Kapla Holding

€860,000,000 (in a combination of Floating Rate Notes and Fixed Rate Notes)
€400,000,000 Senior Secured Floating Rate Notes due 2026
€460,000,000 3.375% Senior Secured Notes due 2026

Kapla Holding S.A.S., a *société par actions simplifiée*, organized under the laws of France (the "**Issuer**"), is offering (the "**Offering**") €400.0 million aggregate principal amount of its Senior Secured Floating Rate Notes due 2026 (the "**Floating Rate Notes**") and €460.0 million aggregate principal amount of its 3.375% Senior Secured Notes due 2026 (the "**Fixed Rate Notes**" and, together with the Floating Rate Notes, the "**Notes**"). The Notes will be issued pursuant to an indenture (the "**Indenture**") to be entered into on or about December 12, 2019 (the "**Issue Date**") among, *inter alios*, the Issuer, BNY Mellon Corporate Trustee Services Limited, as trustee (the "**Trustee**"), and BNP Paribas, as security agent (the "**Security Agent**").

The Floating Rate Notes will bear interest at a rate equal to three month EURIBOR (subject to a 0% floor) plus 325 basis points per annum, reset quarterly, and will mature on December 15, 2026. The Issuer will pay interest on the Floating Rate Notes quarterly in arrears on each of March 15, June 15, September 15 and December 15, commencing on March 15, 2020. At any time and from time to time prior to December 15, 2020, the Issuer may, at its option, redeem all or a portion of the Floating Rate Notes at a redemption price equal to 100% of the principal amount of the Floating Rate Notes so redeemed, plus a "make-whole" premium as of, and accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date, as described herein. At any time and from time to time on or after December 15, 2020, the Issuer may redeem all or a portion of the Floating Rate Notes at the redemption prices specified herein. The Fixed Rate Notes will bear interest at a rate of 3.375% per annum and will mature on December 15, 2026. The Issuer will pay interest on the Fixed Rate Notes semi-annually in arrears on June 15 and December 15, commencing on June 15, 2020. At any time and from time to time prior to December 15, 2022, the Issuer may, at its option, redeem all or a portion of the Fixed Rate Notes at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes so redeemed, plus a "make-whole" premium as of, and accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date, as described herein. At any time and from time to time on or after December 15, 2022, the Issuer may redeem all or portion of the Fixed Rate Notes at the redemption prices specified herein. In addition, at any time and from time to time prior to December 15, 2022, the Issuer may, at its option, redeem up to 40% of the aggregate principal amount of the Fixed Rate Notes with the net cash proceeds from certain equity offerings at the redemption price set out herein, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date, *provided* that at least 50% of the original principal amount of the Fixed Rate Notes remains outstanding. At any time and from time to time prior to December 15, 2022, the Issuer may, at its option, during each twelve-month period commencing with the Issue Date, redeem up to 10% of the original principal amount of the Fixed Rate Notes at a redemption price equal to 103% of the principal amount of the Fixed Rate Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date. The Issuer may also redeem all, but not less than all, of the Notes in the event of certain developments affecting taxation. Additionally, upon certain events defined as constituting a change of control or upon certain asset sales, the Issuer may be required to make an offer to purchase the Notes. A change of control will not be deemed to have occurred if a certain consolidated net leverage ratio is not exceeded as a result of such event. See "*Description of the notes—Change of control.*"

The Notes will be senior obligations of the Issuer, and on the Issue Date, the Notes are expected to be guaranteed (the "**Notes Guarantees**") on a senior basis by Kiloutou S.A.S.U. and Kiloutou Module S.A.S.U. (the "**Guarantors**"). The Notes will rank *pari passu* in right of payment with any existing and future senior indebtedness of the Issuer (including the indebtedness of the Issuer under the New Revolving Credit Facility Agreement (as defined herein)), will rank senior in right of payment to any existing or future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes, will be effectively subordinated to any existing or future indebtedness or obligation of the Issuer or its subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of such property or assets, and will be structurally subordinated to any existing or future indebtedness of the

Issuer's subsidiaries that do not guarantee the Notes, including their obligations to trade creditors. The validity and enforceability of the Notes Guarantees and the liability of the Guarantors thereunder will be subject to the limitations described in "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*" and may be released in certain circumstances. See "*Description of the notes—The notes guarantees.*"

On the Issue Date, the Notes and the Notes Guarantees are expected to be secured on a first-priority basis by security interests in (i) the financial securities account opened in the name of the Issuer in the books of Kiloutou S.A.S.U., (ii) the financial securities account opened in the name of Kiloutou S.A.S.U. in the books of Kiloutou Module S.A.S.U., (iii) certain bank accounts of the Issuer and the Guarantors and (iv) certain intra-group receivables owing to the Issuer and the Guarantors, including the Proceeds Loans (as defined herein) (the "**Collateral**"). The Collateral will also secure the New Revolving Credit Facility on a first-priority basis. Under the terms of the Intercreditor Agreement (as defined herein), in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the New Revolving Credit Facility and counterparties to certain hedging obligations, if any, have been repaid in full. See "*Description of certain financing arrangements—New revolving credit facility agreement*" and "*Description of certain financing arrangements—Intercreditor agreement*." In addition, the Collateral will be subject to the Agreed Security Principles and other certain contractual and legal limitations, and may be released under certain circumstances. See "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*" and "*Description of the notes—Security.*"

There is currently no public market for the Notes. Application has been made to list the Notes on the Securities Official List of the Luxembourg Stock Exchange (the "**Exchange**"). There can be no assurance that the Notes will be listed on the Securities Official List of the Exchange or that such listing will be maintained.

Investing in the Notes involves a high degree of risk. See "*Risk factors*" beginning on page 35.

Issue Price for the Fixed Rate Notes: 100.0% of principal plus accrued interest, if any, from the Issue Date
Issue Price for the Floating Rate Notes: 100.0% of principal plus accrued interest, if any, from the Issue Date

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The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In the United States, the Offering is being made only to "qualified institutional buyers" ("**QIBs**") in reliance on the exemption provided by Rule 144A under the Securities Act ("**Rule 144A**"). You are hereby notified that the Initial Purchasers (as defined herein) may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside the United States, the Offering is being made in reliance on Regulation S under the Securities Act ("**Regulation S**"). See "*Notice to investors*" for additional information about eligible offerees and transfer restrictions. The Notes will be issued in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented upon issuance by one or more global notes. The Initial Purchasers expect to deliver the Notes in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on or about the Issue Date.

Global Coordinator and Sole Physical Bookrunner

J.P. Morgan

Joint Bookrunners

BNP PARIBAS **Crédit Agricole CIB** **Natixis** **Société Générale**

The date of this offering memorandum is December 17, 2019

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*IN MAKING YOUR INVESTMENT DECISION, YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM. NEITHER THE ISSUER NOR ANY OF J.P. MORGAN SECURITIES PLC, BNP PARIBAS, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, NATIXIS AND SOCIÉTÉ GÉNÉRALE (COLLECTIVELY, THE "**INITIAL PURCHASERS**") HAS AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. IF YOU RECEIVE ANY OTHER INFORMATION, YOU SHOULD NOT RELY ON IT.*

NEITHER THE ISSUER NOR ANY OF THE INITIAL PURCHASERS IS MAKING AN OFFER OF THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER IS NOT PERMITTED.

YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THIS OFFERING MEMORANDUM. OUR BUSINESS OR FINANCIAL CONDITION AND OTHER INFORMATION IN THIS OFFERING MEMORANDUM MAY CHANGE AFTER THAT DATE

Warning

This Offering Memorandum as well as all information contained herein (the "Offering Memorandum") is meant to provide details on the securities and the issuer in relation to the admission of the securities onto the securities official list held by the Luxembourg Stock Exchange without admission to trading on one of the securities markets operated by LuxSE (LuxSE SOL). The Offering Memorandum has been prepared for the sole goal of being admitted and displayed on LuxSE SOL. It does not provide any key information to be used for making investment decisions. The Offering Memorandum is provided for information purposes only. It does not constitute and is not construed as any advice, solicitation, offer, endorsement, commitment or recommendation to invest in the securities described herein. The provision of the Offering Memorandum is not and shall not be a substitute for your own researches, investigations, verifications, checks or consultation for professional or investment advice. You are using the Offering Memorandum at your own risks.

Important information

We are offering the Notes and the Notes Guarantees in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes and the Notes Guarantees have not been recommended by any U.S. federal, state or any non-U.S. securities authorities, nor have any such authorities determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense in the United States.

You are not to construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountants and other advisors as to the legal, tax, business, financial and related aspects of purchasing the Notes on the Issue Date. You are responsible for making your own examination of the Group and your own assessment of the merits and risks of investing in the Notes and the Notes Guarantees. By purchasing the Notes and the Notes Guarantees, you will be deemed to have acknowledged that you have reviewed this offering memorandum and that you have had an opportunity to request any additional information that you need from us.

You should base your decision to invest in the Notes and the Notes Guarantees solely on information contained in this offering memorandum. No person is authorized in connection with the Offering to give any information or to make any representation not contained in this offering memorandum or any pricing term sheet or supplement and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers.

The information contained in this offering memorandum is as of the date hereof and is subject to change, completion or amendment without notice. The delivery of this offering memorandum at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the information set forth in this offering memorandum or in our affairs since the date of this offering memorandum. We undertake no obligation to update this offering memorandum or any information contained in it, whether as a result of new information, future events or otherwise, except to the extent required by law.

The information contained in this offering memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers, any of the Trustee or the Agents (as defined herein) or their respective directors, affiliates, advisors or agents as to the accuracy or completeness of any of the information set forth in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or their respective directors, affiliates, advisors or agents, whether as to the past or the future. Certain documents are summarized herein, and such summaries are qualified entirely by reference to the actual documents, copies of which will be made available to you upon request. By receiving this offering memorandum, you acknowledge that you have not relied on the Initial Purchasers, any of the Trustee or the Agents or their respective directors, affiliates, advisors and agents and the advisors of the Issuer in connection with your investigation of the accuracy of this information or your decision to invest in the Notes.

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes or Notes Guarantees in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws and regulations that apply to you in any place in which you buy, offer or sell any of the Notes or the Notes Guarantees or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any of the Notes or the Notes Guarantees. We are not, and none of the Trustee, the Agents and the Initial Purchasers are, making any representation to you regarding the legality of an investment in the Notes by you and are not responsible for your compliance with these legal requirements.

The Notes and the Notes Guarantees are subject to restrictions on resale and transfer as described under "*Notice to investors*" and "*Plan of distribution*." By purchasing any of the Notes and the Notes Guarantees, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this offering memorandum. You may be required to bear the financial risks of investing in the Notes and the Notes Guarantees for an indefinite period of time.

We reserve the right to withdraw the Offering at any time. We are making the Offering subject to the terms described in this offering memorandum and the purchase agreement relating to the Notes. We and the Initial Purchasers may, for any reason, reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed. The Initial Purchasers and certain of their respective affiliates may acquire, for their own accounts, a portion of the Notes.

We have applied to have the Notes listed on the Securities Official List of the Luxembourg Stock Exchange (the "**Exchange**"), without admission to trading on one of the securities markets operated by the Exchange. Following the listing, the relevant listing particulars will be available at the offices of the Listing Agent (as identified herein). Any investor or potential investor should not base any investment decision relating to the Notes on the information contained in this offering memorandum after publication of the listing particulars and should refer instead to the listing particulars.

We accept responsibility for the information contained in this offering memorandum. We declare that, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is, to the best of our knowledge, in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum. However, the content set forth under the headings "*Summary*," "*Management's discussion and analysis of financial condition and results of operations*," "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data, released by publicly available sources or otherwise prepared by third parties. While we accept responsibility for accurately reproducing such information and data, and, as far as we are aware and are able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading, none of us, the Initial Purchasers, the Trustee or the Agents has independently verified the accuracy of such information and data, and none of us, the Initial Purchasers, the Trustee or the Agents accepts any responsibility in respect thereof.

Furthermore, the information set forth in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled "*Book-entry, delivery and form*," is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While we accept responsibility for accurately reproducing the information concerning Euroclear and Clearstream, none of us, the Initial Purchasers, the Trustee or the Agents accepts any responsibility in respect of such information. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of us, the Trustee, and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

We expect that delivery of the Notes will be made against payment on the Notes on or about the Issue Date, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) following the date of pricing of the Notes (this settlement cycle is referred to as "T+5"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the following two business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

Stabilization

IN CONNECTION WITH THIS OFFERING, J.P. MORGAN SECURITIES PLC OR ONE OF ITS AFFILIATES OR PERSONS ACTING ON ITS BEHALF (THE "**STABILIZING MANAGER**") MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING

MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*."

Notice to U.S. investors

The Offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of securities which does not involve a public offering. You are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. The Notes are subject to certain restrictions on transfer and resale. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Notice to investors*."

This offering memorandum is being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be QIBs under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) outside the United States in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S. The Notes and the Notes Guarantees described in this offering memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States, or any such securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States. See "*Notice to investors*."

Notice to certain European investors

Prohibition of sales to certain EEA investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Neither we nor the Initial Purchasers has authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

MiFID II product governance

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; *however*, and without prejudice to the obligations of the Issuer in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

United Kingdom

Each of the Initial Purchasers have represented and agreed that it has:

- only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

This offering memorandum is for distribution only to, and is only directed at, persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (iii) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons in (i), (ii), (iii) and (iv) to the extent that doing so does not prejudice lawful distribution of this offering memorandum to the foregoing, together being referred to as "**relevant persons**"). This offering memorandum is directed only at relevant persons and must not be acted or relied upon by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

France

This offering memorandum has not been prepared and is not being distributed in the context of an offer to the public of financial securities in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* and Title 1 of Book II of the *Règlement Général de l'Autorité des Marchés Financiers*, and has not been approved by, registered or filed with the *Autorité des marchés financiers* (the "**AMF**"), nor any competent authority of another Member State of the EEA that would have notified its approval to the AMF under the Prospectus Regulation. Therefore, the Notes may not be, directly or indirectly, offered or caused to be offered or sold to the public in France (*offre au public de titres financiers*) and this offering memorandum and any other offering or marketing material or information relating to the Notes has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sales of the Notes to the public in France in any way that would constitute, directly or indirectly, an offer to the public in France. Offers, sales and distributions have only been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting solely for their own account (*agissant pour compte propre*) and/or to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), all as defined in and in accordance with Articles L.411-1, L.411-2, D.411-1, D.411-4, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. Prospective investors are informed that (a) this offering memorandum has not been and will not be submitted for clearance to the AMF, (b) in compliance with Articles L.411-2, D.411-1, D.411-4, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*, any qualified investors subscribing for the Notes should be acting for their own account (*agissant pour compte propre*) and (c) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L. 621-8-3 of the French *Code monétaire et financier*.

Luxembourg

This Offering does not constitute a public offering of securities within the Grand Duchy of Luxembourg and accordingly this offering memorandum should not be construed as a prospectus neither in accordance with the Prospectus Regulation nor with Article 18 of the Law of July 16, 2019 on prospectuses for securities. The Luxembourg financial sector supervisory commission (*Commission de Surveillance du Secteur Financier*) has not reviewed or approved this offering memorandum or any other document related to the Offering and has not recommended or endorsed the purchase of the Notes. Neither this offering memorandum nor any other document related to the offering of the Notes may be distributed to the public in Luxembourg. The Notes may not be publicly offered for sale in Luxembourg and no steps may be taken which would constitute or result in a public offering in Luxembourg as defined in the Law of July 16, 2019 on prospectuses for securities. This document is intended for the confidential use of the offeree(s) it is intended for, and may not be reproduced or used for any other purpose

Italy

The Offering has not been cleared by the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this offering memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter (d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended ("**Regulation No. 16190**"), pursuant to Article 34-ter, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**"), implementing Article 100 of Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**") and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and the implementing CONSOB regulations, including the Issuer Regulation.

The Initial Purchasers have represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to the Notes in the Republic of Italy according to the provisions above must be:

- made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Act, Italian Legislative Decree No. 385 of September 1,1993, Regulation No. 16190 (in each case, as amended from time to time) and any other applicable laws and regulations; and

- in compliance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy or any other relevant Italian authorities.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

Switzerland

This offering memorandum, as well as any other material relating to the Notes which are the subject of the Offering contemplated by this offering memorandum, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange, and, therefore, the documents relating to the Notes, including, but not limited to, this offering memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The Notes are being offered in Switzerland by way of a private placement (i.e., to a limited number of selected investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This offering memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This offering memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the Offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the Issuers' express consent.

This offering memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to certain other investors

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in

Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Available information

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any amendments or supplements to this offering memorandum acknowledges that:

- such person has been afforded an opportunity to request from the Issuer and to review the information contained herein, and has received all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;

- such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its decision to invest in the Notes; and

- except as provided above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

The Issuer is not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture that will govern the Notes, the Issuer will agree to furnish periodic information to the holders of the Notes and to make available, upon request, to any holder or prospective purchaser of the Notes the information required pursuant to Rule 144A(d)(4) under the Securities Act during any period in which it is not subject to Section 13 or Section 15(d) of the Exchange Act, or exempt by virtue of Rule 12g3-2(b) thereunder. Any such request should be directed to the Issuer in writing at 30 bis, rue Sainte-Hélène, 69002 Lyon, France. See "*Description of the notes—Certain covenants—Reports*" and "*Listing and general information*."

Information contained on our website is not incorporated by reference into this offering memorandum and is not part of this offering memorandum.

Forward-looking statements

Various statements contained in this offering memorandum constitute "forward-looking statements" within the meaning of the securities laws of certain applicable jurisdictions. All statements other than statements of historical fact included in this offering memorandum, including, without limitation, statements regarding our future financial position and results of operation, trends or developments affecting our financial condition and results of operation or the markets in which we operate, strategy, outlook and growth prospects, anticipated investments, costs and results, future plans and potential for growth, projects to enhance efficiency, impact of governmental regulations or actions, competition in areas of our business, litigation outcomes and timetables, future capital expenditures, liquidity requirements, capital resources, the successful integration of acquisitions and objectives of management for future operations or plans to launch new or expand existing operations, may be deemed to be forward-looking statements. When used in this offering memorandum, the words "believe," "anticipate," "should," "intend," "assume," "plan," "may," "will," "expect," "estimate," "positioned," "strategy" and similar expressions may identify these forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. These factors include those set forth in the section of this offering memorandum captioned "*Risk factors*," which include, among others:

- fluctuations and deteriorations in the economic conditions in the industries and markets in which we operate, in particular in France;
- unfavorable conditions in the capital and credit markets and political uncertainty;
- the effects of competition;
- exposure to risks inherent in operating a business across multiple jurisdictions;
- our ability to forecast trends accurately;
- our ability to effectively manage our rental equipment;
- our dependence on equipment manufacturers and suppliers to obtain rental equipment on a timely basis and on acceptable terms;
- increases in the cost of equipment for, and the maintenance and repair costs associated with, our rental fleet;
- exposure to counterparty risks;
- technical obsolescence and redundancy of our rental fleet;
- residual value risk upon disposal of our rental equipment;
- disruptions in our information technology system;
- our ability to execute our organic growth and acquisition strategy;
- our dependence on customer relationships in order to access markets and maintain leadership;
- the loss of core executives, senior management or other key personnel;
- failures in our risk management, internal controls and compliance processes;
- risks related to our coverage under insurance policies;
- risks related to actions of third parties, including suppliers, subcontractors and agents;
- fluctuation in revenue and operating results;
- our ability to access additional capital as required;
- risks associated with the presentation of our financial information and its comparability;

- risks related to the nature of the Issuer as a holding company and its dependency on payments from its subsidiaries;

- inconsistencies between the interests of our controlling shareholder and other equity holders and your interests;

- compliance with laws and regulations, including those relating to labor, environmental, health, safety, anti-corruption and tax matters;

- our significant amount of outstanding debt and our ability to incur substantially more debt in the future;

- our ability to generate the cash required to service or refinance our indebtedness;

- the restrictive covenants in our debt agreements;

- risks related to the indebtedness that bears interest at a variable rate, which could rise significantly, increasing our costs and reducing our cash flow; and

- other risks and uncertainties associated with our capital structure, our indebtedness, the Notes, the Notes Guarantees, the Collateral and the Offering, and any other risks and uncertainties described in this offering memorandum.

The risks included here are not exhaustive. Moreover, we operate in a highly competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all such risks related to our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this offering memorandum and, except as required by law or the rules and regulations of any exchange on which the Notes are listed, we assume no obligation to update the forward-looking statements contained in this offering memorandum to reflect actual results, changes in assumptions or changes in factors affecting these statements.

We urge you to read carefully the sections of this offering memorandum entitled "*Risk factors*," "*Management's discussion and analysis of financial condition and results of operations*," "*Industry*" and "*Business*" for a more detailed discussion of the factors that could affect our future performance and the markets in which we operate.

Presentation of financial and other information

Overview

On February 15, 2018, (the "**Kiloutou Acquisition Completion Date**"), the Issuer, which was formed at the direction of the Sponsors, completed the acquisition (the "**Kiloutou Acquisition**") of the entire issued share capital of Financière Kilinvest, Sapak, FK5 and FK6 (collectively with their subsidiaries, the "**Acquired Kiloutou Group**"), thereby giving the Issuer full control of Financière Kilinvest, the entity that held all of the shares in Kiloutou S.A.S.U. Subsequently, in order to simplify the legal structure, each of Financière Kilinvest, Sapak, FK5 and FK6 were merged with and into the Issuer, as a result of which Kiloutou S.A.S.U. became the direct wholly-owned subsidiary of the Issuer.

The Issuer was incorporated on November 16, 2017 for the purpose of facilitating the Kiloutou Acquisition and, prior to the Kiloutou Acquisition Completion Date, did not engage in any activities other than those related to the Kiloutou Acquisition, including the entry into, and incurrence of indebtedness under, the Existing Senior Facilities Agreement (as defined herein), to finance the Kiloutou Acquisition and to repay certain then existing indebtedness of the Acquired Kiloutou Group (the "**Kiloutou Acquisition Financing**" and, together with the Kiloutou Acquisition, the "**2018 Transactions**").

As discussed in the audited consolidated financial statements of the Issuer as of and for the year ended December 31, 2018 included elsewhere in this offering memorandum, the Kiloutou Acquisition was accounted for at fair value and, accordingly, the assets acquired of, and liabilities assumed from, the Acquired Kiloutou Group were recorded at their estimated fair values as of the Kiloutou Acquisition Completion Date. As a result, the financial statements of Financière Kilinvest for periods prior to the Kiloutou Acquisition Completion Date are not comparable to the financial statements of the Issuer for periods subsequent to the Kiloutou Acquisition Completion Date due to (i) the Issuer's application of purchase accounting as of the Kiloutou Acquisition Completion Date in connection with the Kiloutou Acquisition and (ii) additional interest expense associated with the financing of the Kiloutou Acquisition.

The reporting entity for our consolidated financial statements prior to the Kiloutou Acquisition Completion Date was Financière Kilinvest. Since the Kiloutou Acquisition Completion Date, our consolidated financial statements (consolidating the financial statements of all of our Guarantor and non-Guarantor subsidiaries) have been the consolidated financial statements of the Issuer (together with its consolidated subsidiaries, the "**New Kiloutou Group**"). Since the New Kiloutou Group was created, the most recent unaudited interim financial information of the Issuer available as of the date of this offering memorandum is as of and for the nine months ended September 30, 2019. Going forward, holders of the Notes will also receive consolidated financial statements of the Issuer pursuant to the reporting provisions in the Indenture, although we may in the future provide consolidated financial statements of a parent entity in compliance with such reporting provisions. See "*Description of the notes—Certain covenants—Reports*."

Comparability of financial statements

The audited consolidated financial statements of the Issuer for the year ended December 31, 2018 do not include the results of operations of the Acquired Kiloutou Group from January 1, 2018 to February 14, 2018 (i.e., the date prior to the Kiloutou Acquisition Completion Date). In addition, they are not comparable to the historical consolidated financial statements of Financière Kilinvest or with any subsequent consolidated financial statements of the Issuer. In order to mitigate the lack of comparability and provide a more meaningful basis for commenting on the Issuer's consolidated results in this offering memorandum, we have included certain illustrative *pro forma* consolidated financial information of the Issuer giving effect to the 2018 Transactions as if the 2018 Transactions were completed on January 1, 2018, as discussed further below.

Furthermore, the historical financial information presented in this offering memorandum has been affected by the acquisitions that have changed our scope of consolidation and may make it more difficult for investors to evaluate the historical performance of our business. For a description of certain acquisitions, see "*Management's discussion and analysis of financial condition and results of operations—Key factors affecting results of operations—Acquisitions*."

Financial information

Historical financial information

The historical financial information in this offering memorandum includes information from or is derived from the following financial statements:

- the English language translation of the unaudited condensed interim consolidated financial statements of the Issuer as of and for the nine months ended September 30, 2019 (the "**2019 Unaudited Interim Financial Statements**");

- the English language translation of the audited consolidated financial statements of the Issuer as of and for the year ended December 31, 2018 (the "**2018 Audited Financial Statements**");

- the English language translation of the audited consolidated financial statements of Financière Kilinvest as of and for the year ended December 31, 2017 (the "**2017 Audited Financial Statements**"); and

- the English language translation of the audited consolidated financial statements of Financière Kilinvest as of and for the year ended December 31, 2016 (the "**2016 Audited Financial Statements**" and, collectively with the 2018 Audited Financial Statements and the 2017 Audited Financial Statements, the "**Audited Financial Statements**", and the Audited Financial Statements, together with the 2019 Unaudited Interim Financial Statements, the "**Financial Statements**").

The 2016 Audited Financial Statements and 2017 Audited Financial Statements were audited by KPMG S.A. ("**KPMG**") and Deloitte & Associés ("**Deloitte**"). The 2018 Audited Financial Statements were audited by KPMG and PricewaterhouseCoopers Audit ("**PwC**"), the independent auditors of the Group, as stated in their report included elsewhere in this offering memorandum. The 2019 Unaudited Interim Financial Statements have been subject to a limited review by KPMG and PwC.

The Financial Statements have been prepared in accordance with generally accepted accounting principles in France ("**French GAAP**").

The financial information included in this offering memorandum is not intended to comply with the requirements of Regulation S-X under the Securities Act and the rules and regulations of the SEC promulgated thereunder, in particular with respect to: (i) the omission of certain consolidating financial information regarding the Guarantor and non-Guarantor subsidiaries, (ii) the presentation of certain non-GAAP financial measures (as described below) and (iii) the presentation of the unaudited consolidated financial information for the year ended December 31, 2018 and for the nine months ended September 30, 2018.

Illustrative pro forma financial information

As noted above, this offering memorandum includes certain illustrative *pro forma* financial information as management believes this provides a more meaningful basis for commenting on the Issuer's consolidated results. This illustrative *pro forma* financial information is included in note 6 to the 2018 Audited Financial Statements and note 6 to the 2019 Unaudited Interim Financial Statements.

The illustrative *pro forma* financial information consists of:

- the condensed consolidated illustrative *pro forma* income statement of the Issuer for the year ended December 31, 2018, reflecting adjustments to the consolidated income statement of the Issuer for the year ended December 31, 2018 (as presented in the 2018 Audited Financial Statements) to give effect to: (i) the addition of the results of operations of the Acquired Kiloutou Group for the period from January 1, 2018 to February 14, 2018 (i.e., the date prior to the Kiloutou Acquisition Completion Date), based on the accounting records of the Acquired Kiloutou Group, as further adjusted to harmonize the accounting rules and methods with those of the New Kiloutou Group, (ii) the depreciation of acquired customer relationship assets of the Group as part of the recurring purchase price allocation adjustments for the Kiloutou Acquisition for the period from January 1, 2018 to February 14, 2018, (iii) the financial interests resulting from the Kiloutou Acquisition Financing and (iv) related tax effects, as if each such event had occurred on January 1, 2018 (the "**2018 Illustrative *Pro Forma* Financial Information**"); and

- the consolidated illustrative *pro forma* income statement of the Issuer for the nine months ended September 30, 2018, reflecting adjustments to the consolidated income statement of the Issuer for the nine months ended September 30, 2018 (as presented in the 2019 Unaudited Interim Financial Statements) to give effect to (i) the addition of the results of operations of the Acquired Kiloutou Group for the period from January 1, 2018 to February 14, 2018 (i.e., the date prior to the Kiloutou Acquisition Completion Date), based on the accounting records of the Acquired Kiloutou Group, as further adjusted to harmonize the accounting rules and methods with those of the New Kiloutou Group, (ii) the depreciation of acquired customer relationship assets of the Group as part of the recurring purchase price allocation adjustments for the Kiloutou Acquisition for the period from January 1, 2018 to February 14, 2018, (iii) the financial

interests resulting from the Kiloutou Acquisition Financing and (iv) related tax effects, as if each such event had occurred on January 1, 2018 (the "**Nine-Month 2018 Illustrative *Pro Forma* Financial Information**").

Differences between French GAAP and IFRS

We include in this offering memorandum financial information prepared under French GAAP. French GAAP differs in significant respects from International Financial Reporting Standards, as adopted by the EU ("**IFRS**"). Given the differences between French GAAP and IFRS, if we were to prepare our financial statements on the basis of IFRS instead of French GAAP, we cannot guarantee that there could not be substantial differences in our results of operations, cash flows and financial position, including levels of indebtedness. In particular, our profits from operations could be materially lower under IFRS. Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between French GAAP and other systems of generally accepted accounting principles and how those differences might affect the financial information included in this offering memorandum; and (ii) the impact that future additions to, or amendments of, French GAAP may have on the financial information presented in this offering memorandum, results of operations and/or financial condition, as well as on the comparability of prior periods. For a discussion of certain differences between French GAAP and IFRS as applied by us, see "*Management's discussion and analysis of financial condition and results of operations—Certain differences between French GAAP and IFRS*."

Furthermore, we present certain financial data as of and for the last twelve months ended September 30, 2019, as if we had adopted IFRS on October 1, 2018. See "*Summary—Summary historical consolidated financial information and other data—As adjusted financial data*." These measures may not reflect what our actual financial condition or results of operations would have been had we adopted IFRS at such time. See "*Risk factors—Risks related to our financial condition—Our financial statements are prepared in accordance with French GAAP, and any transition to IFRS in the future could impair the comparability of our reported and historical results*."

Other historical financial information

Certain financial information and operating data presented in this offering memorandum have been excerpted from, prepared or calculated based on sources other than the Financial Statements, such as management accounts and schedules prepared on the basis of accounting records in relation to the Group. Such information and data has not been subject to any audit or review procedures carried out by any independent auditor.

Non-GAAP financial measures

This offering memorandum contains various financial measures and ratios that are not presented in accordance with French GAAP (collectively, "**Non-GAAP Measures**"). We present these Non-GAAP Measures because we believe that these and similar measures are widely used by certain investors as supplemental measures of performance and liquidity, and that this information, along with comparable French GAAP measures, is useful to investors because it provides a basis for measuring and comparing our operating performance with other companies across the periods presented.

We present Non-GAAP Measures for informational purposes only. This information does not purport to represent the results we would have achieved had any of the transactions for which an adjustment is made occurred at the beginning of the periods presented or as of the dates indicated. Such measures and ratios may not accurately reflect our performance, liquidity or our ability to incur debt, have limitations as analytical tools, and should not be considered as alternatives to operating profit or net profit or any other performance measures derived from or in accordance with French GAAP, IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating activities. The Non-GAAP Measures contained in this offering memorandum are not intended to comply with the reporting requirements of the SEC, will not be subject to review by the SEC and certain measures would be prohibited from inclusion in documents furnished or filed with the SEC. These amounts have not been, and, in certain cases cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of our financial condition or results of operations for the periods presented and should not be relied upon when making an investment decision.

Furthermore, some of the limitations of EBITDA-based Non-GAAP Measures are that:

- they do not reflect our cash expenditures or future requirements for capital investments or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;

- they do not reflect the significant interest expense or cash requirements necessary to service interest or principal payments on our debt;

- they do not reflect any cash income taxes that we may be required to pay;

- they are not adjusted for all non-cash income or expense items that are reflected in our consolidated income statement;

- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;

- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements;

- other companies in our industry and analysts may calculate these measures differently than we do, limiting their usefulness as comparative measures; and

- our calculation and presentation of EBITDA measures in this offering memorandum is different from the calculation of Consolidated EBITDA contained in the section entitled "*Description of the notes*" of this offering memorandum and the Indenture. Accordingly, the EBITDA measures presented in this offering memorandum do not provide precise indications as to the level of our adherence to the terms of the Indenture.

For an explanation and reconciliation of certain of these Non-GAAP Measures to the most directly comparable French GAAP measure, see "*Summary—Summary historical consolidated financial and other data—Other financial and operating data*."

We present the following Non-GAAP Measures used in this offering memorandum:

- **2018 Illustrative Pro Forma Financial Information and Nine-Month 2018 Illustrative Pro Forma Financial Information.** The 2018 Illustrative *Pro Forma* Financial Information and Nine-Month 2018 Illustrative *Pro Forma* Financial Information have been prepared to give effect to the 2018 Transactions as if they occurred on January 1, 2018. See "*—Financial information—Illustrative pro forma financial information*" above.

The 2018 Illustrative *Pro Forma* Financial Information has been prepared on the basis of:

- the audited consolidated income statement of the Issuer for the year ended December 31, 2018, prepared in accordance with French GAAP, reflected in the 2018 Audited Financial Statements and included elsewhere in this offering memorandum;

- with respect to the results of operations of the Acquired Kiloutou Group for the period from January 1, 2018 to February 14, 2018, the accounting records of the Acquired Kiloutou Group, as further adjusted to harmonize the accounting rules and methods with those of the New Kiloutou Group; and

- illustrative *pro forma* adjustments that we believe are directly attributable to the Kiloutou Acquisition and the Kiloutou Acquisition Financing.

The Nine-Month 2018 Illustrative *Pro Forma* Financial Information has been prepared on the basis of:

- the consolidated income statement of the Issuer for the nine months ended September 30, 2018, prepared in accordance with French GAAP, reflected in the 2019 Unaudited Interim Financial Statements and included elsewhere in this offering memorandum;

- with respect to the results of operations of the Acquired Kiloutou Group for the period from January 1, 2018 to February 14, 2018, the accounting records of the Acquired Kiloutou Group, as further adjusted to harmonize the accounting rules and methods with those of the New Kiloutou Group; and

- illustrative *pro forma* adjustments that we believe are directly attributable to the Kiloutou Acquisition and the Kiloutou Acquisition Financing.

See note 6 of our 2018 Audited Financial Statements and note 6 of our 2019 Unaudited Interim Financial Statements for further details.

The 2018 Illustrative *Pro Forma* Financial Information and Nine-Month 2018 Illustrative *Pro Forma* Financial Information included in this offering memorandum are for informational purposes only and are not intended to represent or be indicative of what our actual results of operations or financial condition would have been had the Kiloutou Acquisition and the Kiloutou Acquisition Financing occurred as of January 1, 2018, nor are they necessarily indicative of future results.

We describe the assumptions underlying the adjustments in note 6 of our 2018 Audited Financial Statements and note 6 of our 2019 Unaudited Interim Financial Statements. The adjustments are based upon available information and certain assumptions that we believe to be reasonable.

The 2018 Illustrative *Pro Forma* Financial Information and Nine-Month 2018 Illustrative *Pro Forma* Financial Information contained in this offering memorandum are not intended to, and do not, comply with the reporting requirements of the SEC, will not be subject to review by the SEC, and would not be permitted to be included in a registration statement filed with the SEC in compliance with applicable U.S. securities laws.

- **EBITDA.** We define EBITDA as total net income for the period before depreciation, amortization and provisions, amortization of fair value adjustments to intangible assets, interest, income tax and extraordinary income and expenses. This definition applies to the EBITDA presented and commented in this offering memorandum and in the 2018 Audited Financial Statements of the Issuer, an English language translation of which is included in this offering memorandum. Consequently, after elimination of the above items, it corresponds to the Group's revenue from operations carried out in the normal course of its business (rentals, services, sales of rental equipment recognized as fixed assets, etc.).

In the 2016 Audited Financial Statements and 2017 Audited Financial Statements of Financière Kilinvest, EBITDA is defined as the net income for the period before depreciation, amortization and provisions for impairment and contingencies and charges, financial income and expenses, extraordinary income and expenses, and income tax. The EBITDA measure presented in the 2016 Audited Financial Statements and 2017 Audited Financial Statements includes the CVAE tax contribution. So as to eliminate the impact of this contribution, a Reported EBITDA, defined as EBITDA plus the CVAE tax contribution, is also presented in the 2016 Audited Financial Statements and 2017 Audited Financial Statements.

It should be noted that the CVAE tax contribution is presented under the caption "Income tax" in the 2018 Audited Financial Statements of the Issuer and under the caption "Other operating costs" in the 2016 Audited Financial Statements and 2017 Audited Financial Statements of Financière Kilinvest.

Due to this change of presentation and so as to ensure the comparability, the EBITDA presented and commented in this offering memorandum for the years ended December 31, 2016 and 2017 corresponds to the Reported EBITDA presented, respectively, in the 2016 Audited Financial Statements and 2017 Audited Financial Statements of Financière Kilinvest.

- **EBITDA margin.** We define EBITDA margin as EBITDA as a percentage of total revenue for the relevant period.

- **Free cash flow.** We define free cash flow as EBITDA less any gross capital expenditures, changes in net working capital and income tax (including CICE and CVAE) payments, plus non-cash items included in EBITDA (mainly net book value of rental equipment sales).

- **Gross book value of equipment.** We define gross book value of equipment as the acquisition cost of the equipment.

- **Total third-party financial debt.** We define total third-party financial debt as the sum of all of our current and non-current financial liabilities, including borrowings and debt owed to financial institutions, leasing liabilities, bank overdrafts and other financial debt, plus outstanding interest on debt, and excluding convertible bonds issued in favor of certain shareholders.

- **Net capital expenditures.** We define net capital expenditures as capital expenditures, less proceeds from the sale of fixed assets, including rental equipment.

- **Net financial debt.** We define net financial debt as total debt less cash and cash equivalents. ***LTM information*** This offering memorandum contains certain unaudited consolidated financial information of the Issuer for the twelve months ended ("**LTM**") September 30, 2019, which has been calculated by adding our historical results for the nine months ended September 30, 2019 (derived from the 2019 Unaudited Interim Financial Statements) to our results for the year ended December 31, 2018 (derived from the 2018 Audited Financial Statements), and subtracting our results for the nine months ended September 30, 2018 (derived from the 2019 Unaudited Interim Financial Statements). As our financial year ends on December 31, the presentation of this information is not made in accordance with French GAAP. We present this data as it is the basis for certain ratios and as adjusted financial information included in this offering memorandum that we believe is useful as supplemental measures for investors in assessing the impact of the Transactions and our ability to incur and service our debt, including the Notes. This data is not necessarily indicative of the results that may be expected for the year ended December 31, 2019, and should not be used as the basis for, or prediction of, an annualized calculation.

As adjusted financial information

We present in this offering memorandum certain as adjusted financial data for the Issuer to give effect to the Transactions, as if they had occurred on September 30, 2019 (in the case of balance sheet data), or October 1, 2018 (in the case of income statement data). The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act, the Prospectus Regulation or any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited in accordance with any generally accepted auditing standards.

Rounding

Certain numerical figures set out in this offering memorandum, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this offering memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's discussion and analysis of financial condition and results of operations*" are calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this offering memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Market and industry data

It is difficult to obtain precise industry and market information in our industry. This offering memorandum contains market data and certain economic and industry data and forecasts pertaining to our business, as well as statements regarding our market position in the markets in which we operate. Unless otherwise indicated, such information is based on our analysis of multiple sources, including internal surveys, market research, government and other publicly available information, reports prepared by consultants and independent industry publications.

In preparing this offering memorandum, the following sources, in particular, were used:

- 2019 ERA Equipment Rental Industry Report issued by the European Rental Association (the "**ERA**"); and
- 87th Euroconstruct Summary and Country Reports (June 2019 editions) issued by Euroconstruct

(collectively, the "**Market Reports**").

We believe the information obtained from the Market Reports has been accurately reproduced, and we are not aware of any facts that have been omitted which would render the reproduced information provided inaccurate or misleading. Nevertheless, industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of information contained therein is not guaranteed. Subject to the foregoing, neither us nor the sources of the Market Reports assume any liability for, or offer any guarantee of, the accuracy of the data in the studies and third-party sources contained in this offering memorandum or for the accuracy of data on which estimates are based. In particular, market studies and analyses are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology is by nature forward-looking and speculative.

Similarly, internal company analyses and surveys, while believed by us to be reliable, have not been verified by any independent sources, and neither we nor any of the Initial Purchasers make any representation as to the accuracy of such information. In addition, certain information presented in this offering memorandum regarding the market position of the Group and its competitors reflects management's best estimates based upon information obtained from trade and business organizations, observations of the marketplace informed by management's experience of our industry and the markets in which we are present, as well as information published by our competitors. While we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data.

While we are not aware of any misstatements regarding any industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "*Risk factors*" section in this offering memorandum.

Trademarks and trade names

We own or have rights to trademarks, service marks, copyrights and trade names that we use in conjunction with the operation of our business, many of which are registered under applicable intellectual property laws. Solely for convenience, trademarks and trade names referred to in this offering memorandum may appear without the "®" or "™" symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names.

This offering memorandum also includes trademarks, service marks and trade names of other companies. Each trademark, service mark or trade name of any other company appearing in this offering memorandum belongs to its holder. Use or display by us of other parties' trademarks, service marks or trade names is not intended to and does not imply a relationship with, or endorsement or sponsorship by us of, the trademark, service mark or trade name owner.

Certain definitions used in this offering memorandum

Unless indicated otherwise in this offering memorandum or the context requires otherwise, each reference to:

- "**Agents**" means, collectively, the Principal Paying Agent, Calculation Agent, any Paying Agent, the Registrar, the Transfer Agent and the Listing Agent, each as identified on the back inside cover of this offering memorandum;
- "**Agreed Security Principles**" means the Agreed Security Principles included in the Indenture and summarized in "*Description of the notes—Security*," as applied in good faith by the Issuer;
- "**Clearstream**" means Clearstream Banking S.A., or any successor thereof;
- "**Collateral**" has the meaning set forth in "*Summary—The offering—Security*;"
- "**EEA**" means the European Economic Area;
- "**EU**" means the European Union as of the Issue Date;
- "**euro**," "**€**" or "**EUR**" refers to the single currency of the Member States of the EU participating in the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
- "**Euroclear**" means Euroclear Bank SA/NV or any successor thereof;
- "**Exchange**" means the Luxembourg Stock Exchange;
- "**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended;
- "**Existing Revolving Credit Facility**" means the multi-currency revolving credit facility in an aggregate principal amount of €120.0 million, made available under the Existing Senior Facilities Agreement;
- "**Existing Proceeds Loan**" means the intercompany loan in an initial amount of €9.4 million, made available by the Issuer to Kiloutou S.A.S.U. on February 15, 2018, which is described in more detail under "*Description of certain financing arrangements—Existing proceeds loan*";
- "**Existing Senior Facilities**" means, together, the Existing Senior Term Loan and the Existing Revolving Credit Facility, which will be repaid in full with proceeds of the Offering;
- "**Existing Senior Facilities Agreement**" means the senior facilities agreement, dated as of February 15, 2018, among, *inter alios*, Kapla Holding S.A.S., as original borrower and original guarantor, BNP Paribas, as facility agent and security agent, BNP Paribas, Natixis and Société Générale Corporate and Investment Banking, as arrangers, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time;
- "**Existing Senior Term Loan**" means the Facility B term loan in an aggregate principal amount of €820.0 million, made available under the Existing Senior Facilities Agreement;
- "**Fixed Rate Notes**" refers to the €460.0 million aggregate principal amount of the Issuer's 3.375% senior secured fixed rate notes due 2026 to be issued under the Indenture;
- "**Floating Rate Notes**" refers to the €400.0 million aggregate principal amount of the Issuer's senior secured floating rate notes due 2026 to be issued under the Indenture;
- "**French GAAP**" means generally accepted accounting principles in France;
- "**Guarantors**" means Kiloutou S.A.S.U. and Kiloutou Module S.A.S.U.;
- "**IFRS**" means the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the EU;

- "**Indenture**" means the indenture governing the Notes, to be dated the Issue Date, among, *inter alios*, the Issuer, the Guarantors, the Trustee and the Security Agent, as amended, restated or otherwise modified or varied from time to time;

- "**Initial Purchasers**" means, collectively, J.P. Morgan Securities plc, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Natixis and Société Générale;

- "**Intercreditor Agreement**" means the Intercreditor Agreement, to be dated on or about the Issue Date, among, *inter alios*, the Issuer, the Trustee, the agent under the New Revolving Credit Facility Agreement and the Security Agent, as further described in "*Description of certain financing arrangements—Intercreditor agreement*;"

- "**Issue Date**" means December 12, 2019;

- "**Member State**" means a member state of the EEA;

- "**New Proceeds Loan**" means the intercompany loan in the amount of approximately €462.5 million to be made available on or around the Issue Date by the Issuer to Kiloutou S.A.S.U., which is described in more detail under "*Description of certain financing arrangements—New proceeds loan*;"

- "**New Revolving Credit Facility**" refers to the super senior €120.0 million revolving credit facility established under the New Revolving Credit Facility Agreement, which is described in more detail under "*Description of certain financing arrangements—New revolving credit facility agreement*;"

- "**New Revolving Credit Facility Agreement**" refers to the revolving facility agreement, to be dated on or about the Issue Date, among, *inter alios*, the Issuer, as parent, original guarantor and original borrower, BNP Paribas, as agent and security agent, Banque CIC Nord-Ouest, Banque Européenne du Crédit Mutuel, BNP Paribas, Crédit Industriel et Commercial, Crédit Lyonnais, J.P. Morgan Securities plc, Natixis and Société Générale, as mandated lead arrangers and the original lenders listed therein governing the New Revolving Credit Facility, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time;

- "**Notes**" refers, collectively, to the Floating Rate Notes and the Fixed Rate Notes;

- "**Notes Guarantees**" means the guarantees of the Notes by the Guarantors;

- "**Offering**" means the offering of the Notes and the Notes Guarantees pursuant to this offering memorandum;

- "**Proceeds Loans**" means, collectively, the Existing Proceeds Loan and the New Proceeds Loan;

- "**SEC**" means the U.S. Securities and Exchange Commission;

- "**Securities Act**" means the U.S. Securities Act of 1933, as amended;

- "**Security Agent**" means BNP Paribas, as security agent under the Indenture, the New Revolving Credit Facility Agreement and the Intercreditor Agreement;

- "**Security Documents**" has the meaning set forth in "*Description of the notes—Certain definitions*;"

- "**Sponsors**" means (i) HLDI, a holding company controlled by Dentressangle S.A.S., and its affiliates, and (ii) HLD Europe, an investment group, and its affiliates;

- "**Transactions**" has the meaning described in "*Summary—The transactions*;"

- "**Trustee**" means BNY Mellon Corporate Trustee Services Limited, in its capacity as trustee for the holders of the Notes;

- "**United Kingdom**" or "**UK**" means the United Kingdom of Great Britain and Northern Ireland;

- "**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; and

- "**U.S. dollars**," "**dollars**," "**$**" or "**USD**" means the lawful currency of the United States.

In addition to the terms defined above, and except where the context otherwise requires, the terms "**Group**," "**we**," "**our**" and "**us**" refers to (a) prior to the Kiloutou Acquisition Completion Date, the Acquired Kiloutou Group and (b) on and after the Kiloutou Acquisition Completion Date, the New Kiloutou Group.

Exchange rate information

The table below sets forth, for the periods and dates indicated, the period end, average, high and low exchange rates, as published by Bloomberg Composite Rate (London), expressed in U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The below rates may differ from the actual rates used in the preparation of our consolidated financial statements and the other financial information appearing in this offering memorandum. Our inclusion of these exchange rates is not meant to suggest that the euro amounts actually represent such U.S. dollar amounts, or that such amounts would have converted at a particular rate, if at all.

