



YOUR OPERATIONAL LEASING SOLUTION

2018 RESULTS

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- 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%
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“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 €7.8¹ and, based on the fair market value of our assets, revalued NAV² per share comes to €12.71¹.”

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.

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.

¹ Excluding minority interests in Railcar entities and management fees

² 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

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**³ 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 CO₂ 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.

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.

³ Note: Change in accounting estimate of the duration of depreciation period for railcars to a standardised duration of 36 years

UPCOMING EVENTS:

- 29 March 2019: Conference call to present annual results
- 15 May 2019: Q1 2019 Revenues
- 24 June 2019: Annual General Meeting

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:

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