from 1 January 2018.**

On 28 May 2014, the IASB issued a standard relating to the recognition of revenue from ordinary activities pursuant to which revenue must be recognised as the transfer of control of goods or services sold for an amount that reflects what the entity expects to receive for its benefit. IFRS 15 and related clarifications, issued by the IASB on 12 April 2016, replace IAS 11, IAS 18 and the associated IFRIC and SIC interpretations. The European Union adopted IFRS 15 on 22 September 2016.

The Touax Group has analysed contracts representing the Group's activities. These transactions and contracts have been analysed in terms of the five-step model imposed by the standard in order to identify areas of judgement and possible changes resulting from its application.

The general conclusions of this analysis are presented in note 1.21.4 and 1.21.5.

- **IFRS 9 - Financial Instruments - Standard applicable from 1 January 2018.**

On 24 July 2014, the IASB finalised its plans to replace IAS 39 relating to financial instruments by issuing the full version of IFRS 9. The latter introduces significant changes compared to IAS 39:

- the provisions relating to the ranking and valuation of financial assets are now based on the joint analysis of the management model of each asset portfolio and the contractual characteristics of the financial assets;
- the depreciation model has moved away from the proven credit loss approach to an approach that retains expected credit losses;
- the provisions for the classification and evaluation of financial liabilities now require changes in fair value related to credit risk for financial liabilities recognised at fair value through profit or loss to be isolated and recognised as non-recyclable reserves;
- provisions relating to hedge accounting, which the group has chosen to apply from 1 January 2018:
    - make more strategies likely to be eligible for hedge accounting;
    - require that effectiveness be demonstrated by the existence of an economic relationship between the hedged item and the hedging instrument, the absence of domination of the effect of credit risk in the change in value of this economic relationship, the existence of a coverage ratio approaching that of management, knowing that any inefficiency is recorded in profit or loss.

- **Classification and valuation of financial assets**

IFRS 9 introduces a new model for the classification and measurement of financial assets, based on:

- the business model of the entity for the management of financial assets, and
- the characteristics of the contractual cash flows of the financial asset.

For a financial asset within the scope of IFRS 9, there are 3 types of economic models:

- The objective of the business model is to only hold financial assets to pay in contractual cash flows: since the characteristics of the financial asset are exclusively to pay principal and interest ("SPPI"), the financial asset is measured at amortized cost. The majority of the Group's financial assets are financial assets measured at amortized cost.
- The objective of the business model is both to hold financial assets to pay in contractual cash flows and to sell financial assets: when the characteristics of the financial asset are SPPI, the financial asset is measured at fair value through other global income.
- Interest rate financial assets that are not held in either of the two business models above are measured at fair value through profit or loss.

The Touax Group has not identified a significant change in the ranking of financial assets at the date of transition.

- **Depreciation of financial assets**

A detailed analysis of the depreciation model of financial assets, and in particular of receivables, has been carried out. The Group has opted for the simplified method proposed by IFRS 9 for measuring impairment losses on trade receivables, finance lease receivables and other assets recognised at amortized cost. The study of the history of losses recorded on the receivables as well as the forward-looking elements collected did not reveal any significant additional losses to be recognised compared to the previously used model and did not have any significant consequences on the group's consolidated financial statements.

- **Classification and valuation of financial liabilities**

The change in the fair value of ORNANE related to credit risk had an impact on non-recyclable reserves of -€389 thousand in 2018.

Other financial liabilities are measured at amortized cost.

- **Hedge accounting**

The Group believes that existing hedges and qualifying hedges meet the hedge accounting eligibility criteria in accordance with IFRS 9. The application of the new standard did not have a significant impact compared to IAS 39 for derivative instruments held by the Group.

Standards and interpretations adopted by the IASB but not yet applicable on 31 December 2018

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 2018:

- IFRS 16 - Leasing contract, mandatory from 1 January 2019: The assessment of potential impacts on the Group's financial statements is still ongoing,
- IAS 12- Tax consequences of payments for financial instruments classified as shareholders' equity, mandatory application with effect from 1 January 2019 according to the IASB,

- IAS 23- Borrowing costs that can be incorporated into the cost of the assets, mandatory application with effect from 1 January 2019 according to the IASB,
- IFRS 3 & IFRS 11- Interest previously held in a joint operation, mandatory with effect from 1 January 2019, according to the IASB,
- Amendments to IAS 19 - Plan amendment, curtailment or settlement, mandatory application from 1 January 2019 according to the IASB,
- Amendments to IAS 28 - Long-term interests in associates and joint ventures, mandatory application from 1 January 2019, according to the IASB,
- Amendment to IFRS 9 - Early redemption provisions providing for negative compensation, mandatory application with effect from 1 January 2019 according to the IASB
- Amendments to IFRS 10 and IAS 28 - Sale or transfer of assets between an investor and an associate entity or joint venture,
- IFRIC 23- Uncertainty over income tax treatments, mandatory application with effect from 1 January 2019 according to the IASB.

The Group is currently assessing the impact of these standards on its financial statements.

- **IFRS 16 - Leases - Standard applicable on 1 January 2019.**

IFRS 16 "Leases" changes the method of accounting for leases by lessees. It will replace IAS 17 and interpretations IFRIC 4, SIC 15 and SIC 27. IFRS 16, which will come into force on 1 January 2019, imposes a single method of accounting for contracts by lessees, impacting the balance sheet in a manner similar to current finance leases.
As a provider of operating leases (to its customers) and regarding assets administered under management contracts with investors (see appendix to the consolidated financial statements note 1.10, note 1.5, note 1.21.1 and note 1.21.2), the Group naturally contracts many leases, both as lessor and lessee.
The work of implementation and evaluation of the amounts that will be recognised as assets and liabilities, on 1 January 2019, are in the process of being finalised and verified. Current analyses focus on contracts where the Group could be intermediary lenders (leasing to customers of investor-owned equipment) and on the evaluation of sales and lease back rights.
On 31 December 2018, off-balance sheet commitments related to leases are presented in note 35.1 Non-capitalized operating leases.
The Group will use the simplified transition method: reprocessing of existing contracts on 1 January 2019 on the basis of residual rents to be paid until the end of the contracts.

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 in the appendix.

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 tangible 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 amount of 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 of 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.

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;
- Shareholders’ 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 recognised in a conversion reserve included in the consolidated shareholders’ equity.

Goodwill generated during the acquisition of foreign companies is recognised 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 recognised in the Consolidated Shareholders’ Equity.

Par: Currency = 1 Euro

Exchange rate	Closing rate		Average rate	
	2018	2017	2018	2017
US dollar (USD)	1,1450	1,1993	1,1810	1,1297
Moroccan dirham (MAD)	10,9525	11,2210	11,0753	10,9908
Algerian Dinar (DZD)	135,4158	137,6386	137,5702	126,5476
West African CFA Franc (XOF)	655,96	655,96	655,96	655,96
Pound sterling (GBP)	0,8945	0,8872	0,8847	0,8767
Indian rupee (INR)	79,7298	76,6055	80,7332	73,5324

note 1.4.2. CONVERSION OF TRANSACTIONS IN FOREIGN CURRENCY

Foreign currency operations by consolidated companies 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. Exchange rate differences resulting from this conversion (latent gains and losses) are recognised as net financial profit or loss.

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. RECORDING 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).

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 2018.

The Hungarian railcars were sold in 2018 to the SPV of the Luxembourg fund TXRF4. The 40 Slovakian railcars were bought by the Group. DV01 and Dunavagon should be liquidated in 2019.

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 recognised 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 recognised in the income statement if the price adjustment is a financial liability.

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

In accordance with 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 appendix to the consolidated financial statements note 1.9). 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 shareholders’ 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 noted as shareholders' 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 residual interest, 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 recognised 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 amortized over three years.

note 1.8. TANGIBLE ASSETS

note 1.8.1. VALUATION AT COST NET OF AMORTIZATION AND IMPAIRMENT

Except when acquired as part of a company takeover, tangible 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 appendix to the consolidated financial statements note 1.9).

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 "Tangible assets" requires that an asset's main components with a useful lifetime shorter than that of the 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. DEPRECIATION

Tangible assets are depreciated and are calculated using the straight-line method over the asset's useful lifetime. Land is not depreciated.

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

In order to take into account the observed period of use of the railcars belonging to the group, all railcars are now depreciated over 36 years and not more than 30 years for certain subsidiaries. The Group therefore still complies with the standards and best practices of the profession. The modification of the depreciation plan for the railcars had a positive impact of €1.1 million on the result of 31 December 2018, group share after tax.

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

- Freight railcars 25 years old (India) to 36 years old (Europe)
- River barges (barges and pushers) 30 years
- Containers (of type "dry") 13 years
- Modular buildings of Moroccan entities 10 years

The depreciation of the 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 Tangible 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 recognised. 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 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 appendix to the 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.

The Touax Group as lessor and intermediate lessor (see note 1.21.2)

Leases to customers have been analysed in the light of IAS 17 criteria up to 31 December 2018. They correspond to simple 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 equipment or in customer default (non-recourse clauses benefiting the Group maturing in 2019). The lease payments received (see appendix 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 recognised as Leasing Revenues.

The Touax Group as Lessee

The management contracts concluded by the Group with investors do not qualify as finance leasing under IAS 17. The amounts paid to these investors are recognised as net income distributed to investors (see appendix to the consolidated financial statements note 1.21.7). The amounts paid to investors depend on the rate of use of the equipment, the leasing rates applied and the expenditure on the equipment under management. These sums vary each month over the duration of the contract that binds the Group to the investor. No fixed income or fixed return is ever guaranteed by the Group.

Assets managed by the Group on its own account are recorded under tangible 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 recognised 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 appendix to the consolidated financial statements note 1.8). They are tested for impairment under IAS 36 "Impairment of Assets" (see appendix 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 Freight Railcar and Container 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

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 commitments consist only of severance payments for its French companies' employees which correspond, under the terms of IAS 19 "Employee Benefits" to "defined benefit plans". 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 are reviewed annually.. The effect on the amount of the commitment of any changes in the actuarial assumptions is entered under Actuarial Differences. In accordance with IAS 19, the Group recognises these actuarial gains and losses through shareholders' equity and service costs through profit or loss.

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 recognised as staff costs and spread over the acquisition period of the entitlements; a counter-entry is made 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.

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 result.

note 1.18. FINANCIAL INSTRUMENTS

note 1.18.1. FINANCIAL ASSETS NON-CASH AND CASH EQUIVALENTS

The Group's financial assets include the following:

- non-current financial assets in the scope of IFRS 9: guarantees and other deposits for equity securities of non-consolidated companies, loans, derivatives;
- non-current financial assets outside the scope of IFRS 9 for the classification and measurement part: 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 short-term receivables and receivables with less than one year of finance leasing.

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 and are evaluated at fair value.

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 and interest-bearing bonds (including ORNANE bonds), trade payables, finance leasing debts 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).

Loans (excluding ORNANE) are initially recorded at fair value adjusted by directly attributable transaction costs.

Subsequently, they are evaluated at amortized cost using the effective interest rate method.

ORNANE are measured at fair value through profit or loss, with the exception of the credit risk component, which is recognised as non-recyclable reserves. Transaction costs are recognised on the date of issue.

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 Euros 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 1.18.4. DERIVATIVE FINANCIAL INSTRUMENTS

In 2018, the Group entered into forward exchange contracts (maturity in 2019) in order to hedge a foreign exchange risk exposure on the US dollar. Subscribed derivatives are recognised at fair value. Their impact on income fully or partially offsets gains and losses recorded in profit or loss on foreign currency exposure.

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

Changes in the fair value of swap contracts are recognised as recyclable reserves for the effective part. The ineffective part is recognised directly in the financial result.

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. This financial instrument enhances the structure of the Group's balance sheet when considering the lifetime of its assets and its business financing requirements.

Under IFRS, these securities are analysed as equity instruments under IAS 32.

note 1.20. TAXES ON PROFITS

Deferred taxes are recognised (undiscounted) 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 recognised as a revenue or charge in the Income Statement unless it relates to a transaction or event recognised directly in shareholders' 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 FROM ACTIVITIES

note 1.21.1. REVENUE FROM 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 Group then recognises a syndication commission (see note 1.21.5).

The investors entrust management of their equipment to the Group under management contracts. Equipment managed by the Group is leased to its customers (see appendix 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 appendix 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 appendix to the consolidated financial statements note 1.21.7).

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 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 appendix to the consolidated financial statements note 1.21.7).

In accordance with the requirements of IFRS 15, 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

In application of IAS 17, 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 invoiced 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 recognised as 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.

note 1.21.4. SALES OF EQUIPMENT

Equipment sales correspond to sales generated by trading (sales to end customers) and proceeds 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 appendix to the consolidated financial statements note 1.11). Disposals of finance leasing receivables are also included in Sales of equipment.

The sale of equipment is a recurring activity of the leasing of equipment. The Touax Group buys, leases and sells equipment but also carries out trading activities (buying/selling). The equipment sold may be new or used equipment belonging to the Touax Group or to investors.

a. Equipment belonging to the Touax Group (trading/used equipment activity)

The Touax Group sells its own equipment to end customers, whether this relates to trading or used equipment. The transfer of the control of the asset takes place at the moment possession of the material is taken and payment is made by the customer. The Group recognises this transaction as revenue for the amount invoiced and its write-off cost in the balance sheet as "Purchase cost of sales".

b. Investor-owned materials (used equipment)

The analysis of sales contracts for used equipment owned by investors to end customers leads the Touax Group to consider that it acts as an agent because it does not control the equipment sold in accordance with IFRS 15. As a result, only the sales commission for used equipment owned by investors is recognised and presented as revenue, instead of the gross amount of these sales and the investor's repayment charge.

note 1.21.5. FEES ON SYNDICATION (SALES OF EQUIPMENT TO INVESTORS)

Syndication is an area of strategic development for the group allowing it to deploy more equipment to its leasing customers without this weighing on its balance sheet. The Group therefore buys equipment, leases it, builds portfolios of assets and syndicates these portfolios to third-party investors. Investors take on the risk of ownership of the assets. According to IFRS 15, investors are not customers in the literal sense but business partners of the Group.

As a result, syndication activity does not fall within the scope of IFRS 15. IFRS 15 only applies to contracts with customers. IFRS 15.6 defines the customer as follows: "a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. The other party in the contract is not a customer if, for example, it has entered into a contract with the entity to participate in an activity or process whose risks and benefits are shared by the parties in the contract (as in the case of a collaborative arrangement for the development of an asset) and not for the purpose of obtaining goods or services resulting from the ordinary activities of the entity. "

As a result, the sale to the investor is not considered as a current transaction despite being recurring, and IAS16 paragraph 68A (sales recognition) does not apply.

Syndication activity is now presented as a commission (Sale price - purchase cost). This commission is excluded from revenues as defined by IFRS 15. It is included in the total income from activities on a separate line. 2017 revenues have been restated for ease of comparison.

The table below shows the difference between income from the activities published at 31 December 2017 and the income from the restated activities in accordance with the application of IFRS 15. The restatement of revenues is offset by a restatement of the cost of sales in the presentation of the income statement by function and purchases and other external expenses in the income statement by type:

Revenue from activities on 31 December 2017 *(in thousands of euros)*	Published	Investor-owned equipment sales commission	Syndication commission	Restated IFRS 15
Leasing and transport revenues	50 925			50 925
Sales of equipment etc.	28 031		(23 056)	4 975
Fees on syndication			1 050	1 050
Freight railcars	78 957		(22 006)	56 951
Leasing and transport revenues	14 341			14 341
Sales of equipment etc.	222			222
River Barges	14 563			14 563
Leasing and transport revenues	80 439			80 439
Sales of equipment etc.	28 898	(16 208)	(5 618)	7 072
Fees on syndication			72	72
Containers	109 337	(16 208)	(5 546)	87 583
Leasing and transport revenues	398			398
Sales of equipment etc.	8 674			8 674
Capital gains on disposal	1 482			1 482
Miscellaneous & Eliminations	10 555			10 555
Leasing and transport revenues	**146 103**			**146 103**
Sales of equipment etc.	**65 826**	**(16 208)**	**(28 674)**	**20 944**
Fees on syndication			**1 122**	**1 122**
Capital gains on disposal	**1 482**			**1 482**
GROUP TOTAL	**213 411**	**(16 208)**	**(27 551)**	**169 651**

note 1.21.6. OPERATING PROVISIONS

This item mainly records allocations and reversals relating to provisions for bad debts.

The unrecoverable losses are presented in other operating income and expenses.

note 1.21.7. NET DISTRIBUTIONS TO INVESTORS

The operating revenues and expenses of assets that are part of investor pools (see appendix to the consolidated accounts note 1.21.2) 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 the outside investors is recognised under net distributions to investors, in accordance with asset-management industry practice.

note 1.21.8. 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 revenues 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 appendix 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 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 customers are in identical locations.

In the Container business, however, markets are in other locations than those of the customers and services. The location of the markets and geographic zones of the Container business correspond to the location of the assets. Containers are moved regularly from country to country via international trade over hundreds of trading routes. The TOUAX Group has neither knowledge nor control over the location or movements of leased containers. Based on container leasing contracts in force on 31 December 2018, 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 Container business by geographic zone. The Container business is categorised in the international zone. This presentation is consistent with the practices of the container industry.

NOTE 2. SCOPE OF CONSOLIDATION

note 2.1. CHANGES IN THE SCOPE OF CONSOLIDATION

Number of consolidated companies	2018	2017
French companies	5	5
Foreign companies	27	26
TOTAL	**32**	**31**
Of which perimeter entries	2	
Of which perimeter exits	1	13

The Irish entity Touax Container Asset Financing Limited (TCAF) was created in the second quarter to bring new financing for the Container division. This company is 100% owned by TOUAX Container Services.

Touax Hydro Lease Corp was created in the last quarter. This company is 100% owned by Touax Hydrovia Corp.

These two companies are consolidated according to the global integration method.

In addition, the Group liquidated and dissolved the American company Touax Modular Building USA Llc, which has not been active since 2017.

note 2.2. LIST OF COMPANIES CONSOLIDATED IN 2018

Company name	Activity	Geographical area	TOUAX RAIL Ltd	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	Containers	North America	100%	100%	FC*
TOUAX CONTAINER Asset Financing Ltd	Containers	Europe	100%	100%	FC*
TOUAX CONTAINER Investment Ltd	Containers	Asia	100%	100%	FC*
TOUAX CONTAINER Leasing Pte Ltd	Containers	Asia	100%	100%	FC*
TOUAX CONTAINER SERVICES SAS	Containers	Europe	100%	100%	FC*
TOUAX CORP	Containers	North America	100%	100%	FC*
TOUAX CONTAINER FINANCING Pte Ltd	Containers	Asia	100%	100%	FC*
TOUAX AFRICA SAS	Modular Buildings	Europe	51%	51%	FC*
TOUAX Morocco Capital SARL	Modular Buildings	Africa	100%	51%	FC*
TOUAX MOROCCO SARL	Modular Buildings	Africa	100%	51%	FC*
RAMCO SARL	Modular Buildings	Africa	100%	51%	FC*
TOUAX IVORY COAST SARL	Modular Buildings	Africa	100%	51%	FC*
TOUAX MODULAR INDUSTRY ALGERIA	Modular Buildings	Africa	52,99%	24,99%	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	57,50%	57,50%	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*
TOUAX HYDRO LEASE Corp	River Barges	South America	100%	100%	FC*

* Full Consolidation

NOTE 3. DISPOSAL OF EUROPE AND UNITED STATES MODULAR BUILDINGS ACTIVITIES IN 2017

On 8 December 2017, the TOUAX Group sold the Europe Modular Buildings business to WH Bidco, a company indirectly owned by a fund managed by 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.

In application of IFRS 5 - Non-current Assets held for sale and discontinued operations, the modular buildings activity in Europe and the United States is presented in the TOUAX Group's income statement as a transferred activity in 2017.

In 2018, the group incurred costs related to these disposals and recognised a provision for price adjustment. These items were also recorded in discontinued operations in 2018.

The table below shows the contribution to the results of the businesses transferred in 2017:

31 December 2017 *(in thousands of euros)*	Touax Solutions Modulaires	Touax Modular Building USA	Total
Revenues	86 004	8 468	94 472
Gross operating margin (EBITDAR)	14 884	(899)	13 985
Operating result	(4 042)	(1 307)	(5 349)
Net current income before tax	(9 490)	(1 951)	(11 441)
Taxes	(665)	301	(364)
Net income before discontinuing depreciation	(10 155)	(1 650)	(11 805)
Discontinuing depreciation	7 384		7 384
Net income after discontinuing depreciation	(2 771)	(1 650)	(4 421)
Result from the sale of TSM shares	(4 755)		(4 755)
Net income from discontinued activities	(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

(*) Amounts restated in accordance with the application of IFRS 15 "Revenue from Contracts with Customers"

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 for 2017.

In accordance with IFRS 15 "Revenue from ordinary activities from contracts with customers" applicable since 1 January 2018, the consolidated income statements have been restated for 2017.

2018 *(in thousands of euros)*	Freight railcars	River Barges	Containers	Miscellaneous & Eliminations	Total
Leasing revenues	53 419	12 437	67 996	688	134 540
Sales of equipment	2 226	2 064	8 066	6 393	18 749
REVENUES	**55 645**	**14 501**	**76 062**	**7 081**	**153 289**
Fees on syndication	687		310		997
Capital gains or losses on disposals unrelated to recurring activities				255	255
REVENUE FROM ACTIVITIES	**56 332**	**14 501**	**76 372**	**7 336**	**154 541**
Cost of sales	(434)	(1 127)	(5 800)	(6 283)	(13 644)
Operating expenses	(18 296)	(6 208)	(8 300)	(1 151)	(33 955)
General and administrative expenses	(9 435)	(2 645)	(7 951)	(3 811)	(23 842)
Gross operating margin (EBITDAR)	**28 167**	**4 521**	**54 321**	**(3 909)**	**83 100**
Depreciation and impairments	(11 818)	(2 668)	(2 497)	(758)	(17 741)
OPERATING INCOME before distribution to investors	**16 349**	**1 853**	**51 824**	**(4 667)**	**65 359**
Net distributions to investors	(5 293)		(52 110)		(57 403)
Current operating income	**11 056**	**1 853**	**(286)**	**(4 667)**	**7 956**
Other operating income and expenses				156	156
OPERATING INCOME	**11 056**	**1 853**	**(286)**	**(4 511)**	**8 112**
Financial profit or loss					**(10 243)**
Share of income in associate companies					
PROFIT BEFORE TAX					**(2 131)**
Corporate tax					(475)
Net income from continuing activities					(2 606)
Net income from discontinued activities					(955)
NET INCOME					**(3 561)**
of which non-controlling interest (minority interests) in continuing activities					597
of which non-controlling interest (minority interests) in discontinued activities					
GROUP SHARE OF NET INCOME					**(4 158)**
of which net income from continuing activities					(3 203)
of which net income from discontinued activities					(955)

2017* *(in thousands of euros)*	Freight railcars	River Barges	Containers	Miscellaneous & Eliminations	Total
Leasing revenues	50 925	14 341	80 439	398	146 103
Sales of equipment	4 975	222	7 072	8 674	20 944
REVENUES	**55 901**	**14 563**	**87 511**	**9 072**	**167 047**
Fees on syndication	1 050		72		1 122
Capital gains or losses on disposals unrelated to recurring activities				1 482	1 482
REVENUE FROM ACTIVITIES	**56 951**	**14 563**	**87 583**	**10 555**	**169 651**
Cost of sales	(3 546)	(266)	(4 393)	(7 942)	(16 148)
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)	**24 679**	**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	**12 135**	**2 608**	**55 491**	**(893)**	**69 339**
Net distributions to investors	(4 388)		(57 399)		(61 787)
Current operating income	**7 746**	**2 608**	**(1 908)**	**(893)**	**7 552**
Other operating income and expenses	1 697			(8 329)	(6 632)
OPERATING INCOME	**9 443**	**2 608**	**(1 908)**	**(9 221)**	**920**
Financial profit or loss					**(9 337)**
Share of income in associate companies					(65)
PROFIT BEFORE TAX					**(8 482)**
Corporate tax					(53)
Net income from continuing activities					(8 535)
Net income from discontinued activities					(9 176)
NET INCOME					**(17 711)**
of which non-controlling interest (minority interests) in continuing activities					(3 145)
of which non-controlling interest (minority interests) in discontinued activities					3 474
GROUP SHARE OF NET INCOME					**(18 040)**
of which net income from continuing activities					(5 390)
of which net income from discontinued activities					(12 650)

(*) Amounts restated in accordance with the application of IFRS 15 "Revenue from Contracts with Customers"

note 4.2. BALANCE SHEET BY DIVISION

31 December 2018 *(in thousands of euros)*	Freight railcars	Barges Fluviales	Containers	Miscellaneous & Eliminations	TOTAL
ASSETS					
Goodwill	5 101				5 101
Net intangible assets	515	30	193	11	749
Net tangible assets	203 799	46 076	34 321	3 976	288 172
Long-term financial assets	1 195	113	3 720	6 114	11 142
Other non-current financial assets	545	215	776	815	2 352
Deferred tax assets				95	95
TOTAL non-current assets	**211 155**	**46 434**	**39 010**	**11 011**	**307 611**
Inventories and Work in Progress	24 139	2	40 532	2 511	67 184
Trade receivables	8 288	1 632	16 277	2 911	29 108
Other current financial assets	1 062	589	1 590	3 015	6 255
Cash and cash equivalents				29 246	29 246
TOTAL current assets	**33 489**	**2 223**	**58 399**	**37 682**	**131 794**
TOTAL ASSETS					**439 404**
LIABILITIES					
Share capital				56 092	56 092
Hybrid capital				50 161	50 161
Reserves				2 962	2 962
Income for the period, Group's share				(4 158)	(4 158)
Shareholders' equity attributable to owners of the Group's parent company				**105 057**	**105 057**
Non-controlling interests (Minority interests)	32 207			(8 150)	24 057
Total shareholders' equity				**96 907**	**129 114**
Borrowings and financial liabilities				168 972	168 972
Deferred tax liabilities				2 114	2 114
Pension and similar liabilities		31	38	284	353
Other long-term liabilities			543		543
TOTAL non-current liabilities		**31**	**581**	**171 370**	**171 982**
Provisions				504	504
Borrowings and current bank facilities				56 544	56 544
Trade payables	7 589	872	1 928	3 695	14 084
Other current liabilities	4 100	676	54 533	7 867	67 176
TOTAL current liabilities	**11 689**	**1 548**	**56 461**	**68 610**	**138 308**
TOTAL LIABILITIES					**439 404**
Intangible & tangible investments, during the period	18 040	634	3 197	245	22 117
Workforce by activity (FTE)	**59**	**8**	**40**	**139**	**246**

31 December 2017 *(in thousands of euros)*	Freight railcars	River Barges	Containers	Miscellaneous & Eliminations	TOTAL
ASSETS					
Goodwill	5 101				5 101
Net intangible assets	555	3	225	90	874
Net tangible assets	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 financial 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**
Inventories and Work in Progress	19 424	2	2 730	1 752	23 908
Trade receivables	8 431	1 725	14 207	5 212	29 575
Other current financial 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**
TOTAL ASSETS					**398 197**
LIABILITIES					
Share capital				56 092	56 092
Hybrid capital				50 161	50 161
Reserves				24 483	24 483
Income for the period, Group’s share				(18 040)	(18 040)
Shareholders' equity attributable to owners of the Group's parent company				**112 696**	**112 696**
Non-controlling interests (Minority interests)	30 267			(6 270)	23 997
Total shareholders’ equity				**106 426**	**136 693**
Borrowings and financial liabilities				123 180	123 180
Deferred tax liabilities				1 860	1 860
Pension and similar liabilities		26	27	145	198
Autres passifs long terme			2 627		2 627
TOTAL passifs non courants		**26**	**2 655**	**125 185**	**127 865**
Provisions				164	164
Borrowings and current bank facilities				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 shareholders’ equity	**7 947**	**2 148**	**23 508**	**100 036**	**133 639**
TOTAL LIABILITIES					**398 197**
Intangible & tangible investments, during the period	6 649	584	268	9	7 511
Workforce by activity (FTE)	**51**	**8**	**40**	**149**	**248**

note 4.3. GEOGRAPHICAL INFORMATION

(in thousands of euros)	International	Europe	N & S America	Other	TOTAL
2018					
Revenue from activities	76 259	67 372	3 262	7 648	154 541
Intangible and tangible investments	3 102	13 653		5 362	22 117
Non-current sectoral assets	38 826	225 460	21 482	21 748	307 516
2017					
Revenue from activities restated IFRS 5 and IFRS 15	87 319	68 664	4 986	8 682	169 651
Intangible and tangible investments	117	5 911	86	1 397	7 511
Non-current sectoral assets	37 302	231 874	21 688	16 547	307 411

NOTES REGARDING THE INCOME STATEMENT

NOTE 5. REVENUE FROM ACTIVITIES

Breakdown by type *(in thousands of euros)*	2018	2017	2018/2017 change	
Leasing revenues	134 540	146 103	(11 563)	-7,9%
Sale of new and used equipment	18 749	20 944	(2 195)	-10,5%
REVENUES	**153 289**	**167 047**	**(13 758)**	**-8,2%**
Fees on syndication	997	1 122	(125)	-11,1%
Capital gains or losses on disposals unrelated to recurring activities	255	1 482	(1 227)	-82,8%
REVENUE FROM ACTIVITIES	**154 541**	**169 651**	**(15 110)**	**-8,9%**

Revenue from activities fell by €15.1 million (or -8.9%) changing from €169.7 million in 2017 to €154.5 million in 2018. On a constant scope and currency basis, revenue from activities decreased by 6.6%.