The Bloomberg Composite Rate of the euro on December 3, 2019 was $1.1088 per €1.00.

	High	Low	Average[(1)(2)]	Period end $ per €1.00
Year				
2014	1.3925	1.2100	1.3209	1.2100
2015	1.2099	1.0492	1.1032	1.0866
2016	1.1527	1.0384	1.1034	1.0547
2017	1.2026	1.0427	1.1391	1.2022
2018	1.2492	1.1245	1.1782	1.1452
Month				
June 2019	1.1389	1.1201	1.1295	1.1359
July 2019	1.1307	1.1122	1.1214	1.1128
August 2019	1.1227	1.0988	1.1128	1.0988
September 2019	1.1076	1.0903	1.1010	1.0903
October 2019	1.1158	1.0938	1.1058	1.1146
November 2019	1.1162	1.0999	1.1047	1.1016
December 2019 (to December 3)	1.1088	1.1075	1.1082	1.1088

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year.

(2) The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

Summary

This summary highlights information from this offering memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read this offering memorandum carefully in its entirety, including the sections entitled "Management's discussion and analysis of financial condition and results of operations," "Business," "Industry," as well as our consolidated financial statements and the notes thereto included elsewhere in this offering memorandum. See the section entitled "Risk factors" for factors that you should consider before investing in the Notes and the section entitled "Forward-looking statements" for information relating to the statements contained in this offering memorandum that are not historical facts.

Overview

We are the second largest generalist equipment rental player in Europe and the second largest player in our largest market, France, based on revenue, serving the construction, civil works, craft, services, industry and events sectors. We have a significant European presence serving over 300,000 clients across five countries (France, Poland, Italy, Spain and Germany). As of September 30, 2019, we had a network of 519 branches offering a rental fleet that comprises approximately 250,000 tools and pieces of equipment (excluding accessories) of approximately 1,000 different types. In the twelve months ended September 30, 2019, we generated revenue of €729.4 million and EBITDA of € 240.3 million.

We started our business with a focus on tools and light equipment. Over time, we have grown this offering and diversified our offering to provide a wide array of complementary heavy equipment as well as value-adding services, creating a one-stop-shop for both professional customers (business-to-business) and individuals (business-to-consumer) looking for solutions for a variety of projects and construction works.

We report our revenue in two segments: Rental and Services. For the twelve months ended September 30, 2019, €515.9 million, or 70.7%, of our revenue was derived from our Rental segment and €213.5 million, or 29.3%, was derived from our Services segment.

- **Rental segment.** We rent both heavy and light equipment and tools to a diversified client base including construction and civil work companies, craftsmen, public entities, industrial companies, events companies and, to a lesser extent, individuals. Our Rental segment consists of two business lines in France: Generalist and Specialist. Our French Generalist business line includes our core equipment rental activities. We offer one of the largest catalogues of rental equipment across four product categories: Tools and Light Equipment, Earthmoving, Access and Utility Vehicles, which accounted for 35%, 32%, 21% and 6%, respectively, of our French Rental segment *pro forma* revenue in the year ended December 31, 2018. Our French Specialist business line, which accounted for 6% of our French Rental segment *pro forma* revenue in the year ended December 31, 2018, comprises three product categories: Power, Module and Events.

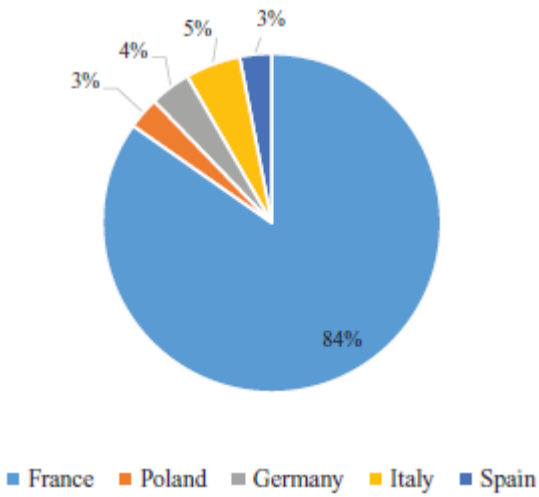
- **Services segment.** We offer services that are directly associated with our Rental segment activities, as well as other services that cater to our clients' requirements. Our Services segment includes the following activities: transportation and delivery of equipment, sale of consumables (such as ancillary products that are fitted to equipment we rent, as well as cross-sales of other products, such as diamond blades and sandpaper, safety equipment and oil) and spare parts adapted to our equipment rental offering, sale of insurance policies offered to customers in connection with our rental agreements, cleaning and repair services for the maintenance of our equipment, fuel for equipment and vehicles, client trainings and various other activities such as the sale of products or subrental of equipment. Our two largest Services categories, Transportation and Delivery and Consumables, accounted for 38% and 27%, respectively, of revenue within our Services segment for the twelve months ended September 30, 2019.

Historically located in Lille, we have progressively expanded our reach into key industrial and populated areas in France, building a dense network of 445 branches covering all key regions as of September 30, 2019. We also began expanding our business internationally in 2014 with the acquisition of two companies in Poland. As of September 30, 2019, we had 74 branches in Poland, Italy, Spain and Germany.

We believe that our dense network in France contributes to strong branch visibility and, ultimately, to strong brand recognition. Our business model is based on a decentralized approach that allows our clusters to have a high degree of autonomy and responsibility. Cluster and branch managers have a solid knowledge of their local markets and are in a strong position to build long-lasting relationships with local clients, which we believe enable them to react quickly, efficiently and precisely to their specific geographic markets. We intend to apply the same business model to the other countries in which we operate as we expand our international network.

The chart below shows our total revenue by geography for the twelve months ended September 30, 2019.

Total revenue by geography
for the twelve months ended September 30, 2019



We own the second largest equipment rental fleet in Europe in terms of gross book value, with a gross book value of €1.3 billion as of September 30, 2019. In recent years, we have heavily invested in our operations to modernize our equipment fleet and improve our service offering, which we believe positions us well to capture future market growth, driven by increasing customer preference for renting rather than owning equipment, as well as increasing our favorable penetration rates in our geographic markets. As of September 30, 2019, our young equipment fleet within our French Generalist business line had an estimated weighted average age of 4.6 years (compared to 5.3 years in 2016) and an estimated weighted average useful life of over ten years. Offering a relatively new fleet allows us not only to provide our clients with modern and well-functioning equipment but also to better manage our repair and maintenance costs. We believe that the high quality of our equipment fleet is highly regarded by our clients.

Through both bolt-on acquisitions and organic growth, we continue to expand and diversify our offering from our core rental equipment activities into new specialist markets. Our Power, Module and Events business lines are fully integrated with our operations, including with respect to products and services offered through our network of branches, logistics and fleet management, and customer care services, which enables us to increase and diversify our client base.

We also invest in innovative solutions to accommodate our clients' changing needs, which cannot be easily replicated by smaller competitors. For example, we recently launched our drones offering, which includes the rental of unmanned aerial vehicles and related equipment, such as drones and drone sensors, together with ancillary services, such as piloting. Our drone solutions provide: (i) photos and videos that can be used in inspecting, monitoring and promoting projects, (ii) aerial thermography, (iii) topographic surveying, (iv) panoramic imaging for the installation, modification or maintenance of antennas and masts in the telecom industry, (v) thermographic imaging to assess defaults and anomalies in photovoltaic panels and (vi) 3-D modelling. Other recently launched innovative offerings include our offering of connected and intelligent KARE safety vests, which are designed to avoid collisions of pedestrian employees and machines and for which we have received the 2019 Mat D'Or innovation award in the category "equipment and tools", as well as industrial exo- and ergo-skeleton, which are pieces of equipment that operators wear that allow them to lift and carry heavy objects.

We believe that the size and density of our network, our large and well-diversified customer base and the quality of our fleet constitute key competitive advantages that enable us to gain market share and increase the efficiency of our operations, as well as to secure repeat business. These competitive advantages and the attractive underlying fundamentals of the equipment rental industry have enabled us to deliver strong financial performance historically, with our revenue growing at a compound annual growth rate ("**CAGR**") of 10.5% between 2005 and 2018.

Our competitive strengths

We believe that we have a number of core competitive strengths that enable us to compete effectively in our market, which are discussed further below.

Leading pan-European equipment rental provider with established positioning in core markets

We are the second largest player operating in the European generalist rental equipment market (based on rental revenue), with a network of 519 branches across five countries as of September 30, 2019. We have established our leading position in the European market by developing and expanding our network both organically and through a series of successful bolt-on acquisitions, while cultivating a well-recognized brand that is known for strong market and technical expertise and building a large, high-quality fleet. We are also recognized for the quality of our equipment and services, our prices, product availability, network and proximity to and knowledge of our customers. As a result, we have consistently increased our revenue market share in France over the past decade, from 10.5% in 2008 to 16.0% in 2018. We believe our fleet of approximately 250,000 tools and pieces of equipment (excluding accessories) is the second largest in the European market in terms of gross book value, with a gross book value of €1.3 billion as of September 30, 2019.

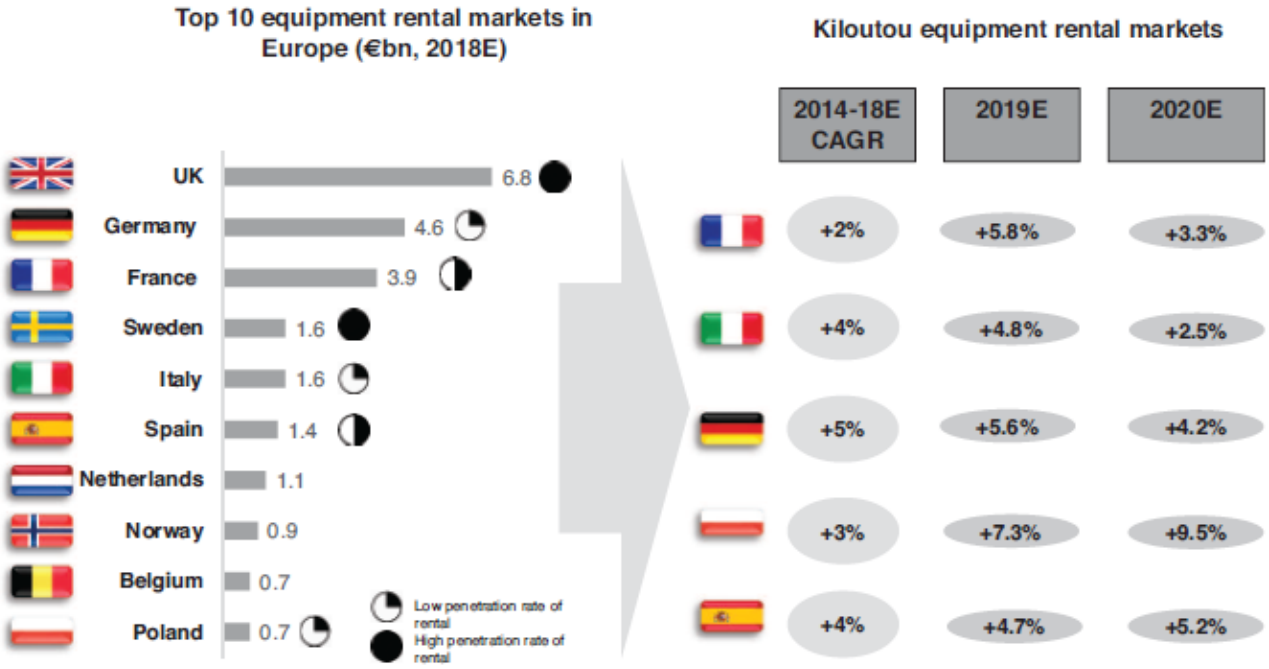
In France, which is our largest market, we are the second largest player (based on rental revenue), with a dense network of 445 branches as of September 30, 2019. We are one of only two players with a national presence, with all other players competing at a regional level. We are seven times larger than the third player in the industry (based on rental revenue), with none of the smaller players holding more than approximately 2% of market share as of 2018. We benefit from the highest brand awareness in the French construction industry (both in terms "Top of Mind" and "Spontaneous" recognition), based on the number of professionals that cited Kiloutou in a survey of approximately 700 equipment rental consumers (both legal entities and individuals) conducted by a third-party consultant in April 2015.

We are also among the top five players in Poland, Italy and Spain and have a significant presence in Germany, where we currently primarily offer Access products. Since 2014, we have significantly expanded our international footprint with a combination of organic development and opportunistic, value-accretive acquisitions. As of September 30, 2019, we operated 74 branches in Europe outside of France. We have leveraged the know-how we have cultivated from our extensive experience in France to build a strong presence in our other markets. As a result, we have achieved significant recognition for our equipment and service quality across our markets.

Favorable market conditions supporting long-term organic growth

We expect to benefit from the positive medium-term outlook of the European equipment rental market as well as the larger European construction market, which is a key driver of business for us. According to the ERA, the total size of the European equipment rental market (defined as total rental revenue, including rental-related revenue, merchandise and sale of used equipment) was €26.0 billion in 2018, with overall growth of 4.4% in 2018.

Our five geographic markets were among the top ten equipment rental markets in Europe and are expected to grow in the medium term, as illustrated in the chart below.



Source: ERA 2019 Market Report.

In France, which accounted for 84% of our revenue in the twelve months ended September 30, 2019, the equipment rental market value in 2018 was estimated at €3.9 billion, with 65% of rental revenue estimated to stem from demand in the construction sector. According to the ERA, the French rental industry will benefit from a good economic environment in the following years. The market in France is expected to grow at an average growth rate of 3.2% from 2019 through 2021 driven by an increase in rental volume growth (resulting from both the construction market growth and increasing rental penetration rate) as well as a steady rental price growth.

In our international markets, our investment strategy takes into account the local market conditions within a country and we sometimes opt to grow regionally rather than nationally in order to enjoy higher growth rates. We have benefitted from strong growth in both the Italian and Spanish markets in recent years despite challenging market conditions. The Spanish market was significantly impacted by the global financial crisis of 2008, which caused investments to decline steeply and accordingly the fleet age to increase substantially, which we believe creates opportunities for consolidation. We believe we are well positioned to take advantage of market grow both organically and through acquisitions in such countries.

Except for Spain, all of our geographic markets had lower penetration rates (measured as the size of the equipment rental market over construction output) than the average European rate, including countries such as the United Kingdom and Sweden, in 2018. Penetration rates for equipment rental have been increasing year over year in France and, even where penetration rates are not increasing, we believe that the comparatively low penetration rates for equipment rental in certain of the countries in which we operate creates room to capture new market share, which we anticipate will continue to provide us with growth opportunities.

In the countries where we operate, the equipment rental market has been consistently expanding and amplifying the construction and economic cycles, with stronger and longer growth periods than the construction market uptakes, and with downturns typically followed by periods of strong recovery. The equipment rental market in such countries grew at a CAGR of 5.1% from 2008 to 2018 on a revenue-weighted average base, largely exceeding the growth in gross domestic product (GDP), industrial production, construction output and civil engineering growth over the same period (CAGRs of 1.0%, (0.5%), (1.4%) and (1.8%), respectively).

We expect that this consistent increase in demand for equipment rental in our principal markets will continue in the long-term, supported by the following positive fundamental trends:

- an increase of global urbanization with 68% of the world population expected to be urban by 2050 (as opposed to 55% in 2018), according to the United Nations;

- an increasing preference for renting rather than owning equipment, as a result of customer perception that renting (i) reduces the cost for low-usage equipment (rental companies can obtain better purchase prices and resale value, better manage annual repair and maintenance costs and optimize equipment utilization rate), and (ii) optimizes the split between operational expenditures and capital expenditures by reducing the fixed costs of maintaining and replacing an equipment fleet;

- an ongoing shift towards a "sharing economy" and a more sustainable and environmentally friendly business model (renting improves cost-effectiveness and operational flexibility while minimizing waste, financial risks and entry barriers by reducing operational complexity (e.g., a reduced fleet size demands fewer procurement, maintenance, logistics and asset disposal activities));

- the use of digital technology by rental companies, which promotes an increase in sales by enhancing the speed and quality of the customer journey and automating order requests (e.g., with the use of Internet of Things technologies);

- a shortage of skilled technicians to repair and maintain equipment, which favors outsourcing technical expertise for strategic activities and reduces the need for support functions linked to equipment usage; and

- increasing awareness of health safety and environment ("**HSE**") issues and related legislation and regulation, with equipment rental facilitating the fulfillment of local regulations and providing safer, well-serviced equipment.

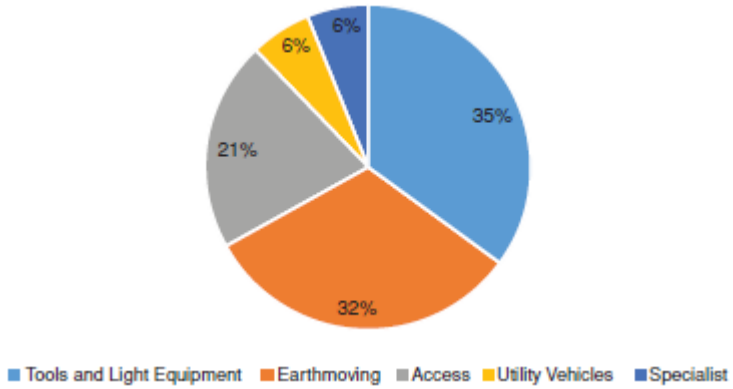
Therefore, we believe that the European equipment rental market is structurally attractive and we are well positioned to reach the untapped potential customer base in the European market and to take advantage of opportunities for business growth in the medium- and long-term.

Unique value proposition with strong competitive advantages

One-stop-shop for customers

We are a true one-stop-shop equipment rental company with a significant market presence, which allows us to lead and compete across multiple business lines and product categories and to provide a seamless and high-quality experience to our broad customer base. We give our customers access to a fleet encompassing a wide and differentiated range of both generalist and specialist equipment meeting a variety of needs for earthmoving, aerial work, handling, compaction, tools and light equipment that can be used in a variety of projects, as well as utility vehicles, energy and pumping solutions, modules and events solutions. The chart below shows our revenue breakdown by product category in France for the year ended December 31, 2018.

Product category *pro forma* revenue breakdown in France for the year ended December 31, 2018



As of September 30, 2019, we operated a fleet of approximately 250,000 tools and pieces of equipment (excluding accessories) of approximately 1,000 different types. The superior quality of our fleet is highly recognized by clients. From 2017 to September 30, 2019, we invested €506 million in our fleet and, as a result, as of September 30, 2019 we had a young fleet within our French Generalist business line with an estimated weighted average age of 4.6 years (compared to 5.3 years in 2016) and an estimated weighted average useful life of over ten years. Furthermore, we have limited equipment supplier concentration, which we believe enhances our ability to negotiate better prices when replacing or purchasing new equipment and gives us flexibility when sourcing our products.

In addition to equipment rentals, we offer high-quality value-adding services to our clients, including transportation and delivery, cleaning, repair and maintenance, as well as logistics and training. Offering multiple products and services to a diversified client base across a number of end markets creates significant cross-selling opportunities and synergies across our business lines and allow us to operate more efficiently. Our services are integral to our business model, complementing our rental offering and, we believe, increasing customer satisfaction and retention.

Our products and services are offered through our dense and capillary branch network (particularly in France) comprised of 519 branches strategically located across our five geographies as of September 30, 2019. Our network in France is spread across all departments (other than Corsica) with 445 branches organized within our 62 clusters. We carefully select the location of our branches in order to optimize our network. The density of our network helps us stay close to our clients. Given our local staff's superior knowledge of their respective markets, we trust local management with a high degree of autonomy and responsibility in their operations in order to better understand local clients' needs and respond quickly to their changing requirements.

High-quality customer service

Our customer-centric approach is critical to our commercial success and the resilience of our business model. This approach allows us to create deeper relationships with clients and develop tailored and innovative solutions (such as our recently launched drones and connected vest offerings) that meet our clients' most complex requirements, help them grow their businesses, control costs and operate more efficiently. The breadth and depth of our fleet, the density of our branches and our value-adding services give us the flexibility we need to meet our clients' evolving needs. As our clients respond to a rapidly changing environment, we in turn adapt our product portfolio and services offering, through both organic growth and targeted acquisitions. We believe that many of our professional customers consider us to be a trusted partner in their day-to-day operations, principally as a result of the wide range of products available across our fleet, our reliability and our complementary services offering.

Our focus on a superior customer service has further strengthened our brand and enhanced our ability to attract and retain customers across our broad geographic coverage. As of December 31, 2018, approximately 74% of our revenue derived from recurring clients. We monitor our clients' satisfaction by conducting monthly surveys with approximately 1,500 customers. Our Net Promoter Score (i.e., the difference between the share of satisfied promoters (satisfaction grade between nine and ten) and the share of detractors (satisfaction grade between one and six)) consistently grew over the past three years (from 30.3% in 2016 to 36.2% in October 2019).

Best-in-class fleet management

Our business model also relies on our best-in-class fleet management capabilities. The high quality of our fleet, combined with our approach to fleet management, is a core part of providing a superior customer experience and maintaining our profitability. Our focus on preventive and regular equipment maintenance, which is conducted by our highly skilled team of technicians, allows us to improve the utilization rates of our products and better manage capital expenditure levels dedicated for the maintenance or expansion of our fleet, while also ensuring client safety. Our fleet management capabilities are in addition to our superior logistics know-how which, supported by our dense and capillary branch network, ensures timely delivery to our customers.

Furthermore, we are able to maximize the resale value of our products (i.e., sale price divided by purchase price) by keeping a young fleet and using a dedicated resale platform. Our fleet management have ensured an average resale value growth of 25% since 2015 (consistently increasing from 22% in 2015 to 28% in 2018), while also reducing our maintenance costs (as a percentage of rental revenue) from 11.5% in 2016 to 10.6% in the twelve months ended September 30, 2019.

Digital pioneer and optimized IT system

We believe that digital technology is and will increasingly be a key driver of success in our market and we therefore invest heavily in our digital capabilities. Over the years, we have been at the forefront of the digital offering of equipment rental in Europe, developing reliable, versatile and efficient in-house technology platforms that support our products and services. We were one of the first companies to offer online equipment rental through our website, which we launched in 2000, as well as an e-learning platform, which we launched in 2004. We focus on maintaining the quality and flexibility of our overall network through an optimized IT system, detailed reporting tools that allow for information sharing and internal benchmarking, as well as a revenue management program.

Digitalization and an optimized IT system create synergies between external and internal efficiencies. Our award-winning, user-friendly website and app receive more than 6.6 million visitors on a twelve-month rolling basis in the aggregate and provide clients with an integrated online booking system (through which more than 39,000 online bookings are made per year), as well as the ability to contact our representatives for any queries, which are critical to ensuring a quicker and more efficient customer experience and therefore to improving our sales. In addition, our digital and IT capabilities create internal operational efficiencies. We rely on several integrated enterprise resource planning ("**ERP**") systems that support numerous aspects of our operations. In particular, these systems enable us to efficiently manage our fleet (we believe approximately 50% of our Earthmoving and Access fleet is connected) by providing us with real-time availability data to inform speedy deployment of equipment between clusters and branches, thus maximizing our utilization rates and further reinforcing the flexibility of our business model.

Disciplined M&A strategy

The European equipment rental market is highly fragmented, with the top ten players holding approximately 26% of market share and the remaining share divided among more than 15,000 small- and medium-sized rental companies. This fragmentation offers significant opportunities for consolidation through M&A activity, which is a key part of our strategy. We use our extensive familiarity with the markets we serve to anticipate customer needs and respond to new market opportunities, both in terms of new products and geographies, through additional M&A activity.

We have particularly focused our M&A strategy in recent years on consolidation through small, accretive acquisitions and expansion beyond our French network. From 2010 to 2018, we completed 33 acquisitions which generated cumulative sales of €289.0 million and cumulative EBITDA of €95.0 million. Our business model enables us to leverage our position to optimize the purchase price paid for such acquisitions while using our acquired network to generate synergies and benefits of scale.

We believe that our acquisition track record, including our ability to integrate companies of different sizes, has established us as an attractive consolidation platform and has helped to strengthen our market leadership by achieving scale. The success of our international expansion demonstrates our strong ability to enter into new markets through acquisitions. For further details about our recent acquisitions, see "*Business—History and development*."

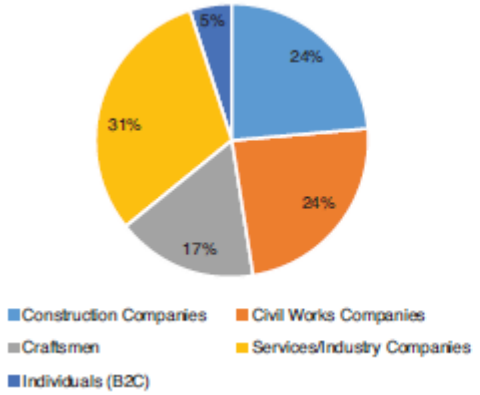
Diversified exposure across clients, segments and geographies with limited customer concentration

The breadth of our fleet of generalist and specialist equipment gives us a well-balanced exposure to different industry segments and end markets, including construction, infrastructure, civil engineering and industrial companies. Our high exposure to Tools and Light Equipment (which represented 35% of our illustrative *pro forma* revenue in France for the year ended December 31, 2018) provides us with a diversified client end-base and helps attenuate our exposure to seasonality (in particular, in the construction industry).

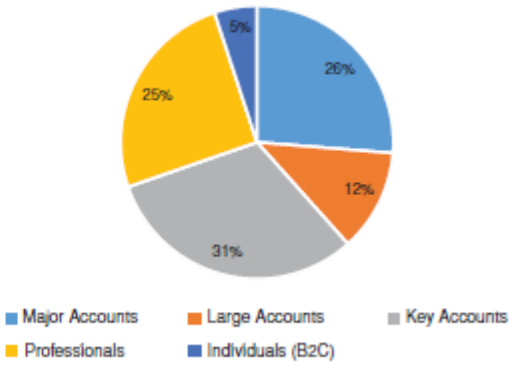
In addition to our core equipment rental activities, a significant share of our revenue is generated from our Services segment. Services consistently account for approximately 30% of our revenue. Some of our services are offered and provided directly in connection with equipment rental, providing key support for such activities and contributing to their profitability. Other services such as subrentals, sale of products and training can be engaged independently from our core activities and therefore provide a distinct source of revenue. We believe that our services are a key differentiating factor of our business, increasing customer satisfaction and retention and contributing to a more diversified revenue base.

We serve over 300,000 clients across our businesses. In the year ended December 31, 2018, 95% of our illustrative *pro forma* revenue from our generalist subsidiaries in France was from companies (business to business). Our customer base is highly diversified, including customers of different sizes and operating in various sectors, from large construction and industrial groups to small businesses and craftsmen, as illustrated in the following charts.

French generalist *pro forma* revenue breakdown by client end market for the year ended December 31, 2018



French generalist *pro forma* revenue breakdown by client size for the year ended December 31, 2018

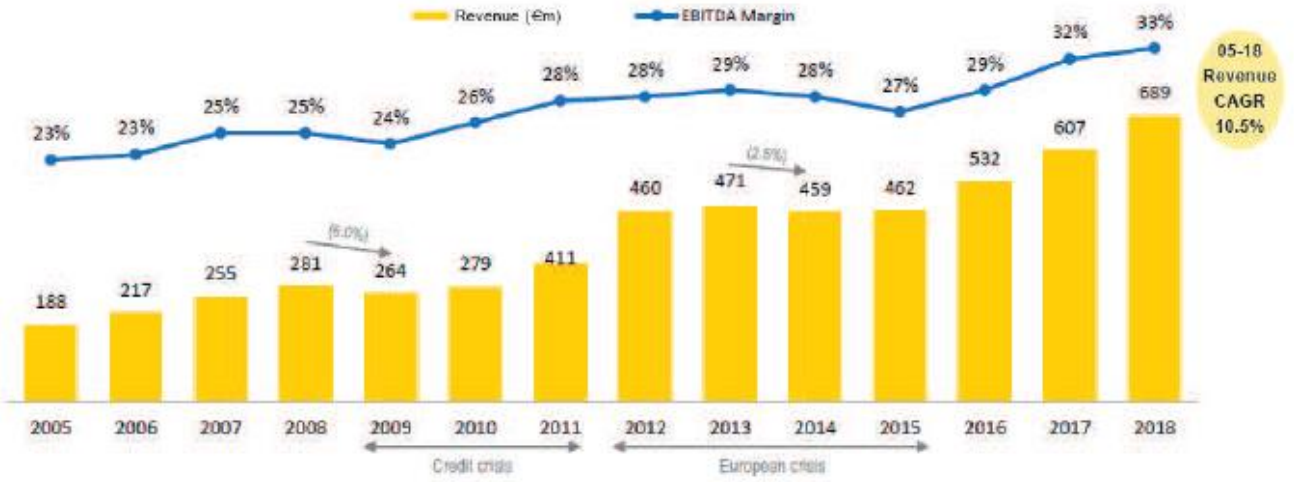


In France, our customer concentration risk is relatively low. In the year ended December 31, 2018, Kiloutou S.A.S.U.'s top ten customers accounted for 27% of Kiloutou S.A.S.U.'s *pro forma* revenue and our largest client represented less than 11% of Kiloutou S.A.S.U.'s *pro forma* revenue. For more information about our customer base, see "*Business—Customers*."

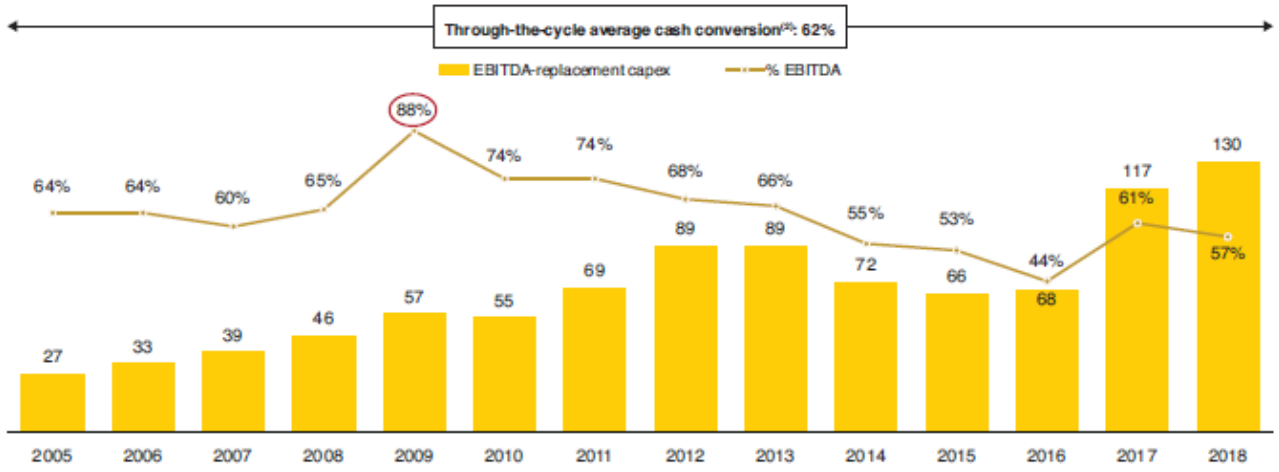
In recent years, we have broadened our international footprint significantly, building a strong presence in four European countries in addition to France and reducing our exposure to the French market, which dropped to 84% of our total revenue for the twelve months ended September 30, 2019 from 91% for the year ended December 31, 2017. We intend to continue pursuing new businesses internationally in order to further diversify our revenue streams.

Resilient financial profile with proven track record of growth, profitability and cash generation through-the-cycle

We believe that our ability to manage our operating costs and our fleet in line with market conditions is a competitive advantage that has contributed to steady top-line and profit growth. We have demonstrated our ability to grow our business through a combination of organic growth, accretive acquisitions and tight cost control, while remaining resilient through slower economic cycles. From 2005 to 2018, our revenue grew at a CAGR of 10.5% and we maintained EBITDA margins above 22.5%, with average cash conversion of 62%. As a result of cost optimization initiatives, better fixed cost absorption, improved staff productivity and network optimization, we have been able to expand our EBITDA margin by seven points since 2010. The charts below illustrate our total revenue and EBITDA margin growth and our cash conversion from the year ended December 31, 2005 to the year ended December 31, 2018.



Cash conversion (€ millions)[1]



(1) We define cash conversion as EBITDA plus add-back of non-cash costs in EBITDA, less replacement capital expenditures (fleet and others).

(2) Cash conversion as a percentage of EBITDA.

We manage our capital expenditure based on our market expectations. In a growth cycle, we invest in our rental fleet to enhance our product offering and expand into new products and markets. In a downturn, we can rapidly reduce capital expenditures and postpone investments, streamline our branch network, right-size our fleet and pay down debt with our cash flows, as needed. We have no long-term engagements in respect of capital expenditures and make investment decisions on a regular, short-term basis. As a result, we are generally able to quickly adjust our level of fleet investment to respond to market fluctuations. For example, when faced with more challenging market conditions in 2009 following the onset of the global financial crisis, we were able to significantly and quickly reduce investments in our fleet to 3.4% of our revenue in 2009, from 22% in 2008. The largely countercyclical nature of our cash flow generation driven by discretionary capital expenditure requirements contributes to the overall resilience of our business model throughout economic cycles.

Highly experienced management team with a strong track record of growth and supported by long-term investors

We have a strong management team with extensive experience and know-how in the equipment rental industry and a track record of operational excellence, which we believe is necessary to successfully develop and expand our business. Our key management team consists of 29 individuals who have an average of approximately 14 years of industry experience. Our management team is led by Olivier Colleau and Jan-Luc Ambre, who have been part of our team since 2009 and 2003, respectively. Under their leadership, our management team has successfully delivered organic and M&A-based growth, as well as business diversification and professionalization and operational improvements, despite challenging business cycles. Since 2010, we have been expanding internationally, bringing our value proposition to four other European countries beyond France, and have nearly doubled our total number of branches (from 271 on

December 31, 2010 to 519 on September 30, 2019). As a result, between December 31, 2010 and September 30, 2019 our revenue grew at a CAGR of 11% (from €279.0 million in December 31, 2010 to €729.4 million in the twelve months ended September 30, 2019) and our EBITDA margin grew 6.5 points (from 26.4% in December 31, 2010 to 32.9% in the twelve months ended September 30, 2019). The long tenure of our top management has enabled us to build strong relationships and personal ties at all levels of our industry, which we believe gives us a competitive advantage that few of our competitors can rival. Furthermore, our senior management is supported by regional and cluster managers who are empowered to foster local market knowledge while keeping bureaucratic processes at a minimum. We believe that our management structure encourages strong commitment and entrepreneurial spirit across our Group. See "*Management*."

Our seasoned management team has the full support of, and is fully aligned with, our principal shareholders to leverage our strengths and build our presence as an industry leader. In particular, the Sponsors prudent long-term capital investors, contribute additional expertise and act as a sounding board for our senior management. Our ownership structure also includes management and employees and significant employee shareholdings is combined with a high share of variable compensation based on cluster performance, which we believe ensures alignment of interests and cooperation by our employees. We believe that our current management team and ownership structure will allow us to continue attracting and retaining the industry's top talent, further driving profitable growth. See "*Principal shareholders*." We believe our unique and recognized corporate culture is a key factor in attracting and retaining talent as well as fostering a positive and inclusive work environment for all.

Our strategy

We aim to continue strengthening our position in France and Europe by implementing the key strategies set forth below.

Expand our international footprint by strengthening our position in our existing geographic markets and selectively entering new geographic markets

We intend to further strengthen and expand our international operations and to selectively enter new markets. With 74 branches across four countries outside of France as of September 30, 2019, we already operate a sizeable international business. We believe that, over time, there is the potential to continue our successful international expansion strategy. In some of the countries in which we operate, such as Germany and Spain, our existing network does not currently address several regions where we believe there is strong potential and, as a result, we believe there are opportunities to grow profitably in those regions. Our management team identifies sites based on demographics, proximity to locations of our existing branches, availability of suitable space, local economic conditions and other factors that we believe are relevant to the successful expansion of our network and which should enable us to capitalize on the increased traffic and volumes of our new branches. We believe that our new branches will benefit from our strong brand awareness and existing marketing campaigns, and consequently should require only limited incremental marketing support.

Furthermore, our offering in some of these countries is not as comprehensive as in France. For example, our business is Germany largely relies on the rental of equipment within our Access product category. Additionally, we do not yet offer our Specialist solutions in certain of these markets outside France. We believe that we have room to grow both by expanding our network and our product offering within our international markets, either organically or through accretive acquisitions.

As we expand our international presence, we intend to implement our decentralized operational model in all of our geographies, including rolling out our cluster management system that is built around giving a high level of autonomy to our local personnel, as is currently applied in our French network. We also seek to deploy our high-quality logistics and IT capabilities, as well as our best practices (including our safety, protection and prevention policy), to our international operations in order to create synergies and improve the quality of our services throughout our foreign markets.

Although we intend to expand our international footprint in the markets where we are already present and potentially enter new markets, as part of our disciplined M&A approach we also intend to retain flexibility as to the timing, manner and structure of any entry into new geographic or product markets and are continuously reviewing such opportunities. For example, we are in discussions regarding several acquisitions, including bolt-on acquisitions and a potential significant acquisition, of rental companies inside and outside of France. As part of our historically conservative approach to leverage, any such acquisition is expected to be financed with a combination of cash, new shareholder contributions and/or debt.

Continue to consolidate our French market share

The French equipment rental market is highly fragmented, with only two players competing at a national level who, when taken together, held approximately 38% of market share in 2018. The remainder of market share was distributed among regional players, none of whom held more than approximately 2% of market share. The fragmentation in the French equipment rental market benefits companies with large, strategically coherent and integrated businesses like ours. We intend to take advantage of this fragmentation in order to pursue both organically and through bolt-on acquisitions, which are a key part of our strategy.

Investing in our products and capabilities will remain a strategic priority for us and we believe this will set us up for long-term success. We have accumulated significant expertise in developing an innovative products and services offering, as exemplified by our recently launched drones and connected vest offerings. We intend to focus on diversifying our Specialist business line and to continue launching innovative products and services in order to anticipate changes in our industry and meet client demand.

In addition, we intend to continue pursuing our successful track record of acquisitions based on clearly defined target selection criteria and a disciplined approach. We believe that fragmentation in our key markets will continue to allow us to complete acquisitions and act as a market consolidator. We actively monitor opportunities to expand and optimize our network at the local and national levels in order to maximize profitable growth. Our future acquisition strategy will focus on seeking accretive acquisition targets in order to complement our organic growth, strengthen our leading market positions, optimize our network and develop synergies in our fleet management, as well as diversify our product offering by moving into new product markets (in particular in the Specialist business line). Our acquisition strategy is supported by our high level of brand awareness, our extensive know-how of local markets and our ability to anticipate customer needs and new market opportunities. Our business model enables us to leverage our position to optimize the purchase price paid for such acquisitions while profiting from benefits of scale.

Successful integration of acquisitions is key to our strategy and we believe that we are well positioned to integrate any future acquired companies smoothly and profitably. We work closely with the management of acquired companies to understand the nuances of their operations and local markets and draw from our own expertise and familiarity with the equipment rental markets to optimize equipment offerings and adjust branch locations as needed in order to anticipate and meet the needs of each market we serve. We expect to draw on our recent experience integrating acquired companies in order to achieve similar success and efficiency in integrating future acquisitions for continued success across all of our markets.

Continue to offer our advanced "one stop shop" client experience and strengthen our value-adding services

We believe that we have a large, diversified and loyal customer base primarily due to the high quality of our broad product portfolio and value-adding service offering. In order to continue providing a compelling value proposition to our customers and attract new clients, we intend to maintain our focus on ensuring a consistently high-quality one-stop-shop customer experience across our network. This includes continuing to introduce innovative offerings to meet clients' evolving demands, diversifying our fleet in order to offer a broader catalogue, including environmentally friendly products, and improving our digital capabilities in order to further enhance our brand awareness and customer loyalty rates. We also intend to expand our value-adding services, which generate a significant share of our revenue and create cross-selling opportunities with our equipment rental activities. Cross-selling is at the heart of our strategy and we intend to continue leveraging our one-stop-shop business model to further increase our share of clients' total spend.

We believe that our professional and friendly personnel with superior knowledge of their local markets and our engaged approach to customer service are critical to maintaining our customers' loyalty and expanding our embedded customer base. We continually strive to improve our employee performance and training in order to enhance customer satisfaction as well as to attract and retain emerging management talent.

Improvement of our existing network efficiencies

Since our founding in 1980, we have continuously expanded our network and over time we have developed extensive territorial coverage in France and a reputation for operational excellence among customers. In order to operate efficiently, we provide a high level of autonomy to our local staff in making business decisions, developing budgets and managing fleet availability within their clusters and branches, as applicable, while maintaining centralized IT systems to support our operations, including to monitor our fleet, customer service and logistics capabilities. Although we believe that we already benefit from a highly efficient network with strong logistics know-how that allows us to efficiently manage transportation costs and optimize the utilization rate of our equipment, we believe we can leverage digital technologies to improve and expedite the customer experience and therefore increase our sales, as well as to enhance the efficiency of our internal operations. We intend to continue enhancing the efficiency of our network through strategic site

openings and consolidation, as applicable, and improvement of our technology capabilities, including with the use of Internet of Things technologies for fleet tracking purposes.

Maintain our commitment to safety, quality, responsibility and sustainability

The safety of our employees and clients is of critical importance to us. Product safety and public perception that our products are of good quality, safe and healthy are essential to our reputation and brand and are therefore a top priority. We work to make construction practices safer. For years we have developed a strategy around communication, feedback, risk analysis, training and management practices supporting prevention, including initiatives with suppliers and clients, in order to achieve our goal of minimizing accidents. As part of our strategy to minimize risks, we own a young fleet of carefully selected high-quality equipment. We conduct regular audits of our fleet in order to ensure the products we rent are fully functional and safe to operate. We apply stringent standards as part of our quality assurance system and have a dedicated team that monitors the safety and quality of our products and compliance with legal requirements and our internal policies. We provide safety-related trainings for our employees at the branch level and our customers, including training dedicated to risk prevention. We also share safety information with the public through our Wikimat platform and YouTube channel. In 2017, we joined the International Powered Access Federation, whose main objective is to promote the safe and effective use of powered access equipment. This international organization plays a major role in the advancement of a large number of design, security, and testing procedures. Additionally, we hold ISO 9001 and MASE certifications, which recognize our policies to reduce the risk of accidents, comply with legislation and improve safety and working conditions. We also seek feedback from our customers about their experience using our equipment so that we can adjust our offerings to provide what will be most safe, reliable and adaptable to our customers' wide range of needs. Our long-standing relationships with our suppliers also position us to help our customers use equipment safely and to relay their feedback to the manufacturers so that our customers can benefit from improved machine designs.

We are also committed to promoting corporate sustainability and responsibility. In 2012, we were one of the first equipment rental players in Europe to become a member of the UN Global Compact program, the world's largest corporate sustainability initiative. We issued our first corporate social responsibility report ("*Rapport de Responsabilité Sociétale des Entreprises*") in 2016 and have released updated reports on an annual basis since 2016. This report summarizes our initiatives and results relating to customer service, safety and security, respecting the environment and corporate governance. We aim to minimize our environmental footprint and seek to achieve that by improving the quality of our fleet. For example, in 2018 we invested in natural gas powered delivery trucks in order to reduce the CO2 emissions of our transports.

As part of our commitment to corporate responsibility, we also prioritize the professional development of our employees throughout their careers. Our training center has been open to all our employees and has offered sessions to our staff since 2007 with the aim of improving key skills. Training is provided by experienced professionals from our network and covers a variety of fields including knowledge of equipment, safety, environment (waste processing, energy savings, etc.), sales skills and team management, among others. Our training center also plays a key role in the integration of new employees.

As a result of our best practices, we have received a number of awards for and recognitions of our corporate social responsibility. For example, we obtained a EcoVadis 2019 Gold level certificate, being ranked in the top 5% of companies noted for their corporate social responsibility, and standing out with our environmental actions and health, safety and prevention policy. Furthermore, we received the first European prize for Sustainable Development in rentals from the ERA in 2016, and the *Prix RSE Alliance* (businesses with over 500 employees) in 2015, which recognized our actions in terms of corporate social responsibility. We have received the Top Employers Certification from the Top Employers Institute since 2014. We intend to remain at the forefront of our industry as a leader for safety, quality, responsibility and sustainability.

The transactions

The aggregate gross proceeds of the Offering will be €860.0 million. We intend to use such proceeds to (i) repay all amounts outstanding under our Existing Senior Facilities, (ii) pay costs, fees and expenses in connection with the Transactions, including underwriting commissions and fees for legal, accounting, printing, ratings advisory and other professional services and (iii) fund cash to the balance sheet.

We refer to the Offering, the use of proceeds thereof and of cash on the balance sheet as set forth in "*Use of proceeds*" and the entry into the New Revolving Credit Facility Agreement, the Intercreditor Agreement, the New Proceeds Loan and the Security Documents, as the "**Transactions**." We do not expect there to be any drawings under the New Revolving Credit Facility on the Issue Date.

Sources and uses

The estimated sources and uses of the funds necessary to consummate the Transactions are shown in the table below. Amounts included in the table below are based on estimated data as of the Issue Date and assume that the Transactions will take place on the Issue Date. Actual amounts will vary from estimated amounts depending on several factors, including the actual date on which the Transactions occur, differences from the estimates of outstanding amounts of existing indebtedness to be repaid on the Issue Date, the estimated amount of cash of the Issuer and its subsidiaries as of the Issue Date, as well as the differences between estimated and actual fees and expenses. Any increase in these amounts will be funded using cash on our balance sheet. This table should be read in conjunction with "*Capitalization*."

Sources of funds	**(€ millions)**	**Uses of funds**	**(€ millions)**
Notes offered hereby[(1)]	860.0	Repayment of the Existing Senior Facilities[(2)]	820.0
		Fees, costs and expenses[(3)]	8.0
		Cash on balance sheet	32.0
Total sources	**860.0**	**Total uses**	**860.0**

(1) Represents the aggregate gross proceeds of the Offering.

(2) Represents the estimated amount of the prepayment in full of €820.0 million in aggregate principal amount outstanding under the Existing Senior Facilities (excluding accrued interest and unpaid interest and fees), drawn under the Existing Senior Term Loan as of September 30, 2019. The Existing Revolving Credit Facility was undrawn as of September 30, 2019. The Existing Senior Term Loan bears interest at a rate per annum equal to EURIBOR (with a 0% floor) plus an initial margin of 3.5% (subject to a margin ratchet based on the level of leverage that is not currently applicable), payable at the end of each interest period (of one, three or six months), and matures on February 15, 2025. The Existing Revolving Credit Facility bears interest at a rate per annum equal to EURIBOR (with a 0% floor) (subject to a margin ratchet based on the level of leverage that is not currently applicable) plus an initial margin of 3.5%, payable at the end of each interest period (of one, three or six months), and matures on August 15, 2025.

(3) Represents estimated fees, costs and expenses incurred in connection with the Transactions, including underwriting commissions, professional fees including for legal, accounting, printing and ratings advisory services and other fees, expenses and transaction costs.

Our principal shareholders

The beneficial ownership of the share capital of the Issuer is currently as follows (in certain cases, through one or more holding entities):

- HLDI (controlled by Dentressangle SAS), HLD Europe, and other co-investors: approximately 69%;
- Management and employees: approximately 17%; and
- Mulliez family and other individuals: approximately 14%.

HLD Europe is a leading private investment firm with permanent capital and offices in Paris, Luxembourg, Milan and Zurich. HLD Europe focuses on providing European companies in all sectors with long-term support and financing. See "*Principal shareholders*."

The issuer

The Issuer was incorporated on November 16, 2017 as a *société par actions simplifiée* under the laws of France. The Issuer is registered in France under sole identification number 833 372 774 R.C.S. Lyon. The Issuer's registered office is 30 bis, rue Sainte-Hélène, 69002 Lyon, France.

