PRESS RELEASE

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H1 2019 RESULTS

- **Revenue from activities increased to €79.5m, up 3% at constant scope and currency**
- **Improvement in profitability: EBITDA of €16m, up 25%**
- **Growth in current operating income of 31%**
- **Half-year net profit group share of € -2.5m mainly affected by non-recurring items**
- **€25 million raised and earmarked for investment**

“Following the strategic refocusing at the end of 2017 on the long-term transportation equipment leasing business, priority has been placed on improving the Group's profitability. Eighteen months later, the effects of this strategy and its effective implementation are borne out in the results,” say Fabrice and Raphael Walewski, TOUAX SCA’s managing partners.

“In 2018, we launched a Continuous Improvement Program (CIP), developed a new fleet management organization in the freight railcar activity, raised €110m for asset financing, issued a €16.6m Euro PP, syndicated €24m of assets to third party investors and signed further investment commitments of $80m, and invested €40m in containers and €24m in freight railcars.

During the first half of 2019, we continued to implement our strategic plan, which enabled us to record an improvement in profitability, with a 25% increase in EBITDA as well as a double-digit increase in operating income.

To ensure future support for the growth and profitability strategy, Touax signed a loan of €40m in June, which was followed in August by a Euro PP of €10m to refinance the €23m Ornane bond and pursue investment in tangible assets, thus ensuring a higher recurrence of leasing revenue over the coming years.”

The consolidated financial statements for the period ended June 30, 2019 were approved by the Management Partners on September 10, 2019 and were submitted to the Supervisory Board today. They were subject to a limited review by the Statutory Auditors. Their report is currently being prepared.

ANALYSIS OF REVENUE FROM ACTIVITIES

Revenue from activities *(in € thousands)*	**Q1 2019**	**Q2 2019**	**H1 2019**	**Q1 2018**	**Q2 2018**	**H1 2018**
Leasing revenue on owned equipment (1)	11,641	12,243	23,884	11,525	11,171	22,696
Leasing revenue on managed equipment (1)	16,541	16,038	32,579	17,467	17,850	35,317
Ancillary services (2)	4,594	4,876	9,470	3,474	3,678	7,152
Total leasing activity	**32,776**	**33,157**	**65,933**	**32,466**	**32,699**	**65,165**
Sales of owned equipment (3)	3,271	6,925	10,196	3,247	4,475	7,722
Margins on sale of managed equipment (3)	831	1,697	2,528	310	253	563
Total sales of equipment	**4,102**	**8,622**	**12,724**	**3,557**	**4,728**	**8,285**
Fees on syndication and other capital gains on disposals	389	449	838	323	655	978
Total revenue from activities	**37,267**	**42,228**	**79,495**	**36,346**	**38,082**	**74,429**

(1) The implementation of the new IFRS 16 has no significant impact on the presentation of H1 2019 revenue from activities. Refer to note 1.1 to the condensed consolidated half-year financial statement.

(2) Ancillary services include river barge freight activity and rebilling of expenses related to equipment leasing (transport, repairs).

(3) Sales of Group-owned equipment to end user customers are recognized fully in the Equipment sales line. The margin or capital gain generated is obtained by deducting the purchase cost from sales.

The margin (sale fee) on sales of equipment managed for third parties to end user customers is recognized in the Equipment sales line.

The other capital gains are capital gains not linked to recurring equipment sales.

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Consolidated revenue from activities in the first half of 2019 reached €79.5 million compared with €74.4 million in the same period in 2018. At constant scope and currency, revenue from activities increased by 3%.

Revenue from the leasing activity reached €65.9 million versus €65.2 million in the first half of 2018, an increase of 1.2% (-2.2% at constant exchange rates) thanks mainly to the freight railcars division, which saw an increase in both the utilization rate and rental prices. Revenue from the leasing of managed equipment in the containers division increased (+42% at constant currency). The decrease in the fleet managed for third parties and corresponding leasing revenue are linked to second-hand sales and the end of finance lease contracts.

Sales reached €12.1 million (at constant scope and exchange rates) versus €8.3 million in the first half of 2018 thanks to the development of trading activity in new containers and the sale of second-hand containers on behalf of investors; disposals linked to the fleet age, as part of the normal cycle of activity.

Syndication fees and capital gains not linked to recurring activities came to €0.8 million versus €1 million the previous year.