- **Leasing revenues**

Leasing revenue includes leasing income, charter revenue, income from services associated with the leasing of equipment and financial income from leases in which the Group is a lessor.

Leasing revenue decreased by €11.6 million, falling from €146.1 million in 2017 to €134.5 million in 2018, equal to a variation of -7.9%. The change in leasing revenues at constant scope and perimeter is -5.6% (depreciation of the dollar from 1.1297 in 2017 to 1.1810 in 2018).

The freight railcar leasing activity increased by €2.5 million due to higher utilisation rates and leasing rates.

The River Barges activity shows a drop in leasing revenues due to lower leasing rates and utilisation rates in South America.

The leasing activity in the Containers division is down 15.5% due to a decrease in the fleet. This decrease can also be explained by hire-purchase container contracts reaching maturity. On a constant currency basis, leasing revenues would fall by 11.6%.

- **Sale of new and used equipment**

Equipment sales record sales of new or used equipment to end customers and sales commissions for investor-owned equipment.

Equipment sales decreased by €2.2 million (-10.5%), falling from €20.9 million in 2017 to €18.7 million in 2018.

- **Fees on syndication**

Fees on syndication were down €0.1 million with a lower syndication volume in 2018.

NOTE 6. PURCHASES AND OTHER EXTERNAL EXPENSES

Purchases and other external expenses fell by €10.6 million or -16.1% in 2018. The costs of sales decrease by €2.5 million in the same way as sales revenues. Other external services decreased by €8 million, mainly due to a decrease in the hire-purchase of expired containers (€4.7 million) and a decrease in the Containers Division operating costs due to the decrease in the managed fleet and increased utilisation rates.

NOTE 7. STAFF COSTS

(in thousands of euros)	2018	2017	2018/2017 change	
Salaries & social security contributions	(15 931)	(15 935)	4	0,0%
WORKFORCE (FTE) AS AT 31 DECEMBER	**246**	**248**	**(2)**	**-0,8%**

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. 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. A stake of €9,092 was paid in 2018.

The competitiveness and employment tax credit (Crédit d'Impôt Compétitivité Emploi) concerning French companies is recognised as staff costs for an amount of €39 million.

NOTE 8. OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	2018	2017	2018/2017 change	
Other operating income	1 409	3 556	(2 147)	-60,4%
Other operating expenses	(7 800)	(6 047)	(1 753)	29,0%
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(6 391)**	**(2 491)**	**(3 900)**	**156,6%**

In 2018, other operating income and expenses recorded a loss on bad debts representing €7.5 million. These receivables were provisioned and the reversal of this provision is included in operating depreciation (see note 9).

In 2017, other operating income 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).

NOTE 9. OPERATING PROVISIONS

(in thousands of euros)	**2018**	2017	2018/2017 change	
Reversals of operating depreciation	9 008	8 624	384	4,5%
Operating Depreciation	(2 959)	(5 412)	2 453	-45,3%
TOTAL OPERATING PROVISIONS	**6 049**	**3 212**	**2 837**	**88,3%**

In 2018, the reversal of operating provisions amounted to +€6.1 million and correspond to reversals of net impairments of bad debts for +€5.9 million and inventory write-downs for +€0.2 million.

In 2017, the reversal of operating provisions amounted to +€3.2 million and corresponded to reversals of net impairments of bad debts for +€3.1 million and inventory write-downs for +€0.1 million.

NOTE 10. DEPRECIATION AND IMPAIRMENTS

(in thousands of euros)	**2018**	2017	2018/2017 change	
Allocation for depreciation and impairment of assets	(17 130)	(18 771)	1 641	
Leasing depreciation allocation	(607)	(630)	23	
Depreciation allocations	**(17 737)**	**(19 401)**	**1 664**	**-8,6%**
Other provisions	(4)	87	(91)	
TOTAL	**(17 741)**	**(19 314)**	**1 573**	**-8,1%**

In 2018, allocations for amortization and depreciation of assets amounted to €17.7 million, equal to a decrease of €1.6 million. This decrease is mainly due to the change in the depreciation period of the railcars (see note 1.2).

In 2017, allocations for amortization and depreciation of assets amounted to €19.3 million.

NOTE 11. NET DISTRIBUTIONS TO INVESTORS

Net distributions to investors are broken down by division as follows:

(in thousands of euros)	**2018**	2017	2018/2017 change	
Freight railcars	(5 293)	(4 388)	(905)	20,6%
Containers	(52 110)	(57 399)	5 289	-9,2%
TOTAL	**(57 403)**	**(61 787)**	**4 384**	**-7,1%**

Net distribution to investors fell by €4.4 million (equal to -7.1%), decreasing from €61.8 million in 2017 to €57.4 million in 2018.

Net distributions to investors correspond to the variable payments of the net income of expenses and the management commission of the assets belonging to investors who are managed by the Group and leased to its customers. The majority of managed assets are containers. Containers are denominated in US dollars and leased in US dollars.

On a constant currency basis, distributions to investors decreased by €2 million or -3.3% due to the decrease in the fleet.

- **Freight Railcars**

In 2018, the Group managed 1,949 railcars (equivalent to 2,528 platforms) in Europe and the United States on behalf of third parties, compared with 1,900 railcars (2,412 platforms) in 2017.

- **Containers**

On 31 December 2018, the Group managed 432,348 CEUs for third parties, compared with 447,068 CEUs on 31 December 2017. The decrease in distribution to investors is due to a smaller container fleet.

NOTE 12. OTHER OPERATING INCOME AND EXPENSES

In 2018, other operating income and expenses amounted to €0.2 million corresponding to the indemnification of the liability guarantee of a tax adjustment in Morocco.

In 2017, other operating expenses and income presented a charge of €6.6 million, corresponding to:

- an impairment loss on the goodwill of the modular buildings business in Africa 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.

NOTE 13. FINANCIAL PROFIT OR LOSS

(in thousands of euros)	**2018**	2017	2018/2017 change	
Income in cash and cash equivalent	**20**	**78**		
Interest charges on financing operations	(10 081)	(10 825)		
Gross cost of financial debt	(10 081)	(10 825)		
Net cost of financial debt	**(10 061)**	**(10 747)**	**686**	**-6,4%**
Gains and losses related to the discharge of debts	(228)	935		
Discounted financial income and expenses	3	(52)		
Other financial income and expenses	43	527		
Other financial income and expenses	**(182)**	**1 410**	**(1 592)**	**-112,9%**
FINANCIAL PROFIT/LOSS	**(10 243)**	**(9 337)**	**(906)**	**9,7%**

The net financial expense increased by €0.9 million (or +9.7%), changing from an expense of €9.3 million in 2017 to an expense of €10.2 million in 2018.

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 decreased by €0.7 million between the two periods and is explained by a volume effect of the average debt.
- Other financial income and expenses showed an income of €0.2 million, mainly due to foreign exchange rate losses on the USD and GBP.

NOTE 14. TAXES ON PROFITS

note 14.1. ANALYSIS OF THE TAX CHARGE RECOGNISED 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 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 INCOME TAX

The income tax expense recognised as profit/loss for the year amounted to €0.5 million (compared with a tax expense of €53 thousand in 2017). It is broken down as follows:

	2018			2017		
(in thousands of euros)	**Current**	**Deferred**	**TOTAL**	**Current**	**Deferred**	**TOTAL**
Europe	794	(522)	272	(94)	219	125
USA	(55)	(45)	(100)	(331)	322	(9)
Other	(682)	35	(647)	(320)	151	(169)
TOTAL	**57**	**(532)**	**(475)**	**(745)**	**692**	**(53)**

note 14.1.2. RECONCILIATION BETWEEN THE GROUP'S THEORETICAL TAX CHARGE AND THE TAX CHARGE ACTUALLY RECOGNISED

(in thousands of euros)		**2018**	2017
Current net income before global tax		**(2 131)**	**(8 482)**
Theoretical tax at the current French rate of taxation	28,00%	597	2 827
Restrictions on deferred tax items		(2 915)	(4 683)
Temporary differences		(174)	715
Permanent differences and other elements		647	38
New losses during the period			
Current benefit of earlier losses		1 163	545
Difference in tax rate		207	505
EFFECTIVE TAX INCOME	-22,29%	**(475)**	**(53)**

Outstanding deferred tax assets in France not recognised in the accounts are estimated at €30.8 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 RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

Deferred tax effects of swap valuations and net investment revaluations are recognised as Shareholders' Equity.

(in thousands of euros)	2017	Equity variation	2018
Redeemable stock warrants	(54)		(54)
Valuation of swaps	9	40	49
Revaluation of net investments			
TOTAL	**(45)**	**40**	**(5)**

note 14.3. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax position is as follows:

(in thousands of euros)	2018	2017
Deferred tax assets	95	341
Deferred tax liability	(2 114)	(1 860)
TOTAL	**(2 019)**	**(1 519)**

Net deferred tax liabilities are broken down as follows:

(in thousands of euros)	2018	2017
Impairment of fixed assets and restatement of lease	(23 092)	(27 243)
Deferred losses	22 021	26 902
Discounted financial fixed assets	(1)	
Impairment for doubtful debts		50
Other	(947)	(1 228)
NET BALANCE	**(2 019)**	**(1 519)**

NOTE 15. NET INCOME FROM DISCONTINUED OPERATIONS

Net income from discontinued operations includes post-closing expenses related to the transfer price adjustment and the transfer price adjustment provision.

NOTE 16. 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 2018 the Group had no potentially dilutive shareholders' equity instrument.

	2018	2017
Net income in euros	**(4 158 368)**	**(18 040 252)**
Shares in circulation on 31 December	7 011 547	7 011 547
Weighted average number of shares in circulation	7 002 362	7 004 317
Potential number of shares		
- ORNANE 2015		
Weighted mean number of shares for calculating diluted income per share	**7 002 362**	**7 004 317**
NET INCOME PER SHARE		
- basic	(0,59)	(2,58)
- diluted	(0,59)	(2,58)

NOTES RELATING TO THE BALANCE SHEET

ASSETS

NOTE 17. GOODWILL

Changes in goodwill were as follows:

(in thousands of euros)	2017	Decreases	Conversion adjustment	Change in the scope of consolidation	2018
Freight railcars					
SRF Railcar Leasing Ltd	547				547
Touax Rail Limited	4 554				4 554
TOTAL	**5 101**				**5 101**

No change in Goodwill was recorded in 2018.

In 2017, the change in Goodwill is explained by the impairment of goodwill recorded in the scope of the African modular building subsidiaries for €8.3 million, by the transfer of the entities Siko Containerhandel GmbH and Touax Sro for €13.8 million and by the conversion differences.

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:

(in thousands of euros)	Value of associated goodwill	2017 discount rate	Indefinite growth rate 2017	2018 discount rate	Indefinite growth rate 2018
Freight railcars	5 101	6,92%	1,50%	7,28%	1,90%
TOTAL	**5 101**				

The discount rates used are the weighted average cost of capital (WACC) estimated for each activity.

The growth rate used of 1.9% corresponds to the internal growth objectives for the European zone of the Freight Railcars division based on the rate of inflation.

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 would not result in the accounting of an impairment in the Group's consolidated financial statements on 31 December 2018.

Sensitivity of the recoverable value according to a +/- 50 base point change in the rates applied:

(in thousands of euros)	Rate sensitivity				Flow level sensitivity	
	Discount rate		Indefinite growth rate		Change in future cash flows from terminal value	
	+50 bp	-50 bp	+50 bp	-50 bp	+5%	-5%
Freight railcars	(29 339)	35 360	32 054	(26 622)	14 919	(14 919)

NOTE 18. INTANGIBLE ASSETS

(in thousands of euros)	2017	Purchases	Disposals	Allocations during the year	Exchange rate variations	Reclassifications and changes in the scope of consolidation	2018
Freight railcars	554			(17)	(22)		515
River Barges	3			(4)	1	30	30
Containers	225	6		(139)	3	98	193
Other	90			(50)	1	(30)	11
TOTAL	**874**	**6**		**(211)**	**(17)**	**98**	**749**

Intangible assets mainly record licences and software.

NOTE 19. TANGIBLE ASSETS

note 19.1. BREAKDOWN BY TYPE

	2018			2017
(in thousands of euros)	Gross value	Deprec.	Net value	Net value
Land and buildings	5 431	(2 332)	3 099	3 395
Equipment	383 293	(101 914)	281 379	282 624
Other tangible assets	8 200	(7 164)	1 036	1 012
Tangible assets (WIP)	2 658		2 658	615
TOTAL	**399 582**	**(111 410)**	**288 172**	**287 645**

note 19.2. CHANGES IN GROSS VALUE, BY TYPE

(in thousands of euros)	2017	Purchases	Disposals	Exchange	Reclassifications and changes in the scope of	2018
Land and buildings	5 449	6	(149)	125		5 431
Equipment	382 025	18 455	(22 220)	2 942	2 091	383 293
Other tangible assets	7 813	537	(356)	108	98	8 200
Tangible assets (WIP)	616	3 113		33	(1 104)	2 658
TOTAL	**395 903**	**22 111**	**(22 725)**	**3 208**	**1 085**	**399 582**

Acquisitions relate to the Freight Railcars activity for €18 million, the River Barges activity for €0.6 million and the Containers activity for €3.2 million.

Transfers (gross value) relate to the Freight Railcars activity for €8.7 million, the River Barges activity for €4 million and the Containers activity for €9.2 million.

The Group's tangible assets are made up of leasing equipment (freight railcars, river barges and containers). Unit values of freight railcars range from €10,000 for used 60-ft railcars to €125,000 for new, articulated intermodal railcars (106-ft). The unit values of river barges range from €150,000 for used barges (1,700-ton), to over €1m for new barges (2,800-ton). The unit values of containers (20 feet) do not generally exceed $2,500.

NOTE 20. FINANCIAL ASSET INSTRUMENTS

- **Fair value of financial asset 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 25.5 below.

The financial risk management policy is presented in of the note 33.

Both swaps and cash and cash equivalents are valued at their fair value. For trade receivables and related accounts, the book value is used for the fair value, as these credits are all very short term.

Other non-current financial assets are valued at their depreciated cost calculated using the effective interest rate.

Other non-current financial assets and other non-current fixed assets undergo impairment tests on the basis of the estimated future income streams.

note 20.1. NON-CURRENT FINANCIAL ASSETS

Financial asset at fair value *(in thousands of euros)*	**2018**	2017
Opening total	900	1
Variation in fair value		899
Closing total	**900**	**900**

Other Non Current financial assets - Gross value *(in thousands of euros)*	**2018**	2017
Opening total	9 010	7 238
Increases	2 741	6 747
Decreases	(1 635)	(772)
Conversion adjustment	125	(174)
Other changes	1	(4 029)
Closing total	**10 242**	**9 010**

Other Non Current financial assets - Depreciation by result *(in thousands of euros)*	**2018**	2017
Opening total	(135)	(3 060)
Conversion adjustment	135	
Other changes		2 925
Closing total		**(135)**

Other Non Current financial assets - Net value *(in thousands of euros)*	**2018**	2017
Opening total	8 875	**4 177**
Closing total	**10 242**	**8 875**

TOTAL Long-term financial assets	**11 142**	**9 775**

- **Financial asset at fair value**

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 non-current financial assets**

They consist of an escrow account given to the purchaser of the Modular Buildings Europe business for €5.8 million, of payments of the tax certificates to the tax authorities of Hong Kong as part of the audit of our subsidiary of the Containers division for €3.5 million and various security deposits for the balance.

note 20.2. OTHER NON-CURRENT FINANCIAL ASSETS

Finance lease receivables - Gross value *(in thousands of euros)*	**2018**	2017
Opening total	563	2 128
Increases	72	269
Decreases	(353)	(1 092)
Conversion adjustment	7	(135)
Other changes		(607)
Closing total	**289**	**563**

Finance lease receivables - Impairment in income statement *(in thousands of euros)*	**2018**	2017
Opening total		
Closing total		

Finance lease receivables - Net value *(in thousands of euros)*	**2018**	2017
Opening total	563	2 128
Closing total	**289**	**563**

Derivatives asset instruments at fair value *(in thousands of euros)*	**2018**	2017
Opening total		
Change in fair value	1 019	
Other changes	(204)	
Closing total	**815**	

Trade receivables - Gross value *(in thousands of euros)*	**2018**	2017
Opening total	3 453	3 334
Increases	111	146
Decreases	(69)	
Conversion adjustment	47	(425)
Other changes	(2 294)	398
Closing total	**1 248**	**3 453**

Trade receivables - Impairment loss *(in thousands of euros)*	**2018**	2017
Opening total		
Closing total		

Trade receivables - Net value *(in thousands of euros)*	**2018**	2017
Opening total	3 453	**3 334**
Closing total	**1 248**	**3 453**

TOTAL Other non-current financial assets	**2 352**	**4 016**

The Group's assets include assets held under hire-purchase agreements, in which it acts as lessor, amounting to a net book value of €0.6 million (€0.3 million in other non-current assets and €0.3 million in other current assets) and a historical cost of €1.6 million.

(in thousands of euros)	Future payments (min.)	Updated minimum future payments
For less than one year	340	289
Between one and five years	353	271
Over five years	19	18
TOTAL	**712**	**578**
Present value adjustment, finance leases	134	
UPDATED MINIMUM FUTURE PAYMENTS	**578**	**578**
Presentation of finance lease credits in the Balance Sheet		
Other current assets		289
Other non-current assets		289
TOTAL		**578**

The interest rate applied to hire-purchase contracts is determined on the day the contract is signed. The average rate of interest used was 9.3% on 31 December 2018. The interest income from hire-purchase contracts is recorded under leasing revenues (€0.1 million in 2018 compared with €0.2 million in 2017).

EBITDA

For the Group, EBITDA corresponds to recurring operating income restated for depreciation and provisions. EBITDA is a non-accounting concept but is particularly used by financial analysts, investors and other users of financial statements to measure the operational performance of the activity. 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 hire-purchase granted to customers, amounting to €0.9 million on 31 December 2018. 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.

(in thousands of euros)	Freight railcars	River Barges	Containers	Other	2018
EBITDAR (gross operating margin)	28 167	4 521	54 321	(3 909)	83 100
Net distributions to investors	(5 293)		(52 110)		(57 403)
EBITDA	**22 874**	**4 521**	**2 211**	**(3 909)**	**25 697**
Principal payments of finance-lease receivables received		656	211		867
Restated EBITDA	**22 874**	**5 177**	**2 422**	**(3 909)**	**26 564**

NOTE 21. 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.

	2018				2 017
(in thousands of euros)	Gross value	Prov.	Net value	Change	Net value
Equipment	45 012	(106)	44 906	34 619	10 287
Spare parts	22 278		22 278	8 658	13 620
TOTAL	**67 290**	**(106)**	**67 184**	**43 276**	**23 908**

The inventory of the Freight Railcars division has stocks of spare parts for €20.8 million and railcars in production totalling €3 million.

The inventory of containers corresponds to about 22,478 CEUs worth a total of €40.5 million.

The Modular Buildings business in Africa has an inventory of goods or goods in production worth €1 million and raw materials worth €1.5 million.

NOTE 22. RECEIVABLES AND RELATED ACCOUNTS

Trade receivables - Gross value *(in thousands of euros)*	2018	2017
Opening total	43 957	74 089
Change	(9 302)	(8 449)
Conversion adjustment	1 045	(3 553)
Other changes	2 342	(18 130)
CLOSING TOTAL	**38 041**	**43 957**

Trade receivables - Impairment in income statement *(in thousands of euros)*	2018	2017
Opening total	(14 382)	(22 541)
Increases	(2 908)	(5 877)
Decreases	8 668	8 970
Conversion adjustment	(264)	1 434
Other changes	(47)	3 632
CLOSING TOTAL	**(8 933)**	**(14 382)**

Trade receivables - Net value *(in thousands of euros)*	2018	2017
Opening total	29 575	51 548
CLOSING TOTAL	**29 108**	**29 575**

On first booking, trade receivables are recognised at their fair value which corresponds to their nominal value. On 31 December 2018, outstanding trade receivables totalled €29.1 million on the balance sheet. This is a reasonable estimate of the fair value.

The average duration of customer credit is 57 days. The average duration of customer credit was 58 days in 2017.

Before a new customer is accepted, the Group checks its solvency with credit rating agencies and determines the applicable credit limits.

On 31 December 2018 the Group recorded net overdue receivables for an amount of €9.3 million, the vast majority of which is outstanding for less than six months.

Aged balance 2018 *(in thousands of euros)*	Trade receivables, gross	Depreciation	Trade receivables
Unmatured	20 404	(578)	19 826
0 - 6 months	7 843	(1 116)	6 727
6 -12 months	1 681	(1 228)	453
> 1 year	8 113	(6 011)	2 102
TOTAL	**38 041**	**(8 933)**	**29 108**

NOTE 23. OTHER CURRENT FINANCIAL ASSETS

(in thousands of euros)	2018	2017
Deferred expenses	1 082	1 686
Taxes	4 109	4 136
Finance leasing receivables of less than one year	289	855
Other	775	422
TOTAL	**6 255**	**7 099**

Taxes and Duties are mainly made up of VAT at the end of period.

Other current assets are all recoverable within one year.

NOTE 24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents *(in thousands of euros)*	2018	2017
Investments of less than three months	1 004	12 516
of which, Negotiable securities		*495*
Cash	28 242	17 347
CLOSING TOTAL	**29 246**	**29 863**

The balances of cash and cash equivalents shown on the Group's balance sheet on 31 December 2018 include €15.6 million in cash that is not available for the Group's daily cash management. This balance corresponds for an amount of €3.2 million to contractual reserves on asset financing companies, and for €12.4 million to the Cash-flow of companies not 100% owned.

NOTE 25. FINANCIAL LIABILITIES

Non-current and current financial liabilities are classified as "Borrowings and Financial Debts" and "Borrowings and Current Bank Facilities".

note 25.1. ANALYSIS OF FINANCIAL LIABILITIES BY CATEGORY

	2018			2017		
(in thousands of euros)	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Bonds	16 402	24 275	40 677	22 473	7 565	30 038
Medium/long-term loans with recourse	5 677	7 912	13 589	13 010	2 908	15 918
Finance-lease commitments with recourse	2 541	3 754	6 295	6 295	1 652	7 947
Renewable lines of credit with recourse		2 000	2 000		23 697	23 697
Debts without recourse	144 351	15 362	159 713	81 402	49 840	131 242
Bank overdrafts payable with recourse		1 902	1 902		594	594
Bank overdrafts payable without recourse		487	487		508	508
Derivative instruments with recourse					217	217
Derivative instruments without recourse		853	853		762	762
TOTAL FINANCIAL LIABILITIES	**168 972**	**56 544**	**225 516**	**123 180**	**87 741**	**210 922**

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:

			Non cash "variations"				
2018 *(in thousands of euros)*	Opening	Net cash flow	Exchange rate effects	Fair value changes	Other variations	Total "Non cash"	Closing
Bonds	30 038	9 536		428	675	1 103	**40 677**
Medium/long-term loans with recourse	15 918	(2 961)	608		24	632	**13 589**
Finance-lease commitments with recourse	7 947	(1 653)	1			1	**6 295**
Renewable lines of credit with recourse	23 697	(475)			(21 222)	(21 222)	**2 000**
Debts without recourse	131 242	5 237	1 428		21 806	23 234	**159 713**
Derivative instruments with and without recourse	979	(2)		79	(203)	(124)	**853**
Subtotal	**209 821**	**9 682**	**2 038**	**507**	**1 081**	**3 623**	**223 127**
Bank overdrafts payable with and without recourse	1 101	1 269	19			19	**2 389**
Total financial liabilities	**210 922**	**10 950**	**2 056**	**507**	**1 081**	**3 642**	**225 516**

2017 (in thousands of euros)	Opening	Cash flow	Non cash "variations": Changes in scope of consolidation	Exchange rate effects	Fair value changes	Other variations	Total "Non cash"	Closing
Bonds	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
Renewable lines of credit with recourse	40 257	(13 382)	(3 649)	70		401	(3 178)	23 697
Debts without recourse	167 053	(58 040)	28 850	(4 546)		(2 075)	22 228	131 242
Derivative instruments with and without recourse	1 360	(498)	354		(236)		118	979
NET FINANCIAL DEBT	**363 908**	**(144 923)**	**(2 870)**	**(6 051)**	**(236)**	**(7)**	**(9 164)**	**209 821**
Bank overdrafts payable with and without recourse	909	783	(509)	(81)			(590)	1 101
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 2018

Financial liabilities categories (in thousands of euros)	Consolidated financial statements	Measured at fair value	% diff.	Sensitivity: +1%	diff. with fair value
Financial liabilities valued at amortized cost	201 382	203 278	0,94%	202 024	-0,62%
Financial liabilities valued at fair value	24 134	24 134			
TOTAL	**225 516**	**227 412**	**0,84%**	**202 024**	**-11,16%**

On 31 December 2017

Financial liabilities categories (in thousands of euros)	Consolidated financial statements	Measured at fair value	% diff.	Sensitivity: +1%	diff. with fair value
Financial liabilities valued at amortized cost	187 090	188 741	0,88%	188 130	-0,32%
Financial liabilities valued at fair value	23 832	23 832			
TOTAL	**210 922**	**212 573**	**0,78%**	**188 130**	**-11,50%**

As stated in note 1.18.3, financial liabilities with the exception of ORNANE are valued at their amortized cost, using the “effective interest rate” method. To value at fair value, the level used is level 3.