Recent developments

Since September 30, 2019, we have completed two acquisitions:

- on October 1, 2019, we acquired Franche Comté Matériels, a French generalist rental company operating two branches in the area of Besançon. For the year ended December 31, 2018, Franche Comté Matériels generated revenue of €2.7 million and EBITDA of €1.5 million; and

- on October 29, 2019, we acquired Sticar, an Italian company specialized in Access operating through nine branches located in the North of Italy. For the year ended December 31, 2018, Sticar generated revenue of €14.2 million and EBITDA of €2.5 million.

Both acquisitions were funded with cash on balance sheet.

In addition, on November 21, 2019 we entered into an agreement for the acquisition of the rental business of Werner Middeke Arbeitsbühnenvermietung, an Access rental specialist in Germany. We expect closing to take place in December 2019. For the year ended December 31, 2018, Werner Middeke Arbeitsbühnenvermietung generated revenue of €5.8 million and EBITDA of €2.1 million. The acquisition of Werner Middeke Arbeitsbühnenvermietung will be funded with cash on balance sheet.

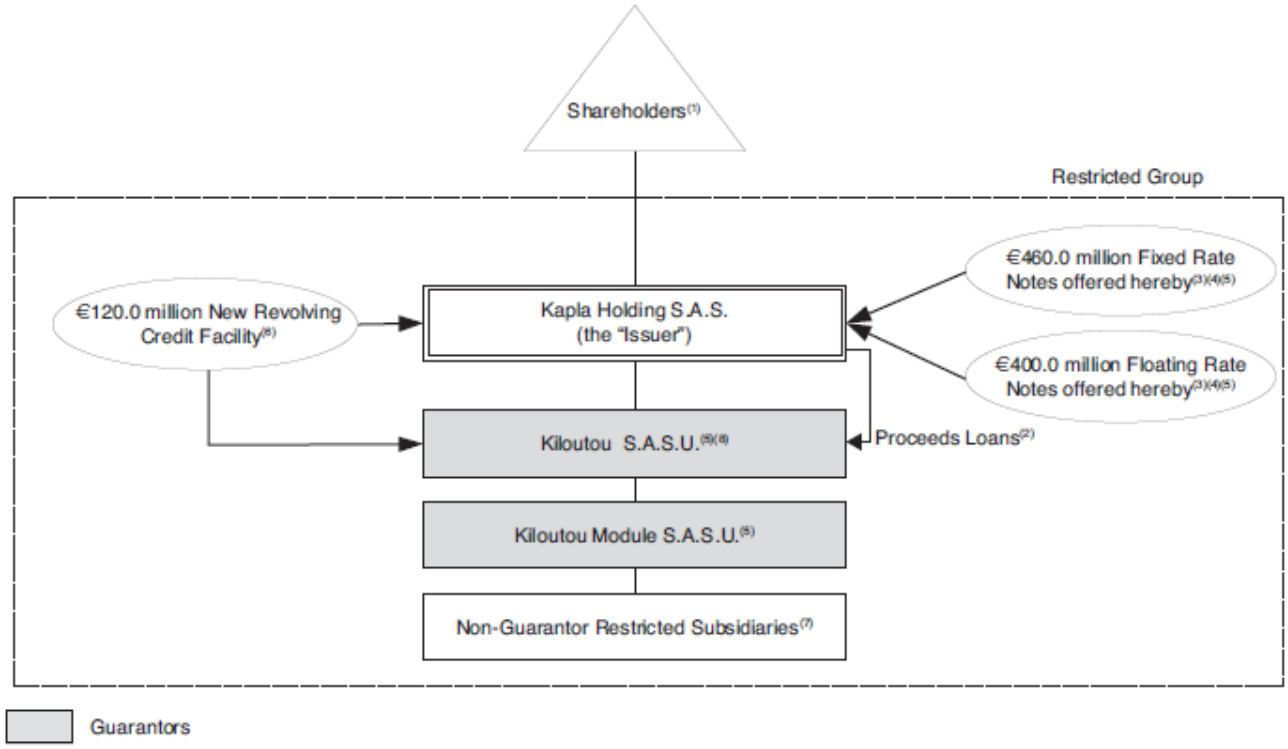
Trading update

The information below is preliminary, is based on a number of assumptions that are subject to inherent uncertainties and subject to change, is based on internal management accounts, is the responsibility of management and is subject to financial closing procedures which have not yet been completed and has not been audited, reviewed or verified. Although we believe the information to be reasonable, actual results may vary from the information contained above and such variations could be material. As such, you should not place undue reliance on this information. This information may not be indicative of the remainder of the quarter or any future period. See "Forward-looking statements" and "Risk factors" for a more complete discussion of certain of the factors that could affect our future performance.

Based on currently available information, our revenue and EBITDA for the month of October 2019 were €71.8 million and €27.5 million, respectively. In addition, our revenue and EBITDA for the period from January 1, 2019 to October 31, 2019, were €615.3 million and €203.2 million, respectively, which represented an increase of €42.8 million (or +7.5%) and €14.3 million (or +7.6%), respectively, compared to the same period in the prior year. These results are in line with current trends.

Summary corporate and financing structure

The following diagram shows a summary of our corporate and principal financing structure after giving effect to the Transactions. For a summary of debt obligations identified in this diagram, see "*Description of the notes*," "*Description of certain financing arrangements*" and "*Capitalization.*" See also "*Principal shareholders*" and "*Certain relationships and related party transactions.*"



(1) On the date of this offering memorandum, (i) the Sponsors and other co-investors own, directly or indirectly, 69% of our share capital, (ii) management and employees own 17% of our share capital and (iii) the remaining 14% of our share capital is owned by the Mulliez family and other individual investors.

(2) The Issuer's interest in the receivables owing to it as lender under the Existing Proceeds Loan will be pledged as part of the Collateral for the Notes and the New Revolving Credit Facility. On the Issue Date, a portion of the net proceeds from the Offering will be on-lent by the Issuer to Kiloutou S.A.S.U. in the form of an intercompany proceeds loan in an aggregate principal amount of €462.5 million. The New Proceeds Loan will also be pledged as part of the Collateral for the Notes and the New Revolving Credit Facility. See "*Description of certain financing arrangements—New proceeds loan*" and "*Description of certain financing arrangements—Existing proceeds loan.*"

We intend to use the gross proceeds of the Offering to (i) repay all amounts outstanding under our Existing Senior Facilities, (ii) pay costs, fees and expenses in connection with the Transactions, including underwriting commissions and fees for legal, accounting, printing, ratings advisory and other professional services and (iii) fund cash to the balance sheet. See "*Use of proceeds.*"

(3) The Notes will be secured by first-priority security interests in the Collateral on the Issue Date. See "*—The offering—Security.*"

(4) The Notes will be senior obligations of the Issuer and will rank *pari passu* in right of payment with all of the Issuer's existing and future senior indebtedness (including obligations of the Issuer under the New Revolving Credit Facility Agreement), and will rank senior in right of payment to all of the Issuer's existing and future indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will be structurally subordinated to all of the existing and future indebtedness of the Issuer's subsidiaries that do not guarantee the Notes and will be effectively subordinated to the existing and future secured indebtedness of the Issuer that is secured by property or assets that do not secure the Notes to the extent of the value of such property or assets.

(5) The Notes will be jointly and severally guaranteed on a senior basis by the Guarantors on the Issue Date. The Notes Guarantees of the Guarantors will rank *pari passu* in right of payment with the Guarantors' existing or future indebtedness that is not expressly subordinated in right of payment to the Guarantors' Notes Guarantees (including the obligations of the Guarantors under the New Revolving Credit Facility Agreement) and rank senior in right of payment to any existing or future indebtedness of the Guarantors that is subordinated in right of payment to the Notes Guarantees. The Notes Guarantees of the Guarantors will be effectively subordinated to any existing or future indebtedness of the Guarantors that is secured by property or assets that do not secure the Guarantors' Notes Guarantees, to the extent of the value of the property or assets securing such indebtedness, and be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Guarantors that do not guarantee the Notes. The validity and enforceability of the Notes Guarantees of the Guarantors will be subject to the limitations described in "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*." The Issuer and the Guarantors accounted for 81.0% of the revenue and 78.3% of the EBITDA of the Group for the twelve months ended September 30, 2019 and 79.4% of the total assets of the Group as of September 30, 2019.

(6) The New Revolving Credit Facility Agreement permits the incurrence of up to €120.0 million of revolving credit borrowings on a committed basis. The obligations of the borrowers under the New Revolving Credit Facility Agreement will be guaranteed by the Guarantors and will be secured by first-priority security interests in the Collateral. Pursuant to the terms of the Intercreditor Agreement, creditors under the New Revolving Credit Facility Agreement and certain hedging obligations, if any, will have the right to receive priority with respect to proceeds from enforcement of security over the Collateral. Any remaining proceeds received upon any enforcement action over any Collateral will be applied *pro rata* to the repayment of all obligations under the Indenture and any other senior secured indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement. See "*Description of certain financing arrangements—New revolving credit facility agreement*" and "*Description of certain financing arrangements—Intercreditor agreement*."

(7) The subsidiaries of the Issuer that will not guarantee the Notes accounted for 19.0% of the revenue and 21.7% of the EBITDA of the Group for the twelve months ended September 30, 2019 and 20.6% of the total assets of the Group as of September 30, 2019.

(8) Our finance leases are secured by liens over equipment in our fleet and generally have maturities of five years. Of the amounts drawn under finance leases as of September 30, 2019, € 213.0 million was owed by the Guarantors and €10.7 million was owed by other subsidiaries. See "*Risk factors—Risks related to our financing arrangements and the notes—The notes will be effectively subordinated to our finance leases to the extent of the value of the assets securing such obligations."*

The offering

The following summary contains basic information about the Notes, the Notes Guarantees and the Collateral. It may not contain all the information that is important to you. Certain terms and conditions described below are subject to important limitations and exceptions. For additional information regarding the Notes, the Notes Guarantees and the Collateral, see "Description of the notes" and "Description of certain financing arrangements—Intercreditor agreement."

Issuer	Kapla Holding S.A.S.
Notes Offered	
Floating Rate Notes	€400.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2026.
Fixed Rate Notes	€460.0 million aggregate principal amount of 3.375% Senior Secured Fixed Rate Notes due 2026.
Issue Date	December 12, 2019.
Issue Price	
Floating Rate Notes	100% of principal plus accrued interest, if any, from the Issue Date.
Fixed Rate Notes	100% of principal plus accrued interest, if any, from the Issue Date.
Maturity Date	December 15, 2026.
Interest Rate	
Floating Rate Notes	Three-month EURIBOR, with a 0% floor, *plus* 325 basis points per annum, reset quarterly.
Fixed Rate Notes	3.375% per annum.
Interest Payment Dates	
Floating Rate Notes	Quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on March 15, 2020. Interest on the Floating Rate Notes will accrue from the Issue Date.
Fixed Rate Notes	Semi-annually in arrears on June 15 and December 15 of each year, commencing on June 15, 2020. Interest on the Fixed Rate Notes will accrue from the Issue Date.
Form and Denomination	The Notes will be issued in global registered form in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	The Notes will: • be general senior obligations of the Issuer, secured as set forth under "—*Security*"; • rank *pari passu* in right of payment with any existing or future senior indebtedness of the Issuer, including the indebtedness of the Issuer under the New Revolving Credit Facility Agreement; • rank senior in right of payment to any existing or future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes; • be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer that do not guarantee the Notes, including their obligations to trade creditors; • be effectively subordinated to any existing or future indebtedness or obligation of the Issuer or its subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness or obligation; and • be guaranteed by the Guarantors as set forth under "—*Notes guarantees.*"
Notes Guarantees	On the Issue Date, the Notes are expected to be guaranteed (the "**Notes Guarantees**") on a senior basis by Kiloutou S.A.S.U. and Kiloutou Module S.A.S.U. (the "**Guarantors**"). The Issuer and the Guarantors accounted for 81.0% of the revenue and 78.3% of the EBITDA of the Group for the twelve months ended September 30, 2019 and 79.4% of the total assets of the Group as of September 30, 2019.

	The Notes Guarantees will be subject to the Agreed Security Principles and other certain contractual and legal limitations, and may be released under certain circumstances. See "*Risk factors—Risks related to our financing arrangements and the notes—There are circumstances other than repayment or discharge of the notes under which the collateral securing the notes and the notes guarantees will be released automatically and under which the notes guarantees will be released automatically, without your consent or the consent of the trustee,"* "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*" and "*Description of the notes—Notes guarantees—Release of notes guarantees*."
Ranking of Notes Guarantees..	The Notes Guarantees of the Guarantors will: • be general senior obligations of the Guarantors, secured as set forth under "*—Security*"; • rank *pari passu* in right of payment with the Guarantors' existing or future indebtedness that is not expressly subordinated in right of payment to the Guarantors' Notes Guarantees (including the obligations of the Guarantors under the New Revolving Credit Facility Agreement); • rank senior in right of payment to any existing or future indebtedness of the Guarantors that is subordinated in right of payment to the Notes Guarantees; • be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Guarantors that do not guarantee the Notes; and • be effectively subordinated to any existing or future indebtedness of the Guarantors that is secured by property or assets that do not secure the Guarantors' Notes Guarantees, to the extent of the value of the property or assets securing such indebtedness.
Security.....	On the Issue Date, the Notes will be secured on a first-priority basis by security interests in (i) the financial securities account opened in the name of the Issuer in the books of Kiloutou S.A.S.U., (ii) the financial securities account opened in the name of Kiloutou S.A.S.U. in the books of Kiloutou Module S.A.S.U., (iii) certain bank accounts of the Issuer and the Guarantors, and (iv) certain intra-group receivables owing to the Issuer and the Guarantors, including the Proceeds Loans (the "**Collateral**"). Subject to certain conditions, including compliance with the covenants described under "*Description of the notes—Certain covenants—Limitation on indebtedness*," "*Description of the notes—Certain covenants—Limitation on liens*" and "*Description of the notes—Certain covenants—Impairment of security interest*," the Issuer and its restricted subsidiaries will be permitted to grant security interests in the Collateral in connection with future Incurrences of Indebtedness, including additional Notes, as permitted under the Indenture and the Intercreditor Agreement. See "*Description of certain financing arrangements—Intercreditor agreement*." The Security Interests will be subject to the Agreed Security Principles and other certain contractual and legal limitations, and may be released under certain circumstances. See "*Risk factors—Risks related to our financing arrangements and the notes—There are circumstances other than repayment or discharge of the notes under which the collateral securing the notes and the notes guarantees will be released automatically and under which the notes guarantees will be released automatically, without your consent or the consent of the trustee,"* "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*" and "*Description of the notes—Security—Release of liens*." The Collateral will also secure the New Revolving Credit Facility and certain hedging obligations, if any, on an equal and ratable basis. Pursuant to the terms of the Intercreditor Agreement, creditors under the New Revolving Credit Facility Agreement and certain hedging obligations, if any, will have the right to receive priority with respect to proceeds from enforcement of security over the Collateral. See "*Description of certain financing arrangements—Intercreditor agreement."*
Use of Proceeds.....	We intend to use the gross proceeds of the Offering to (i) repay all amounts outstanding under our Existing Senior Facilities, (ii) pay costs, fees and expenses in connection with the Transactions, including underwriting commissions and fees for legal, accounting, printing, ratings advisory and other professional services and (iii) fund cash to the balance sheet. See "*Use of proceeds*."
Optional Redemption.....	
Floating Rate Notes.....	The Issuer may redeem the Floating Rate Notes:

	• at any time and from time to time prior to December 15, 2020, in whole or in part, at a redemption price equal to 100% of the principal amount of the Floating Rate Notes so redeemed, plus a "make-whole" premium as of, and accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date; and • at any time and from time to time on or after December 15, 2020, in whole or in part, at the redemption prices described under "*Description of the notes—Optional redemption—Optional redemption of floating rate notes*," plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date.
Fixed Rate Notes	The Issuer may redeem the Fixed Rate Notes: • at any time and from time to time prior to December 15, 2022, in whole or in part, at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes so redeemed, plus a "make-whole" premium as of, and accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date; • at any time and from time to time prior December 15, 2022, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Fixed Rate Notes (including any additional Fixed Rate Notes), with the net cash proceeds received by the Issuer from certain equity offerings at a redemption price equal to 103.375% of the principal amount of the Fixed Rate Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date; *provided* that not less than 50% of the original aggregate principal amount of the Fixed Rate Notes (including any additional Fixed Rate Notes) issued remains outstanding immediately thereafter; • at any time and from time to time prior to December 15, 2022, up to 10% of the original aggregate principal amount of the Fixed Rate Notes (including any additional Fixed Rate Notes) during each twelve-month period commencing with the Issue Date at a redemption price equal to 103% of the principal amount the Fixed Rate Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date; and • at any time and from time to time on or after December 15, 2022, in whole or in part, at the redemption prices described under "*Description of the notes—Optional redemption—Optional redemption of fixed rate notes*," plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date.
Additional Amounts	Any payments made by or on behalf of the Issuer or the Guarantors under or with respect to the Notes or under or with respect to the Notes Guarantees will be made without withholding or deduction for taxes unless required by law. If withholding or deduction for such taxes imposed by a relevant taxing jurisdiction is required by law with respect to a payment made by or on behalf of the Issuer or the Guarantors under or with respect to the Notes or the Notes Guarantees, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received after the withholding or deduction is not less than the amount that would have been received in the absence of such withholding or deduction. Please see "*Description of the notes—Withholding taxes*."
Tax Redemption	In the event the Issuer or the Guarantors would become obligated to pay certain additional amounts as a result of certain changes in tax laws, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date. Please see "*Description of the notes—Redemption for taxation reasons*."
Change of Control	Upon the occurrence of certain events constituting a change of control, the Issuer will be required to make an offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of repurchase. A change of control will not be deemed to have occurred on one occasion if a certain consolidated net leverage ratio is not exceeded as a result of such event. See "*Description of the notes—Change of control*."
Certain Covenants.....	The Indenture will contain covenants that restrict the ability of the Issuer and its restricted subsidiaries to:

	• incur or guarantee additional indebtedness; • make certain restricted payments and investments; • transfer or sell assets; • enter into transactions with affiliates; • create or permit to exist certain liens; • create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us; • impair the security interests in the Collateral; and • merge, consolidate or transfer all or substantially all of our assets. These covenants are subject to a number of important qualifications and exceptions. See "*Description of the notes—Certain covenants*." Certain of the covenants will be suspended if and for as long as the Notes achieve investment grade ratings. See "*Description of the notes—Certain covenants—Suspension of covenants on achievement of investment grade status*." There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.
Transfer Restrictions	The Notes and the Notes Guarantees have not been registered under the Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. See "*Notice to investors*." Holders of the Notes will not have the benefit of any exchange or registration rights.
Listing.....	Application has been made to list the Notes on the Securities Official List of the Exchange. There can be no assurance that the Notes will be listed on the Securities Official List of the Exchange or that such listing will be maintained.
No Prior Market.....	The Notes will be a new class of securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, the Initial Purchasers are not obligated to do so, and may discontinue market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Risk Factors	Investing in the Notes involves substantial risks. You should carefully consider the information under the caption "*Risk factors*" and the other information included in this offering memorandum before deciding whether to invest in the Notes.
Governing Law	The Notes, the Indenture and the Notes Guarantees will be governed by the laws of the State of New York. The Security Documents will be governed by the laws of France. The Intercreditor Agreement and New Revolving Credit Facility Agreement will be governed by English law.
Trustee.....	BNY Mellon Corporate Trustee Services Limited.
Security Agent	BNP Paribas.
Principal Paying Agent and Calculation Agent.....	The Bank of New York Mellon, London Branch.
Luxembourg Paying Agent, Registrar and Transfer Agent.....	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Listing Agent.....	The Bank of New York Mellon SA/NV, Luxembourg Branch.

Summary historical consolidated financial information and other data

The tables below set forth summary consolidated financial information as of and for the years ended December 31, 2016, 2017 and 2018 and the nine months ended September 30, 2018 and 2019. For further information on the comparability of our financial statements, see "*Presentation of financial and other information—Overview—Comparability of financial statements*."

The historical consolidated financial information contained in the following tables is derived from our Financial Statements, prepared in accordance with French GAAP.

The other financial data and financial ratios shown below are derived from our accounting records or management reporting systems and were not derived from our Financial Statements.

The illustrative *pro forma* financial information contained in the following tables is derived from:

- the condensed consolidated illustrative *pro forma* income statement of the Issuer for the year ended December 31, 2018, reflecting adjustments to the consolidated income statement of the Issuer for the year ended December 31, 2018 (as presented in the 2018 Audited Financial Statements) to give effect to (i) the addition of the results of operations of the Acquired Kiloutou Group for the period from January 1, 2018 to February 14, 2018 (i.e., the date prior to the Kiloutou Acquisition Completion Date), based on the accounting records of the Acquired Kiloutou Group, as further adjusted to harmonize the accounting rules and methods with those of the New Kiloutou Group, (ii) the depreciation of acquired customer relationship assets of the Group as part of the recurring purchase price allocation adjustments for the Kiloutou Acquisition for the period from January 1, 2018 to February 14, 2018, (iii) the financial interests resulting from the Kiloutou Acquisition Financing and (iv) related tax effects, as if each such event had occurred on January 1, 2018 (the "**2018 Illustrative *Pro Forma* Financial Information**"). The 2018 Illustrative *Pro Forma* Financial Information has been included to facilitate comparability to our historical and subsequent consolidated financial statements; and

- the consolidated illustrative *pro forma* income statement of the Issuer for the nine months ended September 30, 2018, reflecting adjustments to the consolidated income statement of the Issuer for the nine months ended September 30, 2018 (as presented in the 2019 Unaudited Interim Financial Statements) to give effect to (i) the addition of the results of operations of the Acquired Kiloutou Group for the period from January 1, 2018 to February 14, 2018 (i.e., the date prior to the Kiloutou Acquisition Completion Date), based on the accounting records of the Acquired Kiloutou Group, as further adjusted to harmonize the accounting rules and methods with those of the New Kiloutou Group, (ii) the depreciation of acquired customer relationship assets of the Group as part of the recurring purchase price allocation adjustments for the Kiloutou Acquisition for the period from January 1, 2018 to February 14, 2018, (iii) the financial interests resulting from the Kiloutou Acquisition Financing, and (iv) related tax effects, as if each such event had occurred on January 1, 2018 (the "**Nine-Month 2018 Illustrative *Pro Forma* Financial Information**"). The Nine-Month 2018 Illustrative *Pro Forma* Financial Information has been included to facilitate comparability to our historical and subsequent consolidated financial statements.

The 2018 Illustrative *Pro Forma* Financial Information and Nine-Month 2018 Illustrative *Pro Forma* Financial Information contained in this offering memorandum are not intended to, and do not, comply with the reporting requirements of the SEC, will not be subject to review by the SEC, and would not be permitted to be included in a registration statement filed with the SEC in compliance with applicable U.S. securities laws. Neither the assumptions underlying the adjustments reflected in the 2018 Illustrative *Pro Forma* Financial Information and Nine-Month 2018 Illustrative *Pro Forma* Financial Information nor the resulting adjusted financial information has been audited in accordance with any generally accepted auditing standards.

The following tables also contain various measures and ratios that are not presented in accordance with French GAAP. We present these Non-GAAP Measures because we believe that these and similar measures are widely used by certain investors as supplemental measures of performance and liquidity. Our management also believes that this information, along with comparable GAAP measures, is useful to investors because it provides a basis for measuring and comparing our operating performance across the periods presented. These Non-GAAP Measures and ratios may not accurately reflect our performance, liquidity or our ability to incur debt, have limitations as analytical tools and should not be considered as alternatives to operating profit or net profit or any other performance measures derived from or in accordance with French GAAP, IFRS, any other generally accepted accounting principles. Our Non-GAAP Measures may not be comparable to other similarly titled measures of other companies. You should compensate for these limitations by relying primarily on our financial statements and using these Non-GAAP Measures only as a supplement to evaluate our performance.

In addition, we present in the tables below certain as adjusted financial data for the Group, which is based on historical consolidated financial information of the Issuer as of or for the twelve months ended September 30, 2019, as adjusted to give effect to the Transactions, as if they had occurred on September 30, 2019 (in the case of balance sheet data), or October 1, 2018 (in the case of income statement data). The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act, the Prospectus Regulation, French GAAP, IFRS or any other generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited in accordance with IFRS or any other generally accepted auditing standards.

You should read the tables below in conjunction with "*Capitalization*," "*Selected historical financial information*," "*Management's discussion and analysis of financial condition and results of operations*," "*Use of proceeds*" and "*Presentation of financial and other information*," as well as the historical Financial Statements and related notes thereto included elsewhere in this offering memorandum.

Summary income statement data

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2016	**2017**	**2018[1]**	**2018[2]**	**2019**	**2019**
(€ millions)	**Financière Kilinvest**		**Issuer**	**Issuer**	**Issuer**	**Issuer**
			illustrative pro forma	***illustrative pro forma***		
Total revenue	532.1	606.9	688.8	502.9	543.5	729.4
Total equipment and logistics costs	(212.0)	(233.9)	(265.8)	(196.7)	(216.0)	(285.1)
Gross profit	**320.1**	**372.9**	**423.0**	**306.2**	**327.5**	**444.3**
Total payroll costs	(177.8)	(198.8)	(213.7)	(156.5)	(169.3)	(226.5)
Other operating costs	(90.9)	(97.0)	(114.2)	(84.3)	(92.6)	(122.5)
Net expense for doubtful receivables	(3.3)	(4.1)	(5.5)	(3.9)	(4.3)	(5.9)
Financial expenses	(40.0)	(42.7)	(42.0)	(30.7)	(36.3)	(47.6)
Other operating income expenses, net	0.4	0.0	(0.1)	0.1	0.1	0.1
Net income from ordinary activities	**8.6**	**30.4**	**47.4**	**31.0**	**25.0**	**41.4**
Extraordinary income (expense)	(5.4)	(2.5)	(4.5)	(4.2)	(1.1)	(1.4)
Income tax	(1.2)	(7.6)	(12.0)	(9.4)	(7.5)	(10.1)
Amortization of fair value adjustments to intangible assets	(0.1)	0.4	(14.8)	(11.4)	(11.2)	(14.6)
Net income for the period	**1.8**	**20.7**	**16.2**	**6.0**	**5.2**	**15.4**

(1) Comprises 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2018 Audited Financial Statements for further details.

(2) Comprises Nine-Month 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2019 Unaudited Interim Financial Statements for further details.

Summary balance sheet data

	As of December 31,			As of September 30,
	2016	**2017**	**2018**	**2019**
(€ millions)	**Financière Kilinvest**		**Issuer**	**Issuer**
Assets				
Goodwill	333.4	383.2	646.9	649.2
Intangible assets	161.0	162.3	478.7	466.9
Property, plant and equipment	361.7	416.9	540.1	618.9
Other financial fixed assets	3.0	3.2	2.6	3.2
Investments accounted for by the equity method	0.0	0.2	0.0	0.0
Total fixed assets	**859.1**	**965.8**	**1,668.3**	**1,738.2**
Inventories and work in progress	9.5	10.3	12.3	15.8
Customer advances and prepayments	0.4	0.4	0.5	0.6

Trade receivables	117.9	138.5	161.2	168.0
Other receivables	20.0	21.6	38.0	36.7
Marketable securities	0.0	2.2	2.0	2.0
Cash in bank and at hand	7.9	30.6	24.9	37.9
Accruals and other assets	4.8	4.5	22.3	17.2
Total current assets	**160.6**	**208.0**	**261.3**	**278.3**
Total assets	**1,019.7**	**1,173.8**	**1,929.6**	**2,016.4**
Equity and Liabilities				
Equity				
Share capital	1.2	1.2	5.1	5.1
Additional paid-in capital	125.7	125.7	484.9	484.9
Reserves and retained earnings	(40.6)	(38.8)	(1.7)	18.7
Net income attributable to owners of parent	1.8	20.7	20.5	5.2
Exchange differences	(0.7)	(0.4)	(0.0)	(0.4)
Equity attributable to owners of parent	**87.4**	**108.4**	**508.8**	**513.5**
Minority interests	0.0	0.0	0.0	0.0
Total equity	**87.4**	**108.4**	**508.8**	**513.5**
Provisions for contingencies and charges	**17.3**	**19.4**	**61.9**	**57.0**
Bonds	386.2	413.0	178.0	190.0
Convertible bonds	*356.1*	*383.0*	*178.0*	*190.0*
Other bonds	*30.1*	*30.0*	*0.0*	*0.0*
Borrowings and financial debt	404.7	471.6	994.8	1,087.0
Borrowings other than from financial institutions	2.6	2.0	2.9	1.1
Trade payables	55.0	78.7	88.5	74.6
Tax and payroll liabilities	55.3	69.1	73.5	72.8
Other payables	7.7	8.0	17.5	16.0
Accruals and other liabilities	3.4	3.4	3.9	4.3
Total liabilities	**915.0**	**1,046.0**	**1,358.9**	**1,445.9**
Total equity and liabilities	**1,019.7**	**1,173.8**	**1,929.6**	**2,016.4**

Summary cash flow statement data

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2016	**2017**	**2018[1]**	**2018[2]**	**2019**	**2019**
(€ millions)	**Financière Kilinvest**		**Issuer**	**Issuer**	**Issuer**	**Issuer**
			illustrative pro forma	***illustrative pro forma***		
Net cash from operating activities	127.3	184.9	152.8	88.4	114.9	179.3
Net cash for investing activities	(254.8)	(207.7)	(864.1)	(834.1)	(193.0)	(223.0)
Net cash from financing activities	133.5	50.6	738.2	768.6	90.9	60.5
Change in cash and cash equivalents	**5.9**	**27.7**	**27.0**	**22.9**	**12.9**	**16.8**
Cash and cash equivalents at end of the period	(6.9)	20.3	26.8	22.8	39.6	39.6

(1) Comprises 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2018 Audited Financial Statements for further details.

(2) Comprises Nine-Month 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2019 Unaudited Interim Financial Statements for further details.

Other financial and operating data

	As of or for the year ended December 31,			As of or for the nine months ended September 30,		As of or for the twelve months ended September 30,
	2016	**2017**	**2018[1]**	**2018[2]**	**2019**	**2019**
(€ millions, unless otherwise specified)	**Financière Kilinvest**		**Issuer**	**Issuer**	**Issuer**	**Issuer**

			illustrative pro forma	*illustrative pro forma*		
Revenue by Segment						
Rental revenue	373.8	427.8	490.5	359.5	384.9	515.9
Services						
Transportation and Delivery	*58.4*	*66.0*	*75.3*	*55.2*	*60.3*	*80.4*
Consumables	*49.1*	*51.9*	*53.8*	*38.7*	*42.4*	*57.5*
Insurance	*19.1*	*24.9*	*30.6*	*22.6*	*24.7*	*32.7*
Cleaning and Repair	*12.7*	*15.1*	*18.6*	*13.3*	*16.1*	*21.4*
Training	*2.0*	*2.5*	*2.9*	*2.0*	*2.3*	*3.2*
Sub-rentals	*19.8*	*20.9*	*18.9*	*13.0*	*14.3*	*20.2*
Other Services	*(2.9)*	*(2.3)*	*(1.8)*	*(1.3)*	*(1.5)*	*(2.0)*
Total Services revenue	**158.3**	**179.1**	**198.3**	**143.5**	**158.7**	**213.5**
Total revenue	**532.1**	**606.9**	**688.8**	**502.9**	**543.5**	**729.4**
Revenue by Geography						
France	501.9	551.6	593.7	437.4	459.0	615.3
France Generalist	*490.2*	*529.7*	*557.4*	*410.9*	*428.3*	*574.8*
France Specialist	*11.7*	*21.9*	*36.4*	*26.6*	*30.8*	*40.6*
Poland	14.7	17.8	23.6	16.7	17.9	24.8
Germany	13.5	15.3	23.7	15.6	22.6	30.7
Italy	0	13.4	30.4	20.9	27.9	37.4
Spain	2.0	8.8	17.3	12.2	16.0	21.1
Total revenue	**532.1**	**606.9**	**688.8**	**502.9**	**543.5**	**729.4**
EBITDA[3]	**156.1**	**191.7**	**226.7**	**162.1**	**175.7**	**240.3**
France	***144.0***	***168.1***	***188.1***	***133.8***	***141.7***	***195.9***
France Generalist	*140.0*	*160.4*	*176.1*	*124.4*	*131.5*	*183.1*
France Specialist	*4.0*	*7.8*	*12.0*	*9.4*	*10.2*	*12.8*
Poland	*4.6*	*6.6*	*8.8*	*6.0*	*6.6*	*9.4*
Germany	*7.3*	*8.4*	*10.8*	*7.8*	*8.9*	*12.0*
Italy	*—*	*6.6*	*15.0*	*10.7*	*14.2*	*18.4*
Spain	*0.2*	*2.0*	*5.1*	*3.9*	*5.0*	*6.1*
EBITDA Margin (%)[4]	**29.3**	**31.6**	**32.9**	**32.2**	**32.3**	**32.9**
France	***28.7***	***30.5***	***31.7***	***30.6***	***30.9***	***31.8***
France Generalist	*28.6*	*30.3*	*31.6*	*30.3*	*30.7*	*31.9*
France Specialist	*34.0*	*35.6*	*33.0*	*35.3*	*33.1*	*31.5*
Poland	*31.1*	*36.9*	*37.3*	*35.9*	*36.9*	*37.9*
Germany	*54.5*	*54.7*	*45.6*	*50.0*	*39.4*	*39.0*
Italy	*—*	*49.0*	*49.3*	*51.2*	*50.9*	*49.2*
Spain	*10.2*	*22.4*	*29.5*	*32.0*	*31.3*	*28.8*
Gross capital expenditures	(161.3)	(138.0)	(226.8)	(203.5)	(189.6)	(212.9)
Free cash flow[5]	(17.3)	60.8	(19.2)	(67.6)	(45.1)	3.3

	As of December 31,			As of September 30,
	2016	2017	2018	2019
Employees	4,305	4,717	5,178	5,460
France	*4,002*	*4,184*	*4,468*	*4,666*
International	*303*	*533*	*710*	*794*
Number of branches	483	505	516	519
France	*438*	*441*	*446*	*445*
International	*45*	*64*	*70*	*74*
Gross book value of equipment (€ million)	835.9	993.1	1,150.8	1,269.3

(1) Comprises 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2018 Audited Financial Statements for further details.

(2) Comprises Nine-Month 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2019 Unaudited Interim Financial Statements for further details.

(3) We define EBITDA as total net income for the period before depreciation, amortization and provisions, amortization of fair value adjustments to intangible assets, interest, income tax and extraordinary income and expenses. We present EBITDA as additional information because we believe it is helpful to investors in highlighting trends in our business. However, other companies may present EBITDA differently than we do. EBITDA is not a measure of financial performance under French GAAP and should not be considered as an alternative to net profit as an indicator of our operating performance or any other measures of performance derived in accordance with French GAAP.

The EBITDA measure presented in the 2016 Audited Financial Statements and 2017 Audited Financial Statements includes the CVAE tax contribution. So as to eliminate the impact of this contribution, a Reported EBITDA, defined as EBITDA plus the CVAE tax contribution, is also presented in the 2016 Audited Financial Statements and 2017 Audited Financial Statements. It should be noted that the CVAE tax contribution is presented under the caption "Income tax" in the 2018 Audited Financial Statements of the Issuer and under the caption "Other operating costs" in the 2016 Audited Financial Statements and 2017 Audited Financial Statements of Financière Kilinvest. See "*Presentation of financial and other information*." The table below shows the impact of adding back the CVAE tax contribution to our EBITDA for the years ended December 31, 2016 and 2017.

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2016	2017	2018	2018	2019	2019
(€ millions)		Financière Kilinvest	Issuer	Issuer	Issuer	Issuer
			illustrative pro forma	*illustrative pro forma*		
EBITDA as per Financial Statements	150.5	185.9	226.7	162.1	175.7	240.3
CVAE	5.6	5.8	—	—	—	—
EBITDA	**156.1**	**191.7**	**226.7**	**162.1**	**175.7**	**240.3**

The table below sets forth a reconciliation of EBITDA to net income.

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2016	2017	2018	2018	2019	2019
(€ millions)		Financière Kilinvest	Issuer	Issuer	Issuer	Issuer
			illustrative pro forma	*illustrative pro forma*		
Net income	1.8	20.7	16.2	6.0	5.2	15.4
Depreciation, amortization and provisions	97.7	109.2	132.8	96.4	109.9	146.3
Amortization of fair value adjustments to intangible assets	0.1	(0.4)	14.8	11.4	11.2	14.6
Interest expense[(a)]	44.2	46.2	46.4	34.7	40.8	52.5
Current taxes	1.2	7.6	12.0	9.4	7.5	10.1
CVAE	5.6	5.8	—	—	—	—
Extraordinary income and expenses	5.4	2.5	4.5	4.3	1.1	1.3
EBITDA	**156.1**	**191.7**	**226.7**	**162.1**	**175.7**	**240.3**

(a) Includes interest on bonds.

(4) We define EBITDA margin as EBITDA as a percentage of total revenue for the relevant period.

(5) We define free cash flow as EBITDA less any gross capital expenditures, changes in net working capital and income tax (including CICE and CVAE) payments, plus non-cash items included in EBITDA (mainly net book value of rental equipment sales). We present free cash flow as additional information because we believe it is helpful to investors in highlighting trends in our business. However, other companies may present free cash flow differently than we do. Free cash flow is not a measure of financial performance under French GAAP and should not be considered as an alternative to net profit as an indicator of our operating performance or any other measures of performance derived in accordance with French GAAP. The table below sets forth the components of our free cash flow for the relevant period.

	Year ended December 31,			Nine months ended September 30,		
	2016	2017	2018	2018	2019	Twelve months ended September 30, 2019
(€ millions)	**Financière Kilinvest**		**Issuer**	**Issuer**	**Issuer**	**Issuer**
			illustrative pro forma	*illustrative pro forma*		
EBITDA	156.1	191.7	226.7	162.1	175.7	240.3
Gross capital expenditures	(161.3)	(138.0)	(226.8)	(203.5)	(189.6)	(212.9)
Change in net working capital	(3.7)	16.8	(9.7)	(15.9)	(26.9)	(20.7)
Income tax (including CVAE and CICE)	(12.1)	(13.4)	(13.9)	(12.9)	(7.5)	(8.5)
Other non-cash items[(1)]	3.7	3.7	4.5	2.6	3.2	5.1
Free cash flow	**(17.3)**	**60.8**	**(19.2)**	**(67.6)**	**(45.1)**	**3.3**

(1) Represents net book value of fixed assets and disposal of real estate assets.

As adjusted financial data[(1)]

	As of and for the twelve months ended September 30, 2019	
(€ millions, other than ratios)	**French GAAP**	**IFRS[(2)]**
EBITDA	240.3	294.2
Financial interest expense[(3)]	35.8	40.6
As adjusted total third-party financial debt[(4)]	1,127.0	1,303.4
As adjusted senior secured debt[(5)]	1,083.7	1,260.1
As adjusted cash and cash equivalents[(6)]	71.9	71.9
As adjusted total third-party net financial debt[(7)]	1,055.1	1,231.5
As adjusted senior secured net debt[(8)]	1,011.8	1,188.2
As adjusted financial interest expense[(9)]	37.1	41.9
Ratio of as adjusted total third-party net financial debt to EBITDA	4.4x	4.2x
Ratio of as adjusted senior secured net debt to EBITDA	4.2x	4.0x
Ratio of EBITDA to as adjusted financial interest expense	6.5x	7.0x

(1) As adjusted financial data has been presented for illustrative purposes only and does not purport to be what our financial data would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our financial data for any future period or our financial condition at any future date. See also "*Presentation of financial and other information—As adjusted financial information*."

(2) Represents a reconciliation to IFRS of our EBITDA, financial interest expense and as adjusted financial data as of and for the twelve months ended September 30, 2019, prepared in accordance with French GAAP. Such reconciliation is further detailed on the table below.

	EBITDA	Interest expense	As adjusted total third-party debt
French GAAP	**240.3**	**35.8**	**1,127.0**
IFRS 16	55.3	4.8	148.0
Impact on derivatives	0.0	—	28.4
Other IFRS adjustments	(1.4)	—	—
IFRS	**294.2**	**40.6**	**1,303.4**

For a discussion of certain differences between French GAAP and IFRS as applied by us, see "*Presentation of financial and other information—Financial information—Differences between French GAAP and IFRS"* and "*Management's discussion and analysis of financial condition and results of operations—Certain differences between French GAAP and IFRS*." See also "*Risk factors—Risks related to our financial condition—Our financial statements are prepared in accordance with French GAAP, and any transition to IFRS in the future could impair the comparability of our reported and historical results.*"

(3) Financial interest expense represents the interest expense paid on total third-party financial debt as of September 30, 2019, which consists of the Existing Senior Term Loan, bilateral loans and finance leases, as well as the paid cost of hedging, and excludes interest expense on the convertible bonds issued in favor of certain shareholders.

(4) As adjusted total third-party financial debt represents our total third-party financial debt as of September 30, 2019, as adjusted to give effect to the Transactions, including the use of proceeds of the Offering as contemplated under "*Use of proceeds*," as if the Transactions had occurred on September 30, 2019. We define total third-party financial debt as the sum of all of our current and non-current financial liabilities, including borrowings and debt owed to financial institutions, leasing liabilities, bank overdrafts and other financial debt, plus outstanding interest on debt, and excluding convertible bonds issued in favor of certain shareholders. See "*Capitalization*."

(5) As adjusted senior secured debt represents debt under the Notes offered hereby and our finance leases. We do not expect there to be any drawings under the New Revolving Credit Facility on the Issue Date.

(6) As adjusted cash and cash equivalents represents total cash and cash equivalents, as adjusted to give effect to the Transactions, including the use of proceeds of the Offering as contemplated under "*Use of proceeds*." The actual amount of cash and cash equivalents may vary. See "*Capitalization.*"

(7) As adjusted total third-party net financial debt represents as adjusted total third-party financial debt less as adjusted cash and cash equivalents.

(8) As adjusted senior secured net debt represents as adjusted senior secured debt less as adjusted cash and cash equivalents.

(9) As adjusted financial interest expense represents the estimated financial interest expense on as adjusted total third-party financial debt as of September 30, 2019, which is based on a coupon of 3.375% for the Fixed Rate Notes and a margin of 3.25% for the Floating Rate Notes and assuming, with respect to the Floating Rate Notes, a constant EURIBOR rate for the twelve months ended September 30, 2019 based on the current spot three-month EURIBOR rate (with a 0% floor), plus the commitment fees relating to the New Revolving Credit Facility, which we expect will be undrawn on the Issue Date. As adjusted financial interest expense excludes charges related to debt issuance costs. As adjusted financial interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our interest expense for any future period or our financial condition at any future date.

Risk factors

An investment in the Notes involves a high degree of risk. You should carefully consider the risks described below, together with other information provided to you in this offering memorandum, before deciding to invest in the Notes. Any of the risks described below, individually or together, could have a material adverse effect on our business, financial condition, results of operations, cash flows, reputation, ability to meet our financial obligations and prospects, as well as the value of the Notes. If any of the risks described below were to materialize, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment. The risks described below are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and affect your investment.

Risks related to our industry and markets

We are vulnerable to fluctuations and deteriorations in the economic conditions in the industries and markets in which we operate, with particular exposure to such conditions in France.

We may be negatively impacted by economic downturns and uncertainty in the countries in which we operate or the global markets generally, as adverse economic conditions may reduce commercial activity, cause disruption and volatility and increase rates of default and bankruptcy. The demand for our products and services is strongly correlated to general economic conditions. During economic downturns, certain of our customers (in particular, small-to-medium enterprises and individuals) often cut spending or become more likely to go out of business or default on their payment obligations. We serve a large number of customers, with a significant portion of our business being derived from construction, infrastructure, civil engineering and industrial activities. Many of the industries we serve are cyclical and seasonal by nature, with activity levels that tend to increase during periods of economic growth, decline during economic downturns and vary from quarter to quarter. For example, the construction industry in particular characterized by seasonal fluctuations and is generally a cyclical business that typically lags the general economic cycle by between 12 and 24 months.

All of the industries we serve may be impacted, either temporarily or over the long-term, by changes in government infrastructure spending, public and private construction spending levels, activity levels in the businesses that regularly rent equipment and tools for their projects, our customers' ability to undertake new projects as a result of, among other things, the conditions of the credit markets, the cost of construction materials and weather conditions. Downturns in the industries we serve, the global economy and the local economies in the markets we serve have historically resulted, and may result in the future, in reduced demand for our equipment and services, and such downturns also typically intensify price competition. Any fluctuation or deterioration in the industries we serve could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We operate across five geographic markets: France, Germany, Italy, Poland and Spain. We are exposed to the economic conditions in these countries generally and particularly to economic conditions in France, where we generate most of our revenue (84% of our total revenue for the twelve months ended September 30, 2019). Although, according to the *Institut national de la statistique et des études économiques* ("**INSEE**"), French GDP grew 1.5% in 2018, and has slightly increased a further 0.3% and 0.2% through the first and second quarters, respectively, of 2019, there are indicators that economic growth may be softening. For example, the World Trade Organization forecasts a decline trade growth from 3.9% to 1.2% in 2019 and the International Monetary Fund predicts a slowdown in global economic growth of 2.0 to 3.0% in 2019. Likewise, according to Euroconstruct, the construction industry in Europe is also likely to slow down in the years to come. If economic conditions were to deteriorate in France, or in the other countries in which we operate, our business, financial condition, results of operations and cash flows could be materially adversely affected.

Unfavorable conditions in the capital and credit markets and political uncertainty may adversely affect business conditions and our access to credit needed to maintain and grow our business.

Disruptions in the global capital and credit markets as a result of economic downturns, economic uncertainty, regulatory changes, financial institution failures or other factors could adversely affect our ability to access the liquidity we need to make investments in our equipment fleet or to otherwise maintain our business and pursue our strategy. For example, if the financial institutions that have extended credit commitments to us, or from whom we seek credit commitments in the future, were to be adversely affected by conditions in the capital and credit markets, they might be unable to fund borrowings under such credit commitments, which could have an adverse impact on our financial condition and our ability to borrow funds, if needed, for capital expenditures, working capital, acquisitions and other corporate purposes. Unfavorable market conditions could also make it difficult for our customers to obtain the financing they need for their projects on reasonable terms, which may reduce demand for our products and services or may hinder our customers' ability to meet their payment obligations to us, increasing losses on bad debt. Delinquencies and credit losses generally can be expected to increase during economic slowdowns or recessions. See "*—Risks related to our operations—We are exposed to counterparty risks and may incur losses because of such exposure.*" Our suppliers may

also be adversely impacted by unfavorable capital and credit markets, causing disruption to or delay of product deliveries.

Political uncertainty may also negatively impact the capital and credit markets. For example, changes in foreign policy or regulatory requirements, trade restrictions, higher tariffs and changes to existing, or the imposition of additional, regulations relating to the import or export of products, such as the recent tariff disputes between the United States and China, could destabilize global financial markets. The withdrawal of the United Kingdom from the EU has created significant uncertainty, volatility and disruptions in European economies as well as the capital and credit markets. Due to the size and importance of the United Kingdom's economy, the uncertainty and unpredictability concerning the United Kingdom's legal, political and economic relationship with Europe after the United Kingdom exits the EU may continue to be a source of instability in the international markets, create significant currency fluctuations and/or otherwise adversely affect trading agreements or similar cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future, including beyond the date of the United Kingdom's withdrawal from the EU. It is also possible that the expected exit of the United Kingdom from the EU will lead other EU member states to consider leaving the EU, which could be an additional source of instability in the international markets. Further, other EU member states within the Eurozone could decide to discontinue their use of the euro as their functional currency. The expected exit of the United Kingdom (or the possible exit of any other country) from the EU or prolonged periods of uncertainty relating to any of these possibilities, could result in significant macroeconomic deterioration, including, but not limited to, further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies), and decreased GDP in the markets in which we operate. In addition, there are concerns that these events could push the United Kingdom, the Eurozone and/or the United States into an economic recession, any of which, were they to occur, would further destabilize the global financial markets. Any of the events described above could materially adversely affect our business, financial condition, results of operations and cash flows.