ANALYSIS OF THE CONTRIBUTION BY DIVISION

Revenue from activities *(in € thousands)*	**Q1 2019**	**Q2 2019**	**H1 2019**	**Q1 2018**	**Q2 2018**	**H1 2018**
Leasing revenue on owned equipment (1)	8,536	9,240	17,776	8,749	8,473	17,222
Leasing revenue on managed equipment (1)	3,422	3,507	6,929	2,462	2,410	4,872
Ancillary services (2)	1,437	2,141	3,578	1,565	1,777	3,342
Total leasing activity	**13,395**	**14,888**	**28,283**	**12,776**	**12,660**	**25,436**
Sales of owned equipment (3)	88	61	149	100	789	889
Total sales of equipment	**88**	**61**	**149**	**100**	**789**	**889**
Fees on syndication					662	662
Freight railcars	**13,483**	**14,949**	**28,432**	**12,876**	**14,111**	**26,987**
Leasing revenue on owned equipment (1)	1,523	1,650	3,173	1,833	1,658	3,491
Ancillary services (2)	1,317	1,243	2,560	1,196	1,140	2,336
Total leasing activity	**2,840**	**2,893**	**5,733**	**3,029**	**2,798**	**5,827**
Sales of owned equipment (3)	42		42	1,020		1,020
Total sales of equipment	**42**		**42**	**1,020**		**1,020**
River barges	**2,882**	**2,893**	**5,775**	**4,049**	**2,798**	**6,847**
Leasing revenue on owned equipment (1)	1,558	1,331	2,889	901	1,001	1,902
Leasing revenue on managed equipment (1)	13,119	12,531	25,650	15,005	15,440	30,445
Ancillary services (2)	1,818	1,490	3,308	424	670	1,094
Total leasing activity	**16,495**	**15,352**	**31,847**	**16,330**	**17,111**	**33,441**
Sales of owned equipment (3)	1,833	3,009	4,842	1,436	1,809	3,245
Margins on sales of managed equipment (3)	831	1,697	2,528	310	253	563
Total sales of equipment	**2,664**	**4,706**	**7,370**	**1,746**	**2,062**	**3,808**
Fees on syndication	389	(7)	382	309	5	314
Containers	**19,548**	**20,051**	**39,599**	**18,385**	**19,178**	**37,563**
Leasing revenue on owned equipment (1)	24	22	46	42	39	81
Ancillary services (2)	22	2	24	289	91	380
Total leasing activity	**46**	**24**	**70**	**331**	**130**	**461**
Sales of owned equipment (3)	1,308	3,855	5,163	691	1,877	2,568
Total sales of equipment	**1,308**	**3,855**	**5,163**	**691**	**1,877**	**2,568**
Other capital gains on disposal (3)		456	456	14	(12)	2
Miscellaneous and eliminations	**1,354**	**4,335**	**5,689**	**1,036**	**1,995**	**3,032**
Total revenue from activities	**37,267**	**42,228**	**79,495**	**36,346**	**38,082**	**74,429**

1) The implementation of the new IFRS 16 has no significant impact on the presentation of H1 2019 revenue from activities. Refer to note 1.1 to the condensed consolidated half-year financial statement.

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- Revenue from activities of the **Freight Railcars** division came to €28.4 million at the end of June 2019 compared with €27 million in the first half of 2018, an increase of 5.4%.

  Leasing revenue increased by 11.2% to €28.3 million in June 2019, thanks to an increase in leasing prices and in the utilization rate. The utilization rate averaged 88.8% in the first half of 2019 versus 84.2% the previous year. These increases underscore the improvement in the operating performance of the railcar division.

  Sales of railcars and syndication margins decreased by €1.4 million, attributable to lower volumes during the period in relation to the first half of 2018.

- Revenue from the **River Barges** division came to €5.8 million compared with €6.8 million in H1 2018, during which barges were sold for €1 million. Revenue from the leasing activity remained stable at €5.7 million.

- Revenue from the **Containers** division came to €39.6 million at the end of June 2019 compared with €37.6 million in the first half of 2018, excluding foreign exchange effects.

  In line with the growth in owned equipment, revenue from the leasing of owned equipment increased to €2.9 million, an increase of 42% at constant currency while revenue from managed equipment fell to €25.7 million (€23.9 million at constant currency) compared with €30.4 million the previous year, attributable to the reduction in the fleet under management (-18,845 CEUs) following sales of used containers as part of the normal cycle of activity and the end of finance lease contracts. The average utilization rate over the period was 97.7% compared with 98.9% in the first six months of 2018.

  Sales of containers reached €7.4 million at June 30, 2019 compared with €3.8 million in the first half of 2018 (+€3.1 million at constant currency) thanks to the development of trading activity in new and used containers. Syndication fees remained stable at €0.4 million, with 13,620 CEUs syndicated to financial investors during the first half of the year, Touax keeping the fleet’s management.

- Revenue of the conserved activity of modular buildings in Africa presented under the “Miscellaneous” line doubled during the first half of the year to €5.2 million.

ANALYSIS OF THE FIRST HALF RESULTS

Key figures *(in € million)*	06/2019	06/2018	12/2018
Revenue from activities	**79.5**	**74.4**	**154.5**
Of which Freight railcars	28.4	27.0	56.3
Of which River barges	5.8	6.8	14.5
Of which Containers	39.6	37.6	76.4
Of which Miscellaneous and eliminations	5.7	3.0	7.3
Gross operating margin – EBITDAR (1)	43.1	40.3	83.1
EBITDA (2)	16.1	12.8	25.7
Current operating income	5.6	4.3	8.0
Operating income	5.6	4.0	8.1
Profit before taxes	-1.0	-0.5	-2.1
Consolidated net profit (loss) (Group's share)	**-2.5**	**-1.8**	**-4.2**
Including net income from continuing activities	-2.0	-1.8	-3.2
Including net income from discontinued activities	-0.5		-1.0
Earnings per share (€)	-0.36	-0.25	-0.59
Total non-current assets	330.2	304.5	307.6
Total assets	471.4	408.9	439.4
Total shareholders' equity	126.8	135.1	129.1
Net financial debt (3)	195.6	178.7	195.5
Operating cash flow of the retained operations (4)	4.1	10.4	4.7
Loan-to-value ratio	55%	53%	52%

(1) The Group calculates EBITDAR (earnings before interest, tax, depreciation, amortization and rent) by adding current operating income to depreciation and amortization and provisions for fixed assets and distributions to investors.