Applying the fair value principle would value the financial liabilities at €227.4 million, using the average rate of the fixed-rate debt at 31 December 2018 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 and the ORNANE bond issue are assessed using the values obtained from first-rate financial institutions.

note 25.2. BREAKDOWN BY DUE DATE OF LOANS AND PAYMENTS ON 31 DECEMBER 2018

(in thousands of euros)	2019	2020	2021	2022	2023	+ 5 years	TOTAL
Bonds	24 275	(64)	(64)	(64)	16 595		40 677
Medium/long-term loans with recourse	7 912	5 677					13 589
Finance-lease commitments with recourse	3 754	567	1 974				6 295
Short-term borrowing with recourse	3 902						3 902
Debts without recourse	16 702	95 605	3 221	3 365	36 938	5 222	161 053
TOTAL CAPITAL FLOW ON LOANS	**56 544**	**101 785**	**5 131**	**3 301**	**53 534**	**5 222**	**225 516**
Future interest flow on loans	8 318	4 656	2 729	2 537	1 864	990	21 095
TOTAL FLOW ON LOANS	**64 862**	**106 440**	**7 859**	**5 838**	**55 398**	**6 211**	**246 610**

Future interest payable on variable rate loans has been estimated on the basis of the interest rates applicable on 31 December 2018.

Borrowing maturities include the regular annual depreciation of loans up to their extension and the depreciation of certain loans. On 31 December 2018, the amount of lines to be renewed in 2019 amounted to €33.8 million, of which €23.3 million for the ORNANE bond issue maturing in July 2020 and for which the investors have a put option in August 2019. Other amortization amounts to €10.5 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 that are free of finance which enable it to refinance these lines.

Work is already underway to refinance these lines, as specified in note 33.3.

note 25.3. COMMITMENTS AND SPECIFIC CLAUSES OF THE LOANS

The default clauses related to non-compliance with financial ratios (financial covenants) relating to recourse debts concern a medium-term bank loan and a bond loan (€PP). These clauses relate to €11.5 million and €16.6 million of debt respectively on 31 December 2018. They entitle credit institutions and/or investors to insist on early repayment if the terms of these are not met.

The financial covenants calculated on the Group's consolidated financial statements are presented in the following table:

Borrower	Touax Hydrovia Corp	Touax SCA
Type of facility	bilateral	Private Euro Placement
Period and issue mode	7 year long-term redeemable debt	5 years in fine
Maximum amount	$22.3 m	€16.6m
Outstanding 31/12/18	$13.1 m	€16.6m
Scope of calculation	TOUAX SCA consolidated financial statements	TOUAX SCA consolidated financial statements
Gearing (net financial debt with recourse/shareholders' equity)	Below 1.9	
Loan to Value		below 70%
Interest Coverage (restated EBITDA after distribution / Net financial expenses)	greater than 2	greater than 2
Calculation frequency	Semi-annual	Annual
Loan maturity date	31/03/2020	31/07/2023
Guarantees	package of guarantees	
Cross-default clauses	**default on a debt greater than €5 million within the scope of calculation**	**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 2018.

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 25.4. ANALYSIS OF THE INDEBTEDNESS

Consolidated net financial debt is as follows:

(in thousands of euros)	**2018**	2017
Financial liabilities	225 516	210 922
Derivative Instruments assets	815	
Marketable securities & other investments	1 004	12 516
Cash assets	28 242	17 347
CONSOLIDATED NET FINANCIAL DEBT	**195 455**	**181 059**
Debt without recourse	161 053	132 512
FINANCIAL INDEBTEDNESS EXCLUDING DEBT WITHOUT RECOURSE	**34 402**	**48 547**

Debt without recourse 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**

(in thousands of euros)	**2018**	2017
Euro (EUR)	143 009	142 147
US dollar (USD)	49 345	37 827
Pound (GBP)	19 371	21 336
Other	13 791	9 613
TOTAL	**225 516**	**210 922**

- **Breakdown of gross debt by fixed rate – variable rate (including hedging instruments)**

(in thousands of euros)	**2018**	2017
Fixed rate	181 889	129 253
Variable rate	43 627	81 670
TOTAL	**225 516**	**210 922**

- **Average rate of gross debt by currency**

	2018	2017
Average debt rate in Euro (EUR)	3,55%	3,51%
Average debt rate in US dollar (USD)	5,30%	4,48%
Average debt rate in pounds (GBP)	4,04%	4,11%
Average debt rate in other currencies	8,13%	4,01%
AVERAGE RATE OF OVERALL GROSS DEBT	**4,26%**	**3,77%**

note 25.5. EFFECT OF FINANCIAL INSTRUMENTS ON NET INCOME

(in thousands of euros)	Financial assets measured at amortized cost	Financial instruments at fair value	2018
Financial expenses	(10 043)	157	(9 886)
Effect on income	**(10 043)**	**157**	**(9 886)**
Currency gain/loss			(227)
Effect of present value adjustment,			3
Earnings from cash deposits			20
Other			(153)
FINANCIAL PROFIT OR LOSS			**(10 243)**

(in thousands of euros)	Financial assets measured at amortized cost	Financial instruments at fair value	2017
Financial expenses	(10 277)	(21)	(10 298)
Effect on income	**(10 277)**	**(21)**	**(10 298)**
Currency gain/loss			935
Effect of present value adjustment,			(52)
Earnings from cash deposits			78
Other			
FINANCIAL PROFIT OR LOSS			**(9 337)**

NOTE 26. 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 optimising its debt/shareholders' 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/shareholders' equity ratio. This ratio corresponds to the net debt with and without recourse divided by Shareholders' Equity. The debt/equity ratios are as follows:

(in thousands of euros)	2018
Debts with recourse	34 402
Debts without recourse	161 053
Total shareholders' equity	129 114
Debt ratio (excluding debt without recourse)	0,27
Debt ratio of debt without recourse	1,25
DEBT RATIO	1,51

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 recognised as capital stock. 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 *(in thousands of euros)*	Tranche 1	Tranche 2	Tranche 3	TOTAL
Issue price	20 525	12 250	18 025	50 800
Net costs	(481)	(156)	(2)	(639)
Hybrid debt net of issuance costs	**20 044**	**12 094**	**18 023**	**50 161**
Received Coupons		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 share held by financial partners, mainly in SRFRL for €13 million and in TRF3 for €11 million.

NOTE 27. PROVISIONS

(in thousands of euros)	2017	Allocation	Reversal used	Reversal not used	Exchange	Reclassification	**2018**
Other (Africa and Holding)	164	364	(25)		1		504
Provision for Risks	**164**	**364**	**(25)**		**1**		**504**

The provisions for risks consist of provisions for employment tribunal risks and provisions relating to the price adjustment dispute concerning the sale of TSM securities undertaken in 2017.

NOTE 28. 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.

(in thousands of euros)	2017	Allocation	REVERSAL	Change in the scope of consolidation	Change in exchange rate	Reserves	**2018**
River Barges	26	31	(26)				31
Containers	27	11					38
Other	145	134	(146)			151	284
TOTAL	**198**	**176**	**(172)**			**151**	**353**

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 1.6%,
- Pay rises of 2.03%,
- Changes in assumptions set the retirement age at 62 for non-executives and 65 for executives.

NOTE 29. OTHER LONG-TERM LIABILITIES

(in thousands of euros)	**2018**	2017
Containers	543	2 627
TOTAL	**543**	**2 627**

Other long-term liabilities represent more than one year of operating debt for the Container activity.

NOTE 30. TRADE PAYABLES

(in thousands of euros)	**2018**	2017
Freight railcars	7 589	4 812
River Barges	872	1 112
Containers	1 928	2 088
Other	3 695	4 266
TOTAL	**14 084**	**12 278**

All Trade Payables are due within one year.

NOTE 31. OTHER CURRENT LIABILITIES

(in thousands of euros)	**2018**	2017
Trade payables of assets	25 404	350
Tax and social debts	3 938	3 819
Operating liabilities	29 375	22 111
Deferred income	1 016	1 128
Other current liabilities	7 443	6 048
TOTAL	**67 176**	**33 456**

In 2018, asset-liability debt accounted for €24.5 million for the purchase of containers and €0.9 million for the purchase of railcars. In 2017, it accounted for €0.3 million for the purchase of river barges.

Operating liabilities mainly represent debts related to the distribution to investors of leasing and sales activities. The variation is mainly due to the containers activity.

Other current liabilities mainly include the amounts due to investors in respect of compensation paid by clients in relation to lost or damaged materials.

NOTE 32. CONTINGENT LIABILITIES

note 32.1. 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). Since the procedure is still ongoing and the position of the administration is unfounded according to our analyses, no provision has been recorded in the accounts to date.

note 32.2. GUARANTEE OF LIABILITIES

As part of the transfer of the European modular buildings activity, a guarantee of assets and liabilities was agreed with the purchaser, WH BIDCO.

WH BIDCO made a claim for the guarantee of assets and liabilities in December 2018. Since the transfer contract limits the maximum compensation that can be claimed under this guarantee, Touax has challenged the admissibility and merits of WH BIDCO's claim. To date, no judge or expert has been referred to. To date, no provision has been recorded in the accounts due to the absence of any elements that could provide evidence of any financial impact to date.

NOTE 33. RISK MANAGEMENT

note 33.1. 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 33.2. CREDIT RISK

Credit risk is described in note 22.

note 33.3. 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) bonds.

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 covenants (ratios) that the Group must abide by, as indicated in note 25.3.

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 note 25.2.

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 and the group's loan to value, which stood at 52% at the end of 2018, relatively stable in comparison with 54% at the end of 2017. Where appropriate, the Group may have to implement larger syndications or disposals of assets in the short or medium term. Already, €1.8 million of these debts correspond to container assets already identified for syndications.

At the end of December 2018, the Group had €29.2 million in cash and €2.6 million of undrawn available lines and €24.6 million equivalent of assets in inventory, to be sold to investors in addition to fixed assets of which over 90% were delivered and unpaid.

The Group's future maturities are detailed in note 25.2. The breakdown of the 2019 maturities into debts with recourse and without recourse is as follows:

(in millions of Euros)	**2019**
Maturities of medium long-term credit with recourse	11,7
Maturities of bonds with recourse	24,3
Non-recourse debt maturities	16,7
Annually revolving credit terms	3,9
TOTAL	**56,5**
Financial costs (estimated)	8,3
TOTAL	**64,9**

The amount of amortization and repayment of medium/long-term average loans with recourse of €11.7 million mainly corresponds to the financing of assets (barges) for €7.9 million and for €3.7 million to finance leasing for the barges division.

The repayment amount of the bond issues with recourse of €24.3 million corresponds to the ORNANE bond financing whose investors have a put option on 1 August 2019 but which is maturing in July 2020.

The amortization of non-recourse debt of €16.7 million mainly corresponds to asset financing of €9.2 million for the freight railcar division and €6.1 million for the container division.

The Group intends to refinance these outstanding liabilities through new financing of long-term assets 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:

(in millions of Euros)	**TOTAL**	2019	2020	2021	2022	2023	+5 years
Debts with recourse	64,5	39,9	6,2	1,9	(0,1)	16,6	
Debts without recourse	161,0	16,6	95,7	3,2	3,4	36,9	5,2
TOTAL	**225,5**	**56,5**	**101,9**	**5,1**	**3,3**	**53,5**	**5,2**

Counterparty risk for the Group

It consists of the following 3 main risks:

- cancellation of committed 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 33.4. 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 2018) 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 distribution of its debt.

At the end of 2018, fixed-rate debt (after hedging operations) represents approximately 81% 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 2018:

(in thousands of euros)	Nominal amount	Nominal amount distributed by maturity			Valuation on 31/12/18
		<1 year	from 1 to 5 years	> 5 years	
Fixed rate borrower/fixed rate lender rate swaps					
EUR Euribor / fixed rate	82 203	4 635	77 568		
USD Euribor / fixed rate	10 791	2 512	8 279		
GBP Euribor / fixed rate	13 760	2 108	11 652		
TOTAL INTEREST RATE HEDGING	**106 753**	**9 255**	**97 499**		**(842)**

In accordance with the lenders' requirements, the Group has set up the following hedging instruments:

- In 2015, when a €55 million refinancing of a freight railcar financing line (SRFRL joint venture) was set up, a swap aimed at hedging variable interest rate fluctuations (EURIBOR) was put in place covering 90% of the Long Term Loan in EUR.
- In 2016, at the EUR and GBP refinancing of a €29.7 million-equivalent freight railcar financing line (TRF3 joint venture), a swap to cover variable interest rate fluctuations (LIBOR GBP) had been set up covering 75% of the Long Term Loan in GBP, with the EUR share being hedged by using a cap.
- In 2018, when a €48 million refinancing of a freight railcar financing line (TRF/TRF2) was set up, a swap aimed at hedging variable interest rate fluctuations (EURIBOR) was put in place covering 90% of the Long term Loan in EUR.
- In 2018, when refinancing an equivalent of €22.7 million of a container financing line (TCAF), a swap aimed at hedging variable interest rate fluctuations (LIBOR USD) was put in place covering 50% of the Long Term Loan in USD.

The fair value of these hedges is -€842 thousand on 31 December 2018.

The impact of derivative instruments on the gross debt per currency is presented below:

(en milliers d'euros)	Amounts on 31 December 2018		
	before hedging operations	Impact of derivatives	after hedging operations
Euro at fixed rate	46 508	82 203	128 711
Euro at variable rate	96 500	(82 203)	14 298
Dollar at fixed rate	15 323	10 791	26 114
Dollar at variable rate	34 022	(10 791)	23 231
Pound at fixed rate		13 760	13 760
Pound at variable rate	19 371	(13 760)	5 611
Other currencies at fixed rate	13 304		13 304
Other currencies at variable rate	487		487
TOTAL fixed rate debt	75 135	106 753	181 889
TOTAL variable rate debt	150 380	(106 753)	43 627
TOTAL DEBT	**225 516**		**225 516**

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 €0.4 million, or approximately 4.5% of theoretical financial expenses on 31 December 2018. This theoretical calculation is determined after taking into account derivatives, on the assumption that gross debt remains stable over the coming financial year.

note 33.5. CURRENCY RISK

Operational currency risk

The TOUAX Group has an international presence and activity. It is therefore exposed to currency fluctuations. In fact, the US dollar accounted for nearly 51% of the Group's activities.

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 Containers 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 2018.

₪ Financial currency risk

The Group's objective is to minimise financial currency risks, i.e. risks related to financial operations in a currency whose fluctuations would affect financial income. Foreign currency exposures are tracked monthly and reported to the Executive Committee. On 31 December 2018, these positions mainly include current account positions with subsidiaries, particularly on the US dollar, which are therefore hedged satisfactorily by futures.

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 futures are undertaken with one of the world's leading foreign exchange dealers.

₪ 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 2018 the Group did not have any hedging positions for its foreign currency income budgeted for in 2019.

₪ 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 2018:

(in thousands of euros)	Nominal amount	Maximum term
USD Forward Purchase Portfolio	12 489	31/01/2019
TOTAL OF FORWARD PURCHASE PORTFOLIOS	**12 489**	

› Currency risk management

(in thousands of euros)	2018
Change in fair value of hedge	434
Change in fair value of hedged item	(420)
NET IMPACT ON EARNINGS OF FAIR VALUE HEDGES	13

₪ Sensitivity of the exchange rate on the 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 not significant. The parity used to convert foreign currency accounts of subsidiaries into euros has the following impact on the Group’s income and share of shareholders’ equity in case of a 10% fall in value.

	Impact on current operating income as at 31.12.2018	Impact on shareholders' equity - Group share at 31.12.2018
10% fall in the US dollar	-0,88%	-3,13%
10% fall in the Moroccan Dirham	1,91%	0,68%
10% fall in the Indian rupee	-1,38%	-0,32%

The Modular Buildings activity in Africa 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 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 33.6. 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 33.7. RAW MATERIAL PRICES RISK

This risk is further explained under risk factors, in paragraph 4.3.24 of the reference document.

note 33.8. TAX RISK

See note on Contingent liability note 32.2 in the appendix to the consolidated financial statements.

note 33.9. EMPLOYMENT RISK

See note on Contingent liability note 32.2 in the appendix to the consolidated financial statements.

NOTE 34. 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 2018 for their 2017 statutory remuneration was €269 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. The total remuneration of the corporate officers amounts to €1,128 thousand in 2018 to which is added $193 thousand.

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 €0.8 million per year.

The remuneration of members of the Supervisory Board is detailed in chapter 15 of the reference document. It amounted to €63,000.

Relations between the parent company and its subsidiaries are explained in section 7.2 of this reference document and in note 26.5 of the appendix to the individual financial statements.

NOTE 35. OFF-BALANCE SHEET COMMITMENTS

The presentation made does not omit any significant off-balance sheet commitments according to current accounting standards.

note 35.1. NON-CAPITALIZED OPERATING LEASES

(in thousands of euros)	TOTAL	at - one year	from 1 to 5 years	at + five years
Operating leases with recourse	2 244	1 281	963	
of which River Barges	*120*	*120*		
of which real estate (offices)	*2 124*	*1 161*	*963*	
Operating leases without recourse against the Group	142	142		
Of which Containers	142	142		
TOTAL	**2 386**	**1 423**	**963**	

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.

Distributions to investors in the assets we manage are treated in note 1.21.2.

note 35.2. OTHER COMMITMENTS MADE

Bank guarantees issued by the Group as of 31 December 2018

(in thousands of euros)	Amount	Maximum maturity
Bank guarantees	**1 621**	
Freight railcars	50	2 019
River barges	6	indefinite period
Modular Buildings Africa	1 565	indefinite period

Materials from external suppliers of firm orders

On 31 December 2018, orders and firm investments in productive assets from third parties amounted to €14.2 million, including €1.5 million in containers and €12.7 million in railcars.

note 35.3. OTHER UNDERTAKINGS RECEIVED

Fixed-term operating leases

The minimum future payments to be received under operating leases totalled €182.2 million.

(in thousands of euros)	Freight railcars	River Barges	Containers	Other	**2018**
0 - 6 months	16 253	2 816	21 594	9	40 672
6 months - 1 year	13 391	2 523	16 570		32 484
Between 1 and 5 years	36 283	10 152	47 409		93 844
More than 5 years	9 265	1 916	4 023		15 204
TOTAL OPERATIONAL RENTS	**75 192**	**17 407**	**89 596**	**9**	**182 204**

(in thousands of euros)	Freight railcars	River Barges	Containers	Other	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**

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 IFRS 9 § 3.2.4b and §3.2.5 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:

(in thousands of euros)	**Rents receivable as at 31/12/2018**	At 1 year	From 1 to 5 years	At +5 years
Containers	144	144		
TOTAL	**144**	**144**		

(in thousands of euros)	**Rents receivable as at 31/12/2017**	At 1 year	From 1 to 5 years	At +5 years
Containers	3 580	3 443	137	
TOTAL	**3 580**	**3 443**	**137**	

note 35.4. 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:

(in thousands of euros)	Commencement	Maturity	31 December 2018 Pledged asset (original collateral value)	Balance Sheet item gross value	%
Mortgages (river barges)					
	2012	2020	4 978		
	2012	2019	9 747		
	2013	2020	9 747		
TOTAL			**24 472**	**72 874**	**33,6%**
Tangible assets pledged					
Freight railcars			**188 879**	**302 709**	
	2015	2020	91 023		
	2018	2021	216		
	2018	2023	97 640		
Containers			**49 758**	**77 895**	
	2018	2020	49 758		
GROUP TOTAL			**238 637**	**380 604**	**62,7%**

The security interests granted (mortgages, pledges and others guarantees) can be redeemed by repayment of the borrowings.

note 35.5. SECURITY AND GUARANTEES

The security and guarantees are issued by the parent company in return for bank loans granted to its subsidiaries.

Subsidiaries concerned *(in thousands of euros)*	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 31/12/2018**
	2018					
	Before 2018	28 348	8 428	3 087		11 515
TOUAX River Barges SAS		**28 348**	**8 428**	**3 087**		**11 515**
	2018					
	Before 2018	2 987		474		474
TOUAX LEASING Corp		**2 987**		**474**		**474**
	2018					
	Before 2018	19 493	2 777	8 685		11 462
TOUAX Hydrovia Corp.		**19 493**	**2 777**	**8 685**		**11 462**
	2018					
	Before 2018	9 130		1 413		1 413
TOUAX Morocco		**9 130**		**1 413**		**1 413**
GENERAL TOTAL OF GUARANTEES GRANTED		**59 959**	**11 204**	**13 660**		**24 864**

The original amount of the guarantees given with regard to the above bank loans was €60 million. The bank loans to which these security and guarantees relate are included in the debt with recourse.

note 35.6. ADDITIONAL INFORMATION ON CAPITALISED FINANCE LEASES

(in thousands of euros)	**2018**
ORIGINAL VALUE	18 193
Depreciation allocation for the period	607
CUMULATIVE DEPRECIATION	5 304
NET BOOK VALUE	**12 889**

(in thousands of euros)	Minimum future lease payments	Interest	Present value of future payments	Residual value
2019	3 925	152	3 773	2 915
2020	675	86	589	
2021	2 021	35	1 987	65
2022				
2023				
More than 5 years				
TOTAL	**6 621**	**272**	**6 349**	**2 981**
AMOUNT CHARGED TO INCOME STATEMENT (depreciation & financial charges)	2 003			

NOTE 36. FEES OF THE STATUTORY AUDITORS

2018 (in thousands of euros)	Deloitte Statutory Auditor (Deloitte & Associés)	Network	RSM Statutory Auditor (RSM Paris)	Network
Certification and semi-annual limited review of individual and consolidated accounts				
• Issuer	99		97	
• Fully consolidated subsidiaries	117	258	29	16
Subtotal	216	258	126	16
Services other than certification of accounts				
• Issuer				
• Fully consolidated subsidiaries		50		
Subtotal		50		
TOTAL	**216**	**308**	**126**	**16**

20.2. STATUTORY FINANCIAL STATEMENTS

The last financial year for which the financial information has been audited ended on 31 December 2018.

The financial statements of TOUAX SCA are presented in accordance with the accounting principles generally applied in France.

Income Statement

note n°	(in thousands of euros)	2018	2017
3	Revenues	2 074	2 729
4	Reversal of provisions and transfer of expenses	13	25
5	Other income	396	1 464
	TOTAL operating income	2 483	4 217
6	Other operating expenses	(2 487)	(4 933)
7	Taxes and duties	(89)	19
8	Staff Costs	(62)	(63)
9	Depreciation allocations	(556)	(1 999)
10	Allocations to operating provisions	(7)	(18)
	TOTAL operating expenses	(3 202)	(6 994)
	OPERATING INCOME	(719)	(2 777)
	Income attributed to common operations		
11	NET FINANCIAL EXPENSE	3 443	9 477
	Current income before taxes	2 724	6 700
12	EXTRAORDINARY PROFIT OR LOSS	(331)	(34 108)
13	Taxes on profits	559	702
	NET INCOME FOR THE YEAR	**2 952**	**(26 706)**

The notes accompanying the appendix form an integral part of the company's financial statements

Assessment

note n°	(in thousands of euros)	2018	2017
	ASSETS		
14	Gross intangible assets		
	Intangible asset depreciation		
	Net intangible assets		
15	Gross tangible assets	296	354
	Tangible asset depreciation	(256)	(300)
	Net tangible assets	40	53
16	Long-term investments	183 595	177 600
	Long-term investment provisions	(15 299)	(21 653)
	Net long-term investments	168 296	155 947
	TOTAL fixed assets	168 336	156 000
17	Trade receivables	1 905	1 468
18	Other trade receivables	40 783	29 578
	Cash and negotiable securities	8 033	8 261
19	Deferred expenses	199	188
	Total current assets	50 919	39 495
19	Accruals	1 188	757
	TOTAL ASSETS	**220 442**	**196 252**
	LIABILITIES		
	Share capital	56 092	56 092
	Reserves	10 334	10 603
	Balance brought forward	(26 706)	0
	Profit or loss for the financial year	2 952	(26 706)
20	Shareholders' equity	42 673	39 989
	Issue of participating bonds	52 483	52 483
21	Other shareholders' equity	52 483	52 483
	Provisions for risks	331	6
	Provisions for charges	0	13
22	TOTAL provisions for Risks and Charges	331	20
23	Financial indebtedness	112 486	99 246
24	Operating liabilities	11 295	4 330
25	Accruals	1 175	185
	TOTAL LIABILITIES	**220 442**	**196 252**

The notes accompanying the appendix form an integral part of the company's financial statements

Self-financing capacity *(in thousands of euros)*	2018	2017
GROSS OPERATING SURPLUS	(338)	(2 018)
Financial rent and leasing		
Other operating income	186	1 464
Other operating expenses	(227)	(230)
Financial income	5 334	11 364
Financial expenses	(10 168)	(13 317)
Taxes on profits	559	702
SELF-FINANCING CAPACITY	**(4 655)**	**(2 036)**

Financing statement (jobs & resources) *(in thousands of euros)*	2018	2017
JOBS		
Dividends paid during the financial year	(269)	(441)
Repayment of contribution		
Net change in intangible and assets		
Net change in long-term investments	(4 077)	(94 346)
Reduction in shareholders' equity		
Expenses to be distributed	(322)	(319)
Repayment of loans	(9 475)	(95 289)
TOTAL JOBS	(14 143)	(190 395)
RESOURCES		
Self-financing capacity for the financial year	(4 655)	(2 036)
Net change in intangible and assets	210	99
Net change in long-term investments	0	26 271
Expenses to be distributed		
Increase in Shareholders' equity		
Increase in loans	22 715	65 718
TOTAL RESOURCES	18 270	90 052
CHANGE IN TOTAL NET WORKING CAPITAL (net use)	**4 127**	(100 343)

Change in total net working capital *(in thousands of euros)*	2018	2017
Operating variation		
Change in operating assets		
- Inventories and Work in Progress		
- Accounts receivable, related accounts and other operating receivables	11 648	(182 631)
Change in operating liabilities		
- Trade payables & other operating liabilities	(6 965)	84 416
Net operating change	4 683	(98 215)
Non-operating change		
- Change in other debtors	5	(366)
- Change in other creditors	(333)	31
Non-operating net change	(328)	(335)
WORKING CAPITAL REQUIREMENT FOR FINANCIAL YEAR		
NET CLEARING OF WORKING CAPITAL DURING THE FINANCIAL YEAR	4 355	(98 550)
Change in net cash-flow		
- Change in cash	(228)	(2 111)
- Change in bank current accounts & bank overdrafts	0	318
Change in net cash-flow	(228)	(1 793)
CHANGE IN TOTAL NET WORKING CAPITAL (net use)	**4 127**	(100 343)

In 2017, the significant 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). Before 2017, intra-group receivables and payables were classified in full as receivables and operating liabilities.