We operate in a highly competitive industry.

The equipment rental industry is highly competitive and the markets in which we operate are generally served by numerous competitors, ranging from large national and international equipment rental companies to small and independent businesses. In France, we face competition principally from large international rental companies as well as from regional and local players. In our other markets, we face competition from well-established international and local competitors. Some of our competitors have greater financial, marketing and other resources and may be more specialized or have greater name recognition than we do. We also face competition from smaller competitors operating at national, regional or local levels, many of whom benefit from a strong market presence and local relationships. Over time, our competitors could consolidate their businesses and the diversified service offerings or increased synergies of these consolidated businesses could increase the competitive pressures we face. We may also encounter increased competition from new market entrants. Any strategy we adopt to address such competition risks may require significant cost and management attention and may not be successful. The existing competitive factors in our markets and any changes to the competitive landscape of our industry and markets could result in a loss of market share and have a material adverse effect on our business, financial condition, results of operations and cash flows.

We believe that our offering is competitive on the basis of, among other things, quality and breadth of service, expertise, reliability, price and the size, mix and relative attractiveness and availability of our rental equipment fleet. However, we may not be able to maintain one or more of these advantages. From time to time, we or our competitors may lower rental rates or prices in order to compete more effectively with other players. To the extent we lower rental rates or otherwise adjust our strategy in order to retain or increase market share, our operating margins could be adversely affected. In addition, we may not be able to match our competitors' price reductions. Further, our rental fleet is also significantly affected by the level of our capital expenditures and, if we are required to reduce or delay capital expenditures on our fleet for any reason, the fleet may age and put us at a disadvantage to our competitors. Any of these events could cause our customers to reduce their level of business with us or terminate their contractual arrangements with us, any of which could result in decreased market share and revenue and any of the events described above could materially adversely affect our business, financial condition, results of operations and cash flows.

Risks related to our operations

Our operations expose us to risks inherent in operating a business across multiple jurisdictions.

We operate in five European countries. As a result, we are subject to a variety of complex and rapidly evolving legal and regulatory regimes which govern, among other things, labor matters, consumer rights, workplace health and safety, product safety, environmental protection, financial reporting, corporate governance, tax, trade, imports and exports and competitive practices. These legal and regulatory regimes apply at a local, national and EU-level.

There are many risks associated with cross-border operations, including, among others, political instability, inconsistent or contradictory regulations across jurisdictions and changes in legal and regulatory requirements. These risks may be greater in certain areas where we operate and the materialization of any of these risks may affect our personnel, reputation, business, results of operations and our ability to meet our objectives, including the following specific risks:

- poor or declining macroeconomic conditions;
- social and political unrest and instability;
- terrorist attacks, natural disasters, epidemics and pandemics, telecommunications failures, security breaches (including cyber-attacks) and other business disruptions and security issues;
- adverse changes in government policy, including those affecting investment, import and export and any regulations impacting the equipment rental business or commercial operations generally;
- differing local product preferences and requirements;
- pressures on management time and attention due to the complexities of overseeing multinational operations;
- challenges in maintaining, staffing and managing multinational operations;
- differing labor regulations and collective bargaining regimes;
- potentially adverse consequences from changes in or interpretations of tax laws;
- enforcement of remedies in various jurisdictions;
- the risk that the business partners upon whom we depend will not perform as expected;
- obstacles to the repatriation of earnings and cash;
- reduced protection for intellectual property in some countries;
- compliance with applicable antitrust and other regulatory rules and regulations relating to potential future acquisitions;
- price controls;
- ownership regulations; and
- inflation, recession, fluctuations in foreign currency exchange and interest rates, burdensome fiscal policies and transfer restrictions.

We are also reliant on local managers to oversee the day-to-day functioning of our branches and to ensure their compliance with local law and, as a result, we are subject to risks related to insufficient oversight. In such cases, or if any of the above-mentioned risks were to materialize, we could be fined or otherwise sanctioned by regulators, which could materially adversely affect our business, financial condition, results of operations and cash flows.

We may be unable to forecast trends accurately and, as a result, may not be able to optimize our fleet mix and utilization rate.

Our decisions about investments in new equipment and fleet mix are based in significant part on our views of future demand. We believe that our experience in the rental equipment market allows us to recognize inflection points (the points at which demand is poised to level off or change direction) in the cycles affecting the construction, infrastructure and civil engineering sectors, so that we can increase investment just before the bottom of the cycle (before we expect demand to expand) and decrease investment just before the top of the cycle (before we expect demand to contract). However, economic volatility, uncertainty and other factors can make it difficult to forecast trends and set appropriate investment levels, which may have an adverse impact on our business and financial condition. If anticipated growth does not occur, we may not earn the level of returns that we hope to achieve on investments made during the bottom of the cycle. If growth is greater than expected, we may not have a fleet of appropriate size and mix. In addition, changes in customer demand due to changed technology, safety or environmental concerns, regulations or other factors

could cause certain of our existing equipment to become obsolete and require us to purchase new equipment, which could increase our costs. Uncertainty about 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, which could in turn materially adversely affect our business, financial condition, results of operations and cash flows.

Effective management of our rental equipment is vital to our business.

Our rental equipment has a long economic life, and managing this equipment is a critical element to our rental business. Rental equipment asset management requires that we build and maintain an inventory of durable, high-quality products that anticipate the needs of our customers and changes in technology, legislation, regulations, building codes and local permitting in the various markets in which we operate. In addition, we must successfully maintain and repair this equipment cost-effectively to maximize the economic life of the products and the proceeds received from the sale of these products. As the needs of our customers change, we may need to incur costs to relocate or retrofit our lease assets to better meet shifts in demand. In addition, if the location of our assets is not aligned with regional demand, we may be unable to take advantage of business opportunities despite excess inventory in other regions. If we are not able to successfully manage our lease assets, our business, financial condition, results of operations and cash flows could be materially adversely affected.

We depend on equipment manufacturers and suppliers to obtain rental equipment for our fleet on a timely basis and on acceptable terms.

We purchase most of our rental equipment and products, including consumables, from well-known original equipment manufacturers, as well as other suppliers. Although we evaluate our counterparties prior to entering into long-term and other significant procurement contracts, we cannot predict the impact of changes in the economic environment and other developments in the respective businesses of our supplier partners. Insolvency, financial difficulties, logistical and strategic problems or other factors may result in our suppliers not being be able to fulfill the terms of their agreements with us on a timely basis, on acceptable terms or at all. Further, suppliers may be unwilling to extend contracts that currently provide favorable terms to us or they may seek to renegotiate existing contracts with us. As we do not manufacture any of the products that we rent or sell (in the case of spare parts and consumables) to our customers, we rely on third-party suppliers for the provision of the equipment, tools, spare parts and consumables that are essential to our business. If our suppliers are unable or unwilling to continue providing us with any of these products, we could face increased costs for our equipment, which we may not be able to pass on to our customers, or longer delivery times, which could put us at a competitive disadvantage as compared with other market players, as delays in the delivery of new equipment may impair our ability to respond to increases in demand and may cause us to miss opportunities in our markets. Although we believe that we have alternative sources of supply for the key equipment and supplies used in our business, any of the factors described above could materially adversely affect our business, financial condition, results of operations and cash flows.

The cost of equipment purchases for and the maintenance and repair costs associated with our rental fleet may increase.

The cost of new equipment that we purchase for our rental fleet may increase as a result of increased raw material costs to our suppliers, including increases in the cost of steel, which is a primary material used in most of our equipment. These increases could materially affect our financial condition or results of operations in future periods to the extent that we are not able to pass such cost increases through to our customers. In addition, as the equipment in our rental fleet ages, the cost of maintaining such equipment, if not replaced within a certain period of time, generally increases. Determining the optimal average age for disposal of our rental fleet is subjective and requires considerable estimates by management, which may prove to be incorrect. Increases in, or unanticipated, equipment purchase and maintenance and repair costs could materially adversely affect our business, financial condition, results of operations and cash flows.

We are exposed to counterparty risks and may incur losses because of such exposure.

Our customers may have liquidity problems and ultimately may not be able to fulfill the terms of their rental agreements with us. Delinquencies and credit losses generally can be expected to increase during economic slowdowns or recessions. In case of such default in payment obligations, we may be unable to collect some or all of receivables due to us, in which case some or all outstanding amounts would need to be written off and we would need to seek alternative sources of funding for our working capital requirements. In case of a delay in a customer's payment obligation, we may be exposed to the risk of bearing in advance the costs and amounts necessary to provide our services. Furthermore, should a supplier or service provider counterparty become insolvent or otherwise unable to meet its obligations, we may need to find a replacement to carry out such supply obligations or we may need to fulfill certain service obligations ourselves, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Future technological development may render our current rental fleet technologically depleted before the end of the initially estimated economic life.

While technological development in the types of tools and equipment that we have traditionally focused our business on has been relatively slow as compared with other sectors that are characterized by more rapid technological change, the products we rent are increasingly high-tech. Rapid technological evolution and disruptive technologies, failure to upgrade equipment with new technology in time and related changes in laws and regulations (for example, requiring the use of lower emissions technology), may render components of our rental fleet technologically obsolete or redundant prior to the end of its planned useful rental life. An unexpected increase of redundant or obsolete products may have a material adverse effect on us and a secondary market for such products may not exist or may be insufficient for our resale needs. Although we aim to minimize this risk by using a well-diversified supplier base and by investing in up-to-date equipment, technical obsolescence and redundancy may materially adversely affect our business, financial condition, results of operations and cash flows.

Our rental fleet is subject to residual value risk upon disposal.

Our approach to fleet management is generally to replace equipment only at the end of its useful rental life, at which time it is sold on the secondary market or is used for parts. Usually a piece of equipment is fully depreciated down to its residual value by the time it is removed from our rental fleet. Nonetheless, the market value of any given piece of rental equipment at the point of sale could be less than its depreciated value or residual value at that time. The market value of used rental equipment depends on several factors, including:

- general economic conditions;
- worldwide and domestic demands for used equipment;
- the supply of similar used equipment on the market;
- the age and condition of the equipment;
- the effect of advances and changes in technology in new equipment models; and
- the market price for comparable new equipment.

We include in the "Net results on used equipment disposals" line in our income statement the difference between the sales price and the depreciated value of an item of equipment sold. Changes in our assumptions regarding depreciation could change our depreciation expense, as well as the gain or loss realized upon the disposal of equipment. Any significant decline in the selling prices for used equipment could materially adversely affect our business, financial condition, results of operations and cash flows.

Disruptions in our information technology system could limit our capacity to effectively monitor and control our operations.

We rely on information technology systems to track customer orders and information, bill our services, manage our fleet and gather information upon which our management makes decisions regarding our business. Our information technology systems also facilitate our ability to adjust to changing market conditions and customer needs. The administration of our business is increasingly dependent on the use of these systems. The risk of a security breach or disruption, particularly through cyberattack or cyber intrusion, has risen as the number, intensity and sophistication of attempted attacks and intrusions around the world have increased. We can provide no assurance that our information technology systems are fully protected against such third-party intrusions or against viruses, ransomware, malware or similar threats. Disruptions resulting from these threats, system crashes or other causes, including employee or third-party error or malfeasance, could have a material adverse effect on our business and our reputation with our customers. In particular, we use ERP software, databases and systems across our network, and any disruption to our ERP software, databases and systems, or the failure of any of these systems to operate as expected, could adversely affect our business operations. We back-up most of our data daily and have a recovery plan in place for most of our systems, including our enterprise resource planning systems. However, our recovery plan may not cover all of our ERP software and systems, our back-up systems may fail and recovery of our data may not be possible, may be incomplete or may be subject to significant delay.

In addition, because our systems sometimes contain information about individuals and businesses, our failure to appropriately safeguard the security of the data we hold, whether as a result of our own action or error or the malfeasance or errors of others, could harm our reputation and give rise to liabilities. In all of the regions in which we operate, the

processing of personal data is subject to governmental regulation and legislation. Any failure to comply with such regulations or legislation could lead to governmental sanctions, including fines or the initiation of criminal or civil proceedings. We must also comply with strict data protection and privacy laws at the EU-level that restrict our ability to collect and use personal information relating to customers and potential customers, including the marketing use of that information. In particular, Regulation (EU) 2016/679 of April 27, 2016 ("**GDPR**"), which became applicable on May 25, 2018, increased both the number and the restrictive nature of the obligations for the collection and processing of personal data with which we must comply. Although we collect and store a limited amount of personal data in the ordinary course of our business, failure to comply with the provisions of GDPR could materially adversely affect our business, financial condition, results of operations and cash flows.

We may not be able to execute our growth strategy by identifying and opening attractive new branch locations.

Our growth strategy depends on our ability to successfully identify and open new branches, both in countries where we already have an established presence as well as other countries to which we may decide to expand in the future. We cannot assure you that we will be able to identify attractive new branch locations and successfully open and operate them. Opening new branches will likely require significant investments and management attention and may involve risks associated with entering new markets, including markets where we face significant competition. We may not have sufficient management, financial and other resources to successfully identify and operate such new branches. Any significant diversion of management's attention, unexpected cost associated with or any major difficulties encountered in operating these new branches could have a material adverse effect on our business, financial condition or results of operations, which could decrease our profitability and make it more difficult for us to grow our business. Furthermore, general economic conditions or unfavorable global capital and credit markets could affect the timing and extent to which we open new branches, which could materially adversely affect our business, financial condition, results of operations and cash flows.

We may not be able to execute our growth strategy by identifying or completing transactions with attractive acquisition candidates, and future acquisitions may result in significant transaction expenses and integration risks.

We have historically expanded our business through organic and external growth. While we have generally focused on small to mid-sized acquisition targets, we may also undertake more significant, strategic and transformational acquisitions and business combinations in the future and may expand our business into countries in which we are not present at this time. We cannot assure you that we will be able to identify attractive acquisition candidates or complete the acquisition of any identified candidates at favorable prices or on advantageous terms. We expect to face competition for acquisition candidates, which may limit the number of acquisition opportunities we have and lead to higher acquisition costs. We may not have the financial resources necessary to consummate any acquisitions or the ability to obtain the necessary funds on satisfactory terms. Furthermore, general economic conditions or unfavorable global capital and credit markets could affect the timing and extent to which we successfully acquire new businesses. Risks associated with our acquisition strategy, which could materially adversely affect our business, financial condition and results of operations, include the following:

- we may lose sales and incur substantial costs, delays or other operational or financial problems in integrating acquired businesses and integration may be more costly and take longer than expected;
- we may not achieve financial and operational synergies on a timely basis or without significant costs, if at all;
- acquisitions may divert management's attention from the operation of the existing business;
- the assumptions underlying the business plans supporting the valuations of acquisition targets and expected synergies may prove inaccurate, in particular with respect to the future performance of such targets;
- we may be forced to divest or reduce the scope of certain businesses so as to obtain the necessary regulatory authorizations, in particular with respect to anti-trust authorizations;
- we may need to write down goodwill and certain other intangible assets from our balance sheet if our initial estimates of the value of an acquired business are higher than actual results;
- we may be further exposed to risks of fluctuations in currency exchange rates;
- we may not be able to retain personnel or customer contracts of acquired businesses;

- we may operate an acquired company as a joint venture with partners with whom we lack a longstanding relationship; and

- we may encounter unanticipated events, circumstances or liabilities related to the acquired businesses, their integration and the growth of our business, particularly in markets in which we have not previously operated.

In the short-term, the disruptive effects of an acquisition can result in, among other things, lower employee productivity and increased advantages for our competitors, which may cause a decline in revenue from the acquired businesses. We have historically integrated acquired businesses into the Group gradually in order to preserve client relationships, and this integration period tends to be longer for larger acquisitions. In the longer term, there can be no assurance that, following integration into our Group, an acquired business will be able to maintain its customer base consistent with historical results or expectations or to generate the expected margins or cash flows. Although we typically thoroughly analyze each acquisition target, our assessments are subjective and subject to a number of assumptions concerning profitability, growth, interest rates and company valuations, any or all of which could be incorrect. In addition, we may have difficulties in implementing our business model within an acquired company due to various factors, including corporate culture. There can be no assurance that our assessments of and assumptions regarding acquisition targets will prove to be correct and actual developments may differ significantly from our expectations. Furthermore, acquisitions of companies expose us to the risk of unforeseen obligations with respect to employees, customers, suppliers and subcontractors of acquired businesses, as well as other potential liability in connection with litigation and investigations. Although we typically undertake due diligence when analyzing an acquisition opportunity, we cannot ensure that there will not be unexpected risks, liabilities or obligations that could materially adversely affect our business, financial condition, results of operations and cash flows.

In addition to the risks described above, the integration of acquired businesses in countries where we do not currently operate may be more difficult and take more time due to logistical, regulatory, linguistic, cultural and other factors, such as our relative lack of familiarity with a given market and its economic, political and social dynamics. Such risks include significant exposure to local economies and government spending, as well as economic instability, political volatility, civil war, violent conflict, social unrest or action by terrorist groups. Any of these risks in could negatively affect our operations, revenue and profits in the affected country and for the Group generally, and competitors may take advantage of these difficulties to strengthen their positions.

Our ability to manage our growth and integrate operations, technologies, services and personnel depends on our administrative, financial and operational controls and our ability to create the infrastructure necessary to exploit market opportunities, as well as our financial resources. In order to compete effectively and to grow our business profitably, we will need, on a timely basis, to maintain and improve our financial and management controls, reporting systems and procedures, implement new systems as necessary, attract and retain adequate management personnel and hire, retain and train a highly qualified workforce. Furthermore, we expect that as we continue to introduce new product and service offerings and enter new markets, we will be required to manage an increasing number of relationships with various customers, suppliers, logistics providers and other third parties. The failure or delay of our management in responding to these challenges could materially adversely affect our business, financial condition, results of operations and cash flows.

We may pay for any future acquisitions using cash, equity or incurrence of and/or assumption of indebtedness. To the extent that our existing sources of cash are not sufficient, we may require additional debt financing to complete such acquisitions. Acquisitions involving debt financing may create or magnify risks with respect to our leverage and debt service costs. Although the Indenture will restrict the amount of debt we may incur, it will permit us to acquire additional indebtedness. If one or more acquisitions results in our becoming substantially more leveraged, our flexibility in responding to adverse changes in economic, business or market conditions may be adversely affected, which could materially adversely affect our business, financial condition, results of operations and cash flows.

We depend on certain customer relationships, some of which are essential for our ability to access certain markets and customer groups and to maintain cost leadership.

In the year ended December 31, 2018, Kiloutou S.A.S.U.'s top ten customers accounted for 27% of Kiloutou S.A.S.U.'s *pro forma* revenue and our largest client represented less than 11% of Kiloutou S.A.S.U.'s *pro forma* revenue. Most of our relationships with local customers are not subject to our framework agreements, which exposes us to the risk that such customers can switch equipment rental companies at any time. There can be no assurance that we will continue to be able to rent and sell our products to our customers on terms as favorable as in the past or at all. Any loss of key contracts or accounts, individually or collectively, could materially adversely affect our business, financial condition, results of operations and cash flows.

We are dependent on our executives, managers and employees.

Our success depends upon the continued service and skills of our existing senior management team and, in particular, our chief executive officer, Olivier Colleau. Our senior management team has significant experience in the industries and markets in which we operate. If we were to lose the services of any member of our senior management team and are unable to find a suitable replacement in a timely manner, it may be a challenge for us to effectively manage our business and execute our strategy.

Our success also depends on the experience and skills of our regional managers and branch managers, who have extensive industry experience and knowledge of our business. Competition for managers in our industry is significant, and, if any of our key managers were to join a competitor or to form a competing company, we may lose customers, know-how and other personnel.

In addition, we depend upon the quality of our personnel, including sales and customer service staff who routinely interact with and fulfill the needs of our customers. Although we were certified as a "Top Employer" in France by the Top Employers Institute in each of the past five years, there is no assurance we can continue to attract, train and retain the qualified personnel on whom we depend. This risk may be greater in certain countries in which we operate. For example, the hiring market in our industry in Germany is particularly strong, leading to increased competition for qualified personnel. A significant increase in personnel turnover or other difficulties in attracting, training and retaining personnel could materially adversely affect our business, financial condition, results of operations and cash flows.

Our risk management, internal controls and compliance processes may fail to detect, prevent and address the risks we face and, as a result, we may be subject to regulatory penalties and reputational harm and our insurance coverage may not be sufficient to address any costs resulting from the materialization of any of the risks we face.

We operate a decentralized business through hundreds of branches across five countries. Our internal control and compliance processes may not prevent all future breaches of law, accounting standards or our internal codes of conduct or to otherwise detect, prevent and address the various risks we face. Any failure to comply with applicable laws, regulations and other standards could lead to fines, legal proceedings, loss of operating licenses and reputational harm, which could in turn materially adversely affect our business, financial condition or results of operations.

We carry insurance of various types, including but not limited to, property damage insurance, general liability coverage and directors' liability insurance. We may not always be able to accurately foresee all activities and situations in order to ensure that they are fully covered by the terms of our insurance policies and, as a result, our insurance may not cover such risks adequately or at all. While we seek to maintain appropriate levels of insurance, not all claims are insurable and we may experience incidents of a nature that are not covered by insurance. Any significant uninsured liability may require us to pay substantial amounts, which could materially adversely affect our business, financial condition or results of operations.

Our business and reputation may be adversely affected by the actions of third parties, including our suppliers, subcontractors and agents.

In our business, we occasionally utilize third-party partners who provide certain services, such as collection and transport services. If a partner is unable to deliver its services or a supplier is unable to deliver equipment according to the pre-agreed terms or in a timely manner, our reputation may suffer, and we may be required to purchase such goods or services from another source at a higher price. We may not be able to recover all of these costs in all circumstances, which may reduce the profit expected to be realized under such agreements or result in a loss. Moreover, if we purchase services from a third party that is not one of our ordinary providers, there is a risk that we may fail to deliver such services at the quality standards that our customers have been accustomated to, which could be detrimental to our reputation and our relationships with our customers. While we carefully monitor internal and external developments for areas of potential reputational risk, and have established governance structures to assist in evaluating such risks in our business practices and decisions, we may be affected by the fraudulent or criminal activities of third parties, including employees, suppliers, customers and subcontractors, which could materially adversely affect our business, financial condition or results of operations. Actions taken by third-party partners acting as our agents may also subject us to vicarious liability suits.

Risks related to our financial condition

Our revenue and operating results fluctuate from period to period due to the nature of our operations.

Our revenue and operating results have historically varied from period to period. A decline in general economic conditions and/or activity in the industries or markets in which we operate could result in an overall decline in our cash

flows and profitability and make it more difficult for us to make payments on our indebtedness, grow our business and pursue our strategy, as described above in "*—Risks related to our industry and markets—We are vulnerable to fluctuations and deteriorations in the economic conditions in the industries and markets in which we operate, with particular exposure to such conditions in France*." We expect our results to continue to fluctuate in the future due to a number of factors, including:

- general economic conditions in the industries and markets in which we operate driving changes in private and public sector construction and infrastructure spending;
- the cyclical nature of our customers' business, particularly our construction and infrastructure customers, including seasonality in our construction customers' businesses, with construction activity generally decreasing in the winter months;
- severe weather;
- the timing of our expenditures on new equipment and disposals of used equipment;
- our relatively high level of fixed costs in connection with our fleet, which causes even slight revenue declines to significantly affect cash flow and profitability;
- the efficacy and efficiency of integrating acquired businesses and new branch locations; and
- the timing of acquisitions, new branch openings and related costs.

Any of the events described above could materially adversely affect our business, financial condition, results of operations and cash flows.

We rely on access to additional capital for the operation of our business and limits on access to such capital could hinder our ability to operate our business and pursue our strategy.

We require capital for, among other things, purchasing rental equipment, opening new branches, expanding our business, completing acquisitions and refinancing existing debt. We have historically used cash generated from our operations (including the sale of used equipment), together with borrowings under our bilateral credit facilities, to fund our capital requirements. See "*Management's discussion and analysis of financial condition and results of operations—Capital expenditures*." In the future, this cash and these borrowings may be insufficient and we may require additional financing to obtain capital for, among other things, the purposes described above. Our capital expenditures interact significantly with the age and size of our equipment fleet, and if we are required to reduce these expenditures for any reason, the reduced availability of equipment or the age of our rental fleet may cause us competitive harm and increase our maintenance costs. Any additional indebtedness that we incur will make us more vulnerable to economic downturns and limit our ability to withstand competitive pressures. We cannot be certain that any additional financing that we require will be available or, if available, will be available on terms that are satisfactory to us. If we are unable to obtain sufficient financing in the future, our business, financial condition, results of operations and cash flows could be materially adversely affected.

The illustrative pro forma and as adjusted financial information presented in this offering memorandum may not reflect our actual results of operations for the periods presented and are not indicative of our future operating performance.

In this offering memorandum, we present our income statement data for the year ended December 31, 2018 and for the nine months ended September 30, 2018, on an illustrative *pro forma* basis, and also include certain non-GAAP measures such as EBITDA. These measures give effect to certain of our acquisitions and the financing thereof made during the relevant period as if such acquisition had occurred at the beginning of the relevant period. These measures may not reflect what our actual results of operations would have been had we acquired these businesses for the periods presented and are not indicative of our future operating performance. These measures are also subject to significant assumptions and limitations. There can be no assurance, however, that our estimates and assumptions (some of which are forward-looking in nature) are or will prove to be accurate in all or any material respects. These measures are for information purposes only and are inherently subject to risks and uncertainties. They may not give an accurate or complete picture of our results of operations for the relevant period and may not be comparable to the information presented in our consolidated financial statements or other financial information included elsewhere in this offering memorandum. Our actual results may differ significantly from those reflected in these measures. See "*Presentation of financial and other information*" and "*Summary historical consolidated financial and other data*."

Our financial statements are prepared in accordance with French GAAP, and any transition to IFRS in the future could impair the comparability of our reported and historical results.

Our consolidated financial statements are prepared and presented in accordance with French GAAP, which differs in certain significant respects from IFRS. We have not presented in this offering memorandum a full reconciliation of our French GAAP consolidated financial statements to IFRS consolidated financial statements. As there are significant differences between French GAAP and IFRS, if we were to prepare our consolidated financial statements based on IFRS instead of French GAAP, there could be substantial differences in our financial condition, results of operations and cash flows, including levels of indebtedness. Accordingly, if we transition our financial reporting standards, accounting policies and accounting adjustments from French GAAP to IFRS, the comparability of our reported and historical results could be significantly impaired. We will be allowed under the Indenture to elect to report exclusively in IFRS. If we do so, the covenant calculations under the Indenture will be based on IFRS, and our covenants may become more or less restrictive from time to time, depending upon the effect of the standards we adopt. This could result in our being able to take actions that might be to your detriment, including incurring greater amounts of debt than would otherwise have been possible had we continued to report in French GAAP. For a discussion of certain differences between French GAAP and IFRS, see "*Management's discussion and analysis of financial condition and results of operations—Certain differences between French GAAP and IFRS*."

The Issuer is a holding company and will be dependent on payments from its subsidiaries in order to be able to make payments on the Notes.

The Issuer is a holding company that conducts no business operations of its own and has no significant assets other than the shares it holds, directly or indirectly, in the Guarantors and its receivables under the Proceeds Loans and any future intercompany loans. As a result, the Issuer will be dependent upon the cash flow from its subsidiaries in the form of dividends, intercompany loans, or otherwise to make any payments due on the Notes.

In addition, the Issuer's subsidiaries may be restricted from providing funds to the Issuer under some circumstances. These circumstances could include, among others, restrictions under French or other applicable corporate law, and future contractual restrictions, including restrictions in credit facilities and other indebtedness, that may affect the ability of the Issuer's subsidiaries to pay dividends or make other payments to the Issuer. In addition, applicable tax laws may also subject such payments to taxation.

We cannot assure you that the arrangements with our subsidiaries, the funding permitted by the agreements governing existing and future indebtedness of our subsidiaries and our results of operations and cash flow generally will provide us with sufficient dividends, distributions or loans to fund payments on the Notes. In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on the Notes, and we do not expect to have any other sources of funds that would allow us to make payments to holders of the Notes.

The interests of our shareholders may be inconsistent with the interests of the holders of the Notes.

The Sponsors and certain members of our management team are the indirect majority shareholders of the Issuer. The interests of the Sponsors and/or any other principal shareholder in the future could conflict with each other and/or the interests of the holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our liabilities when due. Any principal shareholder could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in its judgment could enhance its investment, although such transactions might involve risks to the holders of the Notes. In addition, our shareholders may also invest or acquire businesses that compete with us.

French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.

The French Finance Act for 2019 introduced into French tax legislation the provisions of the ATAD regarding interest deductibility limitations in respect of fiscal years opened as from January 1, 2019.

In relation to such introduction, (i) the provisions of (x) Articles 212 *bis* and 223 B *bis* of the French Tax Code (*i.e.*, the former 25% general limitation of deductibility of financial expenses ("*rabot fiscal*")) and (y) Article 209-IX of the French Tax Code (the "*Amendement Carrez*" limitation) have been repealed and (ii) the provisions of Article 212-II of the French Tax Code (*i.e.*, existing thin-capitalization rules) have been amended, as developed in more detail below.

The other rules limiting interest deductibility remain unchanged, in particular (i) the rules relating to the maximum rate for interest paid to direct minority shareholders or to related parties (Articles 39.1.3° and 212-I-(a) of the

French Tax Code); and (ii) the Anti Hybrid Loans Provisions as defined below (Article 212-I-(b) of the French Tax Code) it being noted that the Anti Hybrid Loans Provisions should be repealed as a result of the introduction of the provisions of the ATAD 2 (as defined below) under French tax law as proposed by Article 13 of the draft French Finance Act for 2020.

Under Article 39.1.3° of the French Tax Code, the deduction of interest paid by a French company to lenders who are direct shareholders of such company but are not related parties to such company within the meaning of Article 39.12 of the French Tax Code, is subject to the conditions that (i) the share capital of the borrowing company is fully paid-in and (ii) the interest rate on the corresponding loans does not exceed a rate equal to the annual average rate of floating rate loans granted by financial establishments for a minimum term of two years (currently 1.36% for companies closing their fiscal year between August 31, 2019 and September 29, 2019). Non-deductible interest pursuant to such limitation will be treated as deemed dividend under French tax law and may in particular be subject to withholding tax, subject to applicable tax treaties. By exception, Article 212, I-(a) of the French Tax Code provides that interest incurred on loans granted by a related party within the meaning of Article 39.12 of the French Tax Code is deductible up to the rate referred to in Article 39.1.3° of the French Tax Code or, if higher, up to the rate that the borrowing entity could have obtained from independent financial credit institutions in similar circumstances.

Pursuant to Article 212 § I-(b) of the French Tax Code the deductibility of interest paid to a related party within the meaning of Article 39.12 of the French Tax Code is subject to an additional requirement: if the lender is a related party to the borrower within the meaning of Article 39.12 of the French Tax Code, the French borrower shall demonstrate, at the French tax authorities' request, that the lender is, for the current fiscal year and with respect to the concerned interest, subject to an income tax in an amount that is at least equal to 25% of the corporate income tax determined under standard French tax rules (the "**Anti Hybrid Loans Provisions**"). Where the related-party lender is domiciled or established outside France, the corporate income tax determined under standard French tax rules shall mean that to which it would have been liable in France on the interest received if it had been domiciled or established in France. This limitation is likely to be modified as from 2020 to the extent that the French draft Finance Act for 2020 released by the French government on September 27, 2019 and currently under discussion before the French Parliament, provides for the transposition into French tax law of the ATAD 2 rules on hybrid mismatches. It cannot be excluded that the modified rules will limit the Group's ability to deduct interest.

Pursuant to *Bulletin Officiel des Finances Publiques-Impôts* BOI-IS-BASE-35-30, n° 230, dated September 4, 2019, the portion of interest that is not deductible by virtue of Article 212 § I-b) of the French Tax Code is not to be recharacterized as a "deemed distribution" pursuant to Article 119 *et seq.* of the French Tax Code and, therefore, is not subject to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code.

Pursuant to Article 34 of the French Finance Act for 2019 (codified under Article 212 *bis* of the French Tax Code), the deductibility of net financial expenses incurred by an entity in respect of a given fiscal year is now limited to the highest of (i) € 3 million and (ii) 30% of its adjusted EBITDA in the same fiscal year (corresponding to its taxable income before offset of carry forward tax losses and without taking into consideration net financial expenses and, to some extent, depreciation, provisions and capital gains/losses) generated by such entity (the "**30% Limitation**"). Such limitation applies to both related-party and third-party financings regardless of the purpose of these financings, subject to certain limited exceptions.

Furthermore, for entities being part of a group that files eligible consolidated financial statements, a safeguard clause has been implemented in order to partially exempt companies that are able to demonstrate that the ratio of their equity over their total assets is equal to or higher than the same ratio computed at the level of the accounting consolidated group to which they belong. In this specific case, net financial expenses exceeding the 30% Limitation are deductible up to 75% of their amount.

French thin-capitalization rules have also been amended and apply cumulatively to the 30% Limitation, but only to loans granted by related parties and no longer to third-party debt guaranteed by related parties. In this respect, where the amount of the related party debt of a company exceeds a ratio equal to 1.5x the company's equity, the deduction of net financial expenses borne by such entity will be deductible for a portion of their amount up to the highest of (i) 30% of its adjusted EBITDA or (ii) € 3 million multiplied by a ratio equal to (A) the average amount of sums borrowed from or made available by non-related parties within the meaning of Article 39-12 of the French Tax Code increased by 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said year. The balance of net financial expenses will be deductible for a portion of their amount up to the highest of (i) 10% of its adjusted EBITDA or (ii) € 1 million multiplied by a ratio equal to (A) the average amount of sums borrowed from or made available by related parties within the meaning of Article 39-12 of the French Tax Code exceeding 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said fiscal year. Nevertheless, the interest deductibility restriction provided for by these amended thin-capitalization rules is not applicable if the borrowing company is able to demonstrate that the overall debt-to-equity

ratio of the group (as determined under accounting consolidation rules) to which it belongs is higher than its own debt-to-equity ratio.

Financial expenses that are disallowed by virtue of the application of the 30% limitation can be carried forward indefinitely and deducted in the future under the same conditions. On the other hand, the portion disallowed as a result of the application of the 10% limitation will only be eligible for carryforward for one third of its amount. The unused interest deduction capacity of a current fiscal year might also be used over the following five tax years, but only against financial expenses incurred in those fiscal years, it being noted that this measure is not available to thinly capitalized entities.

These new limitation rules also apply at the level of French tax consolidated groups, subject to certain conditions. In such a case, the relevant net interest expense and EBITDA, as well as the thin-capitalization ratio, are computed at the level of the tax consolidated group.

In addition, Article 223 B § 6 of the French Tax Code imposes specific restrictions on the deductibility of net interest expense incurred by a French company which belongs to a French tax consolidated group if such company has acquired from persons or entities which, directly or indirectly, control such company, legally or *de facto*, shares of another company which enters into such French tax consolidated group or is merged into such company or into another company belonging to the same French tax consolidated group.

The above-mentioned tax rules, as well as generally applicable tax principles, may limit the Group's ability to deduct interest accrued on the Group's indebtedness incurred in France and, as a consequence, may increase the Group's tax burden, which could adversely affect the Group's business, financial condition and results of operations and reduce the cash flow available to service the Group's indebtedness.

Risks related to laws and regulations

We are exposed to various risks related to legal proceedings or claims that may exceed the level of our insurance coverage.

We are a party to legal proceedings, disputes, investigations and other claims in the normal course of our business. Responding to such matters can be expensive and time-consuming, can divert management's attention and be disruptive to normal business operations. Moreover, the results of such proceedings are difficult to predict and unfavorable outcomes in these matters could result in substantial monetary liability, require us to change our business practices and otherwise adversely affect our reputation, business, financial condition or results of operations.

In particular, the nature of the products we rent and the services we offer exposes us to claims for personal injury, death or property damage resulting from, among other things, the use of the equipment we rent and the actions of our delivery and service personnel, as well for other employee-related matters. Actual or alleged accidents involving our equipment and services and quality, safety and performance defects in the products we rent may have adverse financial and reputational consequences and negatively affect demand for our services. Such accidents and defects can cause severe injury to persons and substantial damage to property, causing material damage to our brand and reputation, even we are not actually responsible for causing such injury or damage. Additionally, we could be subject to potential litigation or investigations associated with compliance with various laws and governmental regulations, such as those relating to employment, health, safety, security and other regulations under which we operate. See "*Business—Legal proceedings*."

We carry comprehensive insurance that we believe is sufficient to cover existing and future ordinary course claims. However, we may be exposed to large or multiple claims that exceed our deductibles, and, as a result, we could incur significant out-of-pocket costs that could adversely affect our financial condition and results of operations. In addition, the cost of such insurance policies may increase upon renewal of those policies as a result of general rate increases or as the result of past claims. Our existing or future claims may exceed our insurance coverage, and such insurance may not continue to be available on economically reasonable terms or at all. If we are required to pay significantly higher premiums for insurance, are not able to maintain insurance coverage at affordable rates or if we must pay amounts in excess of claims covered by our insurance, we could experience higher costs that could materially adversely affect our business, financial condition, results of operations and cash flows.

Changes in applicable law and regulations, or our material failure to comply with any of them, can increase our costs, expose us to liability and have other negative impacts on our business.

We are exposed to a wide variety of EU, national and local regulations. See "*—Risks related to our operations—Our operations expose us to risks inherent in operating a business across multiple jurisdictions*." These

laws and requirements address multiple aspects of our operations including, among other things, workplace health and safety, product safety, consumer rights and labor relations, and such laws and regulations differ from jurisdiction to jurisdiction. In addition, changes in regulations could impact the ability of rental operators to utilize their equipment in certain types of projects, affecting the competitive landscape in those projects, as well as in other areas in which the non-conforming equipment may be redeployed. Changes in regulatory requirements, or any material failure to comply with them, can increase our costs, affect our reputation, limit our business, require significant management attention and materially adversely affect our business, financial condition, results of operations and cash flows.

We are subject to laws and regulations governing labor, compliance with which entails cost and risk and labor disputes could disrupt our operations and lead to higher labor costs.

Labor laws applicable to our business in certain countries, particularly France, are extensive and compliance therewith entails significant cost and management attention. The countries in which we operate, labor laws generally provide for strong protection of employees' interests, which may be at odds with the interests of our business. In addition, many of our employees are members of unions or, based on applicable regulations, represented by works 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 connection with managing, developing or restructuring certain aspects of our business. These labor 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 labor actions that could disrupt our business.

Although we believe our relations with employees are good, our operations may nevertheless be materially affected by strikes, work-stoppages, work-slowdowns or other labor-related developments or labor disputes in the future, which could disrupt our operations and adversely affect our business, financial condition and results of operations. Certain of our employees benefit from collective bargaining agreements, and we may not be able to periodically renegotiate collective agreements on acceptable terms. Settlement of actual or threatened labor disputes or an increase in the number of our employees covered by collective bargaining agreements may adversely affect our labor costs, productivity and flexibility. Likewise, many of our suppliers and customers have unionized work forces. Strikes, work-stoppages, work-slowdowns or other labor actions experienced by these suppliers or customers could also materially adversely affect our business, financial condition, results of operations and cash flows.

We are subject to stringent environmental and safety requirements, which can be costly to comply with and may subject us to liability.

We store equipment and machinery as well as use and temporarily store fuels and certain chemicals in jurisdictions in which we operate. We also use hazardous materials to clean and maintain equipment, dispose of solid and hazardous waste and waste water from equipment washing and store and dispense petroleum products from underground and aboveground storage tanks located at certain of our locations. In connection with these activities, we may contaminate soil, air, water and buildings or may cause spills, emissions, leakages or other accidents. We are subject to a variety of environmental regulatory regimes that impose obligations and liability for the cleanup of properties affected by hazardous substance spills or releases. Such liabilities may be imposed on the parties generating or disposing of such substances or the operator of the affected property, often without regard to whether the owner or operator knew of, or was responsible for, the relevant incident. Accordingly, we may become liable, either contractually or by operation of law, for remediation costs even if a contaminated property is not presently owned or operated by us or if the contamination was caused by third parties. In addition, we may be liable for the loss of property value caused by such an incident and there can be no assurance that prior site assessments or investigations have identified all potential instances of contamination or the full extent thereof. Future events, including changes in existing laws or policies or their enforcement, or the discovery of currently unknown or undetected incidents, may give rise to additional remediation liabilities, which may be material. Further, we may also become subject to proceedings where a third party sues us due to a breach of environmental legislation and be ordered to pay damages or be subject to other sanctions. Although expenses related to environmental and safety compliance and/or remediation have not been material to date, we have made and will continue to make capital and other expenditures in order to comply with these laws and regulations. The requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. We may not be in complete compliance with all such requirements at all times, and we may be subject to potentially significant civil or criminal fines or penalties if we fail to comply. If any of the risks described above materialize, they may materially adversely affect our business, financial condition, results of operations and cash flows.

We are exposed to the risks in connection with violations of anti-corruption laws, sanctions or other similar regulations.

We must comply with certain anti-corruption laws, sanctions or other similar regulations. For example, the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, the French law of December 9, 2016 relating to

transparency, fighting corruption and modernizing economic life (more widely known as the "**Sapin II Law**") and other similar 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 or may decide to enter new markets that have a different legal system than that of our core market in France and/or have experienced corruption. Under some circumstances, strict compliance with anti-corruption laws may conflict with local customs and practices. Our internal policies mandate compliance with these laws, but despite our compliance policies and training efforts, we cannot assure you that our internal control policies and procedures will always protect us from acts committed by our employees or other third parties. Further, due to the global nature of our operations, we may use local agents or subcontractors to understand unfamiliar environments and differences in cultural, legal, financial and accounting complexities and obligations, or to carry out a portion of the activities called for by a particular contract. There is a risk that such agents or subcontractors may be involved in illegal or unethical activities in local markets that are unknown to us. Whether or not we have failed to adequately supervise these third parties or to maintain an adequate compliance program, we may be liable for their actions. Similarly, our clients and suppliers may be involved in activities that our onboarding and diligence procedures may be unable to detect and that may put us at risk for non-compliance with anti-corruption and similar laws. Violations of such laws can result in civil penalties, including fines, denial of import/export privileges, injunctions, asset seizures, disbarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment, among other things. 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 materially adversely affect our business, financial condition, results of operations and cash flows.

Changes in tax laws or challenges to our tax position could adversely affect our financial condition and results of operations.

We are subject to complex tax laws in each of the jurisdictions in which we operate as well as to international tax laws. Changes in tax laws or regulations or to their interpretations could adversely affect our tax position, including our effective tax rate or tax payments possibly with a retroactive effect.

In this respect, the current incorporation into European and French tax law of the Organization for Economic Cooperation and Development's (the "**OECD**") principles related to base erosions and profit shifting ("**BEPS**") included in the final reports released by the OECD as well as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS signed in Paris on June 7, 2017 and ratified by France on September 26, 2018, may increase the administrative efforts within our business and impact existing structures.

The EU is itself pursuing its work on the harmonization of the tax legislation of the Member States. In this respect, the Council of the EU (the "**Council of the EU**") adopted a directive "laying down rules against tax avoidance practices that directly affect the functioning of the internal market" on July 12, 2016 (Council Directive 2016/1164) (the "**ATAD**"). Among the set of proposed measures, the ATAD provides for a general interest limitation rule pursuant to which the tax deduction of net financial expenses is limited to 30% of the taxpayer's tax adjusted earnings before interest, tax, depreciation and amortization (EBITDA) or to a maximum amount of €3 million per fiscal year, whichever is higher (subject to several exceptions). In this respect, Article 34 of the French Finance Act for 2019 (Law 2018-1317 of December 28, 2018) transposed into French tax law such general interest limitation rule provided for by the ATAD with effect as from January 1, 2019. See "*Risk factors—Risks related to our financial condition—French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness*" for more details on this rule. The ATAD was later amended on May 29, 2017 by the Council Directive (EU) 2017/952 (the "**ATAD 2**"), which, *inter alia*, extends the scope of the ATAD to hybrid mismatches involving third countries. In this respect, it should be noted that the French draft Finance Act for 2020, released by the French government on September 27, 2019 and currently under discussion before the French Parliament, provides for the transposition into French tax law of such ATAD 2 rules on hybrid mismatches as from January 1, 2020 (or potentially January 1, 2022, for certain provisions) in lieu of the existing French anti-hybrid rules. Further developments throughout the discussions leading to the adoption of the Finance Act for 2020 will therefore need to be monitored.

Furthermore, Article 108 of the French Finance Act for 2019 introduced under French tax law with effect as from January 1, 2019, the anti- abuse provision provided for by the ATAD with respect to French corporate income tax, which aims to address abusive tax practices that are not dealt with by specifically targeted provisions. Pursuant to this provision, the French tax authorities might ignore, for the determination of corporate income tax, an arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuine taking into account all relevant facts and circumstances. The condition relating to the absence of genuineness of the arrangement or series of arrangements would be met if such arrangement or series of arrangements were established for invalid commercial reasons. This reinforces the arsenal of the French tax authorities in the fight against abusive arrangements (without providing for specific penalties), other provisions being primarily focused on solely tax-driven schemes. The European Commission has also published a corporate reform package proposal on October 25, 2016 including three new proposals that aim at (i) re-launching the Common Consolidated Corporate Tax Base ("**CCCTB**") which is a single set of rules to compute companies' taxable profits in the EU, (ii) avoiding loopholes associated with profit-shifting for tax between EU countries and non-EU countries, and (iii) providing new dispute resolution rules to relieve problems with double taxation for businesses. The directive proposal on the CCCTB requires unanimity in the Council of the EU for its adoption following consultation of the European Parliament (special legislative procedure), which gave its favorable vote on March 15, 2018. It should be implemented in two steps, with the common base being implemented as a first step and consolidation being put in place swiftly afterwards. Furthermore, new rules on tax dispute resolution already apply since January 1, 2019 following the transposition of Council Directive 2017/1852 of October 10, 2017 into French tax law as part of the French Finance Act for 2019. These new regulations could impact our tax position in the future.

Another area of uncertainty concerns the progressive decrease of the French statutory corporate income tax rate provided for by Article 219 of the French Tax Code from 33.33% to 25% (or from 34.43% to 25.83% taking into account the additional 3.3% social contribution provided for by Article 235 ter ZC of the French Tax Code) over a period of four years starting in 2019. Even though such decrease was enacted by the French Finance Act for 2018, a new law dated July 24, 2019 provided that the French statutory corporate income tax rate applicable to companies (together with the members of their tax consolidation group, as the case may be) generating a French turnover exceeding €250 million for the portion of their taxable profits exceeding €500,000 would still be set at 33.1/3% (or 34.43% including the abovementioned additional 3.3% social contribution) with respect to fiscal year 2019 instead of 31% (or 32.02% including the abovementioned additional 3.3% social contribution) to address budget constraints of the French State. Furthermore, in the draft French Finance Act for 2020, released by the French government on September 27, 2019 and currently under discussion before the French Parliament, the French government proposes to slightly differ the decrease of the French statutory corporate income tax rate for the same companies, i.e., (i) a rate of 31% (or 32.02% including the abovementioned additional 3.3% social contribution) in 2020 instead of 28% (or 28.92% including the abovementioned additional 3.3% social contribution) and (ii) a rate of 27.5% (or 28.41% including the abovementioned additional 3.3% social contribution) for 2021 instead of 26.5% (or 27.37% including the abovementioned additional 3.3% social contribution). Therefore, the pace of the progressive decrease for large companies remains subject to uncertainties and might be amended prior the end of the fiscal year 2019.

Finally since tax laws and regulations in the various jurisdictions in which we are located or operate, or may be located or may operate, may not always provide clear-cut or definitive guidelines, the tax regime applied to our operations, intra-group transactions or reorganizations (past or future) is or may sometimes be based on our interpretations of French or foreign tax laws and regulations. We cannot guarantee that such interpretations will not be questioned by the relevant tax authorities. More generally, any failure to comply with the tax laws or regulations of the countries in which we are located or operate may result in reassessments, late payment interests, fines and penalties and could materially adversely affect our business, financial condition, results of operations and cash flows.

