



YOUR OPERATIONAL LEASING SOLUTION

Q1 2019 REVENUES FROM ACTIVITIES: +2.5%

- Q1 2019 revenues from activities up 2.5% at EUR 37.3 million
- Improvement in the utilisation rates and leasing rates of Freight Railcars
- Increase in leasing revenue for owned equipment for the Containers business
- Confirmation of strategic options initiated at the beginning of 2018

ANALYSIS OF REVENUES FROM ACTIVITIES

Q1 2019 revenues from activities totalled EUR 37.3 million vs. EUR 36.3 million in Q1 2018, an increase of 2.5%.

Leasing revenue amounted to EUR 32.8 million vs. EUR 32.5 million in Q1 2018 while equipment sales reached EUR 4.1 million in the first three months of 2019 vs. EUR 3.6 million over the same period in 2018.

The Freight Railcars business saw its leasing revenue rise due to an increase in utilisation rates. Leasing revenue was stable for the River Barges division, the South-American market remained sluggish whereas the Western European market was buoyant. Leasing revenue for the Containers business rose slightly due to the combination of exchange rate effects and an increase in leasing revenue for owned equipment, as a result of investments made during the second half of 2018.

Equipment sales were higher at EUR 4.1 million, the Containers division having developed trading operations. Syndication fees and capital gains were stable at EUR 0.4 million.

Revenue from activities (in € thousands)	Q1 2019	Q1 2018
Leasing revenues – owned equipment	11,641	11,525
Leasing revenues – managed equipment	16,541	17,466
Ancillary services (*)	4,594	3,474
Total revenue from leasing activity (****)	32,776	32,465
Sales of equipment (**)	4,101	3,558
Syndication commission and capital gains (***)	389	323
Total Revenue from activities	37,266	36,346

(*) Ancillary services include chartering activity for the River Barges activity and rebilled expenses on leased equipment (transport, repair...) for the Freight Railcars and Containers activities.

(**) 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.

(****) The implementation of the new standard IFRS 16 has no impact on the presentation of Q1 2019 revenues, the normative provisions being significantly similar to the old standard IAS 17 for a lessor.

- The leasing of equipment belonging to the Group continues to be classified under operating leases.
- The sub-leasing of equipment belonging to investors continues to be classified under operating leases since it concerns variable-rent leases to investors.
- Syndication fees to investors are still recognised in full since the equipment is taken back from these investors under a variable lease and no right of utilisation is recognised.

Analysis of the contribution by division

Revenues from activities (in thousands of euros)	Q1 2019	Q1 2018
Leasing revenues – owned equipment	8,536	8,749
Leasing revenues – managed equipment	3,422	2,461
Ancillary services (*)	1,437	1,565
Total revenue from leasing activity (****)	13,395	12,775
Sales of equipment (**)	88	100
Freight railcars	13,483	12,875
Leasing revenues – owned equipment	1,523	1,833
Ancillary services (*)	1,317	1,196
Total revenue from leasing activity (****)	2,840	3,029
Sales of equipment (**)	42	1,020
River Barges	2,882	4,049
Leasing revenues – owned equipment	1,558	901
Leasing revenues – managed equipment	13,119	15,005
Ancillary services (*)	1,818	424
Total revenue from leasing activity (****)	16,495	16,330
Sales of equipment (**)	2,664	1,746
Syndication commission	389	309
Containers	19,548	18,385
Leasing revenues – owned equipment	24	42
Ancillary services (*)	22	289
Total revenue from leasing activity (****)	46	331
Sales of equipment (**)	1,307	692
Other capital gains on disposal (***)		14
Miscellaneous & Eliminations	1,353	1,037
Total Revenue from activities	37,266	36,346

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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.

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FREIGHT RAILCARS: The Freight Railcars business is the Group's main business, based on capital employed. At end-March 2019, the revenues of the Freight Railcars division totalled EUR 13.5 million, up 4.7% due to the growth in leasing revenue on managed equipment, following the railcar syndications during 2018. The average utilisation rate in Q1 2019 continued to climb to 87.9% vs. 83.8% a year earlier, enabling the continued increase in leasing rates initiated in 2018.

RIVER BARGES: The revenue of the River Barges division came to EUR 2.9 million vs. EUR 4 million in Q1 2018, during which barges were sold for EUR 1 million. Leasing revenue for the period amounted to EUR 2.8 million (-EUR 0.2 million vs. Q1 2018), due to a still sluggish market in South America whereas the European market enjoyed a favourable environment. During the quarter, the division also signed a financing agreement for three new barges, in order to meet the demand from longstanding clients.

CONTAINERS: The Containers business mainly consists of assets under management for third parties. The revenues of the Containers division totalled EUR 19.5 million (EUR 18.1 million on a comparable basis and at constant exchange rates) vs. EUR 18.4 million in Q1 2018.

The leasing market remained buoyant with a utilisation rate over the period of 97.7% vs. 98.9% a year earlier. Leasing revenues over the first three months of the year totalled EUR 16.5 million in 2019 (EUR 15.2 million on a constant currency basis) vs. EUR 16.3 million in Q1 2018. Whereas leasing revenue for managed equipment declined, the proportion of leasing revenue for owned equipment rose (EUR 0.5 million on a constant currency basis) primarily due to investments made during the second half of 2018. Ancillary services (EUR 1.8 million vs. EUR 0.4 million in Q1 2018) are one-off services and correspond to the re-invoicing of repairs following the return of containers.

Equipment sales totalled EUR 2.7 million, up 52.5% over the first three months of the year, with the division continuing to develop trading operations for new containers and selling second-hand containers on behalf of investors. These disposals are related to the age of the fleet, in the normal business cycle.

The “other” line encompasses various re-invoicing and the activities retained from the sale of modular buildings in Africa. During Q1 2019, Touax Morocco carried out sales of modular buildings amounting to EUR 1.3 million.

OUTLOOK

The outlook relating to the underlying markets in which Touax operates its asset base estimated at EUR 401 million* is healthy:

Demand for rail freight transportation continues to mount in Europe, with the revival in private sector demand following the deregulation of the rail freight sector. Fleet replacement needs are high, given the chronic under-investment seen in the previous decade.

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 structure of the Group's revenues in Q1 2019 confirms the strategic options initiated at the beginning of 2018: Gradual investments on its own account in the Containers division, new organisational structure in the Freight Railcars division to improve the availability of existing railcars against the backdrop of an improving market. All these objectives are underpinned by a continuous improvement program (“CIP”), whose purpose is to optimise profitability.

**Market value at 31/12/2018 determined by independent experts*

UPCOMING EVENTS

- 24 June 2019: Annual General Meeting
- 11 September 2019: First-half 2019 results – SFAF presentation
- 12 September 2019: Conference call - first-half 2019 results

TOUAX Group leases out tangible assets (freight railcars, river barges and containers) on a daily basis worldwide, both on its own account and for investors. With nearly €1.2bn in assets under management, TOUAX is one of the leading European players in the leasing of such equipment.

TOUAX is listed on the Euronext stock market in Paris - Euronext Paris Compartment C (ISIN code: FR0000033003) - and is listed on the CAC® Small, CAC® Mid & Small and EnterNext®PEA-PME 150 indices.

For further information please visit: www.touax.com

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