APPENDIX TO THE FINANCIAL STATEMENTS

Unless otherwise provided, all the figures are given in thousands of euros.

NOTE 1. SIGNIFICANT EVENTS AND POST-CLOSURE EVENTS

TOUAX paid a coupon to the holders of Undated Super Subordinated Notes (TSSDI) for an amount of €4 million in August 2018.

On 31 July 2018, Touax SCA completed a senior unsecured Euro PP bond issue at a nominal amount of €16.6 million with a maturity date of 31 July 2023. The Bonds bear interest at a nominal annual rate of 5.75%, payable annually in arrears.

The issue of the Bonds is intended to extend the average maturity of the Group's debt. The net proceeds of the issue will thus be used in part to refinance bonds maturing on 2 October 2018 that carried an interest rate of 6.25%; the balance being allocated to the general requirements of the Group.

This transaction reflects the Group's desire to achieve both asset finance and corporate financing with regard to the Touax SCA holding for the purpose of diversification and optimisation.

Following the transfer of the European modular building activity, a price adjustment was claimed by the buyer to TOUAX SCA in early March 2018 The interim report from the expert appointed by the parties was received in March 2019, and presents a transfer price adjustment of TSM securities for €331 thousand owed by TOUAX SCA. A provision of the same amount was recorded in the company accounts. The expert's final report, the conclusions of which will be binding on the parties, is still being awaited.

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 2018-01 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 28 March 2019. 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 24 June 2019.

The methods used to prepare the accounts for 2018 remain unchanged from those of the previous year.

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 recognised 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. TANGIBLE ASSETS

The CRC regulation no. 2002-10 of 12 December 2002, which became mandatory for the fiscal 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 assets are recognised 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 shareholders' equity and the business development prospects, is less than the gross value, an impairment is constituted for the difference. This impairment is reversed when the inventory value rises.

Receivables related to investments are subject to the closing of impairment tests and an impairment is recognised if the balance sheet value is lower than the book value, particularly when the recoverability of the debts is no longer certain.

Treasury shares are recognised as financial assets at historical cost. At the end of the financial year, this item consists of 13,265 shares for an amount of €72,691.

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.

With regard to current accounts vis-à-vis subsidiaries, an impairment loss is noted when the recoverability of these receivables is no longer certain.

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

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.

The company TOUAX SCA records the possible additional corporate income tax expense of the group or the corporate income tax savings from the application of the plan.

note 2.11. EXPENSES TO BE DISTRIBUTED

The expenses to be distributed 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. REVENUES BY ACTIVITY

(in thousands of euros)	**2018**	2017
Real estate	77	120
Non-group services	665	0
Intra-group services	1 332	2 609
TOTAL	**2 074**	**2 729**

- **Real estate**

The real estate business refers to the leasing of buildings for private or office use.

- **Non-group services**

Non-Group services represent the amount of services rendered to Touax Solutions Modulaires (TSM) in the framework of the Transition Services Agreement signed on 8 December 2017 following the sale of TSM.

- **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 decrease in this item between 2017 and 2018 can be explained by the decrease in office space occupied by the French companies as well as the sale of TSM for which this type of service is no longer invoiced.

NOTE 4. REVERSAL OF PROVISIONS AND TRANSFER OF EXPENSES

(in thousands of euros)	**2018**	2017
Provision for retirement indemnity	13	14
Other provisions	0	11
TOTAL reversals of provisions	13	25
Transfers of charges		
TOTAL transfers of charges		
TOTAL	**13**	**25**

The reversal of the provision for retirement compensation refers entirely to the provision posted in the previous closing accounts.

NOTE 5. OTHER INCOME

(in thousands of euros)	**2018**	2017
Other income	396	1 464
TOTAL	**396**	**1 464**

Over the year, this item records the sale price of real estate for €210,000

The balance of this item is made up of €174,000 of accruals and €7,000 of non-taxable real estate income.

NOTE 6. OTHER OPERATING EXPENSES

(in thousands of euros)	**2018**	2017
Purchases of goods and consumables	2	5
TOTAL	2	5
Rental and property leasing charges	995	1 312
Maintenance and repairs	9	11
Insurance premium	59	93
TOTAL	1 063	1 415
Payment of intermediaries and fees	1 080	3 127
Advertising and Publications	33	38
Bank charges	71	108
Other	11	9
TOTAL	1 195	3 282
Bad debts	1	9
Attendance fees	61	59
Various management expenses	166	163
TOTAL	227	230
TOTAL OTHER OPERATING EXPENSES	**2 487**	**4 933**

- **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 in 2017 is mainly related to expenses paid to outside consultants in connection with the sale of shares in Touax Solutions Modulaires SAS.

NOTE 7. TAXES AND DUTIES

(in thousands of euros)	**2018**	2017
On remuneration	4	5
Territorial economic contributions and property taxes	(8)	(26)
Other taxes	94	2
TOTAL	**89**	**(19)**

The Other taxes item corresponds in whole to penalties paid by the company as part of the voluntary regularization of a VAT file.

NOTE 8. STAFF COSTS

(in thousands of euros)	**2018**	2017
Salaries and wages	44	44
Social contributions	18	19
TOTAL	**62**	**63**

The average workforce over the year is 2 people.

NOTE 9. DEPRECIATION ALLOCATIONS

(in thousands of euros)	**2018**	2017
Real estate	13	47
Expenses to be distributed	542	1 953
TOTAL	**556**	**1 999**

The depreciation provision of the operating expenses to be distributed refers to the loan issue expenses distributed over the period of the corresponding loans.

In 2017, the Company had prepaid part of the external financial debt and the costs related to the early redemption were subject to an early reversal in the accounts. This event explains the large amount of provisions in 2017.

NOTE 10. ALLOCATIONS TO OPERATING PROVISIONS

(in thousands of euros)	2018	2017
Other provisions for Risks and Charges	7	18
TOTAL	**7**	**18**

The allocation to provisions for risks and charges corresponds entirely to a provision related to a risk of non-recovery in the real estate business.

NOTE 11. FINANCIAL PROFIT OR LOSS

(in thousands of euros)	2018	2017
Dividends and other equity products		
FINANCIAL EXPENSES AND INCOME		
Financial income	5 180	10 917
Income from transfer of V.M.P	(57)	(4)
Financial expenses	(9 487)	(13 260)
Net financial costs	**(4 364)**	**(2 347)**
PROVISIONS		
Reversals	12 053	26 178
Allocations	(3 775)	(14 747)
Net change	**8 277**	**11 430**
CURRENCY GAINS/LOSSES		
Positive	137	397
Negative	(608)	(3)
Net exchange rate difference	**(471)**	**394**
FINANCIAL PROFIT OR LOSS	**3 443**	**9 477**

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:

- €2,058,000 of financial interest on loans entered into with credit institutions;
- €4,039,000 of coupons paid and to be paid on Undated Super Subordinated Notes;
- €3,373,000 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 €11.9 million through the reversal of the provision for depreciation of the receivable held on the US subsidiary Touax Modular Building Llc (TMB). Following the dissolution of this subsidiary, this debt was fully taken over by TMB's parent company, Touax Leasing Corp. The impairment tests performed at the end of the year led to the conclusion that this provision was no longer required and was therefore fully reversed in the accounts

Provisions for the financial year of €3.8 million correspond mainly to:

- an additional depreciation of €1.2 million on the receivable held on the subsidiary Touax Africa SAS taking into account the risk of non-recovery at the end of the year (see notes 16.2 and 18.2),
- the impairment, in full, for €2.5 million, of equity securities in the subsidiary Touax Corporate SAS.

note 11.4. CURRENCY GAIN/LOSS

For the financial year, the net exchange rate loss 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 profit/loss for the year includes an amount of €331,000 for provision for risks related to the sale, in 2017, of the company in Touax Solutions Modulaires SAS.

This amount corresponds to the price adjustment that the company might have to pay to the buyer (see note 1).

NOTE 13. TAXES ON PROFITS

As stated in 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 profit of €2.4 million. In view of the fiscal reincorporations (€4.5 million) and the fiscal deductions (€5.9 million), the taxable income for the financial year, before allocation of deficits, shows a taxable profit of €1.6 million.

In accordance with the consolidation agreement, TOUAX SCA recognised a tax saving of €298,000 for the fiscal Group in the income statement for the 2018 financial year.

The company also received, for €261,000, the reimbursement of the 3% distribution tax paid by the company for the years 2014 to 2016.

NOTES CONCERNING THE BALANCE SHEET

ASSETS

NOTE 14. INTANGIBLE ASSETS

None

NOTE 15. TANGIBLE ASSETS

note 15.1. DISTRIBUTION OF THE TANGIBLE ASSETS

	2018			2017
(in thousands of euros)	Gross value	Depreciation	Value net	Net value
Land and buildings	256	225	30	38
Other tangible assets	40	31	10	15
TOTAL	**296**	**256**	**40**	**53**

Movements associated with the tangible assets are shown in the note 15.2 and the note 15.3.

note 15.2. PURCHASES IN 2018

No acquisition of tangible assets during the year.

note 15.3. TRANSFERS AND REDUCTIONS IN 2018

The company transferred real estate assets with a gross value of €58,000. In the company accounts, these assets were fully depreciated at the time of the sale.

NOTE 16. LONG-TERM INVESTMENTS

	2018			2017
(in thousands of euros)	Gross value	Depreciation	Net value	Net value
Shares	78 590	4 789	73 801	76 392
Loans and receivables associated with investments	98 971	10 502	88 468	73 475
Other loans and financial assets	6 034	8	6 026	6 080
TOTAL	**183 595**	**15 299**	**168 296**	**155 947**

note 16.1. EQUITY INVESTMENTS

(in thousands of euros)	2018 Gross value	2018 Depreciation	2018 Net value	2017 Net value
Europe				
TOUAX Corporate SAS	2 591	(2 591)	0	2 591
TOUAX Container Services SAS	19 057		19 057	19 057
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**	**(4 789)**	**73 801**	**76 392**

Impairment tests carried out at the end of the financial year led to the conclusion that there was no impairment of the equity investments, with the exception of the Touax Africa SAS subsidiaries, for which the total provision for equity securities was maintained and the impairment, in full, of the equity securities of the French subsidiary Touax Corporate SAS.

note 16.2. LOANS AND RECEIVABLES ASSOCIATED WITH INVESTMENTS

(in thousands of euros)	2018 Gross value	2018 Depreciation	2018 Value net	2017 Value net
TOUAX Rail Ltd	45 290		45 290	45 290
TOUAX River Barges SAS	16 672		16 672	16 672
TOUAX AFRICA SAS	14 672	(10 502)	4 169	2 222
TOUAX LEASING Corp	12 647		12 647	
TOUAX Corporation	9 008		9 008	8 608
EUROBULK BV	683		683	683
TOTAL	**98 971**	**(10 502)**	**88 468**	**73 475**

This item thus records the long-term portion of intra-group receivables at the year-end. These intra-group loans were subject to a specific credit agreement between the company and the subsidiaries.

These receivables are all over one year old.

The €10.5 million provision vis-à-vis the Touax Africa SAS subsidiary is intended to cover the risk of non-recovery of the loan granted.

note 16.3. OTHER LONG-TERM INVESTMENTS

Other long-term investments amounted to €6.0 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 consists of €110,000 in various deposits and guarantees and €73,000 in treasury shares.

NOTE 17. BREAKDOWN OF THE RECEIVABLES AND RELATED ACCOUNTS BY BUSINESS ACTIVITY

(in thousands of euros)	2018 Gross value	2018 Depreciation	2018 Net value	2017 Gross value	2017 Depreciation	2017 Net value
Other	156	5	151	215		215
Intra-group	1 754		1 754	1 253		1 253
TOTAL	**1 909**	**5**	**1 905**	**1 468**		**1 468**

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

(in thousands of euros)	2018 Gross value	2018 Depreciation	2018 Net value	2017 Gross value	2017 Depreciation	2017 Net value
State and social institutions	360		360	708		708
Intra-group receivables	40 386	0	40 386	30 619	1 917	28 701
Various debtors	37		37	169		169
TOTAL	**40 783**	**0**	**40 783**	**31 496**	**1 917**	**29 578**

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 €322,000, while the balance of €38,000 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 stated 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".

NOTE 19. ASSET ACCRUALS

(in thousands of euros)	2018	2017
Deferred expenses	199	188
Expenses to be distributed	530	751
Unrealised exchange rate gains	657	6
TOTAL	**1 386**	**945**

Pre-paid expenses are mainly composed of office rents and insurance premiums for the share pertaining to the 2019 financial year.

The expenses to be distributed 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 €543,000 decrease corresponding to the amount of expenses depreciated over the year,
- a €322,000 increase related to additional expenses during the financial year.

NOTE 20. SHAREHOLDERS' EQUITY

note 20.1. CHANGE IN SHAREHOLDERS' EQUITY

(in thousands of euros)	01.01.2018	Appropriation of 2017 income	Capital increase	Other changes	31.12.2018
Share capital	56 092				56 092
Issue and merger premiums	7 194	(269)			6 925
Legal reserve	3 410				3 410
Other reserves					0
Balance brought forward		(26 706)			(26 706)
Profit/loss for the period	(26 706)	26 706		2 952	2 952
Statutory remuneration of general partners		269			
Dividends paid					
TOTAL	**39 990**	**0**	**0**	**2 952**	**42 673**

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 31.12.2018	**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 2019 subject to a dividend distribution.

NOTE 22. PROVISIONS

(in thousands of euros)	Provisions on 01/01/2018	Allocations during the year	Reversals during the financial year	**Provisions on 31/12/2018**
Reclassification	0	331		331
Conversion difference	6	0	(6)	0
Pension commitment	13	0	(13)	0
TOTAL	**20**	**331**	**(20)**	**331**

The provisions were recognised in the accounts in accordance with the CRC 00-06 regulation.

At the end of 2017, the company sold all the equity securities of its subsidiary TOUAX Modular Solutions SAS. In March 2018, the buyer asked the company to adjust the sale price of these securities. The report by the expert indicates an adjustment of the sale price of these securities of €331,000, to the detriment of TOUAX SCA.

At the end of the financial year, this price adjustment was subject to a provision for risk of €331,000.

The provision for retirement at the beginning of the year has been fully reversed.

NOTE 23. FINANCIAL INDEBTEDNESS

note 23.1. ANALYSIS BY CATEGORY OF DEBT

(in thousands of euros)	**2018**		2017
Bonds	39 633		30 000
Medium-term loans from credit institutions			
Short-term loans	2 000		2 475
Bank overdrafts and accrued interest payable	2 906	(1)	834
TOTAL loans	**44 539**		**33 309**
Intra-group debts	67 725		65 718
Deposits received from customers	11		8
Intra-Group deposits received	211		211
TOTAL of other liabilities	**67 946**		**65 937**
TOTAL	**112 486**		**99 246**

(1) including €1,059,000 of accrued interest

Over the financial year, Touax SCA completed a bond issue of €16.6 million, partly devoted to the refinancing of bonds maturing on 2 October 2018, for €7 million (note 1). These new bonds bear interest at a nominal annual rate of 5.75%, payable annually in arrears.

Intra-group debts of €67.7 million corresponds to long-term credit agreements with Group companies.

note 23.2. BREAKDOWN BY REPAYMENT DUE DATE

(in thousands of euros)	**2018**	2017
2018	0	10 309
2019	27 906	23 000
2020		
2021		
2022		
2023	16 633	
More than 5 years		
TOTAL	**44 539**	**33 309**

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 dsebt is denominated in euros.

note 23.4. CHANGE IN INDEBTEDNESS

(in thousands of euros)	**2018**	2017
Bank finance loans	44 539	33 309
Negotiable securities	0	(495)
Liquid assets	(8 033)	(7 766)
NET BANK DEBT	**36 506**	**25 048**

(in thousands of euros)	**2018**	2017
Net bank debt	36 506	25 048
Other loans	67 946	65 937
Operating liabilities	1 136	1 733
Inventories and trade receivables	(1 905)	(1 468)
NET DEBT	**103 684**	**91 250**

note 23.5. INFORMATION ON THE INTEREST RATES

(in thousands of euros)	**2018**	2017
Fixed rate loans	39 633	30 000
Variable rate loans	2 000	2 475
FINANCIAL DEBTS	**41 633 (1)**	**32 475**
AVERAGE ANNUAL VARIABLE INTEREST RATE	0,96%	0,96%

(1) excluding accrued interest for the year

The variable interest rates on debts are indexed on the money-market rates (EURIBOR mainly).

NOTE 24. OPERATING LIABILITIES

note 24.1. BREAKDOWN OF THE OPERATING LIABILITIES

(in thousands of euros)	**2018**	2017
Other	828	1 386
Intra-Group trade payables	291	295
TOTAL accounts receivable and related accounts	**1 119**	**1 681**
Tax and social debts	15	52
Other intra-group operating liabilities	10 127	2 499
Other liabilities	33	98
TOTAL other operating liabilities	**10 175**	**2 649**
TOTAL	**11 295**	**4 330**

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 stated 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. LIABILITY ACCRUALS

(in thousands of euros)	2018	2017
Liability conversion adjustment	988	0
Deferred income	185	185
TOTAL	**1 172**	**185**

The "deferred income" item corresponds to the share of the 2019 leasing revenue invoiced at the closing 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

(in thousands of euros)	2018
Securities given in return for bank loans	
used by the subsidiaries and other guarantees of less than a year	11 204
from 1 to 5 years	13 660
more than 5 years	
TOTAL securities	**24 864**
Real estate leasing fees still to be paid	
TOTAL fees	
TOTAL	**24 864**

The original amount of the guarantees given with regard to the above bank loans was €60.0 million.

No real security was given by TOUAX SCA on 31 December 2018.

note 26.2. REAL-ESTATE LEASING COMMITMENTS

TOUAX SCA has no real-estate leasing commitments at the end of the fiscal year.

note 26.3. INTEREST RATE AND EXCHANGE RATE HEDGING

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.

The Group's objective is to minimise financial currency risks, i.e. risks related to financial assets in foreign currency whose fluctuations would affect financial profit or loss.

Balance sheet positions in foreign currency are tracked monthly and reported to the Executive Committee. On 31 December 2018, these positions mainly include current account positions with subsidiaries, particularly on the US dollar, which are therefore hedged satisfactorily by futures.

Over the year therefore, the company has regularly put in place forward purchase/sale agreements that make it possible to offset changes in the value of inter-company loans and borrowings. These futures are undertaken with one of the world's leading foreign exchange dealers.

At the end of the financial year, the amount of US dollar futures purchases is $12.3 million. The revaluation at the closing rate of this hedging instrument was recorded in the balance sheet as a conversion difference of €844,000.

note 26.4. CONTINGENT LIABILITIES

As part of the transfer of the European modular buildings activity, a guarantee of assets and liabilities was agreed with the purchaser.

WH BIDCO made a claim for the guarantee of assets and liabilities. Since the transfer contract limits the maximum compensation that can be claimed under this guarantee, Touax has challenged the admissibility and merits of WH BIDCO's claim. To date, no judge or expert has been referred to. To date, no provision has been recorded in the accounts due to the absence of any elements that could provide evidence of any financial impact to date.

note 26.5. REMUNERATION OF CORPORATE OFFICERS

The remuneration of corporate officers, managers and members of the Supervisory Board, paid by the company in 2018 totalled €105,000.

note 26.6. TABLE OF SUBSIDIARIES AND INTERESTS

Company or group of companies	Capital	Shareholders' equity other than capital and before appropriation of income	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	Revenues	Profit or loss from last financial year	Dividends recognised by the parent company during the last financial year
				Gross	Net					
1. SUBSIDIARIES (+50% owned)										
a. French subsidiaries										
TOUAX RIVER BARGES SAS	€12,803k	-€22,406k	100%	€23,419k	€23,419k	€23,066k		€5,367k	-€1,111k	
TOUAX CONTAINER SERVICES SAS	€8,251k	€30,271k	100%	€19,057k	€19,057k			€3,890k	€672k	
TOUAX CORPORATE SAS	€2,591k	-€457k	100%	€2,591k	€0k			€7,019k	-€2,663k	
TOUAX AFRICA SAS	€11,970k	-€24,827k	51%	€2,198k	€0	€14,672k		€1,064k	-€667k	
TOTAL FOR THE FRENCH SUBSIDIARIES				**€47,265k**	**€42,476k**	**€37,738k**				
b. Foreign subsidiaries										
TOUAX RAIL Ltd	€0.1k	€30,668k	100%	€31,325k	€31,325k	€58,135k		€59,319k	-€717k	
TOUAX UK	£1	£93k	100%	0k€	0k€			£941k	-£12k	
TOTAL FOR THE FOREIGN SUBSIDIARIES				**€31,325k**	**€31,325k**	**€58,135k**				
SUBSIDIARIES TOTAL				**€78,590k**	**€73,801k**	**€95,873k**				

note 26.7. CONSOLIDATED FINANCIAL STATEMENTS

Touax SCA is subject to the obligation to publish consolidated accounts and these are available on the company's website.

20.3. PRO FORMA FINANCIAL INFORMATION

Not applicable

20.4. FINANCIAL STATEMENTS

The consolidated financial statements are presented in paragraph 20.1 page 67 for the consolidated accounts and in paragraph 20.2 page 115 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

Year ended December 31, 2018

This is a translation into English of the statutory auditor's report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditor's report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Touax SCA 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, 2018.

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, 2018 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, 2018 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 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.

IFRS 15 transition

Key Audit Matter:

Consolidated revenue stood at €153.3 million for the year ended December 31, 2018 vs. €167 million for the year ended December 31, 2017 following the adoption of IFRS 15 under the full retrospective approach (€211.9 million for the year ended December 31, 2017 prior to the adoption of IFRS 15). It comprises revenue from operating leases involving equipment managed for third parties or held by the Group, and equipment sales for €134.5 million and €18.7 million, respectively, i.e. 87.7% and 12.3% of Group revenue, respectively.

IFRS 15 "Revenue from contracts with customers", whose adoption is mandatory for the fiscal year beginning on January 1, 2018, introduces new revenue recognition criteria. The Group analyzed the contracts that are representative of its activities to interpret and transpose IFRS 15 to the specificities of its activities and define its new accounting policies. Revenue from operating leases involving equipment managed for third parties or held by the Group was not included in the IFRS 15 analysis as it is covered by IAS 17 that is still applicable in 2018 and should be replaced by IFRS 16 as of January 1, 2019.

The main impacts of the adoption of IFRS 15 for the Group are presented in Notes 1.21.4 and 1.21.5 to the consolidated financial statements.

We considered the adoption of IFRS 15 on the recognition of revenue from contracts with customers to be a key audit matter in light of the relative importance in the Group's consolidated financial statements and the judgments exercised to:

- qualify the Group's role, as "agent or principal", in the revenue from equipment sales to customers;

- determine whether or not the standard is applicable to revenue from sales of equipment to investors.

Audit response:

Our procedures consisted in:

- Conducting interviews with Group Management to identify the issues specific to each revenue category;
- Discussing with the experts hired by the Group for the standards-based analysis of the Group's activities with regard to the new rules under IFRS 15;
- Obtaining documentation prepared by the Group and critically reviewing the transmitted scenarios with our IFRS 15 experts by:
  - Verifying the contracts used in the Group's analysis are representative of its activity;
  - Assessing the compliance of the methods and principles adopted, particularly regarding the definition of the Group's revenue scope with respect to IFRS 15 and the notion of qualifying the Group as "agent or principal" in equipment sales;
- Verifying the application of accounting methods according to whom the equipment belongs (TOUAX or investors) by:
  - Performing ownership tests for sold equipment;
  - Reconciling the IFRS 15 revenue adjustment file with the accounting records;
- Analyzing the quantified impacts shown in the notes to the consolidated financial statements of the adoption of IFRS 15 on 2018 and 2017 revenue;
- Assessing the compliance of the new revenue recognition principles and methods described in Notes 1.21.4 and 1.21.5 to the consolidated financial statements with IFRS 15;

Finally, we assessed the appropriateness and completeness of the qualitative and quantitative disclosures in Notes 1.1, 1.21.4 and 1.21.5 to the consolidated financial statements with regard to IFRS 15.

Specific verifications

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, 2018, Deloitte & Associés and RSM Paris were in the 19th year and 3rd 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

Objective 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.

Paris and Paris-La Défense, April 5, 2019,

The Statutory Auditors

RSM Paris	Deloitte & Associés
Stéphane MARIE	Jean-François VIAT

20.5.2. Statutory Auditors' report on the financial statements

Year ended December 31, 2018

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 SCA 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, 2018.

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, 2018 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, 2018 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, 2018, equity investments, investments in associates and current accounts recorded on the balance sheet represented net book values of €73.8 million, €88.5 million and €40.4 million, respectively, or 92.2% 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:

- Equity investments: The fair value of equity investments at the balance sheet date corresponds to the value in use representing the amount the entity would agree to pay if it had to purchase the investment. It is calculated according to shareholders' equity and growth outlooks. When the fair value of equity investments 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 and current accounts: an impairment loss is recorded when it is no longer certain that the investments can be recovered.

The Company recorded impairment losses before tax of €3.8 million and a reversal of €11.9 million for the year ended December 31, 2018, as indicated in Note 11.3 to the financial statements.

We considered the valuation of equity investments, investments in associates and current accounts to be a key audit matter due to their material importance in the financial statements, and the fact that Company 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 and assess the recovery risk for investments in associates and current accounts.

Our procedures consisted in:

- Verifying the relevance of the methodology adopted by the Company by:
    - Comparing the share of equity of the subsidiaries with the total net book value of the equity investments to identify areas of valuation risk;

- Verifying that the equity used agrees with the entity accounts audited;
- Corroborating, through discussions with management, the reasonableness of the data and assumptions used for the value in use estimate and verifying that the equity investments of subsidiaries with a negative net worth were impaired in full;
- Verifying that a contingency provision is recorded should the Company have to assume the losses of a subsidiary with a negative net worth.
- Assessing the recoverability of investments in associates and current accounts with respect to the equity investment analyses.