The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.

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The Council of the European Union adopted on December 5, 2017 its conclusions on the EU list of non-cooperative jurisdictions for tax purposes (the "**Council Conclusions**") which is composed of two sub-lists (respectively, the "**Black List**" and the "**Grey List**," together referred to as the "**EU List**"). The EU List was established following a screening and a dialogue conducted by a code of conduct working group appointed by the Council during 2017 with a large number of third-country jurisdictions to improve tax good governance globally, and to ensure that the EU's international partners respect the same standards as EU Member States do. The Black List, which shall be updated at least once a year and was initially composed of seventeen jurisdictions, is currently composed of eleven jurisdictions (American Samoa, Belize, Fiji, Guam, the Marshall Islands, Oman, Samoa, Trinidad and Tobago, the United Arab Emirates, the United States Virgin Islands and Vanuatu). Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union

screening criteria. Though there is no applicable sanction yet, EU Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions. A new French law that aims at fighting fraud was published on October 24, 2018 (Law 2018-898 of October 23, 2018) and expands under certain conditions the French tax regime regarding the non-cooperative States and jurisdictions as defined under Article 238-0 A of the French Tax Code to certain States and jurisdictions included into the Black List. As a result, interest paid or accrued to persons domiciled or established in certain States and jurisdictions included into the Black List or paid on an account opened in a financial institution located in such States and jurisdictions may be subject to withholding tax in France and not be deductible for purposes of the computation of the debtor's corporate income tax liability. These new provisions apply to such States and jurisdictions after their inclusion by order (*arrêté*) on the list of non-cooperative States and jurisdictions as defined under Article 238-0 A of the French Tax Code, it being mentioned that none of the States or jurisdictions on the Black List has been included so far.

Transactions in the Notes could be subject to the European financial transaction tax, if adopted.

On February 14, 2013, the European Commission published a proposal for a Directive for a common financial transaction tax (the "**EU FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain (together, except for Estonia, the "**Participating Member States**") and which, if enacted and implemented by France, should replace the current French financial transaction tax provided by Article 235 *ter* ZD of the French Tax Code (the "**French FTT**"). Following the ECOFIN Council meeting of December 8, 2015, Estonia officially announced its withdrawal from the negotiations and, on March 16, 2016, completed the formalities required to leave the enhanced cooperation on FTT.

The EU FTT could, if introduced in its current draft form, apply, under certain circumstances, to some transactions involving the Senior Secured Notes and to persons both established within and outside the Participating Member States. On October 10, 2016, the European Commission has been tasked with the drafting of the legislation that will be submitted to the Participating Member States. However, and despite several attempts, no agreement has been found between the Participating Member States so far. Recently, France and Germany expressed their wish to adopt EU FTT that would be inspired by the French FTT. The ECOFIN indicated on June 27, 2018 that Participating Member States are currently considering such proposal. However, no final agreement has been reached yet.

The EU FTT proposal remains subject to negotiation between the Participating Member States, the scope of such tax being therefore uncertain. The timing of its implementation remains also unclear. Additional EU member states may decide to participate and certain of the Participating Member States may decide to withdraw. If the proposed EU FTT or any similar taxes are adopted, such taxes could increase the transaction costs associated with the purchases and sales of the Senior Secured Notes and reduce liquidity in the market for the Senior Secured Notes. Prospective holders of the Notes are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

French tax legislation may restrict our ability to use French tax loss carry-forwards.

We may record deferred tax assets on our balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from our entities. The actual realization of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and the future results of the relevant entities. In particular, pursuant to Article 209, I, paragraph 3 of the French Tax Code, the fraction of French tax loss carry-forwards that may be used to offset the taxable profit with respect to a given fiscal year is limited to €1.0 million *plus* 50% of the portion of taxable profit exceeding €1.0 million. As the case may be, similar rules apply to tax losses generated by French tax consolidated groups.

Any reduction in our ability to use deferred tax assets in the future due to changes in laws and regulations, potential tax reassessment, or lower than expected results could have a negative impact on our business, results of operations and financial condition.

Risks related to our financing arrangements and the notes

Our significant leverage and debt service obligations could materially adversely affect our business, results of operations, financial condition and prospects and may make it difficult to operate our business.

We currently are, and after the issuance of the Notes, will continue to be highly leveraged. As of September 30, 2019, as adjusted to give effect to the Transactions, we would have had total third-party financial debt of €1,127.0 million, of which €860.0 million would have been represented by the Notes. In addition, €120.0 million will be

available for drawing under the New Revolving Credit Facility. See "*Capitalization*". We will also have significant obligations under finance leases in the amount of €223.7 million, as well as accounts receivable, trade payables and convertible bonds held by shareholders.

Our significant leverage could have important consequences for our business and operations, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Our ability to make payments on and refinance our indebtedness and to fund working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations.

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

Despite our significant leverage, we may incur substantial additional debt in the future. Although the New Revolving Credit Facility Agreement and the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. Furthermore, the New Revolving Credit Facility Agreement and the Indenture will not prevent us from incurring liabilities that do not constitute "Indebtedness" as defined thereunder.

We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debts, including the Notes. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or fund our planned capital expenditure. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We can provide no assurance that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

Our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In such an event, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions, including the New Revolving Credit Facility and the Indenture, may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit ratings, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including under the Indenture, restrict our ability to transfer or sell assets and to use the proceeds from any such disposition. We may not be able to consummate certain dispositions or to obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet any of our debt service obligations then due.

We are subject to covenants which limit our operating and financial flexibility and, if we default under our debt covenants, we may not be able to meet our payment obligations.

The Indenture and the New Revolving Credit Facility Agreement will contain covenants that impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- create or permit to exist certain liens;
- make certain payments, including dividends or other distributions, with respect to shares of the Issuer;
- prepay or redeem subordinated debt or equity;
- make certain investments or acquisitions, including participating in joint ventures;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to the Issuer or any restricted subsidiary;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all our assets or those of our subsidiaries on a consolidated basis;
- change the holding company status of the Issuer;
- impair security interests for the benefit of the holders of the Notes; and
- issue or sell share capital of certain subsidiaries.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the notes—Certain covenants*". These covenants could limit our ability to finance future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, in addition to being in default under the Indenture, we could be in default under the terms of the New Revolving Credit Facility Agreement, and the relevant

lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral securing that debt. If the debt under the New Revolving Credit Facility Agreement, the Notes or the Notes Guarantees or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other debt.

The New Revolving Credit Facility also requires us to comply, while certain amounts under the New Revolving Credit Facility Agreement remain outstanding, with a certain senior secured net leverage ratio. The ability to meet this test could be affected by a deterioration in our operating results, as well as by events beyond our control, including increases in prices charged by our suppliers and unfavorable economic conditions, and there can be no assurances that this test will be met. In addition, the New Revolving Credit Facility includes certain affirmative covenants, as well as negative covenants similar to those under the Indenture. A breach of any of those covenants or restrictions could result in an event of default under the New Revolving Credit Facility Agreement. If our creditors, including the creditors under the New Revolving Credit Facility Agreement, accelerate the payment of amounts due under our various debt obligations, there can be no assurance that our assets would be sufficient to repay in full those amounts, to satisfy all other liabilities which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts. See "*Description of certain financing arrangements—New revolving credit facility agreement*."

Certain of our indebtedness bears interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

After giving effect to the Transactions, a significant portion of our indebtedness, including the Floating Rate Notes and drawdowns under the New Revolving Credit Facility, will bear interest at a variable rate, and we will be exposed to the risk of fluctuations in interest rates. The Floating Rate Notes and the New Revolving Credit Facility will each bear interest at a variable rate based on the Euro Interbank Offered Rate (EURIBOR) and the London Interbank Offered Rate (LIBOR), as applicable, plus an applicable margin. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Neither the Indenture or the New Revolving Credit Facility Agreement contain a covenant requiring us to hedge all or any portion of our floating rate debt.

Although we expect to enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including credit risks in relation to such hedging counterparties and the risk that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. Further, there may be a mismatch between the successor rates applied in respect of our floating rate debt and the successor rates applied in respect of hedging arrangements thereon, which may render such hedging arrangements ineffective in managing the Group's interest rate risks. To the extent interest rates were to increase significantly, our interest expense would correspondingly increase, thus reducing cash flow.

Following allegations of manipulation of LIBOR, a measure of interbank lending rates, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR or the calculation of LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. In addition, LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on July 27, 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement and a subsequent speech by the Director of Markets and Wholesale Policy at the FCA on January 28, 2019 indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed, and market participants should not rely on its publication, after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR or LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including but not limited to the Floating Rate Notes and drawings under the New Revolving Credit Facility Agreement). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

If the Issuer determines that: (i) there has been a material disruption to EURIBOR, (ii) EURIBOR is not available for use temporarily, indefinitely or permanently, (iii) there are restrictions or prohibitions on the use of EURIBOR, (iv) an alternative rate has replaced EURIBOR in customary market practice in international capital markets applicable generally to floating rate notes or (v) it has become unlawful for the Calculation Agent, the Issuer or a third party agent of the Issuer to calculate any payments due to holders using EURIBOR, the Indenture will provide a mechanism whereby the Notes Issuer could cause an independent financial advisor to determine an appropriate successor rate (or, if not reasonably practicable to appoint such independent financial advisor, the Issuer would determine such successor benchmark rate), and make certain adjustments to such rate, including applying a spread thereon to make such successor rate comparable to EURIBOR, which upon certification by the Issuer to each of the Trustee, the Calculation Agent and the relevant paying agent will be used to calculate the interest rate in relation to the Floating Rate Notes without any further action or consent by the noteholders or the Trustee. This means that interest on the Floating Rate Notes would be determined on the basis of a benchmark rate, together with adjustments, that was not contemplated at the time you purchased the Floating Rate Notes issued on the Issue Date. In certain circumstances, the ultimate procedure for the purposes of calculating interest for a particular interest period may result in the rate of interest for the last preceding interest period being used, effectively resulting in the application of a fixed rate of interest. See "*Description of the notes—Interest—Interest on the floating rate notes*."

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

As of the Issue Date, all of our subsidiaries (other than the Guarantors) will not guarantee the Notes. Such subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or the Guarantors, as a direct or indirect shareholder of such subsidiaries. Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and

- the creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or the Guarantors, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and the Notes Guarantees thereof will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries.

As of September 30, 2019, after giving effect to the transactions, the Issuer's non-Guarantor subsidiaries would have had third-party financial debt of €11.9 million. Furthermore, the Indenture will not prohibit us (subject to certain limitations) from incurring debt at the level of non-Guarantors in the future and such indebtedness would rank structurally senior to the Notes and the Notes Guarantees.

In addition, the consolidated financial statements included in this offering memorandum refer to the Group and therefore contain information on both Guarantors and non-Guarantors. The consolidated financial statements may be of limited use in assessing the financial position of the Issuer and the Guarantors separate from the non-Guarantors.

The Notes will be effectively subordinated to our finance leases to the extent of the value of the assets securing such obligations.

The Notes will be effectively subordinated to amounts outstanding under our finance leases to the extent of the value of the assets securing such obligations. Our finance leases are secured by liens in respect of the equipment and vehicles that have been financed thereby. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the relevant non-Guarantor subsidiary with the finance lease obligation, such creditors will have prior claims to the assets thereunder to the extent of the value of such related assets, and therefore the value of thereof will not be available for distribution in connection with the order of payment under the bankruptcy estate of the relevant company, including in respect of the Issuer or Guarantors as equity holder. See also "*—The notes will be secured only to the extent of the value of the assets that have been granted as security for the notes*."

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

Upon the occurrence of certain events constituting a "change of control," the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. If a change of control were to occur, there can be no assurances that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in our New Revolving Credit Facility Agreement, the Intercreditor Agreement or our other existing contractual obligations would allow us to make such required repurchases. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. Under certain circumstances, a change of control under the New Revolving Credit Facility Agreement would, if so requested by a lender, result in the cancellation of such lender's commitments and require the repayment of amounts outstanding under such lender's commitments under the New Revolving Credit Facility Agreement and a change of control may result in an event of default under, or acceleration of, other indebtedness. We may be required to repay a proportionate amount of debt under our New Revolving Credit Facility Agreement if we repay all or a portion of the principal amount of the Notes.

The ability of the Issuer to receive cash from its respective subsidiaries to allow it to pay cash to the holders of the Notes, following the occurrence of a change of control, may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon the occurrence of a change of control. There can be no assurances that we would be able to obtain such financing.

Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the New Revolving Credit Facility Agreement and certain other indebtedness. See "*Description of the notes—Change of control*" The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger, recapitalization or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" (as defined in the Indenture).

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control, provided that upon consummation thereto, a certain consolidated net leverage ratio of the Issuer and its restricted subsidiaries is met.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise, established definition of that phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "substantially all" of the Issuer's and its restricted subsidiaries, assets taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Corporate benefit, financial assistance laws and other limitations on the Notes Guarantees or the security interests may adversely affect the validity and enforceability of the Notes Guarantees of the Notes or security interests in the Collateral.

The Guarantors will guarantee, and the Issuer and the Guarantors will provide security in respect of, the payment of the Notes on a first-priority basis. The Issuer and the Guarantors are incorporated under the laws of France and future Guarantors could be incorporated in other jurisdictions. Enforcement of the obligations under the Notes Guarantees against the Guarantors or the enforcement of a security interest in the Collateral will be subject to certain defenses available to the Issuer and the Guarantors, as applicable, in the relevant jurisdiction. Although laws differ in these jurisdictions, these laws and defenses may include those that relate to fraudulent conveyance or transfer, financial assistance, corporate purpose or benefit, voidable preference, insolvency or bankruptcy challenges, preservation of share capital, thin capitalization, capital maintenance or similar laws and regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, the Issuer and the Guarantors, as applicable, may have no liability or decreased liability under their respective Notes Guarantees or the security interest in the

Collateral may be void or may not be enforceable depending on the amounts of its other obligations and applicable law. For example, the amount enforceable under the Notes Guarantees is limited to the outstanding amount under the Proceeds Loans which is of a maximum amount of approximately €471.9 million as of the Issue Date, and the validity and enforceability of the Notes Guarantees will be subject to the limitations described in "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations—France*." By virtue of these limitations, the Guarantors' obligation under its Notes Guarantees could be significantly less than amounts payable under the Notes, or the Guarantors may have effectively no obligation under their Notes Guarantees. Other indebtedness of the Guarantors may not be similarly limited. In addition, limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of the Notes Guarantees or the security interest in the Collateral against any of the Guarantors or the Issuer, as applicable. The court may also in certain circumstances avoid the Notes Guarantees or the security interest in the Collateral granted during hardening periods (*période suspecte*).

Under French corporate benefit rules, a court could declare any guarantee unenforceable and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that the Guarantors did not receive some real and adequate corporate benefit from the transaction involving the grant of the guarantee as a whole. The existence of real and adequate corporate benefit to the Guarantors and whether the amounts guaranteed are commensurate with the benefit received are factual matters which must be determined on a case-by-case basis. French case law provides no clear guidance on this point.

The Notes Guarantees provide the holders of the Notes with a direct claim against the Guarantors. In addition, the Issuer and the Guarantors will secure the payment of the Notes by granting security under the relevant Security Documents. However, each security interest granted under a Security Document will be limited in scope to the value of the relevant assets expressed to be subject to that security interest and the Indenture will provide that the Notes Guarantees and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by the Guarantors, without rendering the relevant Notes Guarantee/security interest voidable or otherwise ineffective under applicable law or without resulting in a breach of any applicable law, and enforcement of the Notes Guarantees and Security Document would be subject to certain generally available defenses. In particular, the Notes Guarantees granted by the Guarantors will be limited to the aggregate amount of the Notes proceeds, directly or indirectly on-lent, or used to refinance any indebtedness previously directly or indirectly on-lent, to the Guarantors and outstanding from time to time. Any payment that would be made by the Guarantors under its Notes Guarantees would reduce the maximum amount of its Notes Guarantees. See "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations—France*."

The Notes, the Notes Guarantees and the security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws.

French laws contain specific provisions dealing with fraudulent conveyance both in and outside insolvency proceedings. These provisions offer creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which the person guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside the context of insolvency proceedings of the relevant person by the creditor's representative (*mandataire judiciaire*), the commissioner of the safeguard or reorganization plan (*commissaire à l'exécution du plan*) in the insolvency proceedings of the relevant person or by any of the creditors of the relevant person outside insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside the context of insolvency proceedings, and may be declared unenforceable against third parties under French law if: (i) the person performed such acts without an obligation to do so; (ii) the creditor concerned or, in the case of the person's insolvency proceedings, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of such person's creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration in which case such knowledge of the counterparty is not necessary for a successful challenge on the grounds of fraudulent conveyance.

As a result of any such successful challenge, holders of the Notes may not benefit from the Notes Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the security interests in the Collateral or the Notes Guarantees could also be subject to recovery, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors, as applicable, as a result of the fraudulent conveyance. See "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations—France*."

The insolvency and administrative laws of France may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Notes Guarantees or the security interests in the Collateral.

The Notes will be issued by the Issuer and will be guaranteed by the Guarantors, each of which are organized and existing under the laws of France. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in France. Proceedings could also be initiated in France to enforce your rights against Collateral located in France. In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors. In the context of proceedings affecting creditors, including court-assisted proceedings (*mandat ad hoc* proceedings or conciliation proceedings (*procédure de conciliation*)), and court-administered proceedings (safeguard proceedings (*sauvegarde*, *sauvegarde accélérée* or *sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*)), the ability of holders of the Notes to enforce their rights under the Notes or the Notes Guarantees could be limited or suspended. See "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations—France*."

In addition, under French law, enforcement of a security interest in the Collateral provided by the Issuer or the Guarantors, as the case may be, may be adversely affected by specific or general defenses available to debtors under French law, as the case may be, in respect of the validity, binding effect and enforceability of such security interest.

In addition, the bankruptcy, insolvency, administrative and other laws of the Issuer and the Guarantors' may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-commencement interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes, the Notes Guarantees and the Collateral in those jurisdictions or limit any amounts that you may receive.

For more information regarding insolvency laws and enforceability issues as they relate to the Issuer, the Notes Guarantees and security interests in the Collateral, see "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*."

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and the Guarantors are organized outside the United States, and their business is conducted entirely outside the United States. All of the directors and executive officers of the Issuer and the Guarantors are nonresidents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process in the United States on the directors and executive officers of the Issuer and the Guarantors, and you may be unable to enforce against them judgments obtained in U.S. courts. Moreover, as most of our assets and those of our directors and executive officers are located outside of the United States, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. However, it may be possible for investors to effect service of process in France upon those persons or entities, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

The United States is not currently bound by a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with France. There is, therefore, doubt as to the enforceability in France of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in France. In addition, the enforcement in France of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a French court would have the requisite power or authority to grant remedies sought in an original action brought in France on the basis of U.S. securities laws violations. For further information, see "*Service of process and enforcement of civil liabilities*".

Creditors under the New Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the New Intercreditor Agreement to rank pari passu with the New Revolving Credit Facility are entitled to be repaid with recoveries from the proceeds from the enforcement of the Collateral in priority over the Notes.

The New Intercreditor Agreement includes provisions governing the sharing of recoveries from proceeds from enforcement of the Collateral. Such recoveries and enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Notes or the New Revolving Credit Facility. The Security Agent is required to pay turned-over amounts and other recoveries by the Security Agent from enforcement actions to

discharge obligations under the New Revolving Credit Facility or certain hedging obligations and future indebtedness in priority to paying any such amounts to discharge the Notes. As such, in the event of a foreclosure of the Collateral, you may not benefit from such recoveries if the then outstanding claims under the New Revolving Credit Facility or certain hedging obligations and future indebtedness are greater than the proceeds recovered. Any proceeds remaining from an enforcement sale of Collateral will, after all obligations under the New Revolving Credit Facility and such hedging obligations and, if applicable, future Indebtedness that ranks *pari passu* with the New Revolving Credit Facility have been discharged, be applied *pro rata* in repayment of the Notes.

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the law applicable in France.

The granting of new security interests in connection with Notes previously issued may create hardening periods (*période suspecte*) (a specific period preceding the court decision opening judicial reorganization or liquidation proceedings) for such security interests in France. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted, perfected or recreated. In addition, the Indenture will permit the security interests in the Collateral to be released and retaken in certain circumstances. Such release and retaking will restart the applicable hardening periods. Moreover, the granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in France. The applicable hardening period may run from the moment such new security is amended, granted or perfected. In each case, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void and/or it may not be possible to enforce it.

In the event any Permitted Reorganization is completed as described under "*Description of the notes*," new hardening periods may be created in respect of security interests that are granted, perfected or recreated in connection with such Permitted Reorganization, and the security interests would be subject to the same risks described in the preceding paragraph. The applicable hardening period may run from the moment such new security is amended, transferred, assigned, granted or perfected.

See "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations—France*."

The principal amount of the Proceeds Loans forming part of the Collateral may be less than anticipated as a result of prepayments of such loans prior to the maturity date of the Notes.

The issuer entered into the Existing Proceeds Loan as part of the 2018 Transactions and, on or about the Issue Date, the Issuer will enter into the New Proceeds Loan. The receivables relating to the Proceeds Loans will form part of the Collateral and the receivables thereunder will be pledged to secure the Notes. Although the Intercreditor Agreement will restrict our ability to make repayments prior to the maturity date of the Notes of amounts due under the Proceeds Loans, we will be permitted in certain circumstances to make such payments. Any repayments prior to the maturity date of the Notes would result in a reduction in the principal amount of the Proceeds Loans, and any reduction in the principal amount of the Proceeds Loans could reduce the value of your security on the receivables and the value of the guarantee provided by the obligor under the Proceeds Loans.

You may be required to pay a "soulte" in the event you decide to enforce a pledge over the securities account by judicial or contractual foreclosure of the Collateral consisting of securities rather than by a sale of such Collateral in a public auction.

Security interests governed by French law may only secure payment obligations, may only be enforced following a payment default and may only secure up to the secured amount that is due and remaining unpaid. Under French law, pledges over assets may generally be enforced at the option of the secured creditors either (i) pursuant to a judicial process (x) by way of a sale of the pledged assets in a public auction (the proceeds of the sale being paid to the secured creditors) or (y) by way of the judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) by way of contractual foreclosure (*pacte commissoire*) of the pledged assets to the secured creditors, following which the secured creditors become the legal owner of the pledged assets. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or private foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed attributed assets. Such value is determined either by the judge in the context of a judicial attribution (*attribution judiciaire*) or by an expert pre-contractually agreed or appointed by a judge in the context of a private attribution (*pacte commissoire*). In a proceeding regarding an *attribution judiciaire* or a *pacte commissoire*, an expert is appointed to value the collateral (in this case, the securities) and if the value of the collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a *soulte* equal to the difference between the value of the securities as so determined and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured.

An enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. Since such public auction procedures are not designed for a sale of a business as a going concern, however, it is possible that the sale price received in any such auction might not reflect the value of our business as a going concern. See "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations—France*."

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture or the New Revolving Credit Facility Agreement and the ability of the Security Agent to enforce certain of the Collateral may be restricted by the Intercreditor Agreement and accepted by other creditors that have the benefit of first-ranking security interests in the Collateral securing the Notes from time to time, whether on or after the Issue Date. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions.

The ability of the Security Agent to enforce on the Collateral located in a particular jurisdiction or governed by the law of a particular jurisdiction is subject to mandatory provisions of the law of such jurisdiction. Enforcement of the Collateral may also be subject to certain statutory limitations and defences or to limitations contained in the terms of the Security Documents designed to ensure compliance with applicable statutory requirements.

In addition, the security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over real or personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party, including that of competent regulatory authorities or courts, to enforce a security interest. There can be no assurances that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

Holders of the Notes may not control certain decisions regarding the Collateral.

To the extent permitted under applicable law, and subject to the Agreed Security Principles, the Notes will be secured on a first-priority basis by substantially the same rights, property and assets securing the obligations under the New Revolving Credit Facility Agreement. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral.

Pursuant to the Intercreditor Agreement and the Indenture, the Security Agent will serve as the common security agent for the secured parties under the New Revolving Credit Facility, the Notes and the hedging obligations (if any), respectively, with regard to the shared Collateral (as applicable). The Intercreditor Agreement will provide that the Security Agent will, subject to certain limited exceptions, act to enforce the security interests in the Collateral and take instructions from the relevant secured creditors in respect of the Collateral only at the direction of an "instructing group."

Subject to certain exceptions described below and in further detail in the section entitled "*Description of certain financing arrangements—Intercreditor agreement*," among other things, the "majority *pari passu* creditors" (generally, creditors representing the simple majority of, among other things, the outstanding principal amount under the Notes and any *pari passu* secured indebtedness) will constitute an instructing group and will have the right to instruct the Security Agent as to the enforcement of the Collateral, provided that such instructions are consistent with the "enforcement principles" set forth in the Intercreditor Agreement. If, however:

- the majority *pari passu* creditors have not either: (i) made a determination as to the method of enforcement and notified the Security Agent of that determination or (ii) appointed a financial adviser to assist them in making such a determination, in each case, within three months of the date on which an instructing group delivers a copy of their proposed enforcement instructions (the "initial notice"); or

- the "super senior discharge date" (as described in the section below entitled "*Description of certain financing arrangements—Intercreditor agreement*") has not occurred within six months of the date of the initial notice; or

- an insolvency event is continuing with respect to a member of the Group; or

- the majority *pari passu* creditors have not either: (i) made a determination as to the method of enforcement and notified the Security Agent of that determination or (ii) appointed a financial adviser to assist them in making a determination, and the "majority super senior creditors" (as described below): (a) determine in good faith that a delay in issuing enforcement instructions could have a material adverse effect on the ability to effect a distressed disposal or on the expected realization proceeds of any enforcement and (b) deliver enforcement instructions they believe to be consistent with the enforcement principles before the Security Agent has received instructions from the majority *pari passu* creditors,

then the Security Agent will, instead follow the instructions that are subsequently given by the "**majority super senior creditors**" (generally, creditors representing more than 66.67% of the aggregate of all unpaid and undrawn commitments under the New Revolving Credit Facility and the termination value or assumed termination value of certain hedging liabilities), provided that such instructions are consistent with the "enforcement principles" set forth in the Intercreditor Agreement. See "*Description of certain financing arrangements—Intercreditor agreement*."

The foregoing security enforcement arrangements could be disadvantageous to the holders of the Notes in a number of respects. Disputes may occur between the holders of the Note and creditors under our New Revolving Credit Facility, counterparties to certain hedging obligations, if any, and/or holders of any permitted *pari passu* secured indebtedness as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral securing such obligations. In such an event, the holders of the Notes will be bound by any decisions of the relevant instructing group, which may result in enforcement action in respect of the relevant Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders of the Notes. The creditors under the New Revolving Credit Facility, counterparties to certain hedging obligations, if any, the holders of any permitted *pari passu* secured indebtedness and may have interests that are different from the interest of holders of the Notes and they may elect to pursue their remedies under the relevant Security Documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

Other creditors not party to the Intercreditor Agreement could commence enforcement action against the Issuer or one or more of its subsidiaries, the Issuer or one or more of its subsidiaries could seek protection under applicable bankruptcy laws, or the value of certain Collateral could otherwise be impaired or reduced in value. In addition, if we incur substantial additional indebtedness which may be secured by the Collateral, the holders of the Notes may not comprise the requisite majority creditors for the purposes of instructing the Security Agent. Further, if the super senior creditors have not been repaid in full within six months of the date of the proposed enforcement instructions or in the event of the occurrence of certain other circumstances described above, then control of the enforcement proceedings will shift to the majority super senior creditors.

The holders of the Notes also have no separate right to enforce the Collateral securing the Notes. In addition, the holders of the Notes will not be able to instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, unless they comprise an instructing group which is entitled to give such instructions, which, in turn, will depend on certain conditions and circumstances including those described above.

The Issuer and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents, subject to the terms of the Indenture and the New Revolving Credit Facility Agreement, will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes to the extent that it relates to their assets. So long as no enforcement event has occurred, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.

For a description of the security over the Collateral, see "*Description of the notes—Security*." In the event of an enforcement of the pledges in respect of the Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. No appraisal of the value of the Collateral has been made in connection with this Offering. The value of the assets underlying the pledges will also depend on many factors, including, among others, whether or not the business is sold as a going concern, the ability to sell the assets in an orderly sale, the condition of the economies in which operations are located, the availability of buyers and whether approvals required to purchase the business would be available to a buyer of the assets. In addition, the Intercreditor Agreement will provide that, in the event of any distribution of the proceeds from the sale of certain Collateral, the lenders under the New Revolving Credit Facility, certain hedging obligations and certain future indebtedness will be entitled to receive from such distribution payment in full in cash before the holders of the pledges securing the Notes will be entitled to receive any payment from such distribution with respect to the Notes.

The shares and other Collateral that are pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these shares or other assets may not be liquid and their value to other parties may be less than their value to us. Likewise, there can be no assurances that the Collateral will be salable or, if salable, that there will not be substantial delays in the liquidation thereof. Most of our assets will not secure the Notes, and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. As a result, the creditors secured by a pledge of the shares may not recover anything of value in the case of an enforcement sale. In addition, the value of this Collateral may decline over time.

The Indenture will also permit the granting of certain liens other than those in favor of the holders of the Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties have liens on the Collateral, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to the Collateral which, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. Moreover, if we issue additional notes under the Indenture, holders of such additional notes would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral. Although we will be subject, under the Indenture, to certain restrictions on our ability to incur additional indebtedness that will be secured by the Collateral, including a Consolidated Leverage Ratio (as defined and described under "*Description of the notes—Certain covenants—Limitation on indebtedness*"), the definition of "Indebtedness" (as defined under "*Description of the notes*") for purposes of calculating the Consolidated Net Leverage Ratio contains certain important exceptions and carve-outs.

The security over the Collateral will not be granted directly to the holders of the Notes.

The Indenture and the New Intercreditor Agreement will provide that only the Security Agent as security agent, trustee and Parallel Debt (as defined below) creditor has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

Under French law, prior to a recent reform of the security agent regime, as described below, certain "accessory" security interests such as rights of pledge require that the pledgee of a French law security interest and the creditor of the claim secured by such security interest are the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 of the French Civil Code or as security agent (*agent des sûretés*) under Article 2488-6 *et seq*. of the French Code Civil (as modified by Ordinance n°2017-748 of May 4, 2017, which came into force on October 1, 2017. The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the New Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent (the "**Parallel Debt**") mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the holders of the Notes under or in connection with the Indenture (the "**Principal Obligations**"). The Parallel Debt will at all times be in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Pursuant to the Parallel Debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by French law will directly secure the Parallel Debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The holders of the Notes will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent (even if they are in some instances direct beneficiaries of the security interests in the Collateral).

None of the Parallel Debt and trust mechanism constructs have been generally recognized by French courts and to the extent that the Notes or security interests in the Collateral created under the Parallel Debt and/or trust constructs are successfully challenged by other parties, holders of the Notes may not receive on this basis any proceeds from an enforcement of the Notes Guarantees or security interests in the Collateral. The holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the creditor of the Parallel Debt.

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (*Cass. com.* September 13, 2011 n°10-25533 Belvedere) relating to a bond documentation governed by New York law. Such a decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt. In particular, the French Supreme Court upheld the proof of claim of the legal holders of a Parallel Debt claim, considering that it did not contravene French international public policy (*ordre public international*) rules. The ruling was made on the basis that the French debtor was not exposed to double payment or artificial liability as a result of the Parallel Debt mechanism. Although this court decision is generally viewed by legal practitioners and academics as a recognition by French courts of Parallel Debt structures in such circumstances, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the security interests in the Collateral created for the benefit of the Security Agent as creditor under the Parallel Debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The concept of "trust" has been recognized by the French Tax Code and the French Supreme Court (*Cour de cassation*), which has held, in the same published decision referred to above (*Cass. com.* September 13, 2011 n°10-25533 Belvedere) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings opened in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985 on the law applicable to trusts and on their recognition (the "**Trust Convention**"), and two *réponses ministérielles* dated January 24, 2008 and January 8, 2009 indicated its reluctance to do so to avoid conflicts between the "trust" and the French fiducie, so that the concept of "trust" has not been generally recognized under French law. See "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations—France*."

The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes.

If there is an event of default in the Notes, the holders of the Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes. In addition, in the future, the obligations to provide additional guarantees and grant additional security over assets, whether as a result of the creation of future assets or subsidiaries or otherwise, are, in certain circumstances, linked to our obligations under the New Revolving Credit Facility Agreement, subject to certain agreed security principles. To the extent that lenders under the New Revolving Credit Facility Agreement are granted security, the negative pledge in the Indenture may require, subject to local law limitations, such security to also be granted for the benefit of holders of the Notes. The Agreed Security Principles set forth in the Indenture will contain a number of limitations on the rights of the lenders to be granted security in certain circumstances. The operation of the Agreed Security Principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted or perfected over a particular type or class of assets. Accordingly, the Agreed Security Principles may affect the value of the security provided by the Issuer and the Guarantors.

To the extent that the claims of the holders of the Notes exceed the value of the assets securing those Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes. As a result, if the value of the assets pledged as security for the Notes is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid.

Investors' rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Applicable law may require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by us or the secured party or the grantor of the security. The liens on

the Collateral securing the Notes and the Notes Guarantees may not be perfected with respect to the claims of the Notes and the Notes Guarantees if we, or the Security Agent, fail or are unable to take the actions required to perfect any of these liens. Such failure may result in the invalidity of the relevant security interest in the Collateral securing the Notes or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, applicable law may require that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the Security Agent will monitor, or that we will inform the Security Agent of, the future acquisition of property and rights that constitute Collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. Neither the Trustee nor the Security Agent has any obligation to monitor the acquisition of additional property or rights that constitute Collateral or to perfect of any security interest. Such failure may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Notes and the Notes Guarantees against third parties.

Additionally, the Indenture and the Security Documents entered into in connection with the Notes will not require us to take a number of actions that might improve the perfection or priority of the security interests of the Security Agent in the Collateral. To the extent that the security interests created by the Security Documents with respect to any Collateral are not perfected, the Security Agent's rights will be equal to the rights of general unsecured creditors in the event of a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Notes Guarantees will be released automatically and under which the Notes Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Collateral securing the Notes and the Notes Guarantees will be released automatically as described under "*Description of the notes—Security—Release of liens*", including:

- in connection with any sale or disposition of such property or assets to (a) any person that is not the Issuer or a Restricted Subsidiary (as defined under "*Description of the notes*") either before or after giving effect to such transaction, if such sale or other disposition does not violate the covenant described under "*Description of the notes—Certain covenants—Limitation on sales of assets and subsidiary stock*" or (b) the Issuer or any Guarantor; provided that such transfer is otherwise in compliance with the Indenture and, immediately following such sale or disposition, a lien of at least equivalent ranking over the same assets or property exists or is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the holders);

- in connection with the release of a Guarantor from its Notes Guarantees pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;

- if the Issuer designates any Restricted Subsidiary (as defined under "*Description of the notes*") to be an Unrestricted Subsidiary (as defined under "*Description of the notes*") in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary (as defined under "*Description of the notes*");

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*Description of the notes—Defeasance*" and "*Description of the notes—Satisfaction and discharge*";

- in compliance with the provisions of the Intercreditor Agreement or any additional intercreditor agreement relating to disposals of assets subject to security (see "*Description of certain financing arrangements—Intercreditor agreement*");

- (i) in accordance with "*Description of the notes—Amendments and waivers*," (ii) in accordance with the covenant described under "*Description of the notes—Certain covenants—Impairment of security interest*" and (iii) in accordance with the second paragraph under the covenant described under "*Description of the notes—Certain covenants—Limitation on liens*" so long as immediately after the release there is no other indebtedness secured by a lien on the property or assets that was the subject of the initial lien that would result in the requirement for the Notes and the Notes Guarantees to be secured equally and ratably with, or prior to, such lien;

- in order to effectuate a Permitted Reorganization (as defined under "*Description of the notes*") or a merger, consolidation, conveyance or transfer conducted in compliance with covenant described under the "*Description of the notes—Certain covenants—Merger and consolidation*"; provided that following such Permitted Reorganization or merger, consolidation, conveyance or transfer, a lien of at least equivalent

ranking over the same assets or property is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the holders) to the extent such assets or property continue to exist as assets or property of the Issuer or a Restricted Subsidiary;

- upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

- as otherwise permitted in accordance with the Indenture.

Under various circumstances, the Notes Guarantees of the Guarantors (and any future Notes Guarantee granted subsequent to the Issue Date) will be released automatically as described under "*Description of the notes—Notes guarantees—Releases*", including:

- upon a sale or other disposition (including by way of merger, consolidation, amalgamation or combination) of capital stock of the relevant Guarantor (whether by direct sale or sale of a holding company of such Guarantor) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary (as defined under "*Description of the notes*"), if the sale or other disposition does not violate the covenant described under "*Description of the notes—Certain covenants—Limitation on sales of assets and subsidiary stock*" and such that the relevant Guarantor no longer remains a Restricted Subsidiary;

- in connection with any sale, disposition, exchange or other transfer of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant described under "*Description of the notes—Certain covenants—Limitation on sales of assets and subsidiary stock*";

- upon the designation in accordance with the Indenture of such Guarantor as an Unrestricted Subsidiary;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*Description of the notes—Defeasance*" and "*Description of the notes—Satisfaction and discharge*";

- in accordance with the provisions of the Intercreditor Agreement or an additional intercreditor agreement relating to the release of Notes Guarantees on an enforcement sale or other disposal of such Guarantor;

- as described under "*Description of the notes—Amendments and waivers*";

- with respect to a future Notes Guarantee given under the covenant described below "*Description of the notes—Certain covenants—Additional notes guarantees*," upon release of the relevant Notes Guarantee that gave rise to the requirement to issue such future Notes Guarantee so long as no event of default would arise as a result and no other indebtedness that would give rise to an obligation to give a future Notes Guarantee is at that time guaranteed by the relevant Guarantor;

- with respect to any Guarantor which is not the continuing or surviving person in the relevant consolidation or merger, as a result of a Permitted Reorganization or a transaction permitted by the covenant described under "*Description of the notes—Certain covenants—Merger and consolidation—The guarantors*" and the Indenture;

- upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

- as otherwise permitted in accordance with the Indenture.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or

withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost, terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

Because the Notes and the Notes Guarantees have not or will not have been, and are not required to be, registered under the Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes in the United States and other countries comply with applicable securities laws. For further information, see "*Notice to investors*."

The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream.

Interests in the Global Notes (as defined under "*Book-entry, delivery and form*") will trade in book-entry form only, and Notes in definitive registered form, or Definitive Registered Notes (as defined under "*Book-entry, delivery and form*"), will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the Principal Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global Notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, they will be permitted to act only to the extent they have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an "Event of Default" under the Indenture, unless and until Definitive Registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-entry, delivery and form*."

There may not be active trading markets for the Notes, in which case your ability to sell the Notes will be limited.

The Notes are new issues of securities for which there are currently no established trading markets. There can be no assurances that:

- the liquidity of any markets in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates, our operating results and the markets for similar securities. The liquidity of the trading markets for the Notes may be adversely affected by a general decline in the markets for similar securities. Historically, the markets for non-investment-grade securities have been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of

our prospects and financial performance. In addition, the Indenture will allow us to issue additional Notes in the future, which could materially adversely impact the liquidity of the Notes. The Initial Purchasers have advised that they intend to make markets in the Notes after completing this Offering. However, they have no obligation to do so and may discontinue market-making activities at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the Securities Act and other applicable laws and regulations. As a result, there may not be any active trading markets for the Notes. If no active trading markets develop, you may not be able to resell your Notes at a fair value, if at all.

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange.

Although the Issuer will, in the Indenture, agree to use its commercially reasonable efforts to have the Notes listed on the Securities Official List of the Luxembourg Stock Exchange after the Issue Date and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain listed. If the Issuer cannot maintain the listing on the Securities Official List of the Luxembourg Stock Exchange or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Securities Official List of the Luxembourg Stock Exchange, provided that they will use commercially reasonable efforts to obtain (prior to the delisting of the Notes, if applicable) and maintain the listing of the Notes on another stock exchange, although there can be no assurance that the Issuer will be able to do so. Although no assurance can be made as to the liquidity of the Notes as a result of listing on the Securities Official List of the Luxembourg Stock Exchange or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Securities Official List of the Luxembourg Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

Certain covenants will be suspended if the Notes receive investment grade ratings.

The Indenture will provide that, at any time following the Issue Date, if the Notes receive an investment grade rating (Baa3 or better by Moody's Investors Service, Inc., BBB− or better from Standard & Poor's Ratings Group or BBB− or better from Fitch Ratings, Inc.) and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time as the Notes are no longer rated investment grade by at least two of the foregoing ratings agencies, certain covenants will cease to be applicable to the Notes. See "*Description of the notes—Certain covenants—Suspension of covenants on achievement of investment grade status*." At any time when these covenants are suspended, we will be able to, among other things, incur additional indebtedness, pay cash dividends, sell assets and redeem subordinated indebtedness without restriction, each of which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Use of proceeds

The aggregate gross proceeds of the Offering will be €860.0 million. We intend to use such proceeds to (i) repay all amounts outstanding under our Existing Senior Facilities, (ii) pay costs, fees and expenses in connection with the Transactions, including underwriting commissions and fees for legal, accounting, printing, ratings advisory and other professional services and (iii) fund cash to the balance sheet.

Amounts included in the table below are based on estimated data as of the Issue Date and assume that the Transactions will take place on the Issue Date. Actual amounts will vary from estimated amounts depending on several factors, including the actual date on which the Transactions occur, differences from the estimates of outstanding amounts of existing debt to be repaid on the Issue Date, the estimated amount of cash of the Issuer and its subsidiaries as of the Issue Date, and differences between estimated and actual fees and expenses. Any increase in these amounts will be funded with cash on the balance sheet. This table should be read in conjunction with "*Capitalization*."

Sources of funds	**(€ millions)**	**Uses of funds**	**(€ millions)**
Notes offered hereby[(1)]	860.0	Repayment of the Existing Senior Facilities[(2)]	820.0
		Fees, costs and expenses[(3)]	8.0
		Cash on balance sheet	32.0
Total sources	**860.0**	**Total uses**	**860.0**

(1) Represents the gross proceeds of the Offering.

(2) Represents the estimated amount of the prepayment in full of €820.0 million in aggregate principal amount outstanding under the Existing Senior Facilities (excluding accrued interest and unpaid interest and fees), drawn under the Existing Senior Term Loan as of September 30, 2019. The Existing Revolving Credit Facility was undrawn as of September 30, 2019. The Existing Senior Term Loan bears interest at a rate per annum equal to EURIBOR (with a 0% floor) plus an initial margin of 3.5% (subject to a margin ratchet based on the level of leverage that is not currently applicable), payable at the end of each interest period (of one, three or six months), and matures on February 15, 2025. The Existing Revolving Credit Facility bears interest at a rate per annum equal to EURIBOR (with a 0% floor) (subject to a margin ratchet based on the level of leverage that is not currently applicable) plus an initial margin of 3.5%, payable at the end of each interest period (of one, three or six months), and matures on August 15, 2025.

(3) Represents estimated fees, costs and expenses incurred in connection with the Transactions, including underwriting fees and commissions, professional fees and expenses and other transaction costs.

Capitalization

The following table describes the cash and cash equivalents and capitalization as of September 30, 2019 of the Group (i) on a historical basis and (ii) as adjusted to give effect to the consummation of the Transactions and the application of proceeds from the Offering as described in "*Use of proceeds*," as if each had occurred on September 30, 2019. Actual amounts will vary from estimated amounts depending on several factors, including differences from the estimates of outstanding amounts of existing indebtedness to be repaid on the Issue Date, the estimated amount of cash of the Issuer and its subsidiaries as of the Issue Date, as well as the differences between estimated and actual fees and expenses.

You should read this table in conjunction with "*Summary—The transactions*," "*Use of proceeds*," "*Summary historical consolidated financial and other data*," "*Management's discussion and analysis of financial condition and results of operations*," "*Description of certain financing arrangements*" and the Financial Statements and accompanying notes appearing elsewhere in this offering memorandum. Except as set forth below, there have been no other material changes to our capitalization since September 30, 2019. The as adjusted information below is illustrative only and does not purport to be indicative of what our actual capitalization will be following the consummation of the Transactions.

	As of September 30, 2019	
(€ millions)	**Actual**	**As adjusted**
Cash and cash equivalents[(1)]	**39.9**	**71.9**
Debt[(2)]		
Existing Senior Facilities[(3)]	820.0	—
Notes offered hereby[(4)]	—	860.0
New Revolving Credit Facility[(5)]	—	—
Finance leases[(6)]	223.7	223.7
Total senior secured debt	**1,043.7**	**1,083.7**
Other debt[(7)]	43.3	43.3
Total third-party financial debt	**1,087.0**	**1,127.0**
Subordinated shareholder funding[(8)]	190.0	190.0
Total equity	**513.5**	**513.5[(9)]**
Total capitalization	**1,790.5**	**1,830.5**

(1) As adjusted estimated cash and cash equivalents reflects €32.0 million of cash funded to the Issuer's balance sheet in connection with the Transactions. See "*Use of proceeds*."

(2) All debt is presented at its aggregate principal amount, and does not reflect capitalized debt issuance costs or accrued interest expense.

(3) We expect to use a portion of the proceeds of the Offering to repay all amounts drawn under, and cancel, the Existing Senior Facilities. See "*Use of proceeds*."

(4) Represents the principal amount of the Notes offered hereby.

(5) The New Revolving Credit Facility Agreement permits the incurrence of up to €120.0 million of revolving credit borrowings on a committed basis. The obligations of the borrowers under the New Revolving Credit Facility Agreement will be guaranteed by the Guarantors and will be secured by first-priority security interests in the Collateral. Pursuant to the terms of the Intercreditor Agreement, creditors under the New Revolving Credit Facility Agreement and certain hedging obligations, if any, will have the right to receive priority with respect to proceeds from enforcement of security over the Collateral. Any remaining proceeds received upon any enforcement action over any Collateral will be applied *pro rata* to the repayment of all obligations under the Indenture and any other senior secured indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral in accordance with the Indenture and pursuant to the Intercreditor Agreement. See "*Description of certain financing arrangements—New revolving credit facility agreement*" and "*Description of certain financing arrangements—Intercreditor agreement*." We do not expect there to be any drawings under the New Revolving Credit Facility on the Issue Date.

(6) Our finance leases are secured by liens over equipment in our fleet and generally have maturities of five years. Of the amounts drawn under finance leases as of September 30, 2019, €213.0 million was owed by the Guarantors and €10.7 million was owed by our other subsidiaries.

(7) Other debt consists of €1.2 million of accrued interest on debt, €41.5 million of bilateral credit facilities, € 0.3 million of bank overdraft and €0.3 million of other financial debt.

(8) On February 15, 2018, in connection with the Kiloutou Acquisition, the Issuer issued convertible bonds to certain of its shareholders for an original principal amount of €165.0 million. These convertible bonds bear interest at a rate of 9.09% per annum, payable in kind. The convertible bonds are unsecured, and will be subordinated to the Notes and the Notes Guarantees pursuant to the Intercreditor Agreement. As of September 30, 2019, we had €190.0 million outstanding under the convertible bonds, which comprises the principal amount thereof and accrued interest of €25.0 million, and excludes the effect of capitalized debt issue costs.

(9) Does not reflect adjustments to take into account the cancellation of debt issuance costs that result from the repayment and cancellation of the Existing Senior Facilities.

Selected historical financial information

The tables below set forth certain selected consolidated financial information of the Group as of and for the years ended December 31, 2016, 2017 and 2018 and the nine months ended September 30, 2018 and 2019. For further information on the comparability of our financial statements, see "*Presentation of financial and other information—Overview—Comparability of financial statements*."