(2) EBITDA corresponds to EBITDAR minus distributions to investors.

(3) Including €156.0 million in non-recourse debt at June 30, 2019. As at 30 June 2019, the finance lease commitments are booked in Lease liabilities following IFRS16 application.

(4) Operating cash flows include the purchase and sale of equipment.

- Group **EBITDA** came to €16.1 million at June 30, 2019, an increase of 25% compared with the first half of 2018, underpinned by the performance of the containers division, which posted EBITDA of €3.8 million (+€3 million).

  EBITDA of the freight railcars division came to €10.3 million, a decrease over the period (-€1.2 million) despite an increase in revenue from activities due to costs related to the repair and revision of railcars carried out for leasing purposes.

  EBITDA of the river barges division came to €1.4 million in the first half of 2019 compared with €2.4 million in 2018, the decrease linked to the lack of equipment sales over the period.

  Central costs decreased by €1 million and EBITDA of the Modular Buildings' activity in Africa improved by €0.6 million over the period.
- **Current operating income** reached €5.6 million, an increase of 31%.
- Net financial income came to -€6.6 million at June 30, 2019 versus -€4.5 million in the first half of 2018. This includes an exceptional foreign exchange loss of € 1.2m on intra-group loans in USD that was not offset by currency hedging with Monex Europe Markets Limited, an English broker authorised and regulated by the FCA in the UK. A dispute with Monex Europe Markets Ltd in respect of this hedge is ongoing.

- **Group share of net income** in the first half of came to -€2.5 million compared with –€1.8 million the previous year including (i) -€0.4 million related to the modular building activities in Africa; (ii) -€0.52 million related to discontinued activities (modular building activities in Europe and the US); and (iii) -1,2 million on foreign exchange loss mentioned above.

FINANCIAL STRUCTURE

- The balance sheet shows a total of €471 million at June 30, 2019, compared with €439 million at December 31, 2018 and €409 million at June 30, 2018.
- Tangible assets (non current assets excluding goodwill + inventories) amounted to €373 million.
- Cash flow from operations amounted to €4.1 million, incorporating €23.7 million related to equipment purchases.
- Nominal gross debt reached €255 million versus €225 million at December 31, 2018, while Group net debt came to €196 million, the same level as at the end of 2018. 61% of debt is without recourse.
- At June 30, 2019, the Group's gearing and loan-to-value ratios were stable at 1.54x and 55% respectively (versus 1.52x and 52% at December 31, 2018).

Financing

- In February 2019, asset financing agreements within the barge division were signed for a total of €6.8 million, of which €3.9 million to finance new barges.
- On June 21, 2019, Touax SCA signed a senior secured loan of €40 million with an institutional investor, maturing in five years.

  This will be used to refinance the €23 million Ornane bond (redemption of €21.7 million on August 1, 2019 following exercise by investors of their put option; the remaining portion will be redeemed on September 18, 2019 when Touax exercises its call option) with the balance used to finance the Group's investment plan.
- On August 1, 2019, Touax SCA issued a senior unsecured bond in the form of a Euro Private Placement for a nominal amount of €10 million, maturing in 5.5 years.

  The aim of this bond issue is to extend the average maturity of the Group's debt.

  The net proceeds of the issue will be used to finance the investment plan.

OUTLOOK

The growth of rail traffic in Europe and Asia, the need to renew the existing fleet of European freight wagons following a weak investment cycle in the last decade, the increase in the market share of leasing companies, and the desire developed countries to favor low carbon transport, should continue to boost activity.

The European river transport market continues to be underpinned by the increase in the transport of building and biomass materials, which in turn is underpinning requirements for new river barges.

According to the IMF, global GDP growth is expected to decline to 3.2% before rising slightly to 3.5% in 2020. The market share of container lessors has increased from 40% to 52% over the last decade. In a context of weaker growth, the utilization rate of the existing fleet of containers belonging to lessors remains high in the world (around 98%), reflecting the non-contraction of global traffic (all areas combined).

The slowdown in global economic growth is likely to have a limited impact on the Group, which continues to benefit from renewal requirements in transportation equipment, enabling it to continue gradually increasing its profitability by developing trading business and reconstituting its own-asset base.

UPCOMING EVENTS

- September 11, 2019: SFAF meeting to present the 2019 interim financial statements
- September 12, 2019: Conference call to present the interim results
- November 15, 2019: Q3 2019 Revenue from activities

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