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.

Specific verifications

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.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, mentioned in Article D.441-4 of the French Commercial Code.

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, 2018, Deloitte & Associés and RSM Paris were in the 19th year and 3rd 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

Objective 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.

Paris and Paris-La Défense, April 5, 2019,

The Statutory Auditors

RSM Paris	Deloitte & Associés
Stéphane MARIE	Jean-François VIAT

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, 2018

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.

Agreements and commitments submitted to the approval of the Annual General Meeting

Agreements and commitments authorized and entered into during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Annual General Meeting pursuant to Article L. 226-10 of the French Commercial Code.

Agreements and commitments previously approved by the Annual General Meeting

Agreements and commitments approved in prior years 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 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. 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 provided.
The expense recorded between January 1 and December 31, 2018 corresponding to the lease and occupancy expenses amounted to €796,394.76 excluding VAT.

Paris and Paris-La Défense, April 5, 2019,
The Statutory Auditors

RSM Paris Deloitte & Associés

Stéphane MARIE 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 2018.

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 Euros)*	payment date	statutory remuneration of general partners	dividend per share	number of shares remunerated	total of the distribution
2015	1 juillet 2016	362 264			362 264
2015 TOTAL					**362 264**
2016	1 juillet 2017	441 448			441 448
2016 TOTAL					**441 448**
2017	1 juillet 2018	268 672			268 672
2017 TOTAL					**268 672**

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 33.8 of the notes to the consolidated financial statements112.

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 SHARE CAPITAL ON 31 DECEMBER 2018

Year	Share capital (€)	Issue premium (€)	Accumulated number of shares	Par value	Transaction type
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	
2018	56 092 376		7 011 547	€ 8	

On 31 December 2018 the share capital was made up of 7,011,547 shares with a fully paid-up par value of €8, representing 8,041,569 voting rights. The breakdown of TOUAX SCA's capital and voting rights is detailed in paragraph 18.1 page 64.

INFORMATION CONCERNING ISSUE AUTHORISATIONS IN FORCE ON 31 DECEMBER 2018

The General Meeting of shareholders of 9 June 2016 and 20 June 2018, with the unanimous agreement of the General Partners, delegated the following issue authorisations to the Management Board:

Description of authorisations	authorisation date	due date	authorised ceilings	use during 2018	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)	08/08/2018 (cancelled on 20 June 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 retention of preferential subscription rights	Combined General Meeting of 20 June 2018 (10th resolution)	19 août 2020	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)	08/08/2018 (cancelled on 20 June 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 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 20 June 2018 (11th resolution)	19 août 2020	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 resulting from excess demands	Combined General Meeting of 9 June 2016 (17th resolution)	08/08/2018 (cancelled on 20 June 2018)	maximum of 15% of the initial issue	not used	1176760
Increase the share capital resulting from excess demands	Combined General Meeting of 20 June 2018 (12th resolution)	19 août 2020	maximum of 15% of the initial issue	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a category of persons	Combined General Meeting of 20 June 2018 (13th resolution)	19 décembre 2019	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €960,000 (2)	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a person specifically appointed	Combined General Meeting of 20 June 2018 (14th and 15th resolutions)	19 décembre 2019	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €320,000 (2)	not used	none
Issue shares for the benefit of the Group's employees, with the cancellation of preferential subscription rights	Combined General Meeting of 20 June 2018 (16th resolution)	19 août 2020	maximum amount of €600,000 (1) reserved for employees who are members of a company savings plan total number of shares that can be subscribed by employees: 3% of the share capital	not used	none

(1) Ceiling of €20 million authorised for all share capital increases in par value.
(2) Independent ceiling.

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 2018 is detailed in paragraph 18.5 page 66. 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 2018 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 on 31 December 2018	**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 share 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 June 30, 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) SHGP, 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”, 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 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 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).

General Meetings (extracts from article 18 "meetings of limited partner stockholders")

The provisions applicable to meetings of limited partner stockholders 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 stock (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 public limited 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 185 of the registration document describes these provisions.

21.2.3. Provisions of a charter or a regulation limiting the change of control or changes in the share 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 2018 the TOUAX share was worth €4.88, down 58% compared with the price on 31 December 2017 (€11.69). The highest price of the year was €12.40 on 9 January 2018 and the lowest price was €4.26 on 27 April 2018.

On 31 December 2018, the Group’s market capitalization amounted to €81.96, compared with a consolidated book shareholders' equity for the Group (excluding hybrid debt) of €62.5 million on the same date.

YEARS (in €)	2018	2017	2016
Consolidated figures			
Net dividend per share paid during the year	-	-	-
Total distribution for the year	-	-	-
Progression of the distribution compared to the previous year	-	-	-
Total number of shares at December 31	7 011 547	7 011 547	7 011 547
Share price ratios			
Net income per share	-0,59	-2,58	-1,82
P.E.R (1)	-	-	-
Total return on the share (2)	-	-	-
Share price data			
Maximum share price	12,40	14,28	11,81
Minimum share price	4,26	8,93	7,45
Price at December 31	4,88	11,69	11,00
Market capitalization at December 31 (€m)	34,22	81,96	77,13
Average daily volume of capital traded (in € thousands)	46,66	152,54	47,79
Average daily number of shares traded	5 217	13 014	4 720

(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. Transaction change 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)
October 2017	14,00	13,50	13,53	170 720	2,35
November 2017	14,28	8,93	11,75	1 121 097	11,86
December 2017	12,00	11,45	11,69	185 754	2,18
January 2018	12,40	11,20	11,40	122 159	1,46
February 2018	11,95	9,10	10,70	179 224	1,94
March 2018	10,75	9,80	10,00	138 406	1,40
April 2018	10,35	9,74	10,35	48 741	0,49
May 2018	11,55	9,80	10,30	148 674	1,56
June 2018	10,50	9,26	9,28	66 586	0,66
July 2018	9,34	8,30	8,56	51 998	0,46
August 2018	8,58	7,74	8,16	82 227	0,66
September 2018	8,30	7,64	7,80	112 408	0,89
October 2018	7,80	5,82	5,98	150 010	1,03
November 2018	6,54	5,50	6,12	142 768	0,87
December 2018	6,06	4,26	4,88	87 359	0,45
January 2019	5,56	4,69	5,30	99 108	0,50
February 2019	5,36	4,80	4,83	57 112	0,29
March 2019	4,83	4,03	4,48	207 642	0,92

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 registration document in accordance with Articles 221-1 et seq. of the General Regulations of the French Financial Markets Authority (Autorité des Marchés Financiers 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 registration 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 58.

The Group's consolidated companies are presented in the notes to the consolidated financial statements note 2.2 page 87 and the subsidiaries of TOUAX SCA are presented in the notes to the individual financial statements note 26.6 page 129.

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 2018, 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 10,938 railcars including 1504 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 99 barges, and
- shipping containers with a fleet of about 464,000 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 31 December 1898 and has been listed on the Paris Stock Exchange since 7 May 1906.

1.1. Group situation and analysis of the 2018 consolidated financial statements

1.1.1. International accounting standards

The consolidated financial statements on 31 December 2018 and comparative data have been prepared according to IFRS accounting standards, in accordance with the regulations in force.

In application of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the European and US Modular Buildings businesses are presented as discontinued operations as of 31 December 2017.

The application of IFRS 15 "Revenue from contracts with customers", which came into effect on 1 January 2018, led the Group not to continue to present the syndications (sales of equipment to investors) as revenue but to record only the syndication commission in income and then record as revenue only the commissions from sales of used equipment belonging to the investors to customers instead of the gross amount of these sales, since the standard deems us to be an agent for these transactions. This has no impact on the net result. The 2017 financial statements have been restated accordingly. The Group has applied the retrospective method.

1.1.2. Scope of consolidation

The complete list of companies consolidated by TOUAX is mentioned in the note 2.2 of the notes to the consolidated financial statements page **Erreur ! Signet non défini.** of the registration 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.

Macroeconomic conditions and volume of international trade

We are subject to the effects of cyclical macroeconomics and general economic conditions. Global economic growth can have 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 affected by changes in the volume of trade, but largely benefit from a high demand for equipment replacement.

Freight railcar demand underlies demand for rail transportation and the need for replacement of older railcars. 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. In Europe, the need for freight railcar replacements is estimated at 14,000 railcars, equal to a market of around €1.4 billion.

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 linked to international trade volumes. Significant demand is related to the need for annual renewal of the fleet estimated at 2 million containers (twenty equivalent unit) or a replacement market of about $4 billion.

The paragraph on 6.1 of the registration document page 38 gives a thorough analysis of the macroeconomic conditions and other market factors that affect demand for our products and services.

Utilisation 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 utilisation rate of our Containers division excludes new containers manufactured but not yet leased with a first lease, as well as containers sold and lost.

The table below shows the quantity of equipment in our leasing fleet at the end of the year and the average utilisation rate of our leasing equipment for each of our divisions for the years ended 31 December 2017 and 2018:

	For the entire year ended 31 December	
	2018	2017
Freight railcars		
Number of railcars under management (end of year, platforms)*	9 434	9 335
Average utilization rate	84,9%	82,0%
River Barges		
Number of barges under management (end of year)**	99	119
Average utilization rate	90,3%	93,2%
Containers		
Number of containers under management (at the end of the year, in TEUs)	463 741	475 027
Average utilization rate	98,7%	98,1%

* 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 utilisation 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 book the amount of the sale in income from activities, which can increase our income from activities 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 income from activities, 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. The trend reversed in 2018. 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 €1.2 billion as of 31 December 2018, a decrease of approximately €1.8 million compared to 31 December 2017. We own 36% of our total leasing fleet, with the remaining 64% 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 2017 and 2018.

(in thousands of euros)	On 31 December			
	2018		2017	
	Owned by the Group	**Ownership of third party investors**	**Owned by the Group**	**Ownership of third party investors**
Freight Railcars	281 655	125 276	276 919	135 087
River Barges (1)	73 165	10 215	75 608	10 215
Containers	78 180	637 528	44 848	665 064
Other	8 075		8 401	
TOTAL	**441 075**	**773 019**	**405 776**	**810 366**

(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 income from activities is shown in the note 1.21.1 of the appendix to the consolidated financial statements page 83 of the registration 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.

The operating profitability of the transportation business improved in 2018.

The performance of our Freight Railcar business is improving, thanks in particular to a higher utilisation rate. In a context of a growing market driven by the need to replace fleets, the Group has initiated leasing rate increases.

Excluding non-recurring income related to the resolution of a dispute in South America (€1.2 million) from which the business benefited in 2017, the performance of our River Barges business is stable.

The operational performance of our Shipping Container business is improving thanks to the restart in Q2 2018 of investments (owned by us and for third parties) and the growth of new container trading.

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 2018, 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 0.88%.

The sensitivity of our shareholders' equity and current operating income to exchange rate fluctuations is presented in the note 33.5 of the consolidated financial statements for the year ended 31 December 2018, page 110 of the registration document.

- *Conversion risk*

The conversion risk is the risk that the value of our income from activities, 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 income from activities and costs published in euros. Given that a number of our subsidiaries operate in markets other than those in the euro zone 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 revenues are 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 2018, there was no operational currency exchange risk hedge.

Acquisitions, disposals 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 share 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 share 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

Income from activities consists of leasing revenues, equipment sales, syndication commission and capital gains (or losses) not related to recurring activities.

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.

Equipment sales correspond to the revenues 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) the sale of used equipment which appears on our balance sheet (iv) and the sales commission of used equipment belonging to investors. 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 15, sales of equipment to investors (syndication) are no longer presented as revenues, but are included in income from activities on a separate line. Syndication activity is now presented as a commission (sale price - purchase cost).

In accordance with IFRS, revenues generated by disposals of assets other than freight railcars, river barges and shipping containers is not recorded in the equipment sales item, but in plus (or minus) disposal values not linked to recurring activities.

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 cost of producing equipment that we manufacture for sale to third parties in the context of our Modular Buildings Africa business (in particular the cost of raw materials and production personnel costs) and (iii) the net book value of the equipment we sell and which appeared on our balance sheet as tangible assets or in stock at the time of the sale and all costs associated with these sales.

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 staff costs, including our administrative staff, other administrative and IT expenses, property 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 revenues 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-current 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 financial income from 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 2017 and 2018.

(in thousands of euros)	Financial year to 31 December	
	2018	2017*
Leasing revenue	134 540	146 103
Sales of equipment	18 749	20 944
Revenue	**153 289**	**167 047**
Syndication commission	997	1 122
Capital gains or losses on disposals unrelated to recurring activities	255	1 482
Revenue from operations	**154 541**	**169 651**
Cost of sales	(13 644)	(16 148)
Operating expenses	(33 955)	(42 975)
General and administrative expenses	(23 842)	(21 875)
Gross operating margin (EBITDAR)	**83 100**	**88 653**
Depreciation and impairments	(17 741)	(19 314)
Operating income before distribution to investors	**65 359**	**69 339**
Net distributions to investors	(57 403)	(61 787)
Current operating income	**7 956**	**7 552**
Other operating income and expenses	156	(6 632)
Operating income	8 112	**920**
Income in cash and cash equivalent	20	78
Cost of financial indebtedness, gross	(10 081)	(10 825)
Net cost of financial debt	**(10 061)**	**(10 747)**
Other financial income and expenses	(182)	1 410
Financial profit or loss	**(10 243)**	**(9 337)**
Income from companies accounted for by the equity method		(65)
Current income before taxes	**(2 131)**	**(8 482)**
Taxes on profits	(475)	(53)
Net income from continuing activities	**(2 606)**	**(8 535)**
Net income from discontinued operations	(955)	(9 176)
Net income	**(3 561)**	**(17 711)**
of which non-controlling interest (minority interests) in continuing operations	597	(3 145)
of which non-controlling interest (minority interests) in discontinued operations		3 474
CONSOLIDATED NET INCOME (GROUP SHARE)	**(4 158)**	**(18 040)**
Of which net income from continuing activities	(3 203)	(5 390)
Of which net income from discontinued operations	(955)	(12 650)

(*) Amounts restated in accordance with the application of IFRS 15 "Revenue from Contracts with Customers"

1.1.6. Year ended 31 December 2018 compared to the year ended 31 December 2017

Revenue from operations

The table below shows the breakdown of our income from activities for the years ended 31 December 2018 and 2017:

Income from activities by activity *(in thousands of euros)*	**Financial year to 31 December 2018**	Contribution (in %)	Financial year to 31 December 2017*	Contribution (in %)	2018/2017 change	Change (en %)
Freight railcars	**56 332**	**37%**	**56 951**	**34%**	**-618**	**-1,09%**
Leasing revenues	53 419	35%	50 925	30%	2 494	4,90%
Sales of equipment	2 226	1%	4 975	3%	-2 749	-55,26%
Syndication commission	687	1%	1 050	1%	-363	-34,57%
River Barges	**14 501**	**9%**	**14 563**	**9%**	**-62**	**-0,43%**
Leasing revenues	12 437	8%	14 341	9%	-1 904	-13,28%
Sales of equipment	2 064	1%	222		1 842	-78,30%
Containers	**76 372**	**49%**	**87 583**	**51%**	**-11 209**	**-12,80%**
Leasing revenues	67 996	44%	80 439	47%	-12 443	-15,47%
Sales of equipment	8 066	5%	7 072	4%	995	14,07%
Syndication commission	310		72		239	331,94%
Miscellaneous and eliminations	**7 336**	**5%**	**10 554**	**6%**	**-3 215**	**-30,46%**
Leasing revenues	688	1%	398		291	73,12%
Sales of equipment	6 393	4%	8 674	5%	-2 280	-26,29%
Capital gains or losses on disposals unrelated to recurring activities	255		1 482	1%	-1 226	-82,73%
TOTAL INCOME FROM ACTIVITIES	**154 541**	**100%**	**169 651**	**100%**	**-15 104**	**-8,90%**

(*) Amounts restated in accordance with the application of IFRS 15 "Revenue from Contracts with Customers"

- **Revenue from operations**

The cost of total sales fell by €15.1 million (or -8.9%) changing from €169.7 million in 2017 to €154.5 million in 2018. On a constant scope and currency basis, revenue from operations decreased by 6.6%.

Leasing revenues decreased by €11.6 million, falling from €146.1 million in 2017 to €134.5 million in 2018, equal to a variation of -7.9%. The variation in leasing revenue at constant scope and currency is

-5.6% (depreciation of the dollar from 1.1297 in 2017 to 1.1810 in 2018).

The freight railcar leasing activity increased by €2.5 million due to higher utilisation rates and leasing rates.

The River Barges activity shows a drop in leasing revenues due to lower leasing rates and utilisation rates in South America.

The leasing activity in the Containers division is down 15.5% due to a decrease in the fleet. This decrease can also be explained by operational leasing container contracts reaching maturity. On a constant currency basis, leasing revenues would fall by 11.6 %.

Equipment sales decreased by €2.2 million (-10.5%), falling from €20.9 million in 2017 to €18.7 million in 2018.

Syndication commissions were down €0.1 million with a lower syndication volume in 2018.

- **Income from Freight Railcar division activities**

Income from activities in the Freight Railcar division decreased by €0.6 million from €57 million on 31 December 2017 to €56.3 million on 31 December 2018.

The leasing revenues generated by our Freight Railcars division increased by €2.5 million (or +4.9%), from €50.9 million in June 2017 to €53.4 million in June 2018. The increase in leasing revenues is mainly due to the increase in utilisation rates. The average utilisation rate for 2017 was 81.98%, compared with an average of 84.93% for 2018.

Equipment sales in the Freight Railcars division increased by €2.7 million, from €5 million in 2017 to €2.2 million in 2018. Sales to customers are down in 2018, as the Group records a commission on railcar sales in Hungary.

The syndication commission was €0.7 million on 31 December 2018 compared to €1 million in 2017. The decrease in the margin is mainly due to the volume effect (sales worth €23.1 million in 2017 compared to €11.3 million in 2018).

- **Income from activities in the River Barges division**

Income from activities in the River Barges division decreased by €0.1 million (or -0.4%), changing from €14.6 million in 2017 to €14.5 million in 2018. The increase in sales (9 barges in the Netherlands) offsets the drop in leasing revenues in South America and the decline in chartering in the Netherlands.

- **Income from activities in the Shipping Container division**

Income from activities in the Shipping Containers division decreased by €11.2 million (equal to -12.8%), falling from €87.6 million in 2017 to €76.4 million in 2018. This change is mainly due to the decrease in leasing activity.

Leasing revenues in our Shipping Containers division fell by €12.4 million (or -15.5%) falling from €80.4 million in 2017 to €68 million in 2018. At constant euro/dollar exchange rates, the leasing revenues from our Shipping Containers division fell by 11.6 %. The fall in leasing revenues is due to a slight decrease in daily leasing rates but especially to the decrease in the leasing fleet (-10,919 TEU compared to the end of 2017). The utilisation rate has increased to reach an average of 98.7% over 2018 compared to 98.1% in 2017.

Equipment sales to customers in the Shipping Container division increased by €1 million (or +14%), changing from €7.1 million in 2017 to €8.1 million in 2018. At constant currency, the variation is +19%.

The syndication commission for containers to investors increased by €0.2 million (+331.2%). The sale amount of 10,371 TEUs amounted to €12.5 million and generated a margin of €0.3 million. At constant currency the variation would be €0.3 million (+351%).

Cost of sales

The table below shows the breakdown of our cost of sales by division for the years ended 31 December 2018 and 2017.

Cost of sales per division	2018	As a % of divisional sales of equipment	2017*	As a % of divisional sales of equipment	Change
	(in thousands of euros)	*(as a %)*	*(in thousands of euros)*	*(as a %)*	*(as a %)*
Freight railcars	(434)	19%	(3 546)	71%	-55%
River Barges	(1 127)	55%	(266)	120%	323%
Containers	(5 800)	72%	(4 393)	62%	32%
Other & eliminations	(6 283)	98%	(7 942)	91%	-21%
TOTAL COST OF SALES	**(13 644)**		**(16 148)**		**-16%**
TOTAL COST OF SALES as a % of equipment sales		**73%**		**77%**	

(*) Amounts restated in accordance with the application of IFRS 15 "Revenue from Contracts with Customers"

- **Total cost of sales**

The total cost of sales fell by €2.5 million (or -16%) changing from €16.1 million in 2017 to €13.6 million in 2018.

- **Cost of sales in the Freight Railcars division**

Sales costs in the Freight Railcars division decreased by €3.1 million, changing from €3.5 million in 2017 to €0.4 million in 2018. The change is symmetrical to sales and down compared to 2017.

- **Cost of sales in the River Barges division**

The cost of sales in the River Barges division increased by €0.9 million in parallel with the increase in sales (sale of 9 barges in Europe).

- **Cost of sales in the Shipping Containers division**

Sales costs in our Shipping Containers division increased by €1.4 million (or 32%) changing from €4.4 million in 2017 to €5.8 million in 2018. The margin on all sales decreased by €0.4 million compared to 2017.

Operating expenses

The table below shows the breakdown of our operating expenses by division for the years ended 31 December 2018 and 2017.

Operating expenses	2018	As a % of revenue for the division	2017	As a % of revenue for the division	Change	
	(in thousands of euros)	*(as a %)*	*(in thousands of euros)*	*(as a %)*	*(in thousands of euros)*	*(as a %)*
Freight railcars	(18 296)	33%	(20 246)	26%	1 950	-10%
River Barges	(6 208)	43%	(5 369)	37%	(839)	16%
Containers	(8 300)	11%	(15 973)	15%	7 673	-48%
Other & eliminations	(1 151)	16%	(1 387)	15%	236	-17%
TOTAL	**(33 955)**	**22%**	**(42 975)**	**20%**	**9 020**	**-21%**

- **Total operating expenses**

Operating expenses decreased by €9 million (equal to -21%), falling from €43 million in 2017 to €34 million in 2018. The Container business is the main contributor to this decline and to a lesser extent, the Freight Railcar business has also reduced its operating expenses.

- **Operating expenses in the Freight Railcars division**

Operational expenses for the Freight Railcars division fell by €1.9 million from €20.2 million in 2017 to €18.3 million in 2018.

- **Operating expenses in the River Barges division**

Operating expenses for the River Barges division increased by €0.8 million.

- In 2017, operating expenses were positively impacted by reimbursements of expenses incurred on the UABL case for €0.8 million, operating grants and insurance reimbursements for €0.2 million.
- Repair and insurance expenses decreased by €0.2 million.
- Charter expenses increased by €0.1 million.

› **Operating expenses in the Shipping Containers division**

The operating expenses incurred in our Shipping Containers division fell by €7.7 million (or -48%) decreasing from €16 million in 2017 to €8.3 million in 2018.

The variation of €7.7 million was mainly due to:

- A decrease of €1 million in handling and storage costs (decrease in fleet volume, increase in utilisation rate).
- A fall of €4.7 million of lease purchase due to contractual purposes.
- A decrease in maintenance and repair costs of €0.6 million.
- An increase in agent fees of €0.3 million.
- A decrease in provisions for bad debts of €1.5 million.

General and administrative expenses

The table below shows the breakdown of our general and administrative expenses by division for the 2018 and 2017 financial years.

General and administrative expenses	2018	As a % of revenue for the division	2017	As a % of revenue for the division	Change	
	(in thousands of euros)	*(as a %)*	*(in thousands of euros)*	*(as a %)*	*(in thousands of euros)*	*(as a %)*
Freight railcars	(9 435)	17%	(8,480)	15%	(955)	11%
River Barges	(2 645)	18%	(3,224)	22%	579	-18%
Containers	(7 951)	10%	(8,811)	10%	860	-10%
Other & eliminations	(3 811)	54%	(1,359)	15%	(2453)	
TOTAL	**(23 842)**	**16%**	**(21 875)**	**13%**	**(1 968)**	**9%**

› **Total general and administrative expenses**

General and administrative expenses decreased by 9%, from €21.9 million in 2017 to €23.8 million in 2018.

› **General and administrative expenses in the Freight Railcars division**

General and administrative expenses incurred by the Freight Railcars division increased by €1 million changing from €8.5 million on 31 December 2017 to €9.4 million on 31 December 2018. Personnel costs increased by €1.4 million. Corporate management fees decreased by €0.4 million.

› **General and administrative expenses in the River Barges division**

General and administrative expenses for the River Barges division fell by €0.6 million or -18%. This decrease is mainly due to the decrease in the re-invoicing of central costs for €0.2 million. Administrative expenses decreased by €0.1 million, personnel costs decreased by €0.2 million and travel expenses also decreased by €0.1 million.

› **General and administrative expenses in the Shipping Containers division**

The general and administrative expenses incurred in our Shipping Containers division increased by €0.9 million (or -10%) changing from €8.8 million in 2017 to €8 million in 2018. The variation is mainly due to a decrease in personnel costs of €0.1 million, a decrease in corporate fees of €0.6 million, a decrease in fees of €0.1 million.

› **Central costs**

The Group's central costs decreased by €0.4 million.

Provisions for depreciation and impairment of assets

Provisions for depreciation and impairment of assets are analysed in the note 10 notes to the consolidated financial statements, page 93 of the registration document.

Net distributions to investors

The net distribution to investors is analysed in the note 11 of the notes to the consolidated financial statements page 93 of the registration document.

Other operating income and expenses

Other operating expenses and revenues are analysed in the note 12 of the notes to the consolidated financial statements page 93 of the registration document.

Financial profit or loss

Financial income is analysed in the **note 13** of the notes to the consolidated financial statements page 94 of the registration document. Taxes on profits

Taxes on profits

Corporate income tax is analysed in the **note 14.1** of the notes to the consolidated financial statements page 94 of the registration document.

1.1.7. Cash flow

The following table summarises our cash flows for the years ended 31 December 2018 and 2017. Cash flows are restated in accordance with IFRS 5 for the 2017 financial year.

(in thousands of euros)	Financial year to 31 December	
	2018	2017
Cash flow generated by operating activities	**4 697**	**31 086**
Cash flows relating to investment operations	**(1 419)**	**138 162**
Cash flow related to financing operations	**(5 239)**	**(168 267)**
Cash flow linked to changes in exchange rates	**56**	**675**
Change in net cash	(1 905)	1 656
Cash at the beginning of the period	28 762	27 106
Cash at the end of the period	26 857	28 762

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 2018 and 2017.