The historical consolidated financial information contained in the following tables is derived from our Financial Statements, prepared in accordance with French GAAP.

The illustrative *pro forma* financial information contained in the following tables is derived from:

- the condensed consolidated illustrative *pro forma* income statement of the Issuer for the year ended December 31, 2018, reflecting adjustments to the consolidated income statement of the Issuer for the year ended December 31, 2018 (as presented in the 2018 Audited Financial Statements) to give effect to (i) the addition of the results of operations of the Acquired Kiloutou Group for the period from January 1, 2018 to February 14, 2018 (i.e., the date prior to the Kiloutou Acquisition Completion Date), based on the accounting records of the Acquired Kiloutou Group, as further adjusted to harmonize the accounting rules and methods with those of the New Kiloutou Group, (ii) the depreciation of acquired customer relationship assets of the Group as part of the recurring purchase price allocation adjustments for the Kiloutou Acquisition for the period from January 1, 2018 to February 14, 2018, (iii) the financial interests resulting from the Kiloutou Acquisition Financing and (iv) related tax effects, as if each such event had occurred on January 1, 2018 (the "**2018 Illustrative *Pro Forma* Financial Information**"). The 2018 Illustrative *Pro Forma* Financial Information has been included to facilitate comparability to our historical and subsequent consolidated financial statements; and

- the consolidated illustrative *pro forma* income statement of the Issuer for the nine months ended September 30, 2018, reflecting adjustments to the consolidated income statement of the Issuer for the nine months ended September 30, 2018 (as presented in the 2019 Unaudited Interim Financial Statements) to give effect to (i) the addition of the results of operations of the Acquired Kiloutou Group for the period from January 1, 2018 to February 14, 2018 (i.e., the date prior to the Kiloutou Acquisition Completion Date), based on the accounting records of the Acquired Kiloutou Group, as further adjusted to harmonize the accounting rules and methods with those of the New Kiloutou Group, (ii) the depreciation of acquired customer relationship assets of the Group as part of the recurring purchase price allocation adjustments for the Kiloutou Acquisition for the period from January 1, 2018 to February 14, 2018, (iii) the financial interests resulting from the Kiloutou Acquisition Financing, and (iv) related tax effects, as if each such event had occurred on January 1, 2018 (the "**Nine-Month 2018 Illustrative *Pro Forma* Financial Information**"). The Nine-Month 2018 Illustrative *Pro Forma* Financial Information has been included to facilitate comparability to our historical and subsequent consolidated financial statements.

The 2018 Illustrative *Pro Forma* Financial Information and Nine-Month 2018 Illustrative *Pro Forma* Financial Information contained in this offering memorandum are not intended to, and do not, comply with the reporting requirements of the SEC, will not be subject to review by the SEC, and would not be permitted to be included in a registration statement filed with the SEC in compliance with applicable U.S. securities laws. Neither the assumptions underlying the adjustments reflected in the 2018 Illustrative *Pro Forma* Financial Information and Nine-Month 2018 Illustrative *Pro Forma* Financial Information nor the resulting adjusted financial information has been audited in accordance with any generally accepted auditing standards.

You should read the tables below in conjunction with "*Presentation of financial and other information*," "*Summary historical consolidated financial information and other data*," "*Management's discussion and analysis of financial condition and results of operations*," "*Use of proceeds*," "*Capitalization*," as well as the historical Financial Statements and related notes thereto included elsewhere in this offering memorandum.

Selected income statement data

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2016	2017	2018[1]	2018[2]	2019	2019
(€ millions)	Financière Kilinvest		Issuer	Issuer	Issuer	Issuer
			illustrative *pro forma*	illustrative *pro forma*		
Total revenue.....	532.1	606.9	688.8	502.9	543.5	729.4

Total equipment and logistics costs	(212.0)	(233.9)	(265.8)	(196.7)	(216.0)	(285.1)
Gross profit	**320.1**	**372.9**	**423.0**	**306.2**	**327.5**	**444.3**
Total payroll costs	(177.8)	(198.8)	(213.7)	(156.5)	(169.3)	(226.5)
Other operating costs	(90.9)	(97.0)	(114.2)	(84.3)	(92.6)	(122.5)
Net expense for doubtful receivables	(3.3)	(4.1)	(5.5)	(3.9)	(4.3)	(5.9)
Financial expenses	(40.0)	(42.7)	(42.0)	(30.7)	(36.3)	(47.6)
Other operating income expenses, net	0.4	0.0	(0.1)	0.1	0.1	0.1
Net income from ordinary activities	**8.6**	**30.4**	**47.4**	**31.0**	**25.0**	**41.4**
Extraordinary income (expense)	(5.4)	(2.5)	(4.5)	(4.2)	(1.1)	(1.4)
Income tax	(1.2)	(7.6)	(12.0)	(9.4)	(7.5)	(10.1)
Amortization of fair value adjustments to intangible assets	(0.1)	0.4	(14.8)	(11.4)	(11.2)	(14.6)
Net income for the period	**1.8**	**20.7**	**16.2**	**6.0**	**5.2**	**15.4**

(1) Comprises 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2018 Audited Financial Statements for further details.

(2) Comprises Nine-Month 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2019 Unaudited Interim Financial Statements for further details.

Selected balance sheet data

	As of December 31,			As of September 30,
	2016	2017	2018	2019
(€ millions)	**Financière Kilinvest**		**Issuer**	**Issuer**
Assets				
Goodwill	333.4	383.2	646.9	649.2
Intangible assets	161.0	162.3	478.7	466.9
Property, plant and equipment	361.7	416.9	540.1	618.9
Other financial fixed assets	3.0	3.2	2.6	3.2
Investments accounted for by the equity method	0.0	0.2	0.0	0.0
Total fixed assets	**859.1**	**965.8**	**1,668.3**	**1,738.2**
Inventories and work in progress	9.5	10.3	12.3	15.8
Customer advances and prepayments	0.4	0.4	0.5	0.6
Trade receivables	117.9	138.5	161.2	168.0
Other receivables	20.0	21.6	38.0	36.7
Marketable securities	0.0	2.2	2.0	2.0
Cash in bank and at hand	7.9	30.6	24.9	37.9
Accruals and other assets	4.8	4.5	22.3	17.2
Total current assets	**160.6**	**208.0**	**261.3**	**278.3**
Total assets	**1,019.7**	**1,173.8**	**1,929.6**	**2,016.4**
Equity and Liabilities				
Equity				
Share capital	1.2	1.2	5.1	5.1
Additional paid-in capital	125.7	125.7	484.9	484.9
Reserves and retained earnings	(40.6)	(38.8)	(1.7)	18.7
Net income attributable to owners of parent	1.8	20.7	20.5	5.2
Exchange differences	(0.7)	(0.4)	(0.0)	(0.4)
Equity attributable to owners of parent	**87.4**	**108.4**	**508.8**	**513.5**
Minority interests	0.0	0.0	0.0	0.0
Total equity	**87.4**	**108.4**	**508.8**	**513.5**
Provisions for contingencies and charges	17.3	19.4	61.9	57.0
Bonds	386.2	413.0	178.0	190.0
Convertible bonds	*356.1*	*383.0*	*178.0*	*190.0*
Other bonds	*30.1*	*30.0*	*0.0*	*0.0*

Borrowings and financial debt	404.7	471.6	994.8	1,087.0
Borrowings other than from financial institutions	2.6	2.0	2.9	1.1
Trade payables	55.0	78.7	88.5	74.6
Tax and payroll liabilities	55.3	69.1	73.5	72.8
Other payables	7.7	8.0	17.5	16.0
Accruals and other liabilities	3.4	3.4	3.9	4.3
Total liabilities	**915.0**	**1,046.0**	**1,358.9**	**1,445.9**
Total equity and liabilities	**1,019.7**	**1,173.8**	**1,929.6**	**2,016.4**

Selected cash flow statement data

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2016	2017	2018[1]	2018[2]	2019	2019
(€ millions)	Financière Kilinvest		Issuer	Issuer	Issuer	Issuer
			illustrative *pro forma*	illustrative *pro forma*		
Net cash from operating activities	127.3	184.9	152.8	88.4	114.9	179.3
Net cash for investing activities	(254.8)	(207.7)	(864.1)	(834.1)	(193.0)	(223.0)
Net cash from financing activities	133.5	50.6	738.2	768.6	90.9	60.5
Change in cash and cash equivalents	**5.9**	**27.7**	**27.0**	**22.9**	**12.9**	**16.8**
Cash and cash equivalents at end of the period	(6.9)	20.3	26.8	22.8	39.6	39.6

(1) Comprises 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2018 Audited Financial Statements for further details.

(2) Comprises Nine-Month 2018 Illustrative *Pro Forma* Financial Information for the Issuer. See "*Presentation of financial and other information*" and note 6 to the 2019 Unaudited Interim Financial Statements for further details.

Management's discussion and analysis of financial condition and results of operations

The following is a discussion and analysis of the financial condition and results of operations of the Group in the periods set forth below, based on data extracted from the consolidated financial statements of the Issuer and Financière Kilinvest as discussed under "Presentation of financial and other information."

The Issuer was incorporated on November 16, 2017 for the purpose of facilitating the Kiloutou Acquisition and, prior to the Kiloutou Acquisition Completion Date, did not engage in any activities other than those related to the 2018 Transactions.

As discussed in the 2018 Audited Financial Statements, the Kiloutou Acquisition has been accounted for at fair value and, accordingly, the assets acquired and liabilities assumed from the Acquired Kiloutou Group have been recorded at their estimated fair value as of February 15, 2018, the effective date of the Kiloutou Acquisition. As a result, the 2016 Audited Financial Statements and the 2017 Audited Financial Statements are not directly comparable to the financial statements of the Issuer for periods subsequent to the Kiloutou Acquisition due to (i) the Issuer's application of purchase accounting as of February 15, 2018 in connection with the Kiloutou Acquisition and (ii) additional interest expense associated with the financing of the Kiloutou Acquisition.

The reporting entity for our consolidated financial statements prior to January 1, 2018 was Financière Kilinvest. Since January 1, 2018, our consolidated financial statements (consolidating the financial statements of all of our Guarantor and non-Guarantor subsidiaries) have been the consolidated financial statements of the Issuer. Since the New Kiloutou Group was created, for financial reporting purposes, on January 1, 2018, the most recent unaudited interim financial information of the Issuer available as of the date of this offering memorandum is as of and for the nine months ended September 30, 2019. Going forward, holders of the Notes will also receive consolidated financial statements of the Issuer pursuant to the reporting provisions in the Indenture, although we may in the future provide consolidated financial statements of a parent entity in compliance with such reporting provisions. See "Description of the notes—Certain covenants—Reports."

The following discussion should also be read in conjunction with the Financial Statements and related notes thereto included elsewhere in this offering memorandum. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs, which are based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this offering memorandum, particularly in "Risk factors" and "Forward-looking statements."

*Unless the context indicates otherwise, in this "Management's discussion and analysis of financial condition and results of operations," the terms "**Group,**" "**we,**" "**our**" and "**us**" refer to (a) prior to the Kiloutou Acquisition Completion Date, the Acquired Kiloutou Group and (b) on and after the Kiloutou Acquisition Completion Date, the New Kiloutou Group.*

Overview

We are the second largest generalist equipment rental player in Europe and the second largest player in our largest market, France, based on revenue, serving the construction, civil works, craft, services, industry and events sectors. We have a significant European presence serving over 300,000 clients across five countries (France, Poland, Italy, Spain and Germany). As of September 30, 2019, we had a network of 519 branches offering a rental fleet that comprises approximately 250,000 tools and pieces of equipment (excluding accessories) of approximately 1,000 different types. In the twelve months ended September 30, 2019, we generated revenue of €729.4 million and EBITDA of €240.3 million.

We started our business with a focus on tools and light equipment. Over time, we have grown this offering and diversified our offering to provide a wide array of complementary heavy equipment as well as value-adding services, creating a one-stop-shop for both professional customers (business-to-business) and individuals (business-to-consumer) looking for solutions for a variety of projects and construction works.

We report our revenue in two segments: Rental and Services. For the twelve months ended September 30, 2019, €515.9 million, or 70.7%, of our revenue was derived from our Rental segment and €213.5 million, or 29.3%, was derived from our Services segment.

- **Rental segment.** We rent both heavy and light equipment and tools to a diversified client base including construction and civil work companies, craftsmen, public entities, industrial companies, events companies and, to a lesser extent, individuals. Our Rental segment consists of two business lines in France: Generalist

and Specialist. Our French Generalist business line includes our core equipment rental activities. We offer one of the largest catalogues of rental equipment across four product categories: Tools and Light Equipment, Earthmoving, Access and Utility Vehicles, which accounted for 35%, 32%, 21% and 6%, respectively, of our French Rental segment *pro forma* revenue in the year ended December 31, 2018. Our French Specialist business line, which accounted for 6% of our French Rental segment *pro forma* revenue in the year ended December 31, 2018, comprises three product categories: Power, Module and Events.

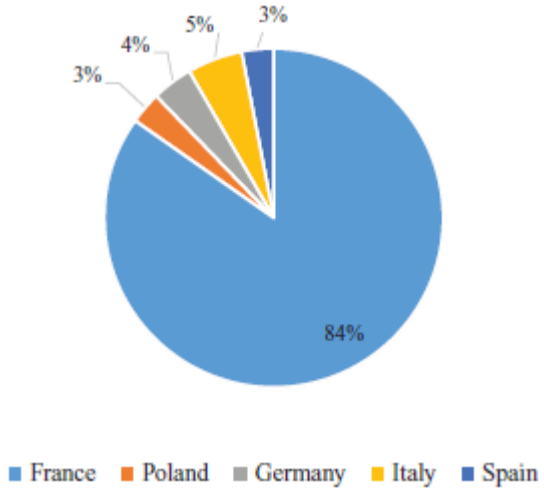
- **Services segment.** We offer services that are directly associated with our Rental segment activities, as well as other services that cater to our clients' requirements. Our Services segment includes the following activities: transportation and delivery of equipment, sale of consumables (such as ancillary products that are fitted to equipment we rent, as well as cross-sales of other products, such as diamond blades and sandpaper, safety equipment and oil) and spare parts adapted to our equipment rental offering, sale of insurance policies offered to customers in connection with our rental agreements, cleaning and repair services for the maintenance of our equipment, fuel for equipment and vehicles, client trainings and various other activities such as the sale of products or subrental of equipment. Our two largest Services categories, Transportation and Delivery and Consumables, accounted for 38% and 27%, respectively, of revenue within our Services segment for the twelve months ended September 30, 2019.

Historically located in Lille, we have progressively expanded our reach into key industrial and populated areas in France, building a dense network of 445 branches covering all key regions as of September 30, 2019. We also began expanding our business internationally in 2014 with the acquisition of two companies in Poland. As of September 30, 2019, we had 74 branches in Poland, Italy, Spain and Germany.

We believe that our dense network in France contributes to strong branch visibility and, ultimately, to strong brand recognition. Our business model is based on a decentralized approach that allows our clusters to have a high degree of autonomy and responsibility. Cluster and branch managers have a solid knowledge of their local markets and are in a strong position to build long-lasting relationships with local clients, which we believe enable them to react quickly, efficiently and precisely to their specific geographic markets. We intend to apply the same business model to the other countries in which we operate as we expand our international network.

The chart below shows our total revenue by geography for the twelve months ended September 30, 2019.

Total revenue by geography
for the twelve months ended September 30, 2019



We own the second largest equipment rental fleet in Europe in terms of gross book value, with a gross book value of €1.3 billion as of September 30, 2019. In recent years, we have heavily invested in our operations to modernize our equipment fleet and improve our service offering, which we believe positions us well to capture future market growth, driven by increasing customer preference for renting rather than owning equipment, as well as increasing our favorable penetration rates in our geographic markets. As of September 30, 2019, our young equipment fleet within our French Generalist business line had an estimated weighted average age of 4.6 years (compared to 5.3 years in 2016) and an estimated weighted average useful life of over ten years. Offering a relatively new fleet allows us not only to provide our clients with modern and well-functioning equipment but also to better manage our repair and maintenance costs. We believe that the high quality of our equipment fleet is highly regarded by our clients.

Through both bolt-on acquisitions and organic growth, we continue to expand and diversify our offering from our core rental equipment activities into new specialist markets. Our Power, Module and Events business lines are fully integrated with our operations, including with respect to products and services offered through our network of branches, logistics and fleet management, and customer care services, which enables us to increase and diversify our client base.

We also invest in innovative solutions to accommodate our clients' changing needs, which cannot be easily replicated by smaller competitors. For example, we recently launched our drones offering, which includes the rental of unmanned aerial vehicles and related equipment, such as drones and drone sensors, together with ancillary services, such as piloting. Our drone solutions provide: (i) photos and videos that can be used in inspecting, monitoring and promoting projects, (ii) aerial thermography, (iii) topographic surveying, (iv) panoramic imaging for the installation, modification or maintenance of antennas and masts in the telecom industry, (v) thermographic imaging to assess defaults and anomalies in photovoltaic panels and (vi) 3-D modelling. Other recently launched innovative offerings include our offering of connected and intelligent KARE safety vests, which are designed to avoid collisions of pedestrian employees and machines and for which we have received the 2019 Mat D'Or innovation award in the category "equipment and tools", as well as industrial exo- and ergo-skeleton, which are pieces of equipment that operators wear that allow them to lift and carry heavy objects.

We believe that the size and density of our network, our large and well-diversified customer base and the quality of our fleet constitute key competitive advantages that enable us to gain market share and increase the efficiency of our operations, as well as to secure repeat business. These competitive advantages and the attractive underlying fundamentals of the equipment rental industry have enabled us to deliver strong financial performance historically, with our revenue growing at a compound annual growth rate ("**CAGR**") of 10.5% between 2005 and 2018.

Key factors affecting results of operations

Our results of operations have been, and may continue to be, affected by the key factors set forth below as well as other factors, many of which are beyond our control. For trends affecting our business and the markets in which we operate, see also "Risk factors," "Industry" and "Business."

General market conditions, seasonality and cyclicality

Our performance is impacted by the global and European macroeconomic environment, the stability of the global credit markets and general economic conditions in our customers' end-markets, which impact our customers' demand for our products and services, with particular exposure to such conditions in France. During economic downturns, certain of our customers (in particular, small and medium enterprises and individuals) can often cut spending or be more likely to go out of business. Conversely, improving economic conditions tend to be correlated with an increase in demand for our products and services.

Conditions in the markets in which our customers operate have an impact on both the utilization rate of our equipment and on prices. Subject to certain contractual arrangements and framework agreements entered into with certain of our customers, as demand increases, utilization follows and we can then choose to allocate equipment to customers who are willing to pay higher prices. When demand decreases, the opposite occurs, and we may reduce prices to preserve utilization levels. Demand can be affected by seasonality that can have an impact (positive or negative) over a longer period and by short-term factors that affect the utilization rates and prices for a brief period. For example, demand in the construction and civil engineering markets tends to decrease during extended periods of inclement weather and in the winter while increasing during extended periods of mild weather and in the summer. We seek to manage the impact of medium and long-term trends through the adjustment of our capital expenditures, increases or decreases in sales of our equipment, and the management of our branch network.

After a strong performance in 2018, the construction and rental markets in Europe have shown signs of decelerating growth. Global economic risks are mainly political, with the key risk being the escalation of the trade war between China and the United States. According to Euroconstruct's June 2019 report, the French construction market grew by 3.1% in 2018, driven by all construction sub-segments, particularly civil engineering. However, Euroconstruct estimated that the construction output would only increase by 0.8% in 2019, with trade wars and political uncertainty posing additional risks to growth. Euroconstruct also confirmed another year of growth for the construction markets in our other geographies. The European Rental Association estimated an overall growth rate of approximately 4.4% in European rental markets in 2018. Among those markets, the French rental market was expected to be among the fastest growing with a growth rate of approximately 7.8%. Poland, Spain, Germany and Italy were also expected to grow with rates of approximately 8.8%, 5.3%, 5.2% and 5.8%, respectively.

Acquisitions

We have historically expanded our operations through prudent, mostly small- to medium-sized bolt-on acquisitions, thereby expanding our network and as a result our revenue stream. Our results of operations during the periods under review have been affected by such acquisitions, which may make it more difficult for investors to evaluate the historical performance of our business by comparing period-over-period results. See "*—Factors affecting comparability of results*" below for an explanation of how acquisitions during the periods under review have affected the comparability of our results across these periods.

Many of the acquisitions we completed in recent years were aimed at increasing the density of our network in our existing markets, diversifying into specific business sectors and end-markets and enhancing our geographic coverage. Most of our acquisitions during the periods under review have been sales and EBITDA accretive within limited turnaround time, while some have required greater management time and resources to complete their turnaround.

Acquisitions impact our financial position and results of operations in a variety of ways. First, our results for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired business in our consolidated results. As acquired businesses are included in our consolidation perimeter from the date of completion of each relevant acquisition, their full impact is only reflected in our financial statements in the subsequent period. Furthermore, acquisitions may result in the addition of new branches and the closure of existing ones as we seek to optimize our fleet management and streamline our operations, which can have a significant impact on our revenue from one period to the next. In addition, costs directly incurred in connection with acquisitions are accounted for as goodwill in our financial statements and do not appear in our income statement. From a financial position point of view, upon the completion of an acquisition, the purchase price is allocated to the tangible and intangible assets of the target and liabilities assumed based on the fair value as of such date. Excess purchase price over these allocations is recorded as goodwill, which is not amortized for accounting purposes but is subject to testing for impairment.

Capital expenditures and equipment disposals

The management of our level of capital expenditure by increasing or decreasing the amount of investment in our fleet is an important factor in our results of operations and cash flow. Decisions about investment in new equipment are based on the condition and remaining useful life of our existing equipment as well as on our views of future demand. We sell assets in our fleet when we believe that these assets have reached the end of their useful life because they have become obsolete or when the cost of maintaining them in proper condition for customer use is too high. We also sell assets in our fleet before the end of their useful life if we believe a decline in demand in a given market is likely to last for a significant period of time. We believe that our experience in the rental equipment market allows us to recognize inflection points (the points at which demand is poised to level off or change direction) in the cycles affecting the sectors in which our customers operate, so that we can increase investment just before the bottom of the cycle (before we expect demand to expand), and decrease investment just before the top of the cycle (before we expect demand to contract). We believe that our anticipation of trends in the cycles affecting the sectors in which our customers operate, particularly historically in the construction and civil engineering sectors, has helped us to control our levels of investment and related debt, and thus maintain strong levels of cash flow and positive net income during the periods under review.

The allocation of investments in our rental fleet is determined by the type of equipment and the requirements of our clusters and branches. In the nine months ended September 30, 2019, we maintained the level of our fleet capital expenditures at €178.4 million compared with €185.7 million for the same period the previous year.

Fixed cost structure

Our business, like that of all equipment rental groups, is capital-intensive with a predominantly fixed cost structure that principally relates to the depreciation of our equipment fleet, as well as other operating expenses that are fixed for short or long periods of time, such as costs of materials and logistics as well as certain personnel charges and real estate rent.

The management of our costs is an important factor in our results of operations and cash flow. To the extent possible we seek to deploy our fleet efficiently across our network to respond to increases and decreases in demand rather than renting out additional equipment from third parties to then rent it out to our customers or duplicating investments in the same piece of equipment in different geographies, which would eventually lead to over-capacity. We also monitor on a regular basis our general administration costs.

Factors affecting comparability of results

The change in the scale of our rental network as a result of acquiring new branches and closing existing ones affects the comparability of our results during those periods by increasing both revenue and expenses.

Recent acquisitions

During the periods under review, we made the following acquisitions of rental equipment compared:

2019

- In July 2019, we acquired 100% of M+S Arbeitsbühnen GmbH., a German company offering access equipment.

2018

- In October 2018, we acquired 100% of Michaud Location, a French generalist rental company.
- In August 2018, we acquired 100% of Elevo Sarl, an Italian company offering access equipment.
- In July 2018, we acquired 100% of Seralfe, a Spanish generalist rental company.
- In July 2018, we acquired 100% of GL Verleih Nrw GmbH, a German company offering access equipment.
- In June 2018, we acquired 100% of Butsch & Meier GmbH and Butsch & Meier Freiburg GmbH, German companies offering access equipment.

2017

- In December 2017, we acquired 100% of Landrau, a French company specializing in the modular industry.
- In November 2017, we acquired 100% of Gam Polska, a Polish generalist rental company.
- In October 2017, we acquired 100% of Ctc de Maquinaria, Alquileres y Reparaciones Osca, Unión de Alquiladores de Maquinaria, a Spanish generalist rental company.
- In October 2017, we acquired 100% of Aixomat, a French generalist rental company.
- In July, 2017, we acquired 100% of Cofiloc and Euronol, two Italian companies offering access equipment.
- In May, 2017, we acquired 100% of Tora Location, a French generalist rental and modular company.

2016

- In December 2016, we acquired 100% Alvecon, a Spanish generalist rental company.
- In October 2016, we acquired 100% of C.A.L.—Compagnie Atlantique de Location ("**CAL**"), a French company specializing in the power industry.
- In April 2016, we acquired Starlift GmbH, a German company offering access equipment.
- In January 2016, we acquired 100% of Aquiloc/Aloutout/Icimat, French generalist rental companies.

Key performance indicators

We consider revenue and EBITDA to be key measures in analyzing our business. EBITDA is a non-French GAAP measure but we believe that it and similar measures are widely used by certain investors as supplemental measures of performance and liquidity. See "*—Liquidity and capital resources*." We present financial information by segment in our financial statements: Rental and Services. While we do not present additional financial information on our segments in our financial statements, we consider that our activity is split into six business units: General and Specialist in France, Poland, Spain, Germany and Italy and that our Services Segment has six business lines (Transportation and delivery, Consumables, Insurance, Cleaning & repair, Fuel and Other services).

The following table sets out these key figures in each of the Rental and Services segments for the years ended December 31, 2016, 2017 and 2018 and for the nine months ended September 30, 2018 and 2019.

(€ millions)	As of or for the year ended December 31,			As of or for the nine months ended September 30,	
	2016	2017	2018	2018	2019
		Financière Kilinvest	Issuer	Issuer	Issuer
			illustrative pro forma	*illustrative pro forma*	
Net revenue by Segment					
Rental	373.8	427.8	490.5	359.5	384.9
Services	158.3	179.1	198.3	143.5	158.7
Transportation and delivery	*58.4*	*66.0*	*75.3*	*55.2*	*60.3*
Consumables	*49.1*	*51.9*	*53.8*	*38.7*	*42.4*
Insurance	*19.1*	*24.9*	*30.6*	*22.6*	*24.7*
Cleaning & repair	*12.7*	*15.1*	*18.6*	*13.3*	*16.1*
Training	*2.0*	*2.5*	*2.9*	*2.0*	*2.3*
Sub-rentals	*19.8*	*20.9*	*18.9*	*13.0*	*14.3*
Other services	*(2.9)*	*(2.3)*	*(1.8)*	*(1.3)*	*(1.5)*
Total net revenue	**532.1**	**606.9**	**688.8**	**502.9**	**543.5**

The following table sets out these key figures in each of the countries in which we operate for the years ended December 31, 2016, 2017 and 2018 and for the nine months ended September 30, 2018 and 2019.

(€ millions)	As of or for the year ended December 31,			As of or for the nine months ended September 30,	
	2016	2017	2018	2018	2019
		Financière Kilinvest	Issuer	Issuer	Issuer
			illustrative pro forma	*illustrative pro forma*	
Net revenue by Geography					
France	501.9	551.6	593.7	437.4	459.0
France Generalist	490.2	529.7	557.4	410.9	428.3
France Specialist	11.7	21.9	36.4	26.6	30.8
Poland	14.7	17.8	23.6	16.7	17.9
Germany	13.5	15.3	23.7	15.6	22.6
Italy	0	13.4	30.4	20.9	27.9
Spain	2.0	8.8	17.3	12.2	16.0
Total net revenue	**532.1**	**606.9**	**688.8**	**502.9**	**543.5**

The following table sets out these key EBITDA and EBITDA margin for the years ended December 31, 2016, 2017 and 2018 and for the nine months ended September 30, 2018 and 2019.

(€ millions)	As of or for the year ended December 31,			As of or for the nine months ended September 30,	
	2016	2017	2018	2018	2019
		Financière Kilinvest	Issuer	Issuer	Issuer
			illustrative pro forma	*illustrative pro forma*	
EBITDA	**156.1**	**191.7**	**226.7**	**162.0**	**175.7**
EBITDA Margin (%)	**29.3**	**31.6**	**32.9**	**32.2**	**32.3**

Key income statement items

The following is a summary description of certain line items from our income statement. For more information see "—Critical accounting policies and estimates" and the notes to our consolidated audited financial statements.

Revenue from rentals includes the fees paid by customers to rent equipment.

Services revenue includes the fees paid by customers for services in connection with equipment rentals such as transportation, fuel, damage waivers and the cost of repair and maintenance services charged back to our customers.

Net gains/(losses) on equipment sales principally includes profits or losses realized from the sale of used equipment.

Maintenance costs includes the cost of maintenance of our equipment.

Holding costs includes depreciation on fleet equipment (whether owned or leased under finance leases) and equipment costs incurred under our operating leases.

Logistics costs includes the costs of transporting equipment between branches and to customer sites.

Other costs includes other operating costs that are not accounted for as maintenance, holding or logistics costs.

Gross salaries and paid vacation provisions relates primarily to the salaries and vacation days to be paid to employees.

Payroll taxes and training levy relates to social security charges and training levies (taxe d'apprentissage).

Performance bonus relates to bonus paid to employees upon reaching certain performance targets including with respect to profitability and quality.

Other expenses relates to other operating expenses such as temporary staff and termination costs.

Advertising costs relates to publicity, media and advertising costs.

Overheads relate to general administration expenses and leasing of certain equipment such as vehicles.

Rental costs relates to the cost of renting premises for our branches.

Net expense for doubtful receivables includes losses on bad debts net of change in provisions on customer accounts.

Financial expenses comprises interest charges on bank loans and hedging expenses.

Other operating income relates to proceeds from the sale of other assets, reversal of provision on risk and other charges.

Extraordinary income and expenses includes a limited number of unusual, abnormal, and uncommon items with significant amounts, which are disclosed separately in the income statement to make it easier to appreciate the Group's current operating performance.

Income tax consists of current and deferred taxes calculated in accordance with the relevant tax laws in force in the jurisdictions in which we operate. As of December 31, 2018, the corporate tax rate in France was 32.02% excluding CVAE (added value tax). We are also subject to tax rates in the other countries in which we operate, which ranged from 15% to 27.5% as of the same date.

Amortization of fair value adjustments to intangible assets principally includes depreciation of fixed assets (fleet and non-fleet) following an acquisition. Depreciation and amortization also includes depreciation of intangible assets qualified as such (trademarks and customer relationships) following a purchase price allocation exercise.

Income statement

The table below sets out our income statements for the years ended December 31, 2016, 2017 and 2018 and the nine months ended September 30, 2018 and 2019.

	Year ended December 31,			Nine months ended September 30,	
	2016	2017	2018	2018	2019
(€ millions)	Financière Kilinvest		Issuer	Issuer	Issuer
			illustrative pro forma[(1)]	*illustrative pro forma*[(1)]	
Revenue from Rentals	373.8	427.8	490.5	359.5	384.9
Revenue from Services and Sub-Leases	158.3	179.1	198.3	143.5	158.7
Total Revenue	**532.1**	**606.9**	**688.8**	**502.9**	**543.5**
Net Gains/(Losses) on Equipment Sales Retirements	19.8	17.2	22.4	13.6	17.5
Maintenance Costs	(43.1)	(46.0)	(53.0)	(38.5)	(40.3)
Holding Costs	(106.8)	(115.4)	(139.7)	(103.2)	(117.0)
Logistics Costs	(33.5)	(38.9)	(47.1)	(33.8)	(38.6)
Other Costs	(48.4)	(50.9)	(48.3)	(34.7)	(37.6)
Total Equipment and Logistics Costs	**(212.0)**	**(233.9)**	**(265.8)**	**(196.7)**	**(216.0)**
Gross Profit	**320.1**	**372.9**	**423.0**	**306.2**	**327.5**
Gross Salaries and Paid Vacation Provisions	(111.8)	(122.5)	(134.7)	(99.1)	(109.1)
Payroll Taxes and Training Levy	(42.4)	(46.2)	(51.3)	(37.3)	(40.0)
Performance Bonuses	(14.0)	(17.5)	(12.7)	(10.0)	(11.4)
Other Expenses	(9.6)	(12.6)	(15.0)	(10.1)	(8.8)
Total Payroll Costs	**(177.8)**	**(198.8)**	**(213.7)**	**(156.5)**	**(169.3)**
Advertising Costs	(4.8)	(4.7)	(5.8)	(4.4)	(4.7)
Overheads	(41.3)	(46.3)	(58.8)	(42.0)	(47.1)
Rental Costs	(44.8)	(46.0)	(49.5)	(37.9)	(40.8)
Net Expense for Doubtful Receivables	(3.3)	(4.1)	(5.5)	(3.9)	(4.3)
Financial Expenses	(40.0)	(42.7)	(42.0)	(30.7)	(36.3)
Other Operating Income Expenses, Net	0.4	0.0	(0.1)	0.1	0.1
Net Income from Ordinary Activities	**8.6**	**30.4**	**47.4**	**31.0**	**25.0**
Extraordinary Income (−) and Expenses (+)	(5.4)	(2.5)	(4.5)	(4.2)	(1.1)
Income Tax	(1.2)	(7.6)	(12.0)	(9.4)	(7.5)
Amortization of Fair Value Adjustments to Intangible Assets	(0.1)	0.4	(14.8)	(11.4)	(11.2)
Net Income for the Period Before Minority Interests	**1.8**	**20.7**	**16.2**	**6.0**	**5.2**
Net Income for the period attributable to minority interests	0.0	0.0	0.0	0.0	0.0
Net Income for the Period Attributable to Owners of the Parent	**1.8**	**20.7**	**16.2**	**6.0**	**5.2**
EBITDA	**156.1**	**191.7**	**226.7**	**162.0**	**175.7**

(1) The illustrative *pro forma* data with respect to revenue from rentals, revenue from services and sub-leases, net gain/(losses) on equipment sales retirements, maintenance costs, holding costs, logistics costs, other costs, gross salaries and paid vacation provisions, payroll taxes and training levy, performance bonuses, other expenses, for the year ended December 31, 2018 and for the nine-month period ended September 30, 2018 correspond to the sum of the corresponding amounts as derived from the accounting records of the Acquired Kiloutou Group for the period from January 1, 2018 to February 14, 2018 and those from the Issuer for the year ended December 31, 2018 and the nine-month period ended September 30, 2018.

Nine months ended September 30, 2019 compared to the illustrative pro forma nine months ended September 30, 2018

Total revenue

Our revenue increased by 8.1% to €543.5 million for the nine months ended September 30, 2019 from €502.9 million for the nine months ended September 30, 2018. This increase was due to a dynamic construction environment and favorable weather, which resulted in organic growth of 5.1% (€25.4 million, of which revenue from our Generalist France business unit accounted for €15.4 million) and the positive impact of certain acquisitions of €15.2 million mainly due to the acquisition of Elevo (Italy), Seralfe (Spain) and Butsch and Meier (Germany) in 2018.

Revenue from rentals increased by €25.4 million and revenue from services increased by €15.2 million. The increase in revenue from rentals resulted from the same drivers such as dynamic construction environment and favorable weather conditions. The increase in revenue from services was due to an increase in our rental activities, which led to additional cross-selling opportunities.

As of September 30, 2019, revenue from our Generalist France business unit represented 78.8%, revenue from our Specialist France business unit represented 5.7% and revenue from our international operations accounted for 15.5% of our total revenue.

Net gains/(losses) on equipment sales

Our net gains on equipment sales increased by 28.7% to €17.5 million for the nine months ended September 30, 2019 from €13.6 million for the nine months ended September 30, 2018. This increase was due to both an increase of the number of equipment sold and a higher ratio of sales prices to purchase prices of the sold equipment.

Maintenance costs

Our maintenance costs increased by 4.7% to €40.3 million for the nine months ended September 30, 2019 from €38.5 million for the nine months ended September 30, 2018. The increase was partly due to the increased size of our equipment fleet. Due to preventative maintenance and higher revenue from equipment rentals, the maintenance costs/rental sales ratio improved and reached 10.5%.

Holding costs

Our holding costs increased by 13.3% to €117.0 million for the nine months ended September 30, 2019 from €103.2 million for the nine months ended September 30, 2018. This increase was due to significant investments in our fleet and equipment realized during the period, which increased costs in relation to depreciation.

Logistics costs

Our logistics costs increased by 14.2% to €38.6 million for the nine months ended September 30, 2019 from €33.8 million for the nine months ended September 30, 2018. This increase was due to the increase in deliveries of equipment to customer sites.

Other costs

Our other costs increased by 8.4% to €37.6 million for the nine months ended September 30, 2019 from €34.7 million for the nine months ended September 30, 2018. This increase was due to increased purchases of consumables for sale.

Gross salaries and paid vacation provisions

Our gross salaries and paid vacation provisions increased by 10.0% to €109.1 million for the nine months ended September 30, 2019 from €99.1 million for the nine months ended September 30, 2018. This increase was due to increased hiring of staff in light of increased equipment rentals and activity from our operations.

Payroll taxes and training levy

Our payroll taxes and training levy increased by 7.3% to €40.0 million for the nine months ended September 30, 2019 from €37.3 million for the nine months ended September 30, 2018. The increase was mostly due to the increase in employees.

Performance bonuses

Our performance bonuses increased by 14.1% to €11.4 million for the nine months ended September 30, 2019 from €10.0 million for the nine months ended September 30, 2018. The increase was mostly due to the increased number of employees (as performance bonuses are based on a percentage of salaries, and therefore vary with total payroll) and a higher level of bonuses resulting from increased activity from our operations.

Other expenses

Our other expenses decreased by 12.7% to €8.8 million for the nine months ended September 30, 2019 from €10.1 million for the nine months ended September 30, 2018. The decrease was due to reduced termination costs and reduced expenses in relation to temporary staff.

Advertising costs

Our advertising costs increased by 6.9% to €4.7 million for the nine months ended September 30, 2019 from €4.4 million for the nine months ended September 30, 2018. The increase in publicity costs was due to a TV campaign that we launched as well as an increased advertising on radio.

Overheads

Our overheads increased by 12.3% to €47.1 million for the nine months ended September 30, 2019 from €42.0 million for the nine months ended September 30, 2018. The increase was mainly due to additional IT costs and consulting fees.

Rental costs

Our rental costs increased by 7.7% to €40.8 million for the nine months ended September 30, 2019 from €37.9 million for the nine months ended September 30, 2018. The increase was due to the higher number of branches as well as the larger size of our branches to support increased business activity. Due to increased revenue from rentals, the ratio of rental costs to sales remained stable.

Net expense for doubtful receivables

Our net expenses for doubtful receivables increased by 10.2% to €4.3 million for the nine months ended September 30, 2019 from €3.9 million for the nine months ended September 30, 2018. The increase was in line with the growth of sales.

Financial expenses

Our financial expenses increased by 18.2% to €36.3 million for the nine months ended September 30, 2019 from €30.7 million for the nine months ended September 30, 2018. This increase was due to the implementation of the incremental senior facility of €150.0 million, which mainly resulted in additional interest costs.

Other operating income and expenses, net

Our other net operating income was stable at €0.1 million for the nine months ended September 30, 2019 from €0.1 million for the nine months ended September 30, 2018.

Extraordinary income (−) and expenses (+)

Our extraordinary expenses amounted to €1.1 million for the nine months ended September 30, 2019. This charge was due to the payment of social contributions in relation to the free shares allocated in connection with the Kiloutou Acquisition.

Income tax

Our income tax decreased by 20.2% to €7.5 million for the nine months ended September 30, 2019 from €9.4 million for the nine months ended September 30, 2018. This decrease was mainly due to the decrease of our net income over the period.

Amortization of fair value adjustments to intangible assets

Our amortization of fair value adjustments to intangible assets decreased by 1.8% to €11.2 million for the nine months ended September 30, 2019 from €11.4 million for the nine months ended September 30, 2018.

EBITDA

EBITDA increased by 8.4% to €175.7 million for the nine months ended September 30, 2019 from €162.0 million for the nine months ended September 30, 2018 due to increased revenue from rentals and gains on sales of equipment. EBITDA margin remained stable over the period from 32.2% to 32.3%.

Illustrative pro forma year ended December 31, 2018 compared to year ended December 31, 2017

Total revenue

Our revenue increased by 13.5% to €688.8 million for the year ended December 31, 2018 from €606.9 million for the year ended December 31, 2017. This increase was due to a dynamic construction environment and favorable macro-economic conditions, which resulted in organic growth of 7.6% (€46.0 million, most of which was due to increased revenue from our Generalist France business unit (€26.0 million)) and the positive impact of acquisitions for an amount of €36.0 million (5.9%) mainly due to acquisitions of Cofiloc and Elevo Sarl in Italy, Butsch & Meier Freiburg GmbH in Germany and Seralfe and Ctc de Maquinaria, Alquileres y Reparaciones Osca, Union de Alquiladores de Maquinaria in Spain.

Revenue from rentals increased by €62.7 million and revenue from services increased by €19.2 million. The increase in revenue from rentals resulted from the same drivers such as dynamic construction environment and positive macro-economic conditions. The increase in revenue from services was due to an increase in our rental activities, which led to additional cross-selling opportunities.

As of December 31, 2018, revenue from our Generalist France business unit represented 80.9%, revenue from Specialist France represented 5.3% and revenue from our international operations accounted for 13.8% of our total revenue.

Net gains/(losses) on equipment sales

Our net gains on equipment sales increased by 30.4% to €22.4 million for the year ended December 31, 2018 from €17.2 million for the year ended December 31, 2017. This increase was due to higher proceeds received for the sale of equipment as a result of larger volumes of equipment sold and price increases.

Maintenance costs

Our maintenance costs increased by 15.2% to €53.0 million for the year ended December 31, 2018 from €46.0 million for the year ended December 31, 2017. The increase was due to the increased size of our equipment fleet. Our maintenance costs/rental sales ratio remained stable during the period.

Holding costs

Our holding costs increased by 21.1% to €139.7 million for the year ended December 31, 2018 from €115.4 million for the year ended December 31, 2017. This increase was due to higher capital expenditures, which resulted in a larger equipment fleet and larger depreciation costs.

Logistics costs

Our logistics costs increased by 21.1% to €47.1 million for the year ended December 31, 2018 from €38.9 million for the year ended December 31, 2017. This increase was due to the increase in deliveries of equipment to customer sites and gas prices.

Other costs

Our other costs decreased by 5.4% to €48.3 million for the year ended December 31, 2018 from €50.9 million for the year ended December 31, 2017. This decrease was due to the reclassification of the CVAE (tax contribution) as corporate income tax.

Gross salaries and paid vacation provisions

Our gross salaries and paid vacation provisions increased by 10.0% to €134.7 million for the year ended December 31, 2018 from €122.5 million for the year ended December 31, 2017. The increase was due to increased hiring of staff to match the increase in rental activities.

Payroll taxes and training levy

Our payroll taxes and training levy increased by 11.0% to €51.3 million for the year ended December 31, 2018 from €46.2 million for the year ended December 31, 2017. The increase was consistent with the increase in the number of our employees.

Performance bonuses

Our performance bonuses decreased by 27.4% to €12.7 million for the year ended December 31, 2018 from €17.5 million for the year ended December 31, 2017. For the year ended December 31, 2017, performance bonuses were higher than the previous year because employees generally reached their profitability and quality targets in the context of favorable macro-economic conditions and business activities.

Other expenses

Our other expenses increased by 19.1% to €15.0 million for the year ended December 31, 2018 from €12.6 million for the year ended December 31, 2017. This increase was due to higher recruitment expenses and a higher level of profit sharing.

Advertising costs

Our advertising costs increased by 23.4% to €5.8 million for the year ended December 31, 2018 from €4.7 million for the year ended December 31, 2017. The increase was due to additional advertising online and on radio to increase brand awareness and support the development of our business in France and in the countries where we operate.

Overheads

Our overheads increased by 27.0% to €58.8 million for the year ended December 31, 2018 from €46.3 million for the year ended December 31, 2017. This increase was due to increased IT and consulting fees as well as travel expenses.

Rental costs

Our rental costs increased by 7.6% to €49.5 million for the year ended December 31, 2018 from €46.0 million for the year ended December 31, 2017. The increase was due to the increased number of branches we operate as well as the larger size of our branches to support high levels of rental activities.

Net expense for doubtful receivables

Our net expenses for doubtful receivables increased to €5.5 million for the year ended December 31, 2018 from €4.1 million for the year ended December 31, 2017. The increase was due to higher rental sales, which led to higher provisions for doubtful receivables.

Financial expenses

Our financial expenses decreased by 1.6% to €42.0 million for the year ended December 31, 2018 from €42.7 million for the year ended December 31, 2017. The decrease was due to the reduction in interest costs because of the repayment of existing convertible bonds issued by Kilinvest in 2011.

Other operating income and expenses, net

Our other net operating expense was stable at €0.1 million for the year ended December 31, 2018 from €0.0 million for the year ended December 31, 2017.

Extraordinary income (−) and expenses (+)

Our extraordinary expense amounted to €4.5 million for the year ended December 31, 2018. This charge was mainly due to extraordinary expenses and fees incurred in connection with the Kiloutou Acquisition.

Income tax

Our income tax increased by 57.9% to €12.0 million for the year ended December 31, 2018 from €7.6 million for the year ended December 31, 2017. This increase was mainly due to reclassification of the CVAE tax contribution.

Amortization of fair value adjustments to intangible assets

Our amortization of fair value adjustments to intangible assets increased to negative €14.8 million for the year ended December 31, 2018 from positive €0.4 million for the year ended December 31, 2017. The difference was due to the purchase price allocation following the Kiloutou Acquisition, which resulted in the amortization of intangible assets.

EBITDA

EBITDA increased by 18.3% to €226.7 million for the year ended December 31, 2018 compared to €191.7 million for the year ended December 31, 2017 due to increased rental sales and higher gains on sales of equipment. Good control of our labor costs also contributed to the increase in EBITDA. The EBITDA margin increased from 31.6% to 32.9%.

Year ended December 31, 2017 compared to year ended December 31, 2016

Total revenue

Our revenue increased by 14.1% to €606.9 million for the year ended December 31, 2017 from €532.1 million for the year ended December 31, 2016. This increase was due to a dynamic economic environment and high levels of construction activity, which resulted in organic growth of 8.3% (€44.0 million, of which revenue from our Generalist France business unit accounted for €36.9 million) and the positive impact of M&A activities, which accounted for €30.8 million (5.8%), mainly due to the acquisitions of CAL (Kiloutou Energie, power solutions), Cofiloc in Italy and Alvecon in Spain.

Revenue from rentals increased by 14.4% (€54.0 million) and revenue from services increased by 13.1% (€20.8 million). The increase in revenue from rentals resulted from dynamic macro-economic conditions. The increase in revenue from services is due to an increase in our rental activities, which led to additional cross-selling opportunities.

As of December 31, 2017, revenue from our Generalist France business unit represented 87.3%, revenue from our Specialist France business unit represented 3.6% and revenue from our international operations accounted for 9.1% of our total revenue.

Net gains on equipment sales

Our net gains on equipment sales decreased by 13.1% to €17.2 million for the year ended December 31, 2017 from €19.8 million for the year ended December 31, 2016. This decrease was due to lower renewal capital expenditures as we did not renew our equipment fleet to the same extent compared to the previous year.

Maintenance costs

Our maintenance costs increased by 6.7% to €46.0 million for the year ended December 31, 2017 from €43.1 million for the year ended December 31, 2016. This increase, due to the increased size of the equipment fleet, is lower than the increase of rental activity due to improvement in the maintenance process (predictive and preventive maintenance). As a result, the ratio of maintenance costs on rental sales decreased from 11.5% in 2016 to 10.8% in 2017.