(in thousands of euros)	Financial year to 31 December	
	2018	2017
Self-financing capacity before cost of net financial debt and taxes	23 790	22 305
Taxes paid	57	(746)
Change in working capital requirement related to activity excluding changes in inventories	10 764	(11 454)
Stock variation	*(42 974)*	*5 045*
Change in investment working capital requirement	*24 296*	*(5 574)*
Acquisition of assets for leasing	*(21 568)*	*(7 023)*
Proceeds from disposal of assets	*9 466*	*18 697*
Net impact of finance leasing to clients	*866*	*1 369*
Subtotal (1)	(29 914)	12 514
Operating cash flow from continuing activities	**4 697**	**22 619**
Operating cash flows from discontinued operations		**8 467**
CASH FLOWS GENERATED BY OPERATIONAL ACTIVITIES	**4 697**	**31 086**

(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 income from activities generated by the sale of this equipment are presented as cash flows from operating activities rather than as cash flow 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

Income from the disposal of assets corresponds 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 2018 and the year ended 31 December 2017**

Cash flows generated by operating activities amounted to €4.7 million on 31 December 2018, compared to cash flows generated by operating activities of €31.1 million for the year ended 31 December 2017, representing a decrease of €26.4 million.

- Self-financing capacity improved, moving from €22.3 million in 2017 to €23.8 million in 2018.
- Investments in 2018 are significantly higher than in 2017, an increase of €42.4 million.

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 2018 and 2017.

(in thousands of euros)	**Financial year to 31 December**	
	2018	2017
Acquisitions of property, plant and equipment and intangible assets	(549)	(526)
Net change in loans and advances	(1 149)	(6 138)
Acquisitions of financial fixed assets		
Proceeds from the transfer of assets other than those intended for leasing	279	1 457
Impact of changes in the scope of consolidation		8 081
Cash flow from the sale of consolidated companies		
Cash flows related to investment operations of continuing operations	**(1 419)**	**2 874**
Cash flows related to investment operations of discontinued operations		**135 288**
CASH FLOW RELATED TO INVESTMENT OPERATIONS	**(1 419)**	**138 162**

In 2018, cash flow from investment operations is mainly explained by the payment of certificates required by the Hong Kong tax authorities pending the continuation of the procedure to validate the off-shore scheme.

On 31 December 2017, cash flows amounted to +€138.2 million and were mainly attributable to cash flows from the disposal of the European Modular Buildings activities.

Cash flow related to financing operations

The following table presents the components of our cash flows linked to financing operations for the years ended 31 December 2018 and 2017.

(in thousands of euros)	Financial year to 31 December	
	2017	2017
Change in net cash position	111 519	44 073
Repayment of loans	(101 836)	(77 894)
Net change in financial debts	**9 683**	**(33 821)**
Net increase in Shareholders' equity	(111)	(638)
Net cost of financial debt	(10 061)	(10 746)
Distribution of dividends to minority shareholders	(377)	(1 413)
Statutory remuneration of general partners	(269)	(441)
Interest payment on hybrid capital	(4 039)	(4 039)
Net sale (acquisition) of own shares	(42)	(34)
Other	(23)	(39)
Cash flow from financing operations of continuing operations	**(5 239)**	**(51 171)**
Cash flow from financing operations of discontinued operations		**(117 096)**
CASH FLOW RELATED TO FINANCING OPERATIONS	**(5 239)**	**(168 267)**

Cash flow from financing operations was -€5.2 million on 31 December 2018, compared with cash flows of -€168.3 million on 31 December 2017. In 2017, the cash flow linked to financing operations was mainly attributable to the repayment of Corporate debt following the disposal of the European Modular Buildings activity. In 2018, the Shipping Container and Freight Railcar divisions refinanced their debts.

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.

1.1.8. 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.

1.1.9. Commitments received under operating leases are detailed in note 35.3 of the appendix to the consolidated financial statements page 113 of the registration document.

1.1.10. Off-balance sheet commitments

Off-balance sheet commitments are detailed in the note 35.5 of the notes to the consolidated financial statements page 114 of the registration 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 on note 33.1 page 108 of our audited consolidated financial statements for the year ended 31 December 2018.

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 of the notes to the consolidated financial statements page 75 of the registration document explains the accounting policies and critical assessments.

1.2. Foreseeable developments and outlooks

Major economies, including emerging markets, continue to drive growth in rail, inland waterway and maritime trade, with the latter emitting less CO2 and being more economical over long distances. The underlying markets for the leasing of transport equipment are therefore positively oriented with an increasing trend towards outsourcing (more leasing vs. less ownership).

The demand for rail freight continues to grow in Europe driven by the recovery of private sector demand following the deregulation of rail freight. Fleet replacement needs are significant with chronic underinvestment over the last decade.

The river transport market in Europe is driven by rising construction, biomass and grain transportation. The South American market remains sluggish.

Container demand remains buoyant with replacement needs estimated at more than two million TEUs a year and a growth in international trade. The market trend still favours outsourcing and customers lease more containers than they buy.

The Group will continue its focus on improving its profitability supported by the continuous improvement program ("CIP") put in place, gradually continue its own investments, and develop the management of assets on behalf of third parties.

An additional presentation of the Group's outlook, presented at the SFAF meeting of 28 March 2019, is detailed in paragraph 28.3 of the registration document page 205 supplemented by paragraph 12.2 on the trends page 60.

1.3. Other Group information

- **Group's research and development activity**

During the 2018 financial year, no expenses were incurred in research and development.

- **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 liabilities). The interim report of the expert presents a transfer price adjustment of TSM securities for €331 thousand due by Touax. A provision has been recorded in the accounts for this purpose and classified in discontinued operations.

- **Debt position of the Group**

The note 25 of the notes to the consolidated financial statements page 102 of the registration 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 registration document and in the notes to the consolidated financial statements note 33 of the notes to the consolidated financial statements page 108. 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 registration document, page 34.

The note 33 of the notes to the consolidated financial statements on page 108 of the registration document details the company's financial risk management policy.

- **Identity of the owners of the share capital**

Natural or legal persons directly or indirectly holding more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen twentieths or nineteen twentieths of the share capital or voting rights at general meetings, are mentioned in paragraph 18.1 64 of the registration document.

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**

The revenues of TOUAX SCA totalled €2.1m compared to €2.7m in 2017. The € 0.7m decrease in revenues is due to the sale of TSM at the end of 2017. In 2018, TSM is still invoiced under the Transition Services Agreement, but compared to 2017, there is an invoicing difference of €0.4m. The remaining €0.3m is still linked to the sale of TSM and corresponds to the decrease in the re-invoicing of the rent of the Tower (the area occupied in 2018 has been reduced).

There are no non-deductible expenses for the year (Article 39-4 of the French Tax Code).

The financial profit/loss of €3.4m is mainly due to the following elements:

- a net interest expense of -€4.4m,

- a net positive change in provisions for impairment of intra-group receivables for €10.7m,

- a provision for depreciation of equity securities of Touax Corporate SAS for -€2.5m,

- a negative foreign exchange result (€/$) over the year of €0.4m, The exceptional loss of €0.3m is a provision for risk covering the price adjustment claimed by the buyer of TSM TOUAX SCA. The report by the expert in charge of this file indicates a transfer price adjustment of the shares of TSM for €331 thousand to the detriment of Touax.

The net profit/loss for the financial year amounts to a profit of €2.4m.

The balance sheet of TOUAX SCA totals €219.8m compared with €196.2 million.

The balance sheet of the company at the end of the financial year is composed mainly of assets by:

- equity securities (TP) with a net book value of €73.8m. This amount of €73.8m takes into account at the end of the year a provision for depreciation of TP Touax Africa for € 2.2m and Touax Corporate SAS for €2.5m,

- intra-group loans granted by the company under the cash management agreement (CT share) for €39.0 million and under LT loan agreements for €88.5 million. This total amount of €127.5m includes a provision for depreciation of €10.5m on the loan granted to Touax Africa.

The liabilities on the company's balance sheet are mainly composed of:

- shareholders' equity for an amount of €42.7m,

- hybrid debt, classified as "Other shareholders' equity" for €50.8m,

- the external financial debts for €39.6m (Ornane + €PP),

- intra-group debt in the context of LT agreements for €67.7m and in the context of a cash management agreement (CT) for €10.1m.

Note 23 of the appendix to the individual financial statements details the company's debt page 126 of the registration document.

The company does not have R&D business activities.

Since the activity of TOUAX SCA mainly relates to an advisory activity for its subsidiaries, management does not anticipate any particular changes in services but nevertheless predicts, excluding market transactions, a decrease in the year 2019 compared to 2018 due in particular to the decrease in expenses related to the WH project.

- **Results of the company during the last five fiscal years (individual financial statements)**

	(in Euros)	**2018**	2017	2016	2015	2014
I	SHARE CAPITAL AT YEAR END					
	a) Share capital	56 092 376	56 092 376	56 092 376	47 070 256	47 070 184
	b) Number of existing ordinary shares	7 011 547	7 011 547	7 011 547	5 883 782	5 883 773
II	OPERATIONS AND RESULTS FOR THE YEAR					
	a) Revenue excluding taxes	2 074 125	2 728 725	2 225 640	4 853 416	2 337 402
	b) Profit before tax and depreciation and provisions	(4,444,624)	(2,737,281)	3 687 568	4 206 634	5 914 646
	c) Corporation tax	559 132	(701 574)	(284 899)	(150 144)	49 626
	d) Employee profit sharing due for the year					
	e) Profit after tax and depreciation and provisions	2 951 953	(26,705,880)	(28 919 621)	661 664	5 573 639
	f) Distributed income	-	-	-	2 938 264	2 938 888
III	EARNINGS PER SHARE					
	a) Profit after tax but before depreciation and provisions	-0,71	-0,49	0,57	0,74	1,00
	B) Profit after tax and depreciation and provisions	0,42	-3,81	-4,12	0,11	0,95
	c) Net dividend per share	-	-	-	0,5	0,5
IV	WORKFORCE					
	a) Average number of employees during the year	2	2	2	2	2
	b) Amount of payroll	44 072	43 688	51,469	39 454	39 252
	c) Amount of benefits paid	18 328	19 417	23,409	19 094	14 034
	(social security, welfare benefits etc.)					

- **Post-balance sheet event**

Following the disposal of Touax Solutions Modulaires SAS, a price adjustment was claimed by the buyer to TOUAX in early March 2018. The interim report of the expert presents a transfer price adjustment of TSM securities for €331 thousand due by Touax.

- **Main risks and uncertainties**

The main risks are detailed in chapter 4 (risk factors) of the registration document, more particularly in the paragraph 4.4 page 34 for rate, market and equity risks and other financial instruments, as well as in the notes to the consolidated financial statements note 33 page 108.

The note 26.4 of the notes to the individual financial statements page 128 mentions contingent liabilities.

- **Objectives and policy of hedging transactions**

The note 26.3 of the notes to the Individual financial statements page 128 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 registration document, page 38 et seq. The activity of the subsidiaries is presented via each division, on the note 4 of the notes to the consolidated financial statements page 88.

The organisation chart for the company's main subsidiaries is detailed in the registration document in paragraph 7.2 of the registration document page 58.

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 24 June 2019 the proposal for the allocation of the loss as well as the remuneration of the general partners on the issue premium, as follows:

Résultat net de l'exercice clos le 31 décembre 2018	2 951 953 €
Dotation à la réserve légale	
Affectation de la totalité du bénéfice au report à nouveau	2 951 953 €
Rémunération statutaire des commandités prélevée sur la prime d'émission	256 970 €

- **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 2019.

A log of the distribution policy is presented in paragraph 20.8.1 page 139 of the registration document.

The dividend amounts distributed for the three previous years were as follows:

financial year concerned *(in Euros)*	payment date	statutory remuneration of general partners	dividend per share	number of shares remunerated	total of the distribution
2015	1 juillet 2016	362 264			362 264
2015 TOTAL					**362 264**
2016	1 juillet 2017	441 448			441 448
2016 TOTAL					**441 448**
2017	1 juillet 2018	268 672			268 672
2017 TOTAL					**268 672**

- **Regulated agreements (5th resolution)**

Only one regulated agreement was concluded by TOUAX SCA and continued during the 2018 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 2018 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 27.2.4 of the report of the Supervisory Board page 186 of the registration 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 23 of the registration 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 registration document (risk factors) on page 34.

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.

- **Currency**

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 registration 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 2018. 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 social, environmental and corporate (CSR) information 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.

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 registration document page 58 and the exhaustive list of consolidated subsidiaries is presented in the note 2.2 of the notes to the consolidated financial statements page 87.

- **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 20 June 2018. On 31 December 2018, the company held 13,265 of its own shares. A detailed history of the treasury shares held by TOUAX is provided in paragraph 18.5 of the registration document page 66.

- **Status of employee participation in the company's share capital on 31 December 2018**

There is no employee participation in the company's share capital as of 31 December 2018, 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 on 31 December 2018 (it being specified that these are only non-group receivables).

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en euros	Factures **reçues** non réglées à la date de clôture de l'exercice dont le terme est échu						Factures **émises** non réglées à la date de clôture de l'exercice dont le terme est échu					
	0 jour (indicatif)	1 à 30 jours	31 à 60 jours	61 à 90 jours	91 jours et plus	Total (1 jour et plus)	0 jour (indicatif)	1 à 30 jours	31 à 60 jours	61 à 90 jours	91 jours et plus	Total (1 jour et plus)
Tranche de retard de paiement												
Nombres de factures concernées		9	1	1	2	13			7	2	1	10
Montant total des factures concernées (HT)		116 249 €	269,00 €	269 €	1 780 €	118 567 €			5 139 €	1 159 €	83 €	6 381 €
Pourcentage du montant total des achats de l'exercice (HT)		5,3%	0,0%	0,0%	0,1%	5,4%						
Pourcentage du chiffre d'affaires de l'exercice (HT)									6,6%	1,5%	0,1%	8,2%

- **Securities transactions carried out by officers, senior executives or persons to whom they are closely related as well as general partners**

To the Company's knowledge, in 2018, there were the following securities transactions:

- The SHGP, general partner, disposed of:
  - 5,000 shares in the Company on 17 January 2018;
  - 1,151 shares in the Company on 26 January 2018;
  - 609 shares in the Company on 1 February 2018;
  - 3,240 shares in the Company on 2 February 2018;
  - 5,340 shares in the Company on 6 June 2018.

- **Adjustment of the conversion bases of the securities giving access to the share capital**

There was no conversion adjustment for convertible bonds during the 2018 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:

- Mr Alexandre COLONNA WALEWSKI	Duration of 3 years, namely until the Annual General Meeting called to approve the financial statements for 2021
- Mrs Sylvie PERRIN	Duration of 3 years, namely until the Annual General Meeting called to approve the financial statements for 2021

A detailed presentation of these 2 members whose terms of office you are asked to renew is given in paragraph 27.2 page 185 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 share buyback scheme (9th resolution)**

We propose that you renew the scheme to authorise the share buyback 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 share buyback scheme was authorised by the Ordinary General Meeting of 20 June 2018 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 (Autorité des Marchés Financiers 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 17 October 2005 and its additional clause on 19 December 2018, in accordance with the code of ethics approved by the AMF, with the investment services provider GILBERT DUPONT.

On 31 December 2018 the company held 13,265 of its own shares, it being stated that during the 2018 financial year it bought 137,657 shares and sold 131,066 shares under the liquidity agreement, the sole purpose of which was market making and ensuring the liquidity of the TOUAX share.

The average purchase price stood at €8.82 and the average price was €8.85. As this is a liquidity contract, there is no transaction fee.

The par value of the shares held on 31 December 2018 equals €8.

The transactions are summarized in the following table:

Déclaration par TOUAX SCA des opérations réalisées sur ses propres titres au 28 février 2019	
Pourcentage de capital auto détenu de manière directe et indirecte	0,14%
Nombre d'actions annulées au cours des 24 derniers mois	
Nombre de titres détenus en portefeuille	10 053
Valeur comptable du portefeuille (€)	48 555,99
Valeur de marché du portefeuille (€)	53 356,96

TOUAX has not used derivatives in connection with its previous share buyback 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 24 June 2019.

Our company wants to implement this share buyback scheme with the same aims as those adopted by the Annual General Meeting of 20 June 2018.

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 (Autorité des Marchés Financiers 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 program concerns the possibility of buying back a maximum of 10 % of the capital stock 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 24 June 2019, i.e. until 23 December 2020.

We ask you to approve the draft resolutions which are submitted for your approval.

La Défense, 27 March 2019

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).

1. Corporate information

1.1. Employment

- **Total workforce and breakdown of employees by sex, age and geographic zone**

The Group's workforce includes 262 employees worldwide on 31 December 2018, an 11% increase in the workforce compared to 2017.

The breakdown in employees by geographic location and by activity on 31 December 2018 is as follows:

	Freight railcars		River Barges		Shipping Containers		Modular Buildings		Central Services		TOTAL	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Europe	59	51	9	9	22	21	1	1	23	26	114	108
Asia					12	12					12	12
Africa							126	107			126	107
N & S America					7	6			3	3	10	9
TOTAL	**59**	**51**	**9**	**9**	**41**	**39**	**127**	**108**	**26**	**29**	**262**	**236**

Across the average workforce in 2018, 24% are located in France, 19% elsewhere in Europe, 48% in Africa, 4% in N & S America and 5% in Asia.

Geographical breakdown	2018	2017
France	24%	24%
International	76%	76%
Breakdown by gender	**2018**	**2017**
Men	73%	73%
Women	27%	27%
Breakdown by category	**2018**	**2017**
Managers	19%	21%
Employees	81%	79%
Age pyramid	**2018**	**2017**
Under 26	5%	3%
26 - 40	36%	38%
41 - 50	36%	34%
51 and over	24%	25%
Years of service	**2018**	**2017**
Less than a year	26%	11%
1 - 5 years	30%	38%
6 - 10 years	21%	30%
More than 10 years	23%	21%
Contract type	**2018**	**2017**
Number of employees on fixed-term contracts	13%	6%
Number of employees on permanent contracts	87%	94%

We can see a fairly homogeneous distribution of the age pyramid of employees over the large age brackets of 26 to 50 years old at TOUAX. Seniority fell slightly in 2018 following the reorganisation plan for Rail, which allowed the recruitment of many people in France and Germany. The number of fixed-term contracts has doubled compared to last year, with these appointments mainly relating to Morocco and Algeria.

Appointments and departures

There were the following appointments and departures in 2018:

	2018	2017
Total number of departures during the year	63	67
- of which redundancies	22	6
Total number of arrivals during the year	65	59
% turnover	25%	26%

There is a clear increase in departures which is a direct and principal consequence of the reorganisation of the Rail activity.

The Group applies a recruitment procedure, whose main objectives are:

- 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,
- 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 2018, the Group's total payroll amounted to €15,422,016, a relatively small variation compared to the 2017 payroll of €15,957,790.

In France, the reorganisation of the Railcar business, involving the recruitment of a large number of people, partly boosted average gross wages.

Average pay in Euros (gross salary)	2018	2017
Geographical breakdown		
- France	65 206	55 769
- International	36 986	31 729
Breakdown by category		
- Managers	99 570	104 946
- Employees	27 264	22 741

1.2. Organization of work

₪ Organization of working hours

On 31 December 2018, 1.5% 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 2018, there were 14 days off in lieu for all employees of TOUAX UES subject or not subject to a fixed-day contract.

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 rate of absenteeism for the TOUAX Group was 2.40% in 2018, representing a total of 1,382 working days of absence.

The following table gives a breakdown of days of absence by grounds:

Detail of absences by reason	2018
Maternity	139
Illness	719
Occupational accident (including commuting accident)	1
Authorised absences (family events, ill children)	524
	1382 jours

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 Solutions Modulaires, TOUAX Container Services and TOUAX River Barges was created in 2007 and modified in 2014. Following the disposal of TOUAX Solutions Modulaires, the scope of the UES was changed in July 2017 and now includes TOUAX Corporate, TOUAX Container Services and TOUAX River Barges. At the end of this modification of the scope, elections were organised and a Social and Economic Committee (CSE) was elected.

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.

  - 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 2018.

1.4. Health and safety

- **Health and safety conditions at work**

  - Health and safety conditions at work in France

The order relating to the new organisation of social and economic dialogue in the company merged the employee representatives (DP), the works council (CE), the CHSCT or the single personnel delegation (DUP) into one, unique body: the CSE.

It is now the role of the CSE 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.

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. The Modular Buildings business located in Morocco will therefore have higher requirements than 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 2018.

Industrial accidents, in particular their frequency and seriousness, and occupational diseases

In 2018, the only reported commuting accident did not result in a work stoppage.

The significant drop in days of absence due to an industrial accident is due to the transfer of the European and American modular activities.

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 2018, the TOUAX Group spent €32,895 on training courses at global level, representing 601.50 training hours. The Group trained 22 employees during the year, equal to 9% of the average workforce during the year. We can see that fewer people received training than in 2017 but for more hours. This can be explained in particular by the numerous technical training courses given to new employees and people who have changed jobs in the Freight Railcar business.

1.6. Equal treatment

Measures taken to promote equality between men and women

Of the Group's total workforce as of 31 December 2018, 27% are women. Of the total number of managers, 5% are women. Note that during the 2018 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 gender, 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 2018. 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	COMPANY
Containers	Touax Container Services
	Gold Container Corp.
	Touax Container Leasing Pte Ltd
Modular Buildings	Touax Africa
	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

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.

- For some indicators, the data was not available for all subsidiaries. The scope of each indicator is specified in the paragraph below "Coverage rate of the indicators published".

- Note on the notion of "manager" and "employee" category

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 environmental standards in force in their country.

- **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 gas emissions (30% less) 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.

- **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 (Twenty-foot Equivalent Unit). 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.

With effect from 1 January 2020, the International Maritime Organisation (IMO) will cap the sulphur emission rate of fuel oil used by vessels operating outside emission control (ECA) at 0.50% m/m (mass per mass). This measure will significantly reduce sulphur oxide emissions from ships. It should also have very positive effects on the environment and health, especially for people living near ports and coasts. Until 31 December 2019, the sulphur content ceiling for fuel used by ships operating outside emission control zones will be 3.50%. The limit of 0.50% m/m will apply from 1 January 2020. To comply with it, ships will be able to use low sulphur compliant fuel oil. Once ignited, the gas emits only a negligible amount of sulphur oxide. This is why, as mentioned above, more and more ships are also using it as fuel. This fact was recognised when the IMO developed the International Code of Safety for Ships Using Gases and Other Low Flashpoint Fuels (IGF Code) adopted in 2015. Methanol is another fuel alternative for some short journeys. Ships can also meet SOx emission requirements using approved equivalent methods. For example, "scrubbers" are exhaust gas cleaning devices that "clean" emissions before they are released into the atmosphere. In this case, the equivalent arrangement must be approved by the administration to which the ship belongs, in other words by the Flag State.

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 2018, 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 2018, 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 2018, 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 8 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 2018, 1,045 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, since 2019 every 7 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**

This division does not produce significant levels of polluting emissions. A treatment and recovery project is being finalised.

₪ **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 2018.

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.

› **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 the life cycle, the barges are cleaned, dismantled and scrapped (in other words, taken apart) by authorised companies. The steel (scrap metal) is resold and melted down in blast furnaces. A scrapping certificate is issued by the contractor and makes it possible to obtain a scrapping and cancellation 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 2018 none of the division's barges were sent for recycling.

› **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

	2018	2017
Number of new railcars bought	0	138
Number of railcars sold	25	404
Fleet of railcars (platforms) under management on 31 December	9 434	9 317
Steel equivalent of the new railcars bought (in tonnes)	0	3 309

River Barges

	2018	2017
Number of new barges bought (excluding service boats and pushboats)		
Number of barges sold (excluding service boats and pushboats)	21	
Fleet of boats under management on 31 December	99	120
Steel equivalent of the new barges bought in tonnes (excluding service boats and pushboats)		

Containers

	2018	2017
Number of new containers bought (in TEU*)	30 709	1 598
Number of containers sold (in TEU)	40 019	68 770
Container fleet under management on 31 December (in TEU*)	463 732	475 007
Steel equivalent of new containers bought (in tons)	47 983	2 660
Quantity of wood for the floors of the new containers bought (in tons)	8 568	475

TEU: Twenty foot Equivalent Unit

Other Modular Buildings activity

	2018	2017
Number of modules manufactured by the Moroccan factory*	3 627	1 390
Number of modules sold by the Moroccan factory	3 323	1 294
Fleet of modules under management on 31 December		
Steel equivalent of the modules manufactured by the Moroccan factory (in tons)	902	766

* 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, site machinery) was 10,500 litres in 2018.

The energy consumption of this site was as follows:

Moroccan factory	2018	2017
Electricity consumption in GWh	0,397	0,368
Gas consumption in GWh	0,04	0,04
Total consumption in GWh	**0,437**	**0,408**

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 registration document page 30.

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 2018, there were long periods of low water on the Rhine.

  - **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 2018, around 19 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 2018.

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 2018 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.

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 "authorises 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). The river police ensure the correct application of navigation regulations.

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 favor 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, 27 March 2019

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 to issue equity warrants (BSA), warrants and/or acquisitions of new and/or existing shares (BSAANE) and/or warrants and/or acquisition of new and/or existing redeemable shares (BSAAR), with cancellation of preferential subscription rights for the benefit of a category of persons, for a period of 18 months;

(ii) on a delegation of authority to the Management Board to issue equity warrants (BSA), warrants and/or acquisitions of new and/or existing shares (BSAANE) and/or warrants and/or acquisition of new and/or existing redeemable shares (BSAAR), with cancellation of preferential subscription rights for the benefit of a person specifically appointed (SHGP) in compliance with article L. 225-138 of the French Commercial Code, for a period of 18 months;

(iii) on a delegation of authority to the Management Board to issue equity warrants (BSA), warrants and/or acquisitions of new and/or existing shares (BSAANE) and/or warrants and/or acquisition of new and/or existing redeemable shares (BSAAR), with cancellation of preferential subscription rights for the benefit of a person specifically appointed (SHGL) in compliance with article L. 225-138 of the French Commercial Code, for a period of 18 months;

(iv) iv) on a delegation of authority to the Management Board for the purpose of increasing the share capital 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 18 months.

The Extraordinary General Meeting of 9 June 2016 and 20 June 2018 delegated to the Management Board, with the unanimous agreement of the general partners, the following issue authorisations:

Description of authorisations	authorisation date	due date	authorised ceilings	use during 2018	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)	08/08/2018 (cancelled on 20 June 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 retention of preferential subscription rights	Combined General Meeting of 20 June 2018 (10th resolution)	19 août 2020	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)	08/08/2018 (cancelled on 20 June 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 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 20 June 2018 (11th resolution)	19 août 2020	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 resulting from excess demands	Combined General Meeting of 9 June 2016 (17th resolution)	08/08/2018 (cancelled on 20 June 2018)	maximum of 15% of the initial issue	not used	1176760
Increase the share capital resulting from excess demands	Combined General Meeting of 20 June 2018 (12th resolution)	19 août 2020	maximum of 15% of the initial issue	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a category of persons	Combined General Meeting of 20 June 2018 (13th resolution)	19 décembre 2019	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €960,000 (2)	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a person specifically appointed	Combined General Meeting of 20 June 2018 (14th and 15th resolutions)	19 décembre 2019	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €320,000 (2)	not used	none
Issue shares for the benefit of the Group's employees, with the cancellation of preferential subscription rights	Combined General Meeting of 20 June 2018 (16th resolution)	19 août 2020	maximum amount of €600,000 (1) reserved for employees who are members of a company savings plan total number of shares that can be subscribed by employees: 3% of the share capital	not used	none

(1) Ceiling of €20 million authorised for all share capital increases in par value.
(2) Independent ceiling.