Holding costs

Our holding costs increased by 8.1% to €115.4 million for the year ended December 31, 2017 from €106.8 million for the year ended December 31, 2016. This increase was due to the additional investments we made to increase the fleet, which led to higher fleet value and higher depreciation costs.

Logistics costs

Our logistics costs increased by 16.1% to €38.9 million for the year ended December 31, 2017 from €33.5 million for the year ended December 31, 2016. This increase was consistent with the increase of rental activities that require us to deliver equipment to customer sites and between clusters as part of our ongoing operations.

Other costs

Our other costs increased by 5.2% to €50.9 million for the year ended December 31, 2017 from €48.4 million for the year ended December 31, 2016. This increase was due to the growth of services and higher margins.

Gross salaries and paid vacation provisions

Our gross salaries and paid vacation provisions increased by 9.6% to €122.5 million for the year ended December 31, 2017 from €111.8 million for the year ended December 31, 2016. The increase is due to the increased number of employees. The labor cost/revenue ratio decreased due to strong organic growth that offset the increase in labor costs.

Payroll taxes and training levy

Our payroll taxes and training levy increased by 9.0% to €46.2 million for the year ended December 31, 2017 from €42.4 million for the year ended December 31, 2016. The increase was due a larger workforce and is in line with the growth of salaries paid to employees.

Performance bonuses

Our performance bonuses increased by 25% to €17.5 million for the year ended December 31, 2017 from €14.0 million for the year ended December 31, 2016. The increase was due to an increase in the number of employees and to higher levels of bonuses paid as more employees reached their profitability and quality targets as a result of increased activity in our operations.

Other expenses

Our other expenses increased by 31.3% to €12.6 million for the year ended December 31, 2017 from €9.6 million for the year ended December 31, 2016. This increase was due to the higher level of profit sharing that resulted from improved revenue.

Advertising costs

Our advertising costs decreased by 2.1% to €4.7 million for the year ended December 31, 2017 from €4.8 million for the year ended December 31, 2016. The decrease was due to lower spending for advertising on radio and online during the period.

Overheads

Our overheads increased by 12.1% to €46.3 million for the year ended December 31, 2017 from €41.3 million for the year ended December 31, 2016. This increase was due to the higher level of travel expenses.

Rental costs

Our rental costs increased by 2.7% to €46.0 million for the year ended December 31, 2017 from €44.8 million for the year ended December 31, 2016. The increase was due to higher costs to maintain our properties and real estate as our levels of rent remained stable for the period. The rental costs ratio decreased due to an increase in activity that offset the increase in rental costs.

Net expense for doubtful receivables

Our net expenses for doubtful receivables increased by 24.2% to €4.1 million for the year ended December 31, 2017 from €3.3 million for the year ended December 31, 2016. This increase was due to both an increase in our revenue and due to the identification of customer receivables that were deemed as higher risks by management compared to the previous year, which had exceptionally low expenses for doubtful receivables.

Financial expenses

Our financial expenses increased by 6.8% to €42.7 million for the year ended December 31, 2017 from €40.0 million for the year ended December 31, 2016. This increase was due to an increased level of net financial debt.

Other operating income and expenses, net

Our other operating expense, net decreased to €0.0 million for the year ended December 31, 2017 from €0.4 million for the year ended December 31, 2016.

Extraordinary income (−) and expenses (+)

Our extraordinary expense decreased to €2.5 million for the year ended December 31, 2017 from €5.4 million for the year ended December 31, 2016. The difference was mainly explained by extraordinary fees paid in relation to non-recurring operations.

Income tax

Our income tax increased to €7.6 million for the year ended December 31, 2017 from €1.2 million for the year ended December 31, 2016. This increase was due to the higher level of taxable income as a result of increased net income.

Amortization of fair value adjustments to intangible assets

Our amortization of fair value adjustments to intangible assets decreased to positive €0.4 million for the year ended December 31, 2017 from negative €0.1 million for the year ended December 31, 2016.

EBITDA

EBITDA increased by 22.8% to €191.7 million for the year ended December 31, 2017 from €156.1 million due to increased rental sales, higher productivity and better management of costs, especially maintenance costs. The EBITDA margin increased from 29.3% to 31.6%.

Liquidity and capital resources

Historically, our primary sources of cash have been cash flows from operating activities and borrowings under our debt facilities, including the Existing Revolving Credit Facility (which will be repaid in full and cancelled as part of the Transactions). We expect that, following the completion of the Transactions, our primary sources of cash will be cash flows from operating activities and borrowings, including under the New Revolving Credit Facility. Borrowings under the New Revolving Credit Facility will be subject to certain conditions, including compliance with financial maintenance and other covenants and warranties. See "*Description of certain financing arrangements—New revolving credit facility agreement*" and "*Description of the notes.*"

Historically, our principal uses of cash have been, and following the completion of the Transactions we expect will continue to be, operating expenses, capital expenditures and debt service payments.

We currently have, and following the completion of the Transactions, will continue to have, substantial indebtedness. After giving effect to the Transactions as of September 30, 2019, we would have had outstanding €1,127.0 million of total third-party financial debt and € 1,055.1 million of total third-party net financial debt. See "*Capitalization.*" Our high level of debt may have important negative consequences for you. See "*Risk factors.*" There are also limitations on our ability to obtain additional debt financing. See "*Description of the notes—Certain covenants—Limitation on indebtedness,*" and "*Description of certain financing arrangements—New revolving credit facility agreement.*" Further, any additional indebtedness that we do incur could reduce the amount of our cash flow available to make payments on our then existing indebtedness, including under the Notes offered hereby.

Our ability to make principal or interest payments when due on our indebtedness, including indebtedness under the New Revolving Credit Facility Agreement and our obligations under the Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, industry, regulatory and other factors, as well as other factors discussed in "*Risk factors*," many of which are beyond our control.

We believe that, based on our current level of operations, our cash on hand, cash flows from operating activities and the availability of borrowings under the New Revolving Credit Facility will be sufficient to fund our operating expenses, capital expenditures and debt service payments for at least the next twelve months.

Cash flow

The following is a discussion of our cash flow from operations, cash flow from investing activities and cash flow from financing activities for the years ended December 31, 2016, 2017 and 2018 and the nine months ended September 30, 2018 and 2019.

Cash flow from operations includes EBITDA, fluctuations in our net working capital, interest paid, corporate income tax payments (including CVAE tax contribution) and exceptional items cashed out and cancellation of non-cash items in EBITDA (mainly net book value of disposed equipment).

Cash flow from investing activities consists of our capital expenditures, changes in asset suppliers, financial investments and divestments and as well as the cash impact of external acquisitions.

Cash flow from financing activities reflects the net issuance of new debt or equity, less debt repayments and dividend payments. All the cash flow related to the financial leases are included in this sub-total.

The following table presents a summary of our cash flow for the years ended December 31, 2016, 2017 and 2018 and the nine months ended September 30, 2018 and 2019:

	Year ended December 31,			Nine months ended September 30,	
	2016	2017	2018	2018	2019
(€ millions)	Financière Kilinvest		Issuer	Issuer	Issuer
			illustrative pro forma	*illustrative pro forma*	
Cash flow from operations	127.3	184.9	152.8	88.4	114.9
Cash flow for investing activities	(254.8)	(207.7)	(864.1)	(834.1)	(193.0)
Cash flow from financing activities	133.5	50.6	738.2	768.6	90.9
Change in cash and cash equivalents	**5.9**	**27.7**	**27.0**	**22.9**	**12.9**
Cash and cash equivalents at the end of the period[(1)]	**(6.9)**	**20.3**	**26.8**	**22.8**	**39.6**

(1) Including bank overdrafts.

Nine months ended September 30, 2019 compared to the illustrative pro forma nine months ended September 30, 2018

Cash flow from operations

Net cash provided by operations increased by 30.0% from €88.4 million for the nine months ended September 30, 2018 to €114.9 million for the nine months ended September 30, 2019. Before changes in working capital requirements and in interest payments on debt, net cash provided by operations increased by 15.6% from €147.3 million for the nine months ended September 30, 2018 to €170.3 million for the nine months ended September 30, 2019, due to an EBITDA increase of €13.6 million and the decrease in non-recurring items of €3.4 million. Changes in working capital rose from a negative impact of €15.9 million for the nine months ended September 30, 2018 to a negative impact of €26.9 million for the nine months ended September 30, 2019. The negative trend in working capital in the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 was primarily due to a decrease in account payables.

Cash flow for investing activities

Net cash used in investing activities decreased from €834.1 million for the nine months ended September 30, 2018 to €193.0 million for the nine months ended September 30, 2019, primarily due to the Kiloutou Acquisition in 2018. Capital expenditures increased for the nine months ended September 30, 2019 from €203.5 million for the nine months ended September 30, 2018, of which our rental fleet accounted for €185.7 million, to €189.6 million in the nine months ended September 30, 2019, of which our rental fleet accounted for €178.4 million. Cash from fixed asset disposals, related to our rental fleet is already included in EBITDA. The impact of changes in scope of consolidation in September 2018 includes cash flows in relation to the Kiloutou Acquisition of €596.7 million.

Cash flow from financing activities

Net cash provided by financing activities decreased from €768.6 million for the nine months ended September 30, 2018 to €90.9 million for the nine months ended September 30, 2019. In the nine months ended September 30, 2018, we issued €1,012.8 million of debt and the capital increase of €427.7 million. These amounts are composed of €827.0 million of debt and €427.7 million in connection with the Kiloutou Acquisition. We repaid €671.9 million of debt, including €46.9 million of finance leases in the nine months ended September 30, 2018 and €630.7 million related to the Kiloutou Acquisition. In the nine months ended September 30, 2019, we issued €184.1 million of debt, composed of €23.6 million of new finance leases. We repaid €93.0 million of debt, including €57.8 million of finance leases.

Illustrative Pro Forma year ended December 31, 2018 compared to the year ended December 31, 2017

Cash flow from operations

Net cash provided by operations decreased by 17.3% from €184.9 million for the year ended December 31, 2017 to €152.8 million for the year ended December 31, 2018. Before changes in working capital requirements and variations in other financial debt and in accrued interest on debt, net cash provided by operations increased by 18.6% from €179.5 million for the year ended December 31, 2017 to €212.8 million for the year ended December 31, 2018, due to the increase of EBITDA. Changes in working capital decreased from a positive impact of €16.8 million for the year ended December 31, 2017 to a negative impact of €9.7 million for the year ended December 31, 2018. The negative trend in working capital in the year ended December 31, 2018 compared to the year ended December 31, 2017 was primarily due to the decrease in trade payables variation.

Cash flow for investing activities

Net cash used in investing activities increased from €207.7 million for the year ended December 31, 2017 to €864.1 million for the year ended December 31, 2018, primarily due to the Kiloutou Acquisition in 2018. Capital expenditures increased from €138.0 million for the year ended December 31, 2017, of which our rental fleet accounted for €124.6 million, to €226.8 million in the year ended December 31, 2018, of which our rental fleet accounted for €203.2 million. Cash from fixed asset disposals related to our rental fleet is already included in EBITDA. The impact of changes in scope of consolidation in December 2018 includes flows in connection with the Kiloutou Acquisition for €596.7 million.

Cash flow from financing activities

Net cash provided by financing activities increased from positive € 50.6 million for the year ended December 31, 2017 to positive € 738.2 million for the year ended December 31, 2018. In the year ended December 31, 2017, we issued €250.7 million of debt, composed of €172.5 million in bank loan and €78.1 million in leases. We repaid € 200.1 million of debt, including €60.2 million of finance leases. In the year ended December 31, 2018, we issued €1,006.9 million of debt, composed of €114.6 million of new finance leases and € 827.0 million of debt due to the Kiloutou Acquisition. The €427.7 million of capital increase also relates to the Kiloutou Acquisition. We repaid €696.3 million of debt, including €64.6 million of finance leases and €630.7 million related to operations in connection with the Kiloutou Acquisition.

Year ended December 31, 2017 compared to the year ended December 31, 2016

Cash flow from operations

Net cash provided by operations increased by 45.3% from €127.3 million for the year ended December 31, 2016 to €184.9 million for the year ended December 31, 2017. Before changes in working capital requirements and variations in other financial debt and in accrued interest on debt, net cash provided by operations increased by 26.1% from € 142.3 million for the year ended December 31, 2016 to €179.5 million for the year ended December 31, 2017, due to the increase in EBITDA. Changes in working capital rose from a negative impact of € 3.7 million for the year ended December 31, 2016 to a positive impact of €16.8 million for the year ended December 31, 2017. The improvement in working capital in the year ended December 31, 2017 compared to the year ended December 31, 2016 was primarily due to changes in trade payables.

Cash flow for investing activities

Net cash used in investing activities decreased from €254.8 million for the year ended December 31, 2016 to €207.7 million for the year ended December 31, 2017, primarily due the decrease of the renewal of capital expenditures.

Capital expenditures decreased for the year ended December 31, 2017 from €161.3 million for the year ended December 31, 2016, of which our rental fleet accounted for €144.9 million, to €138.0 million for the year ended December 31, 2017, of which our rental fleet accounted for €124.6 million. Cash from fixed asset disposals, related to our rental fleet is already included in EBITDA.

Cash flow from financing activities

Net cash provided by financing activities decreased from positive € 133.5 million for the year ended December 31, 2016 to positive € 50.6 million for the year ended December 31, 2017. In the year ended December 31, 2016, we issued €276.9 million of debt, composed of €140.0 million of debt loan, €30.0 million of bonds and €106.9 million of finance lease. We repaid €143.5 million of debt, including € 48.2 million of finance leases. In the year ended December 31, 2017, we issued €250.7 million of debt, composed of €78.1 million of new finance leases. We repaid €200.1 million of debt, including € 60.2 million of finance leases.

Capital expenditures

Our capital expenditures consist principally of investments in fixed assets (i.e., our equipment fleet). We determine and allocate our budget for capital expenditures on an annual basis. Decisions about investment in new equipment are based in significant part on our views of future demand. During growth cycles we may decide to invest in our business by replacing aging or end-of-life equipment and by expanding the total size of the fleet, while in downturns we tend to restrict capital expenditures to the replacement of end-of-life equipment and conserve cash.

The table below shows our investments for the last three years.

	As of or for the year ended December 31,			As of or for the nine months ended September 30,	
	2016	2017	2018	2018	2019
(€ millions)	Financière Kilinvest		Issuer	Issuer	Issuer
			illustrative pro forma	*illustrative pro forma*	
Capital expenditures and disposal proceeds					
Gross capital expenditures	**(161.3)**	**(138.0)**	**(226.8)**	**(203.5)**	**(189.6)**
Purchase of rental equipment	*(144.9)*	*(124.6)*	*(203.2)*	*(185.7)*	*(178.4)*
Purchase of non-rental equipment	*(16.5)*	*(13.3)*	*(23.6)*	*(17.7)*	*(11.3)*
Net proceeds from disposal of fixed assets	**24.4**	**19.8**	**26.8**	**16.5**	**20.5**
Proceeds from rental equipment sales	*23.7*	*19.8*	*26.7*	*16.4*	*20.4*
Proceeds from other asset sales	*0.7*	*0.1*	*0.1*	*0.1*	*0.1*
Net capital expenditures[(1)]	**(136.9)**	**(118.2)**	**(200.0)**	**(187.0)**	**(169.1)**

(1) We define net capital expenditures as capital expenditures, less proceeds from the sale of fixed assets, including rental equipment.

Our total gross capital expenditures for the nine months ended September 30, 2019 amounted to €189.6 million, of which € 178.4 million was from the purchase of rental equipment, compared to € 203.5 million for the nine months September 30, 2018, of which € 185.7 million was from the purchase of rental equipment. Total gross capital expenditures spend in the nine months ended September 30, 2019 decreased due to a lower level of growth capital expenditures.

Total gross capital expenditures increased from €138.0 million in the year ended December 31, 2017 to €226.8 million in the year ended December 31, 2018. Purchase of rental equipment amounted to € 203.2 million in the year ended December 31, 2018, compared to € 124.6 million in the year ended December 31, 2017.

Contractual obligations

The table below summarizes our contractual obligations as of September 30, 2019, after giving effect to the Transactions. The information presented in the table below reflects our management's estimates of the contractual maturities of our obligations. These maturities may differ significantly from the actual maturity of these obligations. The table does not reflect amounts that may be drawn under the New Revolving Credit Facility, interest thereon, and any utilization fees payable thereunder.

(€ millions)	**Total**	**Less than 1 year**	**1–5 years**	**More than 5 years**
Notes offered hereby[(1)]	860.0	—	—	860.0

Convertible bonds[(2)]	190.0	—	—	190.0
Leases and other borrowings from financial institutions[(3)]	267.1	80.8	186.3	0.0
Other borrowings from non-financial institutions	1.1	0.4	0.7	0.0
Total	**1,318.2**	**81.2**	**187.0**	**1,050.0**

(1) Does not reflect interest payments due in respect of the Notes offered hereby.

(2) In 2018 convertible bonds in an aggregate principal amount of €165.0 million were issued to some direct and indirect shareholders. The notes are redeemable 10 years from issuance.

(3) Includes finance leases and bilateral loans.

Off-balance sheet commitments

We are a party to various customary off-balance sheet arrangements, including guarantees given to financial institutions in connection with the Existing Senior Facilities and with operating leases contracted for equipment rental payments that are not capitalized, real estate leases and other vehicle leases.

Quantitative and qualitative disclosures about market risks

Currency and interest rate derivatives

We are exposed to market risks arising from fluctuations in interest rates and exchange rates in the ordinary course of our business. To manage these risks effectively, we enter into hedging transactions and use derivative financial instruments to mitigate the adverse effects of these risks. We do not enter into financial instruments for trading or speculative purposes.

We still own a portfolio of derivative financial instruments hedging interest rate variations for a notional amount of €1,805.7 million as of September 30, 2019 to expire in January 2025. These derivatives include interest rate swaps for our Existing Senior Facilities. The mark to market value of this derivatives portfolio was negative €28.5 million as of September 30, 2019 and decreased to €22.3 million as of October 31, 2019. We may enter into interest rate swaps in connection with the issuance of Floating Rate Notes. As of September 30, 2019, our financial debt was composed of €223.7 million of financial leases and €863.0 million of loans. The amount of our debt covered by hedging interest rate instrument as of September 30, 2019 was €570.7 million.

The majority of our revenue (96.7% as of September 30, 2019), expenses and obligations are denominated in euros. However, we are exposed to foreign exchange rate risk, primarily in respect of Polish Zloty. We do not consider this exposure as material and we do not own foreign exchange rate derivative financial instruments as of September 30, 2019.

Certain differences between French GAAP and IFRS

The Group's audited consolidated financial statements and unaudited interim consolidated financial statements included elsewhere in this offering memorandum have been prepared in accordance with French GAAP. Certain differences exist between French GAAP and IFRS that may be material to the financial information presented therein.

The discussion set forth below summarizes certain differences identified between French GAAP as applied by the Group and IFRS, following a limited analysis of both sets of principles. The Group is responsible for preparing the summary below and has not prepared a reconciliation of its consolidated financial information from French GAAP to IFRS.

In making an investment decision, investors must rely upon their own examination of the Group, the terms of the Offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between French GAAP and IFRS and how those differences might affect the financial information herein. Potential investors should not take this summary to be a comprehensive list of all differences between French GAAP and IFRS.

Some differences between French GAAP and IFRS, as they relate to the Group, are listed hereafter.

- CVAE tax contribution (Contribution à la Valeur Ajoutée des Entreprises, a local business tax applied in France) has been classified as other operating expenses under French GAAP in 2016 and 2017 rather than income tax under IFRS. Since 2018, the CVAE tax contribution is classified as income tax.

- Retirement indemnities would have been treated differently under IFRS than French GAAP, but we do not deem this difference to be material for the Group.

- Certain acquisition costs are capitalized under French GAAP rather than being expensed as they would be under IFRS.

- Valuation of financial debt differs from French GAAP under IAS 32 and IFRS 9. Application of IAS32/IFRS9 to the Group would increase the financial debt by €28.4 million as at September 30, 2019 and by €22.3 million as at October 30, 2019.

- Recognition of deferred tax assets and liabilities differs from French GAAP under IAS 12.

- IFRS 16, applicable since January 1, 2019 is a significant difference between French GAAP and IFRS. Application of IFRS 16 to the Group would:

- Increase EBITDA by replacing the operating lease costs by depreciation of right of use and interest on rents. The impact on EBITDA is estimated to be €55.3 million for the twelve months ended September 30, 2019.

- Increase the financial debt as at September 30, 2019 by €148.0 million.

Critical accounting policies and estimates

French GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on the information available at the time of preparation of the financial statements and affect the published amounts. Actual results may differ from these estimates.

The preparation of consolidated financial statements under French GAAP requires the consideration by our management of estimates and assumptions that can affect the reported value of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. Our management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and current economic conditions. Items in future financial statements may differ from current estimates as a result of changes in these estimates and assumptions.

The main estimates made by management in the preparation of financial statements relate to the valuation and the useful life of non-current assets (especially goodwill).

When a specific transaction is not covered by any standards or interpretations, management uses its judgment in developing and applying an accounting policy that results in the production of relevant and reliable information.

As a result, our management believes that the financial statements provide a true and fair view of our financial position, financial performance and cash flows and reflect the economic substance of transactions. We consider the following policies and estimates to be the most critical in understanding the assumptions and judgments that are involved in preparing our financial statements and the uncertainties that could affect our financial results, financial condition and cash flows.

Fair value, goodwill and other intangible assets

The identifiable assets and liabilities of acquired companies are measured at fair value on first-time consolidation.

Fair value adjustments are recognized where necessary along with the corresponding deferred taxes.

Any goodwill, badwill, fair value adjustments or transaction costs related to shares purchased prior to the date on which control is acquired are eliminated on consolidation as they are not considered to be identifiable assets or liabilities.

Any difference between (i) the acquisition cost of the shares of a newly consolidated company (including net of tax transaction costs) and (ii) the acquisition-date fair value of the identifiable assets and liabilities acquired, is recognized under “Goodwill” in the consolidated balance sheet.

Following the transposition of Directive 2013/34/EU of the European Parliament into French law by Government Order no. 2015-900 and Decree no. 2015-903 of July 23, 2015, goodwill recognized on the acquisition of consolidated companies is not amortized as the activities to which the goodwill relates do not have any foreseeable limit.

The intangible assets identified by the Group correspond to the value of (i) a trademark, and (ii) customer relationships, in view of the recurring revenue generated with customers.

The value of the trademark concerned was measured using the relief-from-royalty method (by capitalizing future royalties to infinity based on the assumption of a 1.5% annual growth rate and an 8.1% discount rate).

Customer relationships have been recognized as intangible assets in view of the highly recurring nature of revenue identified for certain business units. Based on the business unit analyses used by Group management, customer relationship intangible assets have been identified for the following business units: (i) general rentals in France, (ii) specialist rentals in France, and (iii) general rentals in Poland, Italy and Germany.

The intangible assets recognized for these customer relationships will be amortized on a straight-line basis over a period of ten years, with the recognition of corresponding deferred taxes.

Goodwill and intangible assets are tested for impairment once a year. No impairment losses were recognized for these assets at December 31, 2018 in view of the fact that (i) the date on which the Group acquired control of the companies concerned was so recent, and (ii) the companies' results were in line with expectations.

Property, plant and equipment

Property, plant and equipment are measured at fair value. Only real estate assets are revalued, with the revaluations based on values provided by real estate valuation experts, which are updated where necessary to take into account changes in the local property markets in the countries where the assets are located. Revalued assets are depreciated on a straight-line basis over a period of 20 years for real estate owned.

The amortization of intangible assets (excluding market share and trademarks) and the depreciation of property, plant and equipment are calculated using the straight-line method, based on the estimated useful lives of the assets concerned. The amortizable/depreciable amount corresponds to the asset's acquisition cost, as defined above, less any residual value.

If any indication of impairment is identified, an impairment loss is recognized where the fair value of an asset is lower than its carrying amount.

The useful lives of the Group's main assets are as follows:

- software: 1 to 5 years
- buildings: 20 years
- leasehold improvements, fixtures and fittings: 4 to 10 years
- lifting equipment: 3 to 9 years
- earth-moving equipment: 3 to 9 years
- other equipment: 3 to 10 years
- vehicles: 3 to 5 years
- office and IT equipment: 3 to 6 years
- furniture: 3 to 10 years

Receivables and payables

Receivables and payables are recognized at nominal value.

Subsequent to initial recognition, a provision for impairment is recognized for receivables if their fair value is lower than their carrying amount. In accordance with French GAAP, any exchange differences are recognized in consolidated net income.

Finance leases

In accordance with the recommended method under French GAAP, the Group capitalizes assets held under finance leases.

These assets are capitalized when:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lease contains a bargain purchase option;
- the lease covers the majority of the economic life of the asset, irrespective of whether ownership is transferred to the lessee by the end of the lease term;
- the present value of the minimum lease payments at the inception of the lease is equal to, or greater than, substantially all of the fair value of the leased asset.

The Group's finance leases mainly concern rental equipment, land and buildings, as follows:

- the leased assets are capitalized and are depreciated in the same way as the Group's other property, plant and equipment.
- the aggregate amount of the lease payments is accounted for in the same way as the repayment of a conventional loan taken out to finance the assets concerned. Consequently, lease payments recorded in the individual financial statements of Group companies are eliminated on consolidation through the recognition of interest expense and the repayment of the finance lease liability over the term of the lease.
- under French GAAP, capitalization of assets held under finance leases is only permitted in consolidated financial statements and not in individual company financial statements.

Retirement benefit obligations

In accordance with French GAAP, retirement benefit obligations are recorded as a provision in the consolidated financial statements.

The projected benefit obligation is measured by an independent actuary and is validated by the Statutory Auditors. It is calculated using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement.

The benefit obligations are determined based on salaries, payroll tax rates, estimated retirement ages, and the probability that the employees concerned will still be with the Group at their retirement date. The Group applies a 2% rate for future salary increases and uses the INSEE 2012-2016 mortality table. Staff turnover rates are calculated by age bracket. The probability of employees leaving the Group before retirement varies between 8.8% for employees over 50 and 24.8% for those aged between 20 and 24. The discount rate used is 1.60%.

Deferred taxes

Deferred taxes are recognized using the liability method, taking into account:

- All temporary differences (arising both in the individual financial statements and directly in the consolidated financial statements) between the carrying amount of an asset or liability and its tax base.
- Tax losses, when their utilization is considered highly probable.
- Taxes related to restatements, adjustments and eliminations made on consolidation.

The income tax rates used for calculating deferred taxes are 25.82% for French companies, 19% for Polish companies, 25% for Spanish companies, 24% for Italian companies, and 26% for German entities.

Industry

*Certain of the information set forth in this section has been derived from external sources, including, among other sources, a report the European Rental Association (the "**ERA**") and a report from Euroconstruct. Unless otherwise stated, the source of all industry metrics, estimates and projections used in this offering memorandum is the ERA. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but some of the information may have been derived from estimates or subjective judgments or may have been subject to limited audit or validation. While we believe these market data and other information are accurate and correct, we have not independently verified them. Furthermore, such estimates or judgments, particularly as they relate to expectations about our market and industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk factors" and "Forward-looking statements" elsewhere in this offering memorandum. These projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Market and industry data", "Risk factors" and "Forward-looking statements."*

Industry overview

Equipment rental companies provide customers with equipment, including both large equipment (such as earthmoving equipment, telescopic handlers, boom lifts, excavators and forklift trucks), and smaller equipment and tools (such as power saws, perforators, sanding equipment, scaffolding, ladders, power generators and other small tools) used in construction and renovation projects as well as craftwork and do-it yourself projects. Rental companies also often provide a wide range of services associated with the equipment they offer for rent such as transportation and delivery, fuel provision, sale of consumables, insurance, maintenance, subrentals, site diagnosis and logistics and training.

The primary customers for equipment rental companies such as us include construction companies, civil work companies, public utilities, local authorities and government entities, events companies and tradesmen, as well as a number of industrial groups and other companies. In addition, craftsmen and homeowners, increasingly seek to rent equipment, although on a less frequent basis as compared with the primary customers described above.

We operate in France, Germany, Italy, Poland and Spain. The dynamics of the customer and geographic end markets we serve vary significantly, as described below under "—*Our geographic markets*".

Market size and growth forecast

The total size of the European equipment rental market (defined as total rental revenue, including rental-related revenue, merchandise and sale of used equipment) at €26.0 billion in 2018. The three largest equipment rental markets in Europe in 2018 were the United Kingdom (estimated at €6.8 billion), Germany (estimated at €4.6 billion) and France (estimated at €3.9 billion) and collectively accounted for approximately 59% of total rental revenue in 2018. The European rental market is forecasted to grow by 3.8% in 2019, as compared with estimated growth of 4.4% in 2018. Growth in our markets in 2018 was as follows: 6.2% in Poland, 7.8% in France, 5.3% in Spain, 5.8% in Italy and 5.2% in Germany.

The graphic below presents the rental revenue, forecasted market growth rates and construction rental penetration rate (as of 2018) for the equipment rental markets in which we operate, as well as key reference markets in the United Kingdom and Scandinavia. Construction rental penetration rate for the purposes of this graph is calculated as the share of total rental market divided by the total construction output.

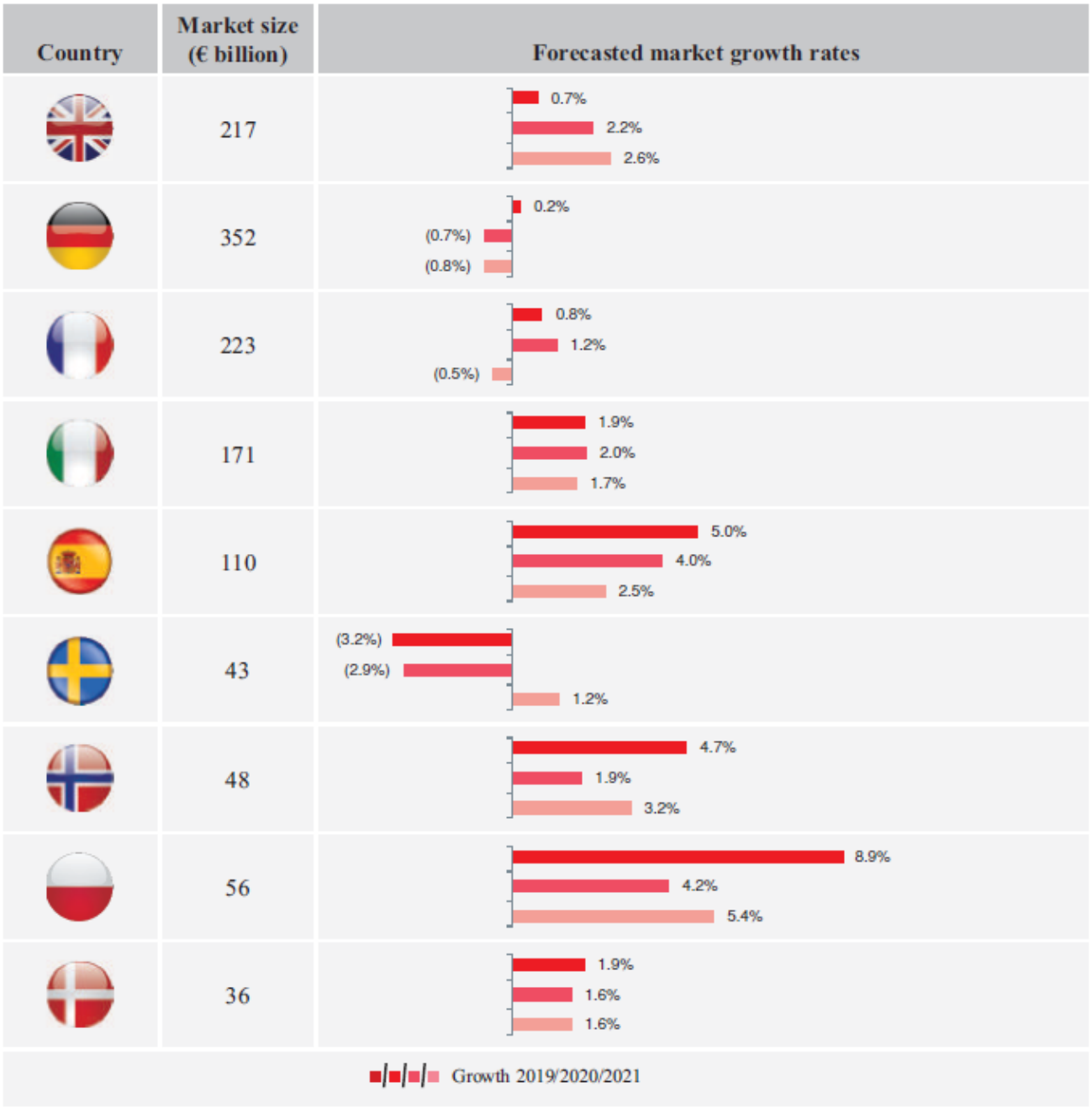
Country	Rental revenue (€m) (2018)	Forecasted market growth rates	Construction rental penetration (2018)
	6,755	(0.4)% 1.4% 4.3%	2.7%
	4,625	5.6% 4.2% 3.8%	1.7%
	3,865	5.8% 3.3% 3.2%	1.4%
	1,635	0.3% 4.3% 7.0%	3.7%
	1,550	4.8% 2.5% 2.4%	0.8%
	1,380	4.7% 5.2% 5.3%	0.8%
	885	1.1% 5.0% 7.4%	1.9%
	685	7.3% 9.5% 8.1%	0.7%
	575	1.7% 2.6% 3.3%	1.9%
		Growth 2019/2020/2021	

(Source: ERA 2019 Market Report)

Overall, the European construction market is expected to experience slower growth in the coming years, within a wider context of a weakening economic expansion, although almost all European countries are expected to continue growing in the short term. The forecasted growth rate of the 19 European countries covered by Euroconstruct data is expected to be 1.9% in 2019, 1.5% in 2020 and 1.4% in 2021, and is forecasted to grow at a CAGR of 1.6% between 2018 and 2021. According to Euroconstruct, the residential construction end market grew on average by 3.0% in 2018 for the 19 European countries covered by Euroconstruct data and is expected to grow by 1.2% in 2019, 1.0% in 2020 and 0.8% in 2021, at a forecasted CAGR of 1.0% over between 2018 and 2021, while the non-residential construction end market grew on average by 1.9% in 2018 and is expected to grow by 1.3% in 2019, 1.2% in 2020 and 1.2% in 2021, at a forecasted CAGR of 1.3% between 2018 and 2021. The civil engineering end market grew on average by 5.6% in 2018 and is expected to grow by 4.2% in 2019, 3.1% in 2020 and 2.9% in 2021, at a forecasted CAGR of 3.4% between 2018 and 2021. Overall economic growth in Europe is expected to slow due to low business confidence caused by a variety of factors, including economic and political uncertainty in Italy and widespread political uncertainty due to Brexit. While infrastructure is expected to remain a key driver of growth in the European construction market (and, as a result in the European equipment rental markets) through 2020, many EU-funded infrastructure projects are reaching completion ahead of the next EU budgetary period beginning in 2021. In addition, other macroeconomic drivers, such as geopolitical

risks, rising protectionism (including the trade dispute between the United States and China), slowing emerging economies and saturation of the market and an excess in production capacities, may have a negative impact on the construction sector growth in the years to come.

The graphic below presents the market sizes and forecasted market growth rates of the construction markets in the equipment rental markets in which we operate, as well as key reference markets in the United Kingdom and Scandinavia (in descending order based on equipment rental market size for 2018):



(Source: 87th Euroconstruct report)

Competitive landscape

We are the second largest generalist equipment rental company in Europe based on revenue, after Loxam. Our primary competitors are large national and international equipment providers that offer broad, generalized product ranges to customers. In addition to such generalist equipment rental companies (who may also offer specialist ranges), we also compete with dedicated specialty equipment rental companies, such as Algeco in regards to modular construction equipment rentals and Aggreko in regards to temporary energy solutions rentals.

The European equipment rental industry is generally highly fragmented, with a small number of incumbent national or international operators holding sizeable market shares and many smaller companies serving discrete local or regional markets. Fragmentation also generally characterizes each of the five geographies in which we operate. Competition in the equipment rental market tends to be based primarily on geographic and equipment availability, as well as equipment quality, price, quality of sales relationships, delivery times, quality of service and possession of relevant health and safety certifications. The equipment rental market is characterized by substantial capital expenditure requirements and the importance of long-lasting relationships with suppliers and customers. The geographic coverage, network flexibility, strength of brand, and economies of scale of existing key players create high barriers to entry and further contribute to these challenges for potential market entrants.

In France, where we were the second largest player and held an estimated 16.0% market share in 2018 (in terms of revenue), we primarily compete with Loxam.

In Italy, where we believe we were the fourth largest player in 2018 (in terms of revenue), we primarily compete with CGT Ediliza, Mollo and Loxam/Nacanco.

In Poland, where we believe we were the second largest player in 2018 (in terms of revenue), we primarily compete with Ramirent, Atut, Mateco, Riwal and Cramo.

In Germany, where we have a significant regional presence in key regions, we primarily compete with Zeppelin, HKL, Boels, TVH Mateco, Cramo, Gerken Arbeitsbühnen and Paul Becker.

In Spain, where we believe we were the fourth largest player in 2018 (in terms of revenue), we primarily compete with Loxam-Hüne, GAM, Mateco, Maquinza and Axor.

Key market drivers

The equipment rental industry is dependent on general economic conditions and the activity levels of the construction market. Increased rental penetration and a structural shift towards the equipment rental model is also driving growth in our market.

Construction market activity levels

Growth in the equipment rental industry tends to be closely correlated to growth in the construction market, as the equipment rental industry generally tries to forecast growth in the construction market and respond to changes therein.

The construction market is composed of three primary subsectors: (i) new residential and non-residential, (ii) renovation and maintenance and (iii) infrastructure (which includes transportation infrastructure and telecommunications, as well as energy and water works).

While the construction market as a whole is cyclical, individual end markets have different growth patterns and do not necessarily follow similar trends. For example, the renovation and maintenance end market tends to be relatively closely correlated to macroeconomic cycles, as customers tend to reduce or delay new projects in favor of renovation and maintenance work during economic downturns. In addition, construction activity levels can vary significantly between different regional and local markets, providing further balance to demand for rental equipment.

Structural shift towards the equipment rental model

The long-term growth prospects for the equipment rental industry continue to be favorable, driven in part by a structural shift towards equipment rental versus equipment ownership by end-users. The rental concept is increasingly attractive in a macroeconomic context in which even financially healthy companies find equipment rental to be a prudent way to control costs, which allows them to focus on their core strategy and optimize capital expenditures. Additionally, some companies may rely on the rental channel because they do not have the financial resources to invest in a large costly equipment fleet or are unable to renew an ageing fleet at favorable terms on a regular basis or as required to respond to customers' needs. Construction, industrial and public works companies increasingly recognize the advantages of equipment rental over ownership, which include but are not limited to:

- allowing customers to exchange fixed costs for variable costs on an as-needed basis, so that rental costs are only incurred when there is a predictable source of revenue; in contrast, ownership costs are fixed and include a number of ongoing costs, such as insurance, maintenance, repair, transportation and storage; these costs tend to increase over the life of the product;

- reducing the amount of capital required relative to purchasing and maintaining equipment, which allows companies to manage capital and operating expenditures to more efficiently invest in their core operations;

- transferring the complexity of the equipment resale process as well as the residual value risk of the equipment at the end of its useful life to the rental equipment provider so that the customer can avoid losses associated with depreciation;

- ability to be used to supplement owned equipment, thereby increasing the range and number of tasks that can be performed and allowing customers to take advantage of new business opportunities without making significant investments and capital commitments;

- allowing customers to access up-to-date technology, benefitting from advancements in efficiency and enabling them to remain compliant with regulatory changes without the additional cost of having to replace outdated equipment;

- outsourcing to rental equipment providers fleet management and minimizes costs related to idle equipment during project downtimes and provides flexibility to deal with unexpected events such as equipment failure or changes in planning; and

- allowing customers to select the most appropriate piece of equipment for their projects, which can improve safety, efficiency and quality of work.

Rental penetration

Construction rental penetration is expected to increase throughout Europe as users recognize the advantages of equipment rental. The construction rental penetration rate is an important growth factor for equipment rental companies in a context of forecasted slowing in construction output. The rental penetration rate tends to vary from country to country, and is influenced by, among other factors, the existence and quality of equipment rental companies in the local market, national economic conditions, attractiveness of financing and tax environments, weather patterns and cultural attitudes towards equipment rental.

The average construction rental penetration rate for the 15 European countries covered by the ERA report was 1.4% in 2018. For 2018, France's construction rental penetration rate was estimated to be 1.4%. Generally speaking, we believe there is room to grow in terms of rental penetration in all of the geographies in which we operate.

Our geographic markets

We operate equipment rental branches in five European countries: France, Italy, Poland, Germany and Spain. Growth in our markets in 2018 was as follows: 6.2% in Poland, 7.8% in France, 5.3% in Spain, 5.8% in Italy and 5.2% in Germany. These geographic markets, including their size and growth prospects, are described below.

French equipment rental market

The French equipment rental market was the third largest market in Europe in 2018, behind the United Kingdom and Germany, with an estimated size of €3.9 billion in 2018. The French rental market is forecasted to grow at a CAGR of 3.2% from 2019 through 2021, compared to an estimated CAGR of 3.5% in the French construction market over the same period. We and Loxam are the two largest players in the French equipment rental market and together accounted for approximately 35% of the total market in terms of revenue in 2018, with us holding an estimated 16.0% market share based on our revenue in 2018. Both companies have contributed to the consolidation of the market while pursuing different growth strategies. We have focused on opening new branches in areas with good rental potential through organic growth and bolt-on acquisitions, while Loxam has focused on larger acquisitions

The challenging economic climate in France following the 2008 financial crisis affected the equipment rental industry until 2014, when the industry stabilized. The equipment rental market in France has displayed stronger growth than the French construction market since 2010, primarily due to good economic conditions, high demand in the construction sector and high degree of market concentration amongst the two largest player. As demand for dwellings still exceeds supply in France, the residential construction market should be an important market driver for the coming years: growth in residential construction is estimated to have been 2.0% for 2018 and is forecasted to be 1.3% in 2019. Additionally, growing numbers of energy efficiency projects are also expected to boost the renovation sector in France. In addition to the residential construction and renovation, the French equipment rental market is also favorably exposed to a strong infrastructure construction industry. For example, under its 2017 investment plan, the French government will invest €20 billion by 2022, in addition to EU-level funding that is also expected to drive infrastructure construction

growth. Finally, increasing rental penetration rates in the construction sector are also expected to support the French rental equipment market in the near future.

The table below presents actual, estimated and forecasted revenue, revenue growth and penetration data for the equipment rental market in France over the 2016 to 2020 period.

	2016 (actual)	2017 (actual)	2018 (estimated)	2019 (estimated)	2020 (forecasted)
Revenue (€ million)	3,345	3,585	3,865	4,090	4,225
% revenue growth	*(7.6)%*	*7.2%*	*7.8%*	*5.8%*	*3.3%*
% construction industry penetration rate	*1.3%*	*1.4%*	*1.4%*	*1.5%*	*1.5%*

Italian equipment rental market

The Italian equipment rental market is the fifth largest market in Europe in 2018, with an estimated size of €1.6 billion. In 2018 the equipment rental market in Italy grew by an estimated 5.8% and is forecasted to grow at a CAGR of 2.4% between 2019 and 2021.

After years of contraction, the rental industry in Italy is recovering and the health of the construction sector, estimated as being responsible for 70% of rental demand, is driving growth. The main drivers of growth in the Italian rental equipment market are construction output, GDP and industrial production. Since 2015, the Italian construction sector has shown a modest recovery from severe crisis. In 2018, the Italian construction market performed better than expected, growing by 2.2% (as compared with 0.5% growth in 2017), aided by growth both in new infrastructure investments, building renovation activity and a recovering residential construction market driven by low interest rates and improved access to mortgages. Public expenditures for infrastructure are expected to continue to grow, due to significant funds and resources already allocated, and, according to Euroconstruct, for non-public construction, a relevant surge in permits effectively represents new production in the short term. The residential and non-residential real estate markets continue to improve and further growth is expected due to refurbishment of public building stock, supported by newly approved government measures. Finally, in the coming years, the Italian construction market may also be driven by eco-innovation and energy efficient renovations.

The table below presents actual, estimated and forecasted revenue, revenue growth and penetration data for the equipment rental market in Italy over the 2016 to 2020 period.

	2016 (actual)	2017 (actual)	2018 (estimated)	2019 (estimated)	2020 (forecasted)
Revenue (€ million)	1,395	1,465	1,550	1,625	1,665
% growth	*2.6%*	*5.0%*	*5.8%*	*4.8%*	*2.5%*
% construction industry penetration rate	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.9%*

Polish equipment rental market

The Polish equipment rental market is the tenth largest market in Europe, with an estimated size of €685 million in 2018. The equipment rental market in Poland grew by an estimated 6.2% in 2018 and is forecasted to grow at a CAGR of 8.8% between 2019 and 2021. The Polish rental equipment market is highly fragmented, with smaller rental companies accounting for more than 65% of total industry revenue, and with European rental companies such as us playing an increasingly important role. Based on our 2018 revenue, we believe that we held the number two position in the Polish market.

Construction is estimated to account for 80% of equipment rental demand in Poland and, following a period of decline between 2010 and 2016, the Polish construction industry is showing signs of improvement which is currently benefitting the Polish rental equipment market. According to Euroconstruct reporting, Polish construction production in the first quarters of 2019 was 7% higher than the same periods in 2017 and increases have been observed across construction sectors. The highest growth is in infrastructure, which rose 16%, while the production of housing has increased at a double-digit rate and non-residential construction has increased by half. The Polish construction market is

characterized by the comparatively high importance of the non-residential and infrastructure sectors: residential construction accounted for just 20% of the overall construction market in 2018. New government programs announced in 2018 for the development of roads and highways and the modernization of railway lines, as well as inflows of EU funding, also contribute to a positive forecast of further increases in infrastructure construction output. Additionally, relatively low rental penetration rates in both the construction and the non-construction sectors represents room for growth, in particular considering the recent expansion of the manufacturing industry in Poland.

The table below presents actual, estimated and forecasted revenue, revenue growth and penetration data for the equipment rental market in Poland over the 2016 to 2020 period.

	2016 (actual)	2017 (actual)	2018 (estimated)	2019 (estimated)	2020 (forecasted)
Revenue (€ million, converted from Polish zloty on a constant currency basis)	570	645	685	735	805
% growth	*(3.4)%*	*13.2%*	*6.2%*	*7.3%*	*9.5%*
% construction industry penetration rate	*0.8%*	*0.8%*	*0.7%*	*0.7%*	*0.8%*

German equipment rental market

The German equipment rental market is the second largest market in Europe, with an estimated size of €4.6 billion in 2018. The German equipment rental market grew by an estimated 5.2% in 2018 and is forecasted to grow at a 4.0% CAGR from 2019 to 2021. The German equipment rental market is characterized by cohabitation between international companies and national rental players having a strong local customer base, as well as sophisticated customer demands in terms of innovation, services, and quality. Additionally, distributors and manufacturers also play an important role, though they tend to have business models that are more rent-to-sell oriented.

Germany experienced a strong macroeconomic upswing between 2014 and 2018 and, although growth is slowing, the medium-term outlook remains good. Between 2010 and 2018, the total output of the German construction sector grew by 13.5%. The construction sector accounts for an estimated average of 65% of rental demand in Germany. In addition, the relatively low rental penetration rate in German presents a growth opportunity.

The table below presents actual, estimated and forecasted revenue, revenue growth and penetration data for the equipment rental market in Germany over the 2016 to 2020 period.