I- Delegation of authority to the Management Board to issue equity warrants (BSA), warrants and/or acquisitions of new and/or existing shares (BSAANE) and/or warrants and/or acquisition of new and/or existing redeemable shares (BSAAR), with cancellation of preferential subscription rights (10th, 11th and 12th resolutions)

The Group would like to be able to issue a new tool for the benefit of the main managers in order to make them contribute sustainably to the interests of the company, motivate them and retain them.

For this reason, the General Meeting is asked to delegate to the Management Board its authority to proceed, on a number of occasions, in the proportions and at the times that it will assess, both in France and abroad, to the issue equity warrants (BSA), warrants and/or acquisitions of new and/or existing shares (BSAANE) and/or warrants and/or acquisition of new and/or existing redeemable shares (BSAAR) for the benefit of the Group's key persons, namely the key managers and the 2 general partners.

For reasons of conflict of interest, your vote is subject to 3 resolutions, one for the category of persons, one for the general partner SHGP, and one for the other general partner, SHGL.

The total nominal amount of the shares to which the warrants issued may give rise may not exceed €1,600,000.

It is proposed that the subscription and/or acquisition price of the shares to which the warrants will give rights, after taking into account the issue price of the warrants, will be equal to 115% of the closing price of the TOUAX SCA share at 20 trading days preceding the day of the coupon issue decision.

This delegation would be granted for a period of 18 months, with effect from the day of the meeting.

The BSA, BSAANE and/or BSAAR may be subject to an admission request on the Euronext Paris market and the shares resulting from the exercise of the BSA, BSAANE and/or BSAAR may be subject to an admission request on the Euronext Paris market.

Delegation for the issue of BSA, BSANNE and/or BSAAR for the benefit of a category of persons (10th resolution)

The category of person is defined as follows:

"The bonds are issued for the benefit of the category consisting of individuals, key executives, exercising major responsibilities within the Group, involved in the development, management and strategy of the Group, and agreeing to partner the growth of the company TOUAX SCA by means of a real and immediate financial investment. Subscribers will be designated in this category by the managers".

It is specified that the total nominal amount of the shares to which the warrants issued under the terms of this delegation may give rise, may not exceed €960,000.

In the event of insufficient subscriptions, the management board may use, in the order it determines, one or both of the following options:

- limit the amount of the issue to the amount of subscriptions,
- allocate freely, within the category of persons defined above, all or part of unsubscribed BSA, BSAANE and/or BSAAR warrants.

If you consent to the delegation, this will entail, for the benefit of the holders of BSA, BSAANE and/or BSAAR, the express waiver by the shareholders of their preferential subscription right to the shares of the company that may be issued upon exercising of the warrants.

Delegation for the issue of BSA, BSAANE and/or BSAAR for the benefit of the general partners, SHGP and SHGL (11th and 12th resolutions)

Each of the general partners designated below would be beneficiaries of BSA, BSAANE and/or BSAAR:

- SHGP, whose Chairman is Mr. Fabrice WALEWSKI;
- SHGL, whose Chairman is Mr. Raphaël WALEWSKI.

It is specified that the implementation of this delegation is subject to the prior or contemporaneous issue of BSA, BSAANE and/or BSAAR pursuant to the delegation granted under the 10th resolution for the benefit of a category of persons. The general partners may not be awarded more than 40% of all the BSA, BSAANE and/or BSAAR issued for each issue.

The total nominal amount of the shares to which the warrants may give rise may not exceed, for each of them, €320,000. To this ceiling shall be added, where applicable, the par value of the ordinary shares to be issued to preserve, in accordance with the law, if any, the contractual stipulations providing for other cases of adjustment, the rights of BSA, BSAANE and/or BSAAR holders.

In the event of insufficient subscriptions, the Management Board may limit the amount of the issue to the amount of subscriptions.

The shares and voting rights of each of the general partners will not be taken into account when voting on the resolution concerning them.

If you consent to the delegation, this will entail, for the benefit of the holders of BSA, BSAANE and/or BSAAR, the express waiver by the shareholders of their preferential subscription right to the shares of the company that may be issued upon exercising of the warrants.

II- 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 authority to proceed, on one or more occasions, under the conditions set forth in Article L. 3332-18 et seq. of the French Labour Code, to an increase in the share capital in cash of up to €600,000 reserved for employees of the company and its related companies pursuant to Article L. 225-180 of the French Commercial Code, 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.

III- Authorisation to be given to the Management Board in order to cancel all or part of the shares purchased under the provisions of article L. 225-209 of the 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 18 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 20 June 2018, in its 17th resolution, which has not been used at all.

* * * *

You will also hear the reading of the auditors' reports.

We would also remind you that, in accordance with articles R. 225-116 and R. 225-117 of the French Commercial Code, the management board and your statutory auditors will draw up, at the same time as the delegations granted above are used, 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.

La Défense, 27 March 2019

Fabrice and Raphaël WALEWSKI

Managing Partners

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 to you its report pursuant to Article L. 226-9 of the French Commercial Code, relating to its audit mission of the Group's management and presents its opinion on the main resolutions proposed for your votes today.

The Supervisory Board met 4 times in 2018 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. The Managers provide regular information about the changes in each division and its future prospects in the context of the strategy defined by the Management Board as well as the overall 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 2018, the action plans of each division were presented to the Supervisory Board.

The Supervisory Board continued to pay particular attention to the Group's indebtedness. Net debt increased from €181 million in 2017 to €195.5 million in 2018 and TOUAX SCA's bank ratios were respected at the end of December 2018. As a result of the disposal of the modular buildings business and its own investments mainly in the freight railcar business, the leverage ratio increased but the loan-to-value ratio (LTV) remained low, taking hybrid capital into account.

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 2 times prior to the Supervisory Board meeting. In particular, it reviewed the consolidated financial statements and risks and submitted a report about its brief to the Supervisory Board.

* * *

With respect to the main financial data for 2018 and without going back to the detailed comments by the Management Board, we remind you that the accounts of 31 December 2018 as well as the comparative data are presented in accordance with IFRS. The application of IFRS 15 leads to the presentation of syndication fees and sales of used equipment belonging to investors instead of the gross amount of these sales. The accounts on 31 December 2018 relating to the retained activities show that:

- The Group share of net income on 31 December 2018 amounted to -€4.2 million compared to -€18 million on 31 December 2017;

- Income from activities fell by €15.1 million (or -9%) changing from €169.7 million in 2017 to €154.5 million in 2018;

- EBITDA fell by €1.2 million (-4 %):

  - The increase in EBITDA of the Freight Railcars division is due to higher leasing income combined with lower operating expenses. The change in leasing revenues, operating expenses and distributions to investors has a positive impact on Ebitda for €3.5 million, thus absorbing the increase in general expenses for €1 million, mainly due to higher personnel costs of €1.4 million. The sales activity is stable.
  - The River Barges division benefited in 2017 from settling the UABL dispute for €1.2 million.
  - The Containers division presents a change in the leasing activity impacting EBITDA positively for €0.5 million: Leasing revenues fell by €12.4 million , including €4.8 million end of lease-sales. Operating expenses decreased by €7.7 million (of which €4.7 million for lease-sales), the distributions of revenue to investors fell by €5.3 million. Overheads decreased by €0.9 million. The margin on sales to customers decreased by €0.4 million. Syndication fees increased by €0.2 million.
  - The Modular Buildings business in Africa decreased due to the lack of activity in Algeria in 2018, generating a €0.4 million decline in EBITDA (including €0.1 million on scrapped material).
    On a recurring basis, activity improved by €1 million thanks to the transformation work initiated.
  - The deterioration of central costs is explained by the disposal of the modular buildings activity in Europe (discontinuation of the invoicing of management fees) not offset by the decrease in central costs. As a reminder, the EBITDA of central costs was very positively impacted in 2017 by a €1.4 million gain on disposal (property).

- Operating income improved from €0.9 million in 2017 to €8.1 million in 2018 with a decrease in impairments of €1.6 million and a decrease in other operating expenses of €6.8 million. Other operating expenses included impairment of goodwill in 2017.

- Shareholders' equity on 31 December 2018 totalled €129.1 million compared to €136.7 million on 31 December 2017.

- Key events in 2018:

  - Syndication of Freight Railcar and Container equipment to funds specialising in investments in tangible materials.
  - Refinancing in the Freight Railcar and Container divisions.
  - Bond issue of €16.6 million.

The Management Board's Annual Report and the Financial Statements provided to you show the developments in the Group's activities and results during the 2018 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 issue equity warrants (BSA), warrants and/or acquisitions of new and/or existing shares (BSAANE) and/or warrants and/or acquisition of new and/or existing redeemable shares (BSAAR). It is also subject to an authorisation to be given to the Management Board to cancel equity securities in the context of share buybacks.

The Board requests your approval of all of the resolutions submitted to you.

La Défense, 28 March 2019

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 2019.

27.2.1. 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 Articles of Association.

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 Articles of Association make the limited partnership a modern structure that is perfectly adapted to the principles of good governance:

- a clear separation of powers between the Management Board, 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 considered to protect the company from public offerings because of the two categories of shareholders, the limited partners and the general partners.

It has two general partners: SHGP and SHGL. 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.

There may be clauses in some finance agreements that require repayment of financing in the event of changes of control as a result of the change of general partners.

Alexandre WALEWSKI, Fabrice WALEWSKI, Raphaël WALEWSKI, SHGP and SHGL acted in concert in 2018, 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 2018 this concert held 31.42% of the shares and 40.18% 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.

27.2.2. 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 Management Board 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.

27.2.3.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.

27.2.4.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.

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 19.79% of the share capital of TOUAX as of 31 December 2018. They are therefore also limited partners.

The general partners approved all the resolutions submitted to the shareholders' vote at the Combined General Meeting of 20 June 2018 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. It increased in 2018 compared to the 2017 financial year, to €134,000 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.

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 6 times in 2018. The main purpose of these meetings was:

- closing the annual individual and consolidated financial statements and closing the consolidated half-year financial statements; and
- giving authorisation to sell property.

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 remuneration with the scope of 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' compensation, and may limit its amount. The variable portion is paid, following the General Partners' decision, within sixty (60) days of the General Meeting called to approve the financial statements.

This remuneration may be modified at any time by decision of the General Meeting of Shareholders on the proposal of the General Partners after consulting the Supervisory Board, provided both General Partners agree.

All travel and hospitality expenses incurred by a Managing Partner in the interests of the company will be paid by the company. »

*S*ay 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 director *(in thousands of euros)*	**2018**	**2017**
Raphaël WALEWSKI - Managing Partner		
Remuneration due for the financial year	**521**	**416,5**
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**521**	**416,5**
Fabrice WALEWSKI - Managing Partner		
Remuneration due for the financial year	**544,2**	**443,2**
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**544,2**	**443,2**

Amount *(in thousands of euros)*					
Raphaël WALEWSKI	**2018**			**2017**	
Managing Partner	Amounts due	Amounts paid		Amounts due	Amounts paid
Fixed remuneration	153,5	153,5	Fixed remuneration and attendance fees	186,9	186,9
Attendance fees and expense reimbursements	94,9	94,9			
Annual variable remuneration	128,5	122,9	Annual variable remuneration	134,3	128,4
Travel allowance	121,1	121,1	Travel allowance	91,6	91,6
Benefits of any kind	23	23	Benefits of any kind	3,7	3,7
TOTAL	**521,0**	**515,4**		**416,5**	**410,6**
Fabrice WALEWSKI	**2018**			**2017**	
Managing Partner	Amounts due	Amounts paid		Amounts due	Amounts paid
Fixed remuneration	153,5	153,5	Fixed remuneration and attendance fees	186,9	186,9
Attendance fees and expense reimbursements	94,9	94,9			
Annual variable remuneration	128,5	128,7	Annual variable remuneration	134,3	129,1
Travel allowance	144,3	144,3	Travel allowance	118,8	118,7
Benefits of any kind	23	23	Benefits of any kind	3,2	3,2
TOTAL	**544,2**	**544,4**		**443,2**	**437,9**

Reimbursements of statutory expenses were not included in the remuneration and are henceforth included in this table.

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 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 2018 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 52,

Swiss nationality.

Mandates and positions held during the 2018 financial year:

Within the TOUAX Group from 31 December 2018	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 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, TOUAX Hydro Lease Corp.
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, TOUAX Modular Building USA, Llc
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 2018.

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 50,

French citizen.

Mandates and positions held during the 2018 financial year:

Within the TOUAX Group from 31 December 2018	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 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., TOUAX CONTAINER Asset Financing Ltd
In former subsidiaries	TOUAX Espana SA, TOUAX NV, TOUAX Sp.zo.o, TOUAX Modular Building USA, Llc
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 2018.

Powers of the Managing Partners

Article 11.4 of the Articles of Association defines the powers of the Managing Partners.

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)
Thierry Schmidt de La Brelie	Managing Director - Finance Director (since March 2005)
Marco POGGIO	General Manager of the Shipping Containers Division (joined in September 2017)
Jérôme LE GAVRIAN	General Manager of the Freight Railcars division (since June 2014)
Didier BACON	General Manager of the River Barges division (joined in October 2017)
Torsten WOLF	Director General of strategy and M&A (since January 2015)

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.

Diversity policy

Members of various nationalities (Swiss, French, American, Italian and German) give the Committee a multicultural dimension.

In addition, the fight against discrimination and the promotion of diversity are strong commitments of the Company, implemented through an ethical charter. This charter is an integral part of the company's internal regulations and is published on the company website. http://www.touax.com./fr_valeurs.html

It has been sent to all French employees and has been translated and distributed to all foreign entities.

The officers are convinced that diversity, in other words, the variety of human profiles, is a driver of innovation, performance and quality of life within the company and therefore seeks to diversify the talent profiles that accompany the growth of the group.

The Company also encourages more women in executive roles. In order to guarantee that the employment conditions of women are equivalent to those of men, it will establish, among other things, pay gap analyses within the same professional population, in connection with employee representative staff bodies, by 1st September 2019.

Supervisory Board

Diversity policy

The Supervisory Board examines the review of its composition and proposals for renewal submitted to the Annual Meeting of Shareholders for approval, on the desirable balance of its composition and that of the Audit Committee, established within it, particularly in terms of diversity.

This diversity, a source of growth and performance, ensures the quality of the Board's debates and decisions and contributes to the effectiveness of the Committee's work.

To achieve this, the Board has put in place a policy for the composition of governance bodies aimed at:

- A balanced representation of men and women on the Supervisory Board (50/50);
- Bringing together the skills required for the development and implementation of the Company's strategy;
- Securing the continuity of the Board, through regular staggering of the mandates;
- A high proportion of independent members (80%), guaranteeing freedom of speech and independence of judgement;
- Promoting a diversity of skills and experiences;
- A balance between ages and seniority, with members who have been in office for a number of years and with in-depth knowledge of the group, and members who bring a new experience that can serve the interests of the group and in particular its growth.

The Board shall ensure that each change in its composition and, wherever possible, that of the Audit Committee is consistent with this policy.

In particular, the Board ensures that the skills of its members are varied, complementary and balanced, allowing for a thorough understanding of the Company's development issues and informed, independent and quality decision-making.

These skills are detailed in the biographies of the Board members presented in paragraph 4.4.8 which also describe the experience and expertise of each of them.

In view of the elements set out above and with regard to the diversity policy implemented by the Company, the Supervisory Board considers that its composition for the 2018 financial year is relevant.

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 20 June 2018 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 2018, 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 2018, 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 appointment as an independent member of the Supervisory Board was discussed by the Supervisory Board on 28 March 2019. 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 0 below.

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 Chair. The main topics for which the Board met in 2018 include:

Monitoring of the Group's principal orientations	- Review of the action plans of each division - Assessment of various financial opportunities (funding and various projects) - Business market
Financial position and cash	- 2019 Budget - 2017 annual and 2018 half-yearly consolidated financial statements - 2017 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 2017 company administration and internal control and risk management procedures - Adoption of the 2017 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.

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 4 times during the 2018 financial year. The attendance rate was 100%.

Attendance of the members of the Supervisory Board at Board meetings in 2018:

member of the Supervisory Board	Number of sessions attended
Jerôme Bethbeze	4, equal to 100%
François SOULET DE BRUGIERE	4, equal to 100%
Alexandre WALEWSKI	4, equal to 100%
Julie de GERMAY	4, equal to 100%
Marie FILIPPI	4, equal to 100%
Sylvie PERRIN	4, equal to 100%

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.

Rules of procedure 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.

Assessment of the functioning of the Supervisory Board

The members of the Board discussed the functioning of the Board and the preparation of its work in December 2017 through a written assessment, the summary of which was presented to the Board on 28 March 2018. 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.

Remuneration of the members of the Supervisory Board

The remuneration of the Supervisory Board amounted to €63,000 in the 2018 financial year as detailed below:

(en milliers d'euros)			
Nom	Fonction	Nature de la rémunération	**2018**
Jérôme Bethbeze	membre du CS	jetons de présence	11,6
François Soulet de Brugière	membre du CS	jetons de présence	8,6
Marie Filippi	membre du CS	jetons de présence	8,6
Sylvie Perrin	membre du CS	jetons de présence	8,6
Julie de Germay	membre du CS	jetons de présence	8,6
Alexandre WALEWSKI	président du CS	jetons de présence	17,0
TOTAL JETONS DE PRESENCE			**63,0**
(en milliers de dollars)			
Alexandre WALEWSKI	président du CS	autres rémunérations	192,7
TOTAL AUTRES REMUNERATIONS			**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 24 June 2019 will be invited to approve remuneration of €63,000 for the 2019 financial year, exactly as it was in 2018.

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 0 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 three times in 2018, prior to the Board Meetings. The attendance rate was 100%.

It dealt with the following matters in particular:

- review of the 2017 consolidated financial statements and the 2018 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.

Introduction 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. That meeting will be asked to renew her term of office for a further three years.
Independent director	no Family relationship with the Managing Partners Holds almost 11.6% of the share capital and 10.1% of the voting rights of TOUAX SCA and is part of the WALEWSKI concert
Member of a Committee	Chairman of the Audit Committee (until 17 December 2018)
Mini CV	Alexandre WALEWSKI was the manager of the Group for 20 years
Age:	85
Nationality:	French
Number of TOUAX shares held at 31 December 2018	814,854 shares
Mandates and positions held in any company during the 2018 financial year (other than TOUAX SCA)	None

Jérôme BETHBEZE – member of the Supervisory Board and member of the Audit Committee

Jérôme 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 and Chair since 17 December 2018
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:	56
Nationality:	French
Number of TOUAX shares held at 31 December 2018	417 shares
Mandates and positions held in any company during the 2018 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:	65
Nationality:	French
Number of TOUAX shares held at 31 December 2018	422 shares
Mandates and positions held in any company during the 2018 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 three years with effect from the Ordinary General Meeting of 20 June 2018. End of term at the General Meeting called to approve the financial statements for the 2020 financial year.
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:	55
Nationality:	French
Number of TOUAX shares held at 31 December 2018	1,000 shares
Mandates and positions held in any company during the 2018 financial year (other than TOUAX SCA)	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. End of term at the General Meeting called to approve the financial statements for the 2018 financial year. That meeting will be asked to renew her term of office for a further three years.
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:	52
Nationality:	French
Number of TOUAX shares held at 31 December 2018	500 shares
Mandates and positions held in any company during the 2018 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 three years with effect from the Ordinary General Meeting of 20 June 2018. End of term at the General Meeting called to approve the financial statements for the 2020 financial year.
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:	47
Nationality:	French
Number of TOUAX shares held at 31 December 2018	250 shares
Mandates and positions held in any company during the 2018 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

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.

Shareholder credentials

Registered stockholders

Holders of registered shares do not have to carry out any formalities to prove that they are stockholders.

Holders of bearer shares

Holders of bearer shares must prove their ownership by requesting a certificate of stockholder 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.

Voting rights

Stockholders may exercise their voting rights in one of four ways:

by attending the General Meeting in person : an admission card must be requested from the Company Secretary's depart¬ment of TOUAX SCA. 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 Chair 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.

Delegations granted by the Annual General Meeting and used in 2018

The General Meeting of shareholders of 9 June 2016 and 20 June 2018, with the unanimous agreement of the General Partners, delegated the following issue authorisations to the Management Board.

Description of authorisations	authorisation date	due date	authorised ceilings	use during 2018	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)	08/08/2018 (cancelled on 20 June 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 retention of preferential subscription rights	Combined General Meeting of 20 June 2018 (10th resolution)	19 août 2020	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)	08/08/2018 (cancelled on 20 June 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 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 20 June 2018 (11th resolution)	19 août 2020	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 resulting from excess demands	Combined General Meeting of 9 June 2016 (17th resolution)	08/08/2018 (cancelled on 20 June 2018)	maximum of 15% of the initial issue	not used	1176760
Increase the share capital resulting from excess demands	Combined General Meeting of 20 June 2018 (12th resolution)	19 août 2020	maximum of 15% of the initial issue	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a category of persons	Combined General Meeting of 20 June 2018 (13th resolution)	19 décembre 2019	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €960,000 (2)	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a person specifically appointed	Combined General Meeting of 20 June 2018 (14th and 15th resolutions)	19 décembre 2019	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €320,000 (2)	not used	none
Issue shares for the benefit of the Group's employees, with the cancellation of preferential subscription rights	Combined General Meeting of 20 June 2018 (16th resolution)	19 août 2020	maximum amount of €600,000 (1) reserved for employees who are members of a company savings plan total number of shares that can be subscribed by employees: 3% of the share capital	not used	none

(1) Ceiling of €20 million authorised for all share capital increases in par value.
(2) Independent ceiling.

La Défense, 28 March 2019

Supervisory Board

28. RECENTLY RELEASED INFORMATION

28.1. PRESS RELEASE FEBRUARY 22, 2019

REVENUES FROM ACTIVITIES[1] 2018

- Quarter on-quarter revenue growth (CQGR +3.5%in 2018) confirming the positive trend of the activities
- Revenue from operations of €154.5 million (€158.4 million in 2018 on a like-for-like basis and with constant exchange rates)
- Return to profitability of the transportation businesses is confirmed

ANALYSIS OF REVENUES FROM ACTIVITIES

During 2018 revenue from activities increased quarter-on-quarter (average quarterly growth rate: +3.5%) to reach €154.5 million and €158.4 million at constant scope and exchange rates compared with €169.7 million in 2017, a decrease of 6.6%.

Annual leasing revenues totalled €134.5 million (€138 million at constant scope and exchange rates), compared to €146.1 million in 2017. The Freight Railcar business recorded an increase in leasing revenues, with higher utilisation rates. Leasing revenues are down slightly for the River Barges division. The Containers activity recorded a decline due to currency effects and a reduction of the fleet following the disposals realised during 2017, which were not offset by the gradual recovery of investments in 2018 initiated after asset refinancing in June. The utilisation rate remains high.

Equipment sales amounted to €18.7 million (€19.2 million at constant exchange rates and scopes) compared with €20.9 million in 2017. The Containers division recorded a 14% rise in sales, having developed new container trading operations.

Syndication fees and capital gains not linked to recurring activities increased to €1.3 million of which €1 million is linked to syndication commissions, particularly the syndication of railcar portfolios to third parties of which Touax retains management.

Revenue from activities *(in € thousands)*	Q1 2018	Q2 2018	Q3 2018	Q4 2018	**TOTAL 2018**	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**TOTAL 2017**
Leasing revenues (*)	32,465	32,699	34,712	34,664	134,540	38,498	37,820	34,414	35,370	146,103
Sales of equipment (**)	3,558	4,728	4,622	5,841	18,749	3,424	3,428	2,957	11,136	20,944
Syndication commission and capital gains (***)	323	655	267	7	1,252	80	1,049	(2)	1,477	2,604
Total Revenue from activities	36,346	38,082	39,601	40,512	154,541	42,002	42,297	37,369	47,983	169,651

(*) Leasing revenues include ancillary services.

(**) Sales to end users of equipment belonging to the group are reported for the full price of the disposals on the Sales of Equipment line. The margin or capital gain realised is obtained by deducting the purchase cost from the sales.

Sales to end users of equipment belonging to third-party investors and managed by the Group are reported for their margin (sales commission) on the Sales of equipment line

(***) The capital gains shown on this line are capital gains not related to recurring equipment disposal activities.

[1] *IFRS 15 "Revenue from Contracts with Customers" came into effect on 1 January 2018. The application of this standard concerns presentation elements that have no impact on margins. Syndication commissions and sales of used equipment owned by investors are now presented as revenue from operations. The 2017 figures have been restated in accordance with IFRS 15 to allow comparability.*

Analysis of the contribution by division

Revenues from activities *(in thousands of euros)*	Q1 2018	Q2 2018	Q3 2018	Q4 2018	**TOTAL 2018**	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**TOTAL 2017**
Leasing revenues (*)	12,775	12,660	13,392	14,592	53,419	11,929	12,826	12,309	13,861	50,925
Sales of equipment (**)	100	789	(229)	1,565	2,225	598	982	135	3,260	4,975
Syndication commission (***)		662	25		687		1,050			1,050
Freight railcars	**12,875**	**14,111**	**13,188**	**16,157**	**56,331**	**12,527**	**14,858**	**12,444**	**17,121**	**56,951**
Leasing revenues (*)	3,029	2,798	3,613	2,996	12,436	3,699	3,560	3,624	3,457	14,340
Sales of equipment (**)	1,020		1,020	25	2,065	6	111	53	53	223
River Barges	**4,049**	**2,798**	**4,633**	**3,021**	**14,501**	**3,705**	**3,671**	**3,677**	**3,510**	**14,563**
Leasing revenues (*)	16,330	17,111	17,480	17,075	67,996	22,825	21,571	18,427	17,616	80,439
Sales of equipment (**)	1,746	2,062	2,030	2,227	8,065	1,833	1,681	1,315	2,243	7,072
Syndication commission (***)	309	5	9	(13)	310	76	(1)	(2)	(1)	72
Containers	**18,385**	**19,178**	**19,519**	**19,290**	**76,372**	**24,734**	**23,251**	**19,740**	**19,859**	**87,583**
Leasing revenues (1)	331	130	227		688	45	(137)	54	436	398
Sales of equipment	692	1,877	1,801	2,024	6,394	987	654	1,454	5,579	8,674
Other capital gains on disposal	14	(12)	233	20	255	4			1,478	1,482
Miscellaneous & Eliminations	**1,037**	**1,995**	**2,261**	**2,044**	**7,337**	**1,036**	**517**	**1,508**	**7,493**	**10,554**
Total Revenue from activities	**36,346**	**38,082**	**39,601**	**40,512**	**154,541**	**42,002**	**42,297**	**37,369**	**47,983**	**169,651**

(*) Leasing revenues include ancillary services.

(**)Sales to end users of equipment belonging to the group are reported for the full price of the disposals on the Sales of Equipment line. The margin or capital gain realised is obtained by deducting the purchase cost from the sales.

Sales to end users of equipment belonging to third-party investors and managed by the Group are reported for their margin (sales commission) on the Sales of equipment line

(***) The gains shown on this line are gains not related to recurring equipment disposal activities.

FREIGHT RAILCARS: The Freight Railcars business is the group's leading activity in terms of capital employed. At the end of December 2018, revenue from the Freight Railcar division totalled €56.3 million, stable compared with 2017. Over the year, leasing revenues increased by 4.9% to €53.4 million thanks to the improved utilisation rate (+3 points over the year, totalling an average of 84.9% over 2018 and reaching 86.9% in December 2018). Against the backdrop of a growing market, the Group has initiated leasing rate increases.

RIVER BARGES: Revenues for the River Barges division totalled €14.5 million, stable compared with 2017. Disposal operations worth €2 million offset the decrease in leasing revenues over the period due to a lack of dynamism of the South American market.

CONTAINERS: The Containers activity consists mainly of assets managed on behalf of third parties. Revenue from operations in the Containers division totalled €76.4 million (€79.7 million at constant scope and exchange rate effects) compared to €87.6 million in 2017.

Leasing revenues totalled €68 million in 2018 compared with €80.4 million in 2017 in a dynamic market with an average utilisation rate over the period reaching 98.7%. The decreasing leasing revenues follows effects of a change in scope, with 25% being explained by dollar exchange rate changes and the remainder by the smaller size of the fleet. Equipment sales amounted to €8.1 million, up 14% compared to 2017, with the division developing new container trading operations.

The miscellaneous line includes various re-invoicing and retained modular buildings sales activities in Africa, whose decrease in revenues results from a business in Algeria, in the process of being exited.

OUTLOOK

The increase in revenues throughout the year marks the positive trend in the business. A trend that is expected to continue in 2019.

In fact, the demand for rail freight transport continues to grow in Europe, thus pushing demand for freight railcar leasing, especially in the intermodal transport segment for which Touax is the second largest player in Europe and demand for containers remains high with global GDP growth expected to reach 3.5%.

The Group is therefore confident in its objective of returning to profitability in its transport activities as this is already visible in the improvement of leasing revenues since the beginning of the year.

28.2. Press Release March 28, 2019

2018 RESULTS

- Net operating income increases to €8.1 million, from €0.9 million in 2017
- €126 million refinanced or raised
- Refocusing on long-term transport equipment leasing businesses: solid base of tangible assets, with net book value of €322 million and a fair market value of €401 million
- Loan-to-value ratio of 52%

"In 2018, we embarked on a strategic refocusing drive centred on our three historical transport equipment leasing businesses, taking advantage of the Group's fundamental strengths: our tangible asset base, recurrent leasing revenues, international reach and trust-based relationships with customers." commented Fabrice and Raphael Walewski, TOUAX SCA's managing partners.

"Last year, we implemented the first stages in our action plan to improve Group profitability. We launched a Continuous Improvement Program (CIP) and a new organisation for our Freight Railcars business to continuously improve the quality of our services and customer satisfaction. We raised €110 million in asset financing, issued a €16.6 million Euro Private Placement, syndicated €24 million in assets to third-party investors and signed an $80 million investment agreement with an infrastructure fund.

These efforts, among others, enabled us to raise the Group's share of net profit and strengthen our balance sheet in 2018. Net book value per share stands at €7.8[2] and, based on the fair market value of our assets, revalued NAV[3] per share comes to €12.71[2]."

In light of its decision to refocus the business model on the long-term leasing of tangible transport assets, Touax will henceforth announce its revalued NAV per share on an annual basis, when it presents full-year earnings.

[2] *Excluding minority interests in Railcar entities and management fees*

[3] *The Fair Market Value used to calculate the Net Assets Value (NAV) is based on independent appraisals: 50% replacement valuation methodology and 50% earning rate methodology for railcars, earning rate methodology for containers and replacement valuation methodology for barges. This fair market value replaces the Net book value to calculate the NAV*

The consolidated accounts were approved by the Management Partners on 27 March 2019 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.

Key Figures

Key Figures *(in thousand of euros)*	**2018**	2017
Revenue from activities	**154.5**	**169.7**
Freight railcars	56.3	57.0
River Barges	14.5	14.6
Containers	76.4	87.6
Others	7.3	10.6
Gross operating margin - EBITDAR (1)	83.1	88.7
EBITDA (2)	25.7	26.9
Current operating income	8.0	7.6
Operating Income	8.1	0.9
Profit before tax	-2.1	-8.5
Consolidated net profit (loss) (Group's share)	**-4.2**	**-18.0**
Including income from retained operations	-3.2	-5.4
Including income from discontinued operations	-1.0	-12.7
Net earnings per share (€)	-0.59	-2.58
Total non current assets	307.6	307.8
Total Assets	439.4	398.2
Total shareholders' equity	129.1	136.7
Net Financial Debt (3)	195.5	181.1
Operating cash flow of the retained operations	4.7	22.6
Loan to Value	52 %	54 %

(1) The EBITDAR (earnings before interest taxes depreciation and amortization and rent) calculated by the Group corresponds to the current operating income. increased by depreciation charges and provisions for capital assets and distributions to investors

(2) EBITDA: EBITDAR after deducting distributions to investors

(3) Including €161.1 million in debt without recourse at 31 December 2018

- Revenues from operations increased in each quarter of 2018 (average quarterly growth rate: +3.5%) to €154.5 million. On a comparable consolidation scope and currency basis, revenues came to €158.4 million, compared with €169.7 million in 2017, a decline of 6.6%. This decrease was attributable to the reduction in the fleet of containers under management and did not impact Group profitability, which improved.
- **EBITDA** came to €25.7 million, which is relatively stable compared to the €26.9 million recorded a year earlier. Operating profitability on transportation activities improved.

  The Freight Railcars business is the largest contributor to Group EBITDA, with the majority of its assets owned, whereas the Containers division contributes only a small share, due to the predominance of assets managed for third parties.

The Freight Railcars business chalked up a €2.6 million increase in EBITDA over the year, helped notably by its higher utilization rate (up 3 points over the year, giving an average of 84.9% for 2018, with 86.9% recorded in December 2018). In a growing market, fuelled by fleet replacement needs, the Group initiated increase in leasing rates.

At the Containers division, EBITDA increased to €2.2 million, thanks to revived investments in H2 2018 (on the Group's own account and for third parties) and the expansion in new container trading.

Excluding non-recurring items stemming from the settlement of the dispute in South America (€1.2 million), which had benefited its top line in 2017, the River Barges business recorded stable EBITDA in 2018.

EBITDA from other activities was down €3.8 million, notably impacted by the Modular Buildings division in Africa and overheads that were previously assigned to the modular buildings business sold in December 2017.

- **Operating income**[4] increased by €7.2 million to €8.1 million.
- Net income Group share came to -€4.2 million, compared to -€18 million a year earlier. Net income from transportation activities was positive, at €1.4 million. The accounting loss was primarily attributable to residual activities or costs arising from the modular buildings business: net income from discontinued operations was negative, at -€1 million. The modular buildings business in Africa recorded net income of -€2.1 million (nevertheless, efforts to transform the business in Africa have made progress and will help extract more value from the Group's investment). Meanwhile, unallocated corporate costs, incurred following the disposal of modular building operations in Europe and the US in December 2017, came to €2.5 million. The efforts to cut costs implemented in 2018 are having a visible impact from 2019.

FINANCIAL STRUCTURE

- The balance sheet shows a total of €439 million at 31 December 2018, compared with €398 million at 31 December 2017
- Tangible assets amounted to €369m
- Cash flow from operations amounted to €4.7 million due to investments
- Gross debt amounted to €225 million out of which 71% is non-recourse. Group net debt stood at €195 million compared to €181 million at 31 December 2017
- The loan-to-value ratio was at 52% (vs. 54% at 31 December 2017)

Financing

- At end May 2018, the Group refinanced €110 million worth of railcar and container asset debt, both with its main asset financing banks and also with new international banking partners, thereby extending its financing pool.

  These financing efforts will extend the maturity on the Group's debt and enable it to gradually resume investment.
- On 31 July 2018, Touax SCA launched a senior unsecured bond issue via a Euro Private Placement for a nominal amount of €16.6 million, maturing on 31 July 2023.

  The aim of this bond issue is to extend the average maturity of the Group's debt.

  The net proceeds of the issue were partly used to refinance the bonds maturing on 2 October, 2018, with the balance allocated to general Group needs.

OUTLOOK

The world's major economies, including emerging markets, continue to favour the growth of rail and river transportation for trading in goods, as these emit less C02 and are economically over long distances. Prospects for the underlying transport equipment leasing markets are therefore strong, as businesses step up the use of outsourced services (i.e. more leasing and less ownership).

Demand for rail freight transportation continues to mount in Europe, driven by the revival in private sector demand following the deregulation of the rail freight sector. Fleet replacement needs are high, after the chronic under-investment seen in the previous decade.

[4] *Note: Change in accounting estimate of the duration of depreciation period for railcars to a standardised duration of 36 years*

Europe's river transport market is being fuelled by the construction sector and transportation of grains and biomass. The South American market is stable.

Demand for containers remains strong, with replacement needs estimated at over two million TEUs p.a. and forecasts pointing to growth in world GDP and international trade.

The Group will remain focused on generating a sustained improvement in profitability, helped by the Continuous Improvement Program (CIP) launched in early 2018, while gradually pushing ahead with investments on its own account and building up its third-party asset management business.

28.3 Presentation of outlooks given during the SFAF meeting on 28 March 2019

The chapter 6 on the description of the activities, the paragraph 12.2 on known trends and section 1.1 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:

- Reduction of overheads and administrative expenses by €1 million in 2019
- Continuous improvement program and simplified processes to improve productivity
- New fleet management organisation in the freight railcar business to improve quality and customer satisfaction

Freight railcars:

- Organic growth with investments in Europe and Asia financed by Touax (maintenance investments) and third-party investors
- Increased revenue through increased utilisation and leasing rates

Barges:

- Selective investments in Europe (renewal investments)

Containers :

- Increase in used sales volumes
- New investments with a larger share of owned assets to boost profitability

Important commercial pipeline in Africa; positive EBITDA target in 2019-2021, leading to a higher valuation of our 51% stake in Touax Africa:

- Disposal of the cyclical of modular buildings activity

Refocusing on a more asset-based business, long-term leasing of freight railcars, river barges and containers with a valuation based on tangible assets and a higher EBITDA multiple

Review of the quarterly publication of income from activities to highlight :

- the gross margins of the fleet under third-party asset management and the income from activities based on owned equipment
- Annual publication of the net asset value per share Medium-term objective of return on shareholders' equity > 10 %

29 . Draft resolutions at the General Meeting of 24 June 2019

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

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 2018, approves the annual financial statements for the year ended 31 December 2018, as presented to it, showing a net book profit of €2,951,953.

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 €0, as well as a tax saving of €298,411 resulting from fiscal consolidation.

Second resolution (approval of the consolidated financial statements for the 2018 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 2018 as they have been presented and the transactions reflected in these accounts, showing a loss attributable to the Group of €4,158,368.

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 2018 financial year.

FOURTH RESOLUTION

The Annual General Meeting, approving the proposals of the Management Board, decides to allocate the profit as follows:

Net income for the year ended 31 December 2018	2 951 953 €
Allocation to the legal reserve	
Allocation of the entire profit to carry forward	2 951 953 €
Statutory remuneration of the general partners deducted from the issue premium	256 970 €

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:

2015	1 juillet 2016	362 264	362 264
2015 TOTAL			**362 264**
2016	1 juillet 2017	441 448	441 448
2016 TOTAL			**441 448**
2017	1 juillet 2018	268 672	268 672
2017 TOTAL			**268 672**

FIFTH RESOLUTION

The General Meeting, having read the Statutory Auditors' special report on the agreements referred to in Article L. 226-10 of the French Commercial Code, and the report by the Management Board, takes note of the said report and approves the agreement described in this.

SIXTH RESOLUTION

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 MR. ALEXANDRE COLONNA WALEWSKI)

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 Mr. Alexandre Colonna Walewski 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 2021.

EIGHTH RESOLUTION (RENEWAL OF THE SUPERVISORY BOARD MEMBER'S MANDATE OF MRS. SYLVIE PERRIN)

The 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 2021.

NINTH RESOLUTION

The General Meeting, having reviewed the report by 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 it determine, 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 the partnership's own 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 (Autorité des Marchés Financiers 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;
- 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; and/or
- to cancel them, pursuant to the 14th resolution of the Annual General Meeting on 24 June 2019.

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 (Autorité des Marchés Financiers 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 20 June 2018, in its 9th 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.

TENTH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD TO ISSUE EQUITY WARRANTS (BSA), WARRANTS AND/OR ACQUISITIONS OF NEW AND/OR EXISTING SHARES (BSAANE) AND/OR WARRANTS AND/OR ACQUISITION OF NEW AND/OR EXISTING REDEEMABLE SHARES (BSAAR), WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS FOR THE BENEFIT OF A CATEGORY OF PERSONS, FOR A PERIOD OF 18 MONTHS)

The General Meeting, having reviewed the report of the Management Board and the special report from the Statutory Auditors and in accordance with Articles L. 225-129-2, L. 225-138 and L. 228-91 of the French Commercial Code:

1) Delegate to the Management Board its authority to proceed, on one or more occasions, in the proportions and at the times that it will assess, both in France and abroad, to the issue of:

— Equity warrants (BSA),

— warrants and/or acquisition of new and/or existing shares (BSAANE), and/or

— warrants and/or acquisition of new and/or existing redeemable shares (BSAAR).

2) Sets at eighteen months the validity period of this delegation, with effect from the date of this meeting.

3) Decides that the total nominal amount of the shares to which the warrants issued under the terms of this delegation may give rise, may not exceed €960,000. To this ceiling shall be added, where applicable, the par value of the ordinary shares to be issued to preserve, in accordance with the law, if any, the contractual stipulations providing for other cases of adjustment, the rights of BSA, BSAANE and/or BSAAR holders. This ceiling is independent of all the ceilings provided for by the other resolutions of this Meeting.

4) Decides that the subscription and/or acquisition price of the shares to which the warrants will give rights, after taking into account the issue price of the warrants, will be equal to 115% of the closing price of the TOUAX SCA share at 20 trading days preceding the day of the coupon issue decision.

5) Decides to cancel the shareholders' preferential subscription right to the BSA, BSAANE, BSAAR to be issued, for the benefit of the following category of persons:

"The bonds are issued for the benefit of the category consisting of individuals, key executives, exercising major responsibilities within the Group, involved in the development, management and strategy of the Group, and agreeing to partner the growth of the company TOUAX SCA by means of a real and immediate financial investment. Subscribers will be designated in this category by the managers. »

6) Finds that this delegation entails the express waiver by the shareholders of their preferential subscription right to shares of the company that may be issued upon exercise of the warrants for the benefit of holders of BSA, BSAANE and/or BSAAR.

7) Decides that if the subscriptions have not absorbed the entire issue of BSA, BSAANE and/or BSAAR, the Management Board may use the following options:

– limit the amount of the issue to the amount of subscriptions,

– allocate freely, within the category of persons defined above, all or part of unsubscribed BSA, BSAANE and/or BSAAR warrants.

8) Decides that the BSA, BSAANE and/or BSAAR may be subject to an admission request on the Euronext Paris market and the shares resulting from the exercise of the BSA, BSAANE and/or BSAAR may be subject to an admission request on the Euronext Paris market.

9) Decides that the Management Board will have all the necessary powers, under the conditions laid down by law and provided for above, to issue BSA, BSAANE and/or BSAAR warrants and in particular:

— Set the precise list of beneficiaries within the category of persons defined above, the nature and number of warrants to be allocated to each of them, the number of shares to which each warrant will give rise, the issue price of the warrants and the subscription and/or acquisition price of the shares to which the warrants will give rise under the conditions set out above, it being specified that the issue price of the warrants will be established according to market conditions and decided by an expert, the conditions and deadlines for the subscription and exercise of the warrants, their terms of adjustment, and more generally all the terms and conditions of the issue;

— To Prepare a complementary report describing the final conditions of the operation;

—Proceed to the acquisitions of the necessary shares under the share buyback scheme and allocate them to the allocation plan;

— Record the completion of the capital increase that may result from the exercise of the BSA, BSAANE and/or BSAAR warrants and to amend the Articles of Association accordingly;

— Charge, on its sole initiative, the costs of the share 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 share capital after each increase;

—Delegates itself to one of the managers the powers necessary to carry out the increase of capital, as well as that of deferring it within the limits and according to the terms that the Management Board can set beforehand;

—And more generally do all that is necessary in such matters. The General Meeting acknowledges that this delegation cancels any previous delegation having the same purpose.

ELEVENTH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD TO ISSUE EQUITY WARRANTS (BSA), WARRANTS AND/OR ACQUISITIONS OF NEW AND/OR EXISTING SHARES (BSAANE) AND/OR WARRANTS AND/OR ACQUISITION OF NEW AND/OR EXISTING REDEEMABLE SHARES (BSAAR), WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS FOR THE BENEFIT OF A PERSON SPECIFICALLY APPOINTED (SHGP) IN COMPLIANCE WITH ARTICLE L. 225-138 OF THE FRENCH COMMERCIAL CODE, FOR A PERIOD OF 18 MONTHS)

The General Meeting, having reviewed the report of the Management Board and the special report from the Statutory Auditors and in accordance with Articles L. 225-129-2, L. 225-138 and L. 228-91 of the French Commercial Code:

1) Delegate, under the suspensive condition of the adoption of the 10th resolution, its authority to the Management Board to proceed, on one or more occasions, in the proportions and at the times that it will assess, both in France abroad, to the issue of:

— Equity warrants (BSA),

— warrants and/or acquisition of new and/or existing shares (BSAANE), and/or

— warrants and/or acquisition of new and/or existing redeemable shares (BSAAR).

The implementation of this delegation is subject to the prior or contemporaneous issue of BSA, BSAANE and/or BSAAR pursuant to the delegation granted under the 10th resolution for the benefit of a category of persons. The general partners may not be awarded more than 40% of all the BSA, BSAANE and / or BSAAR issued for each issue.

2) Decides to cancel the shareholders' preferential subscription right to the BSA, BSAANE, BSAAR to be issued, to the benefit of SHGP, general partner, public limited company under Luxembourg law registered under the number B185331, of which one of the directors is Mr. Fabrice WALEWSKI.

3) Decides that the total nominal amount of the shares to which the warrants issued under the terms of this delegation may give rise, may not exceed €320,000. To this ceiling shall be added, where applicable, the par value of the ordinary shares to be issued to preserve, in accordance with the law, if any, the contractual stipulations providing for other cases of adjustment, the rights of BSA, BSAANE and/or BSAAR holders. This ceiling is independent of all the ceilings provided for by the other resolutions of this Meeting.

4) Decides that the subscription and/or acquisition price of the shares to which the warrants will give rights, after taking into account the issue price of the warrants, will be equal to 115% of the closing price of the TOUAX SCA share at 20 trading days preceding the day of the coupon issue decision.

5) Finds that this delegation entails the express waiver by the shareholders of their preferential subscription right to shares of the company that may be issued upon exercise of the warrants for the benefit of holders of BSA, BSAANE and/or BSAAR.

6) Decides that if the subscriptions have not absorbed the entire issue of BSA, BSAANE and/or BSAAR, the Management Board may limit the amount of the issue to the amount of subscriptions.

7) Decides that the BSA, BSAANE and/or BSAAR may be subject to an admission request on the Euronext Paris market and the shares resulting from the exercise of the BSA, BSAANE and/or BSAAR may be subject to an admission request on the Euronext Paris market.

8) Sets at eighteen months the validity period of this delegation, with effect from the date of this meeting.

9) Decides that the Management Board will have all the necessary powers, under the conditions laid down by law and provided for above, to issue BSA, BSAANE and/or BSAAR warrants and in particular:

— To set the nature and number of warrants to be allocated to the beneficiary, the number of shares to which each warrant will give rise, the issue price of the warrants and the subscription and/or acquisition price of the shares to which the warrants will give rise under the conditions set out above, it being specified that the issue price of the warrants will be established according to market conditions and decided by an expert, the conditions and deadlines for the subscription and exercise of the warrants, their terms of adjustment, and more generally all the terms and conditions of the issue;

— To prepare a complementary report describing the final conditions of the operation;

— To proceed to the acquisitions of the necessary shares under the share buyback scheme and allocate them to the allocation plan;

— To record the completion of the share capital increase that may result from the exercise of the BSA, BSAANE and/or BSAAR warrants and to amend the Articles of Association accordingly;

— To 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;

— To delegate itself to one of the managers the powers necessary to carry out the increase of capital, as well as that of deferring it within the limits and according to the terms that the Management Board can set beforehand;

— And more generally do all that is necessary in such matters.

The General Meeting acknowledges that this delegation cancels any previous delegation having the same purpose.

TWELFTH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD TO ISSUE EQUITY WARRANTS (BSA), WARRANTS AND/OR ACQUISITIONS OF NEW AND/OR EXISTING SHARES (BSAANE) AND/OR WARRANTS AND/OR ACQUISITION OF NEW AND/OR EXISTING REDEEMABLE SHARES (BSAAR), WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS FOR THE BENEFIT OF A PERSON SPECIFICALLY APPOINTED (SHGL) IN COMPLIANCE WITH ARTICLE L. 225-138 OF THE FRENCH COMMERCIAL CODE, FOR A PERIOD OF 18 MONTHS)

The General Meeting, having reviewed the report of the Management Board and the special report from the Statutory Auditors and in accordance with Articles L. 225-129-2, L. 225-138 and L. 228-91 of the French Commercial Code:

1) Delegates, under the suspensive condition of the adoption of the 10th resolution, its authority to the Management Board to proceed, on one or more occasions, in the proportions and at the times that it will assess, both in France abroad, to the issue of:

— Equity warrants (BSA),

— warrants and/or acquisition of new and/or existing shares (BSAANE), and/or

— warrants and/or acquisition of new and/or existing redeemable shares (BSAAR).

The implementation of this delegation is subject to the prior or contemporaneous issue of BSA, BSAANE and/or BSAAR pursuant to the delegation granted under the 10th resolution for the benefit of a category of persons. The general partners may not be awarded more than 40% of all the BSA, BSAANE and / or BSAAR issued for each issue.

2) Decides to cancel the shareholders' preferential subscription right to the BSA, BSAANE, BSAAR to be issued, to the benefit of SHGL, general partner, public limited company under Luxembourg law registered under the number B185375, of which one of the directors is Mr. Raphaël WALEWSKI.

3) Decides that the total nominal amount of the shares to which the warrants issued under the terms of this delegation may give rise, may not exceed €320,000. To this ceiling shall be added, where applicable, the par value of the ordinary shares to be issued to preserve, in accordance with the law, if any, the contractual stipulations providing for other cases of adjustment, the rights of BSA, BSAANE and/or BSAAR holders. This ceiling is independent of all the ceilings provided for by the other resolutions of this Meeting.

4) Decides that the subscription and/or acquisition price of the shares to which the warrants will give rights, after taking into account the issue price of the warrants, will be equal to 115% of the closing price of the TOUAX SCA share at 20 trading days preceding the day of the coupon issue decision.

5) Finds that this delegation entails the waiver by the shareholders of their preferential subscription right to shares of the company that may be issued upon exercise of the warrants for the benefit of holders of BSA, BSAANE and/or BSAAR.

6) Decides that if the subscriptions have not absorbed the entire issue of BSA, BSAANE and/or BSAAR, the Management Board may limit the amount of the issue to the amount of subscriptions.

7) Decides that the BSA, BSAANE and/or BSAAR may be subject to an admission request on the Euronext Paris market and the shares resulting from the exercise of the BSA, BSAANE and/or BSAAR may be subject to an admission request on the Euronext Paris market.

8) Sets at eighteen months the validity period of this delegation, with effect from the date of this meeting.

9) Decides that the Management Board will have all the necessary powers, under the conditions laid down by law and provided for above, to issue BSA, BSAANE and/or BSAAR warrants and in particular:

— To set the nature and number of warrants to be allocated to the beneficiary, the number of shares to which each warrant will give rise, the issue price of the warrants and the subscription and/or acquisition price of the shares to which the warrants will give rise under the conditions set out above, it being specified that the issue price of the warrants will be established according to market conditions and decided by an expert, the conditions and deadlines for the subscription and exercise of the warrants, their terms of adjustment, and more generally all the terms and conditions of the issue;

— To prepare a complementary report describing the final conditions of the operation;

— To proceed to the acquisitions of the necessary shares under the share buyback scheme and allocate them to the allocation plan;

— To record the completion of the share capital increase that may result from the exercise of the BSA, BSAANE and/or BSAAR warrants and to amend the Articles of Association accordingly;

— To 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;

— To delegate itself to one of the managers the powers necessary to carry out the increase of capital, as well as that of deferring it within the limits and according to the terms that the Management Board can set beforehand;

— And more generally do all that is necessary in such matters. The General Meeting acknowledges that this delegation cancels any previous delegation having the same purpose.

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:

Delegates to the Management Board its competence to proceed, on one or more occasions, under the conditions set forth in Article L. 3332-18 et seq. of the Labour Code, to an increase in the share capital in cash of a maximum amount of €600,000 reserved for employees of the company and its related companies under the terms of Article L. 225-180 of the French Commercial Code, members of a company savings plan;

Decides that this delegation is granted for a period of twenty-six months from today;

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;

Decides that the subscription price of the shares shall be set as provided for in Art. L. 3332-19 et seq. of the Labour Code;

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 share 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.

This delegation enters into effect upon its acceptance by this General Meeting. It cancels and replaces the delegation granted by the General Meeting of 20 June 2018, in its 16th resolution.

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 18 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,

- authorises the Management Board, for a period of eighteen months from this 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 share buyback scheme adopted by the company's shareholders at, before or after this General Meeting;
- 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;
- 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 Articles of Association, 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 delegation granted by the General Meeting of 20 June 2018, in its 17th resolution.

FIFTEENTH RESOLUTION

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 12 April 2019:

- the registration document for the financial year ended 31 December 2016, submitted on 7 April 2017 under reference number D.17-0344;
- the registration document for the financial year ended 31 December 2017, submitted on 18 April 2018 under reference number D.18-0345;

31. GLOSSARY

River barge: non-motorized metallic flat-bottomed vessel used to transport goods by river.

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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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The present registration document was submitted to the French Financial Markets Authority (Autorité des Marchés Financiers AMF) on 12 April 2019 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 registration 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).

This is a free translation into English of the original Registration Document (Filing AMF n° D.19-0329 dated April 12, 2019) of the Company issued in French and it is provided solely for the convenience of English speaking users.

In all matter of interpretation, views or opinions expressed in the original language of the document in French take precedent over the translation.