	2016 (actual)	2017 (actual)	2018 (estimated)	2019 (estimated)	2020 (forecasted)
Revenue (€ million)	4,315	4,395	4,625	4,885	5,090
% growth	*9.2%*	*1.9%*	*5.2%*	*5.6%*	*4.2%*
% construction industry penetration rate	*1.7%*	*1.7%*	*1.7%*	*1.7%*	*1.7%*

Spanish equipment rental market

The Spanish equipment rental market is the sixth largest market in Europe, with an estimated size of €1.4 billion in 2018. The Spanish equipment rental market grew by an estimated 5.3% in 2018 and is forecasted to grow at a CAGR of 5.2% from 2019 to 2021.

The construction sector is estimated to account for 75% of rental demand in Spain, which has increased in recent years following recovery in the Spanish construction sector. With generally improving macroeconomic conditions in Spain, the contribution of the non-construction sector may evolve in the coming years.

Between 2008 and 2013, the Spanish construction industry experienced a difficult period, with many construction companies closing, but has shown signs of recovery in terms of total construction output, number of operating companies and total number of employees in recent years. The construction sector in Spain is driven in large

part by residential construction, which is in turn fueled by a growing number of households, increasing consumer confidence and declining mortgage rates. Additionally, promising trends are observed in the housing renovation and sustainable construction segments, thanks to several policy schemes, regional initiatives and dedicated programs, such as the new State Housing Plan 2018-2021. With more than 70% of Spanish equipment rental industry revenue generated by firms with fewer than 50 employees, the current fragmentation also offers room for further consolidation.

The table below presents actual, estimated and forecasted revenue, revenue growth and penetration data for the equipment rental market in Spain over the 2016 to 2020 period.

	2016 (actual)	**2017** (actual)	**2018** (estimated)	**2019** (estimated)	**2020** (forecasted)
Revenue (€ million)	1,190	1,310	1,380	1,445	1,520
% growth	*(1.2)%*	*10.1%*	*5.3%*	*4.7%*	*5.2%*
% construction industry penetration rate	*0.7%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*

Business

Overview

We are the second largest generalist equipment rental player in Europe and the second largest player in our largest market, France, based on revenue, serving the construction, civil works, craft, services, industry and events sectors. We have a significant European presence serving over 300,000 clients across five countries (France, Poland, Italy, Spain and Germany). As of September 30, 2019, we had a network of 519 branches offering a rental fleet that comprises approximately 250,000 tools and pieces of equipment (excluding accessories) of approximately 1,000 different types. In the twelve months ended September 30, 2019, we generated revenue of €729.4 million and EBITDA of € 240.3 million.

We started our business with a focus on tools and light equipment. Over time, we have grown this offering and diversified our offering to provide a wide array of complementary heavy equipment as well as value-adding services, creating a one-stop-shop for both professional customers (business-to-business) and individuals (business-to-consumer) looking for solutions for a variety of projects and construction works.

We report our revenue in two segments: Rental and Services. For the twelve months ended September 30, 2019, €515.9 million, or 70.7%, of our revenue was derived from our Rental segment and €213.5 million, or 29.3%, was derived from our Services segment.

- **Rental segment.** We rent both heavy and light equipment and tools to a diversified client base including construction and civil work companies, craftsmen, public entities, industrial companies, events companies and, to a lesser extent, individuals. Our Rental segment consists of two business lines in France: Generalist and Specialist. Our French Generalist business line includes our core equipment rental activities. We offer one of the largest catalogues of rental equipment across four product categories: Tools and Light Equipment, Earthmoving, Access and Utility Vehicles, which accounted for 35%, 32%, 21% and 6%, respectively, of our French Rental segment *pro forma* revenue in the year ended December 31, 2018. Our French Specialist business line, which accounted for 6% of our French Rental segment *pro forma* revenue in the year ended December 31, 2018, comprises three product categories: Power, Module and Events.

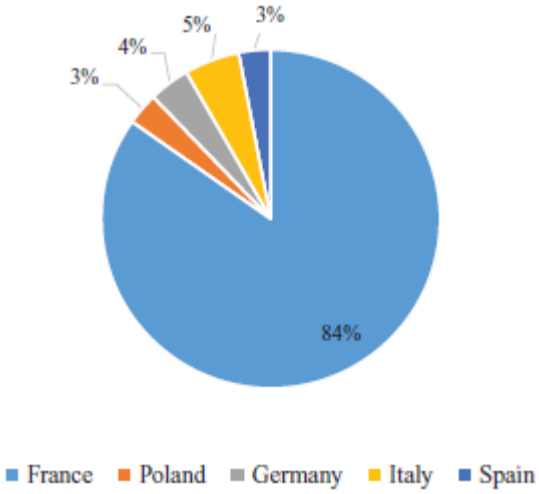
- **Services segment.** We offer services that are directly associated with our Rental segment activities, as well as other services that cater to our clients' requirements. Our Services segment includes the following activities: transportation and delivery of equipment, sale of consumables (such as ancillary products that are fitted to equipment we rent, as well as cross-sales of other products, such as diamond blades and sandpaper, safety equipment and oil) and spare parts adapted to our equipment rental offering, sale of insurance policies offered to customers in connection with our rental agreements, cleaning and repair services for the maintenance of our equipment, fuel for equipment and vehicles, client trainings and various other activities such as the sale of products or subrental of equipment. Our two largest Services categories, Transportation and Delivery and Consumables, accounted for 38% and 27%, respectively, of revenue within our Services segment for the twelve months ended September 30, 2019.

Historically located in Lille, we have progressively expanded our reach into key industrial and populated areas in France, building a dense network of 445 branches covering all key regions as of September 30, 2019. We also began expanding our business internationally in 2014 with the acquisition of two companies in Poland. As of September 30, 2019, we had 74 branches in Poland, Italy, Spain and Germany.

We believe that our dense network in France contributes to strong branch visibility and, ultimately, to strong brand recognition. Our business model is based on a decentralized approach that allows our clusters to have a high degree of autonomy and responsibility. Cluster and branch managers have a solid knowledge of their local markets and are in a strong position to build long-lasting relationships with local clients, which we believe enable them to react quickly, efficiently and precisely to their specific geographic markets. We intend to apply the same business model to the other countries in which we operate as we expand our international network.

The chart below shows our total revenue by geography for the twelve months ended September 30, 2019.

Total revenue by geography
for the twelve months ended September 30, 2019



We own the second largest equipment rental fleet in Europe in terms of gross book value, with a gross book value of €1.3 billion as of September 30, 2019. In recent years, we have heavily invested in our operations to modernize our equipment fleet and improve our service offering, which we believe positions us well to capture future market growth, driven by increasing customer preference for renting rather than owning equipment, as well as increasing our favorable penetration rates in our geographic markets. As of September 30, 2019, our young equipment fleet within our French Generalist business line had an estimated weighted average age of 4.6 years (compared to 5.3 years in 2016) and an estimated weighted average useful life of over ten years. Offering a relatively new fleet allows us not only to provide our clients with modern and well-functioning equipment but also to better manage our repair and maintenance costs. We believe that the high quality of our equipment fleet is highly regarded by our clients.

Through both bolt-on acquisitions and organic growth, we continue to expand and diversify our offering from our core rental equipment activities into new specialist markets. Our Power, Module and Events business lines are fully integrated with our operations, including with respect to products and services offered through our network of branches, logistics and fleet management, and customer care services, which enables us to increase and diversify our client base.

We also invest in innovative solutions to accommodate our clients' changing needs, which cannot be easily replicated by smaller competitors. For example, we recently launched our drones offering, which includes the rental of unmanned aerial vehicles and related equipment, such as drones and drone sensors, together with ancillary services, such as piloting. Our drone solutions provide: (i) photos and videos that can be used in inspecting, monitoring and promoting projects, (ii) aerial thermography, (iii) topographic surveying, (iv) panoramic imaging for the installation, modification or maintenance of antennas and masts in the telecom industry, (v) thermographic imaging to assess defaults and anomalies in photovoltaic panels and (vi) 3-D modelling. Other recently launched innovative offerings include our offering of connected and intelligent KARE safety vests, which are designed to avoid collisions of pedestrian employees and machines and for which we have received the 2019 Mat D'Or innovation award in the category "equipment and tools", as well as industrial exo- and ergo-skeleton, which are pieces of equipment that operators wear that allow them to lift and carry heavy objects.

We believe that the size and density of our network, our large and well-diversified customer base and the quality of our fleet constitute key competitive advantages that enable us to gain market share and increase the efficiency of our operations, as well as to secure repeat business. These competitive advantages and the attractive underlying fundamentals of the equipment rental industry have enabled us to deliver strong financial performance historically, with our revenue growing at a compound annual growth rate ("**CAGR**") of 10.5% between 2005 and 2018.

Our competitive strengths

We believe that we have a number of core competitive strengths that enable us to compete effectively in our market, which are discussed further below.

Leading pan-European equipment rental provider with established positioning in core markets

We are the second largest player operating in the European generalist rental equipment market (based on rental revenue), with a network of 519 branches across five countries as of September 30, 2019. We have established our leading position in the European market by developing and expanding our network both organically and through a series of successful bolt-on acquisitions, while cultivating a well-recognized brand that is known for strong market and

technical expertise and building a large, high-quality fleet. We are also recognized for the quality of our equipment and services, our prices, product availability, network and proximity to and knowledge of our customers. As a result, we have consistently increased our revenue market share in France over the past decade, from 10.5% in 2008 to 16.0% in 2018. We believe our fleet of approximately 250,000 tools and pieces of equipment (excluding accessories) is the second largest in the European market in terms of gross book value, with a gross book value of €1.3 billion as of September 30, 2019.

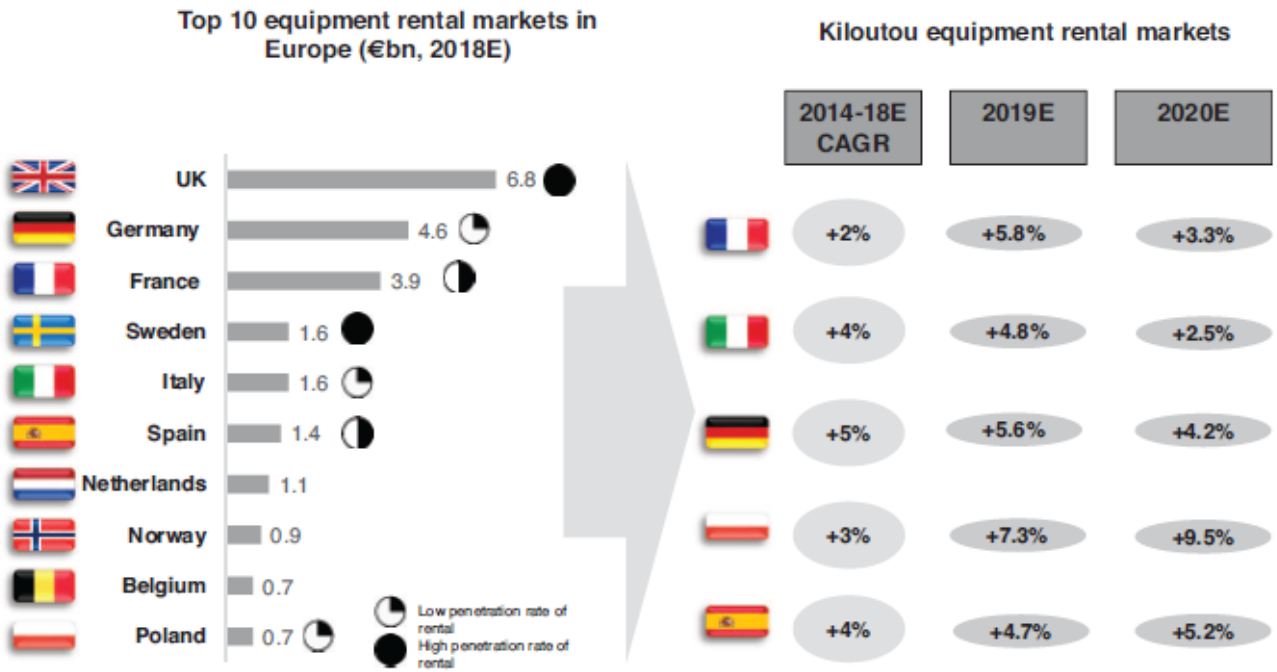
In France, which is our largest market, we are the second largest player (based on rental revenue), with a dense network of 445 branches as of September 30, 2019. We are one of only two players with a national presence, with all other players competing at a regional level. We are seven times larger than the third player in the industry (based on rental revenue), with none of the smaller players holding more than approximately 2% of market share as of 2018. We benefit from the highest brand awareness in the French construction industry (both in terms "Top of Mind" and "Spontaneous" recognition), based on the number of professionals that cited Kiloutou in a survey of approximately 700 equipment rental consumers (both legal entities and individuals) conducted by a third-party consultant in April 2015.

We are also among the top five players in Poland, Italy and Spain and have a significant presence in Germany, where we currently primarily offer Access products. Since 2014, we have significantly expanded our international footprint with a combination of organic development and opportunistic, value-accretive acquisitions. As of September 30, 2019, we operated 74 branches in Europe outside of France. We have leveraged the know-how we have cultivated from our extensive experience in France to build a strong presence in our other markets. As a result, we have achieved significant recognition for our equipment and service quality across our markets.

Favorable market conditions supporting long-term organic growth

We expect to benefit from the positive medium-term outlook of the European equipment rental market as well as the larger European construction market, which is a key driver of business for us. According to the ERA, the total size of the European equipment rental market (defined as total rental revenue, including rental-related revenue, merchandise and sale of used equipment) was €26.0 billion in 2018, with overall growth of 4.4% in 2018.

Our five geographic markets were among the top ten equipment rental markets in Europe and are expected to grow in the medium term, as illustrated in the chart below.



Source: ERA 2019 Market Report.

In France, which accounted for 84% of our revenue in the twelve months ended September 30, 2019, the equipment rental market value in 2018 was estimated at €3.9 billion, with 65% of rental revenue estimated to stem from demand in the construction sector. According to the ERA, the French rental industry will benefit from a good economic environment in the following years. The market in France is expected to grow at an average growth rate of 3.2% from

2019 through 2021 driven by an increase in rental volume growth (resulting from both the construction market growth and increasing rental penetration rate) as well as a steady rental price growth.

In our international markets, our investment strategy takes into account the local market conditions within a country and we sometimes opt to grow regionally rather than nationally in order to enjoy higher growth rates. We have benefitted from strong growth in both the Italian and Spanish markets in recent years despite challenging market conditions. The Spanish market was significantly impacted by the global financial crisis of 2008, which caused investments to decline steeply and accordingly the fleet age to increase substantially, which we believe creates opportunities for consolidation. We believe we are well positioned to take advantage of market grow both organically and through acquisitions in such countries.

Except for Spain, all of our geographic markets had lower penetration rates (measured as the size of the equipment rental market over construction output) than the average European rate, including countries such as the United Kingdom and Sweden, in 2018. Penetration rates for equipment rental have been increasing year over year in France and, even where penetration rates are not increasing, we believe that the comparatively low penetration rates for equipment rental in certain of the countries in which we operate creates room to capture new market share, which we anticipate will continue to provide us with growth opportunities.

In the countries where we operate, the equipment rental market has been consistently expanding and amplifying the construction and economic cycles, with stronger and longer growth periods than the construction market uptakes, and with downturns typically followed by periods of strong recovery. The equipment rental market in such countries grew at a CAGR of 5.1% from 2008 to 2018 on a revenue-weighted average base, largely exceeding the growth in gross domestic product (GDP), industrial production, construction output and civil engineering growth over the same period (CAGRs of 1.0%, (0.5%), (1.4%) and (1.8%), respectively).

We expect that this consistent increase in demand for equipment rental in our principal markets will continue in the long-term, supported by the following positive fundamental trends:

- an increase of global urbanization with 68% of the world population expected to be urban by 2050 (as opposed to 55% in 2018), according to the United Nations;

- an increasing preference for renting rather than owning equipment, as a result of customer perception that renting (i) reduces the cost for low-usage equipment (rental companies can obtain better purchase prices and resale value, better manage annual repair and maintenance costs and optimize equipment utilization rate), and (ii) optimizes the split between operational expenditures and capital expenditures by reducing the fixed costs of maintaining and replacing an equipment fleet;

- an ongoing shift towards a “sharing economy” and a more sustainable and environmentally friendly business model (renting improves cost-effectiveness and operational flexibility while minimizing waste, financial risks and entry barriers by reducing operational complexity (e.g., a reduced fleet size demands fewer procurement, maintenance, logistics and asset disposal activities));

- the use of digital technology by rental companies, which promotes an increase in sales by enhancing the speed and quality of the customer journey and automating order requests (e.g., with the use of Internet of Things technologies);

- a shortage of skilled technicians to repair and maintain equipment, which favors outsourcing technical expertise for strategic activities and reduces the need for support functions linked to equipment usage; and

- increasing awareness of health safety and environment (“**HSE**”) issues and related legislation and regulation, with equipment rental facilitating the fulfillment of local regulations and providing safer, well-serviced equipment.

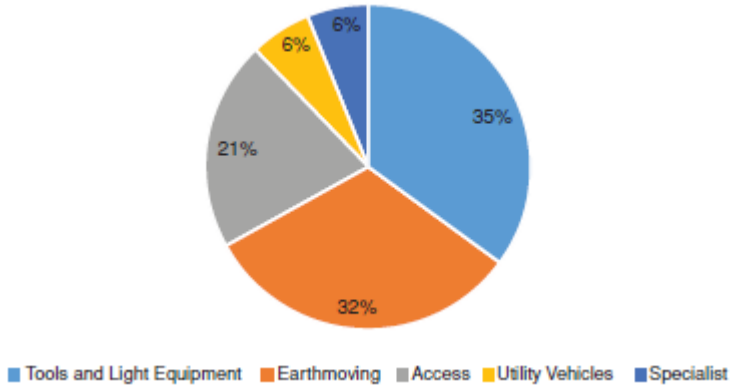
Therefore, we believe that the European equipment rental market is structurally attractive and we are well positioned to reach the untapped potential customer base in the European market and to take advantage of opportunities for business growth in the medium- and long-term.

Unique value proposition with strong competitive advantages

One-stop-shop for customers

We are a true one-stop-shop equipment rental company with a significant market presence, which allows us to lead and compete across multiple business lines and product categories and to provide a seamless and high-quality experience to our broad customer base. We give our customers access to a fleet encompassing a wide and differentiated range of both generalist and specialist equipment meeting a variety of needs for earthmoving, aerial work, handling, compaction, tools and light equipment that can be used in a variety of projects, as well as utility vehicles, energy and pumping solutions, modules and events solutions. The chart below shows our revenue breakdown by product category in France for the year ended December 31, 2018.

Product category *pro forma* revenue breakdown in France for the year ended December 31, 2018



As of September 30, 2019, we operated a fleet of approximately 250,000 tools and pieces of equipment (excluding accessories) of approximately 1,000 different types. The superior quality of our fleet is highly recognized by clients. From 2017 to September 30, 2019, we invested €506 million in our fleet and, as a result, as of September 30, 2019 we had a young fleet within our French Generalist business line with an estimated weighted average age of 4.6 years (compared to 5.3 years in 2016) and an estimated weighted average useful life of over ten years. Furthermore, we have limited equipment supplier concentration, which we believe enhances our ability to negotiate better prices when replacing or purchasing new equipment and gives us flexibility when sourcing our products.

In addition to equipment rentals, we offer high-quality value-adding services to our clients, including transportation and delivery, cleaning, repair and maintenance, as well as logistics and training. Offering multiple products and services to a diversified client base across a number of end markets creates significant cross-selling opportunities and synergies across our business lines and allow us to operate more efficiently. Our services are integral to our business model, complementing our rental offering and, we believe, increasing customer satisfaction and retention.

Our products and services are offered through our dense and capillary branch network (particularly in France) comprised of 519 branches strategically located across our five geographies as of September 30, 2019. Our network in France is spread across all departments (other than Corsica) with 445 branches organized within our 62 clusters. We carefully select the location of our branches in order to optimize our network. The density of our network helps us stay close to our clients. Given our local staff's superior knowledge of their respective markets, we trust local management with a high degree of autonomy and responsibility in their operations in order to better understand local clients' needs and respond quickly to their changing requirements.

High-quality customer service

Our customer-centric approach is critical to our commercial success and the resilience of our business model. This approach allows us to create deeper relationships with clients and develop tailored and innovative solutions (such as our recently launched drones and connected vest offerings) that meet our clients' most complex requirements, help them grow their businesses, control costs and operate more efficiently. The breadth and depth of our fleet, the density of our branches and our value-adding services give us the flexibility we need to meet our clients' evolving needs. As our clients respond to a rapidly changing environment, we in turn adapt our product portfolio and services offering, through both organic growth and targeted acquisitions. We believe that many of our professional customers consider us to be a trusted partner in their day-to-day operations, principally as a result of the wide range of products available across our fleet, our reliability and our complementary services offering.

Our focus on a superior customer service has further strengthened our brand and enhanced our ability to attract and retain customers across our broad geographic coverage. As of December 31, 2018, approximately 74% of our revenue derived from recurring clients. We monitor our clients' satisfaction by conducting monthly surveys with approximately 1,500 customers. Our Net Promoter Score (i.e., the difference between the share of satisfied promoters (satisfaction grade between nine and ten) and the share of detractors (satisfaction grade between one and six)) consistently grew over the past three years (from 30.3% in 2016 to 36.2% in October 2019).

Best-in-class fleet management

Our business model also relies on our best-in-class fleet management capabilities. The high quality of our fleet, combined with our approach to fleet management, is a core part of providing a superior customer experience and maintaining our profitability. Our focus on preventive and regular equipment maintenance, which is conducted by our highly skilled team of technicians, allows us to improve the utilization rates of our products and better manage capital expenditure levels dedicated for the maintenance or expansion of our fleet, while also ensuring client safety. Our fleet management capabilities are in addition to our superior logistics know-how which, supported by our dense and capillary branch network, ensures timely delivery to our customers.

Furthermore, we are able to maximize the resale value of our products (i.e., sale price divided by purchase price) by keeping a young fleet and using a dedicated resale platform. Our fleet management have ensured an average resale value growth of 25% since 2015 (consistently increasing from 22% in 2015 to 28% in 2018), while also reducing our maintenance costs (as a percentage of rental revenue) from 11.5% in 2016 to 10.6% in the twelve months ended September 30, 2019.

Digital pioneer and optimized IT system

We believe that digital technology is and will increasingly be a key driver of success in our market and we therefore invest heavily in our digital capabilities. Over the years, we have been at the forefront of the digital offering of equipment rental in Europe, developing reliable, versatile and efficient in-house technology platforms that support our products and services. We were one of the first companies to offer online equipment rental through our website, which we launched in 2000, as well as an e-learning platform, which we launched in 2004. We focus on maintaining the quality and flexibility of our overall network through an optimized IT system, detailed reporting tools that allow for information sharing and internal benchmarking, as well as a revenue management program.

Digitalization and an optimized IT system create synergies between external and internal efficiencies. Our award-winning, user-friendly website and app receive more than 6.6 million visitors on a twelve-month rolling basis in the aggregate and provide clients with an integrated online booking system (through which more than 39,000 online bookings are made per year), as well as the ability to contact our representatives for any queries, which are critical to ensuring a quicker and more efficient customer experience and therefore to improving our sales. In addition, our digital and IT capabilities create internal operational efficiencies. We rely on several integrated enterprise resource planning ("**ERP**") systems that support numerous aspects of our operations. In particular, these systems enable us to efficiently manage our fleet (we believe approximately 50% of our Earthmoving and Access fleet is connected) by providing us with real-time availability data to inform speedy deployment of equipment between clusters and branches, thus maximizing our utilization rates and further reinforcing the flexibility of our business model.

Disciplined M&A strategy

The European equipment rental market is highly fragmented, with the top ten players holding approximately 26% of market share and the remaining share divided among more than 15,000 small- and medium-sized rental companies. This fragmentation offers significant opportunities for consolidation through M&A activity, which is a key part of our strategy. We use our extensive familiarity with the markets we serve to anticipate customer needs and respond to new market opportunities, both in terms of new products and geographies, through additional M&A activity.

We have particularly focused our M&A strategy in recent years on consolidation through small, accretive acquisitions and expansion beyond our French network. From 2010 to 2018, we completed 33 acquisitions which generated cumulative sales of €289.0 million and cumulative EBITDA of €95.0 million. Our business model enables us to leverage our position to optimize the purchase price paid for such acquisitions while using our acquired network to generate synergies and benefits of scale.

We believe that our acquisition track record, including our ability to integrate companies of different sizes, has established us as an attractive consolidation platform and has helped to strengthen our market leadership by achieving scale. The success of our international expansion demonstrates our strong ability to enter into new markets through acquisitions. For further details about our recent acquisitions, see "*Business—History and development*."

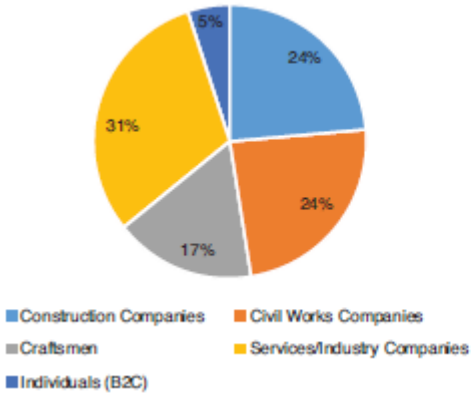
Diversified exposure across clients, segments and geographies with limited customer concentration

The breadth of our fleet of generalist and specialist equipment gives us a well-balanced exposure to different industry segments and end markets, including construction, infrastructure, civil engineering and industrial companies. Our high exposure to Tools and Light Equipment (which represented 35% of our illustrative *pro forma* revenue in France for the year ended December 31, 2018) provides us with a diversified client end-base and helps attenuate our exposure to seasonality (in particular, in the construction industry).

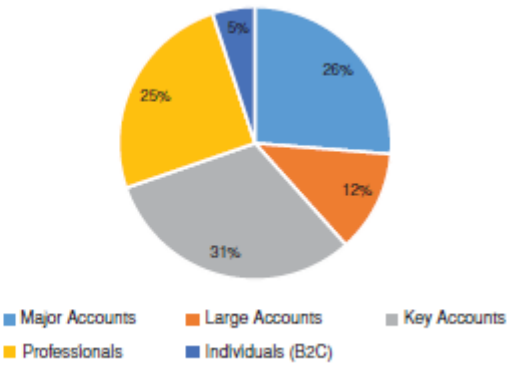
In addition to our core equipment rental activities, a significant share of our revenue is generated from our Services segment. Services consistently account for approximately 30% of our revenue. Some of our services are offered and provided directly in connection with equipment rental, providing key support for such activities and contributing to their profitability. Other services such as subrentals, sale of products and training can be engaged independently from our core activities and therefore provide a distinct source of revenue. We believe that our services are a key differentiating factor of our business, increasing customer satisfaction and retention and contributing to a more diversified revenue base.

We serve over 300,000 clients across our businesses. In the year ended December 31, 2018, 95% of our illustrative *pro forma* revenue from our generalist subsidiaries in France was from companies (business to business). Our customer base is highly diversified, including customers of different sizes and operating in various sectors, from large construction and industrial groups to small businesses and craftsmen, as illustrated in the following charts.

French generalist *pro forma* revenue breakdown by client end market for the year ended December 31, 2018



French generalist *pro forma* revenue breakdown by client size for the year ended December 31, 2018

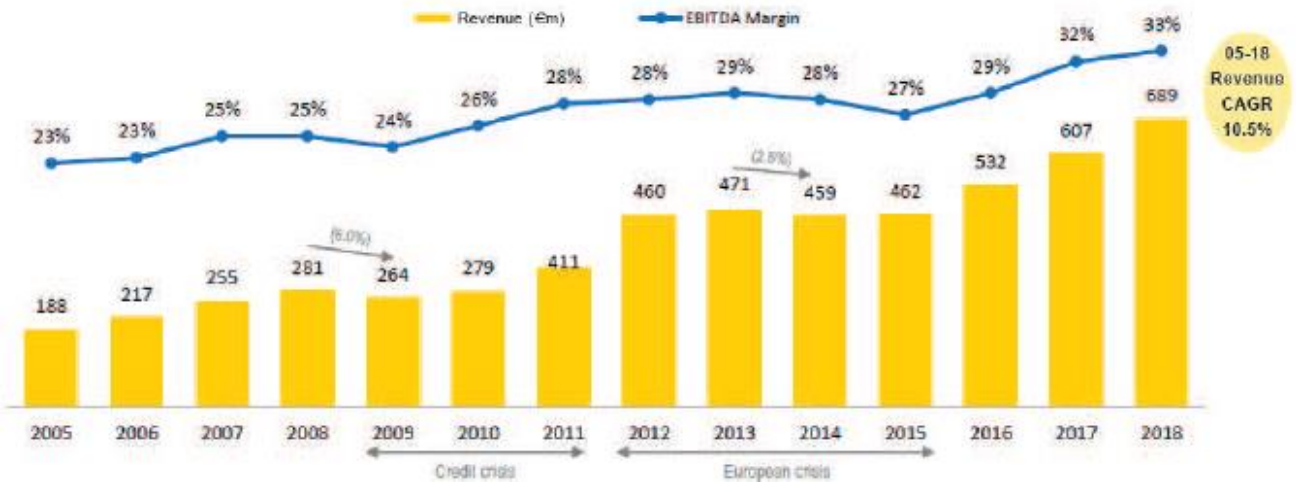


In France, our customer concentration risk is relatively low. In the year ended December 31, 2018, Kiloutou S.A.S.U.'s top ten customers accounted for 27% of Kiloutou S.A.S.U.'s *pro forma* revenue and our largest client represented less than 11% of Kiloutou S.A.S.U.'s *pro forma* revenue. For more information about our customer base, see "*Business—Customers*."

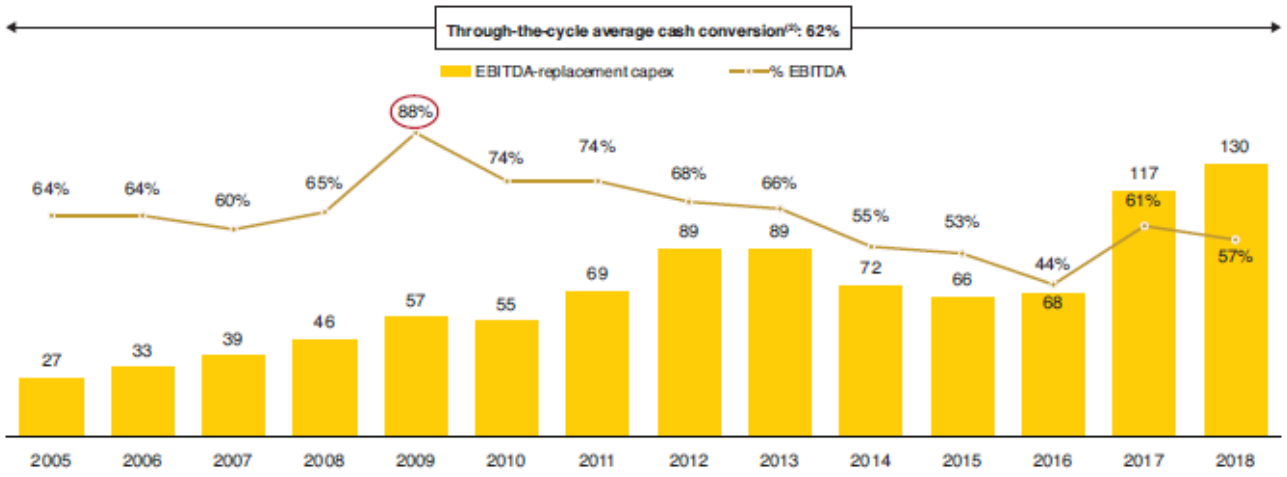
In recent years, we have broadened our international footprint significantly, building a strong presence in four European countries in addition to France and reducing our exposure to the French market, which dropped to 84% of our total revenue for the twelve months ended September 30, 2019 from 91% for the year ended December 31, 2017. We intend to continue pursuing new businesses internationally in order to further diversify our revenue streams.

Resilient financial profile with proven track record of growth, profitability and cash generation through-the-cycle

We believe that our ability to manage our operating costs and our fleet in line with market conditions is a competitive advantage that has contributed to steady top-line and profit growth. We have demonstrated our ability to grow our business through a combination of organic growth, accretive acquisitions and tight cost control, while remaining resilient through slower economic cycles. From 2005 to 2018, our revenue grew at a CAGR of 10.5% and we maintained EBITDA margins above 22.5%, with average cash conversion of 62%. As a result of cost optimization initiatives, better fixed cost absorption, improved staff productivity and network optimization, we have been able to expand our EBITDA margin by seven points since 2010. The charts below illustrate our total revenue and EBITDA margin growth and our cash conversion from the year ended December 31, 2005 to the year ended December 31, 2018.



Cash conversion (€ millions)[1]



(1) We define cash conversion as EBITDA plus add-back of non-cash costs in EBITDA, less replacement capital expenditures (fleet and others).

(2) Cash conversion as a percentage of EBITDA.

We manage our capital expenditure based on our market expectations. In a growth cycle, we invest in our rental fleet to enhance our product offering and expand into new products and markets. In a downturn, we can rapidly reduce capital expenditures and postpone investments, streamline our branch network, right-size our fleet and pay down debt with our cash flows, as needed. We have no long-term engagements in respect of capital expenditures and make investment decisions on a regular, short-term basis. As a result, we are generally able to quickly adjust our level of fleet investment to respond to market fluctuations. For example, when faced with more challenging market conditions in 2009 following the onset of the global financial crisis, we were able to significantly and quickly reduce investments in our fleet to 3.4% of our revenue in 2009, from 22% in 2008. The largely countercyclical nature of our cash flow generation driven by discretionary capital expenditure requirements contributes to the overall resilience of our business model throughout economic cycles.

Highly experienced management team with a strong track record of growth and supported by long-term investors

We have a strong management team with extensive experience and know-how in the equipment rental industry and a track record of operational excellence, which we believe is necessary to successfully develop and expand our business. Our key management team consists of 29 individuals who have an average of approximately 14 years of industry experience. Our management team is led by Olivier Colleau and Jan-Luc Ambre, who have been part of our team since 2009 and 2003, respectively. Under their leadership, our management team has successfully delivered organic and M&A-based growth, as well as business diversification and professionalization and operational improvements, despite challenging business cycles. Since 2010, we have been expanding internationally, bringing our value proposition to four other European countries beyond France, and have nearly doubled our total number of branches (from 271 on December 31, 2010 to 519 on September 30, 2019). As a result, between December 31, 2010 and September 30, 2019

our revenue grew at a CAGR of 11% (from €279.0 million in December 31, 2010 to €729.4 million in the twelve months ended September 30, 2019) and our EBITDA margin grew 6.5 points (from 26.4% in December 31, 2010 to 32.9% in the twelve months ended September 30, 2019). The long tenure of our top management has enabled us to build strong relationships and personal ties at all levels of our industry, which we believe gives us a competitive advantage that few of our competitors can rival. Furthermore, our senior management is supported by regional and cluster managers who are empowered to foster local market knowledge while keeping bureaucratic processes at a minimum. We believe that our management structure encourages strong commitment and entrepreneurial spirit across our Group. See "*Management*."

Our seasoned management team has the full support of, and is fully aligned with, our principal shareholders to leverage our strengths and build our presence as an industry leader. In particular, the Sponsors, prudent long-term capital investors, contribute additional expertise and act as a sounding board for our senior management. Our ownership structure also includes management and employees and significant employee shareholdings is combined with a high share of variable compensation based on cluster performance, which we believe ensures alignment of interests and cooperation by our employees. We believe that our current management team and ownership structure will allow us to continue attracting and retaining the industry's top talent, further driving profitable growth. See "*Principal shareholders*." We believe our unique and recognized corporate culture is a key factor in attracting and retaining talent as well as fostering a positive and inclusive work environment for all.

Our strategy

We aim to continue strengthening our position in France and Europe by implementing the key strategies set forth below.

Expand our international footprint by strengthening our position in our existing geographic markets and selectively entering new geographic markets

We intend to further strengthen and expand our international operations and to selectively enter new markets. With 74 branches across four countries outside of France as of September 30, 2019, we already operate a sizeable international business. We believe that, over time, there is the potential to continue our successful international expansion strategy. In some of the countries in which we operate, such as Germany and Spain, our existing network does not currently address several regions where we believe there is strong potential and, as a result, we believe there are opportunities to grow profitably in those regions. Our management team identifies sites based on demographics, proximity to locations of our existing branches, availability of suitable space, local economic conditions and other factors that we believe are relevant to the successful expansion of our network and which should enable us to capitalize on the increased traffic and volumes of our new branches. We believe that our new branches will benefit from our strong brand awareness and existing marketing campaigns, and consequently should require only limited incremental marketing support.

Furthermore, our offering in some of these countries is not as comprehensive as in France. For example, our business is Germany largely relies on the rental of equipment within our Access product category. Additionally, we do not yet offer our Specialist solutions in certain of these markets outside France. We believe that we have room to grow both by expanding our network and our product offering within our international markets, either organically or through accretive acquisitions.

As we expand our international presence, we intend to implement our decentralized operational model in all of our geographies, including rolling out our cluster management system that is built around giving a high level of autonomy to our local personnel, as is currently applied in our French network. We also seek to deploy our high-quality logistics and IT capabilities, as well as our best practices (including our safety, protection and prevention policy), to our international operations in order to create synergies and improve the quality of our services throughout our foreign markets.

Although we intend to expand our international footprint in the markets where we are already present and potentially enter new markets, as part of our disciplined M&A approach we also intend to retain flexibility as to the timing, manner and structure of any entry into new geographic or product markets and are continuously reviewing such opportunities. For example, we are in discussions regarding several acquisitions, including bolt-on acquisitions and a potential significant acquisition, of rental companies inside and outside of France. As part of our historically conservative approach to leverage, any such acquisition is expected to be financed with a combination of cash, new shareholder contributions and/or debt.

Continue to consolidate our French market share

The French equipment rental market is highly fragmented, with only two players competing at a national level who, when taken together, held approximately 38% of market share in 2018. The remainder of market share was distributed among regional players, none of whom held more than approximately 2% of market share. The fragmentation in the French equipment rental market benefits companies with large, strategically coherent and integrated businesses like ours. We intend to take advantage of this fragmentation in order to pursue both organically and through bolt-on acquisitions, which are a key part of our strategy.

Investing in our products and capabilities will remain a strategic priority for us and we believe this will set us up for long-term success. We have accumulated significant expertise in developing an innovative products and services offering, as exemplified by our recently launched drones and connected vest offerings. We intend to focus on diversifying our Specialist business line and to continue launching innovative products and services in order to anticipate changes in our industry and meet client demand.

In addition, we intend to continue pursuing our successful track record of acquisitions based on clearly defined target selection criteria and a disciplined approach. We believe that fragmentation in our key markets will continue to allow us to complete acquisitions and act as a market consolidator. We actively monitor opportunities to expand and optimize our network at the local and national levels in order to maximize profitable growth. Our future acquisition strategy will focus on seeking accretive acquisition targets in order to complement our organic growth, strengthen our leading market positions, optimize our network and develop synergies in our fleet management, as well as diversify our product offering by moving into new product markets (in particular in the Specialist business line). Our acquisition strategy is supported by our high level of brand awareness, our extensive know-how of local markets and our ability to anticipate customer needs and new market opportunities. Our business model enables us to leverage our position to optimize the purchase price paid for such acquisitions while profiting from benefits of scale.

Successful integration of acquisitions is key to our strategy and we believe that we are well positioned to integrate any future acquired companies smoothly and profitably. We work closely with the management of acquired companies to understand the nuances of their operations and local markets and draw from our own expertise and familiarity with the equipment rental markets to optimize equipment offerings and adjust branch locations as needed in order to anticipate and meet the needs of each market we serve. We expect to draw on our recent experience integrating acquired companies in order to achieve similar success and efficiency in integrating future acquisitions for continued success across all of our markets.

Continue to offer our advanced "one stop shop" client experience and strengthen our value-adding services

We believe that we have a large, diversified and loyal customer base primarily due to the high quality of our broad product portfolio and value-adding service offering. In order to continue providing a compelling value proposition to our customers and attract new clients, we intend to maintain our focus on ensuring a consistently high-quality one-stop-shop customer experience across our network. This includes continuing to introduce innovative offerings to meet clients' evolving demands, diversifying our fleet in order to offer a broader catalogue, including environmentally friendly products, and improving our digital capabilities in order to further enhance our brand awareness and customer loyalty rates. We also intend to expand our value-adding services, which generate a significant share of our revenue and create cross-selling opportunities with our equipment rental activities. Cross-selling is at the heart of our strategy and we intend to continue leveraging our one-stop-shop business model to further increase our share of clients' total spend.

We believe that our professional and friendly personnel with superior knowledge of their local markets and our engaged approach to customer service are critical to maintaining our customers' loyalty and expanding our embedded customer base. We continually strive to improve our employee performance and training in order to enhance customer satisfaction as well as to attract and retain emerging management talent.

Improvement of our existing network efficiencies

Since our founding in 1980, we have continuously expanded our network and over time we have developed extensive territorial coverage in France and a reputation for operational excellence among customers. In order to operate efficiently, we provide a high level of autonomy to our local staff in making business decisions, developing budgets and managing fleet availability within their clusters and branches, as applicable, while maintaining centralized IT systems to support our operations, including to monitor our fleet, customer service and logistics capabilities. Although we believe that we already benefit from a highly efficient network with strong logistics know-how that allows us to efficiently manage transportation costs and optimize the utilization rate of our equipment, we believe we can leverage digital technologies to improve and expedite the customer experience and therefore increase our sales, as well as to enhance the efficiency of our internal operations. We intend to continue enhancing the efficiency of our network through strategic site

openings and consolidation, as applicable, and improvement of our technology capabilities, including with the use of Internet of Things technologies for fleet tracking purposes.

Maintain our commitment to safety, quality, responsibility and sustainability

The safety of our employees and clients is of critical importance to us. Product safety and public perception that our products are of good quality, safe and healthy are essential to our reputation and brand and are therefore a top priority. We work to make construction practices safer. For years we have developed a strategy around communication, feedback, risk analysis, training and management practices supporting prevention, including initiatives with suppliers and clients, in order to achieve our goal of minimizing accidents. As part of our strategy to minimize risks, we own a young fleet of carefully selected high-quality equipment. We conduct regular audits of our fleet in order to ensure the products we rent are fully functional and safe to operate. We apply stringent standards as part of our quality assurance system and have a dedicated team that monitors the safety and quality of our products and compliance with legal requirements and our internal policies. We provide safety-related trainings for our employees at the branch level and our customers, including training dedicated to risk prevention. We also share safety information with the public through our Wikimat platform and YouTube channel. In 2017, we joined the International Powered Access Federation, whose main objective is to promote the safe and effective use of powered access equipment. This international organization plays a major role in the advancement of a large number of design, security, and testing procedures. Additionally, we hold ISO 9001 and MASE certifications, which recognize our policies to reduce the risk of accidents, comply with legislation and improve safety and working conditions. We also seek feedback from our customers about their experience using our equipment so that we can adjust our offerings to provide what will be most safe, reliable and adaptable to our customers' wide range of needs. Our long-standing relationships with our suppliers also position us to help our customers use equipment safely and to relay their feedback to the manufacturers so that our customers can benefit from improved machine designs.

We are also committed to promoting corporate sustainability and responsibility. In 2012, we were one of the first equipment rental players in Europe to become a member of the UN Global Compact program, the world's largest corporate sustainability initiative. We issued our first corporate social responsibility report ("*Rapport de Responsabilité Sociétale des Entreprises*") in 2016 and have released updated reports on an annual basis since 2016. This report summarizes our initiatives and results relating to customer service, safety and security, respecting the environment and corporate governance. We aim to minimize our environmental footprint and seek to achieve that by improving the quality of our fleet. For example, in 2018 we invested in natural gas powered delivery trucks in order to reduce the CO2 emissions of our transports.

As part of our commitment to corporate responsibility, we also prioritize the professional development of our employees throughout their careers. Our training center has been open to all our employees and has offered sessions to our staff since 2007 with the aim of improving key skills. Training is provided by experienced professionals from our network and covers a variety of fields including knowledge of equipment, safety, environment (waste processing, energy savings, etc.), sales skills and team management, among others. Our training center also plays a key role in the integration of new employees.

As a result of our best practices, we have received a number of awards for and recognitions of our corporate social responsibility. For example, we obtained a EcoVadis 2019 Gold level certificate, being ranked in the top 5% of companies noted for their corporate social responsibility, and standing out with our environmental actions and health, safety and prevention policy. Furthermore, we received the first European prize for Sustainable Development in rentals from the ERA in 2016, and the *Prix RSE Alliance* (businesses with over 500 employees) in 2015, which recognized our actions in terms of corporate social responsibility. We have received the Top Employers Certification from the Top Employers Institute since 2014. We intend to remain at the forefront of our industry as a leader for safety, quality, responsibility and sustainability.

History and development

Our company was founded in 1980 by Franky Mulliez in Lille (Nord Pas-de-Calais), France, as the first French light equipment and tool rental chain serving both businesses and individuals. Since our creation, we have expanded our business across France, growing both organically and through a number of strategic acquisitions, including the acquisition of Hugon in 2004 and, following the investment of Sagard Private Equity in our business in 2005, the acquisition of Réseau Pro in 2008. In 2011, PAI Partners bought a controlling stake in our business, becoming a shareholder in our Group alongside Sagard Private Equity, our founder, members of our management and certain employees. In 2018, HLD Europe and HLDI acquired control of our Group. HLD Europe and HLDI currently collectively hold a 69% equity stake in our Group. The remaining shares are held by our management team and certain employees (17%) and our founder's family and certain other co-investors (14%).

Over the years, we have also strategically expanded into activities that are complementary to our original core focus on equipment and tool rentals. For example, we entered the events and reception rental business in 2012 through

the acquisition of Top Loc Réception (currently Loca Réception), which has been operating in the Paris region and the Rhône Alpes since 1989. Loca Réception offers services such as table setting, marquees, furniture, decoration and logistics for different types of events, including openings, exhibitions, product launches and sports events, serving both professional and private customers. With the acquisitions of AKMO and Landrau C.E.B., the Contains business and Tora Location between 2015 and 2018, we also strengthened our Module product category and became a recognized player in the rental of modular buildings. In 2016, we developed our Power category with the acquisition of Compagnie Atlantique de Location (currently Kiloutou Energie), which has been a major player in the Greater Southwest of France for nearly 45 years. We have made a number of other acquisitions in France, including most recently Aquiloc in 2016, Aixomat in 2017, Michaud Location in 2018 and Franche-Comté Matériel in 2019.

We began expanding our business beyond France in 2014 with the acquisitions of EWPA Majster and Tytanium Rental in Poland. Between 2015 and 2017, we entered the Spanish, German and Italian markets through acquisitions of local companies. In 2018, we completed four international acquisitions, two in Germany, one in Italy and one in Spain. Since January 1, 2019, we have completed two international acquisitions (Sticar in Italy and M+S Arbeitsbühnen in Germany) and entered into an agreement for a third acquisition (Werner Middeke Arbeitsbühnenvermietung in Germany). For further details about our recent acquisitions, see "*Management's discussion and analysis of financial condition and results of operations—Factors affecting comparability of results—Recent acquisitions*" and "*Recent Developments*."

As of September 30, 2019, our network consisted of 519 branches, offering a rental fleet of approximately 250,000 tools and pieces of equipment (excluding accessories) and serving over 300,000 clients across five countries.

Products and services

We operate across two complementary business segments: Rental and Services.

Rental segment

Within our Rental segment, we offer approximately 1,000 different types of general construction and industrial equipment and tools, as well as energy and pumping solutions, modular buildings, events equipment and, more recently, drones. Most of our rentals are short-term, with an average duration of eight to 31 days and representing 25% of our rental values in France in 2018. We also offer long-term rentals, with durations of over twelve months. We have a young and well-maintained equipment fleet that, as of September 30, 2019, consisted of approximately 250,000 tools and pieces of equipment (excluding accessories) with a gross book value of €1.3 billion. We estimate that, as of September 30, 2019, our French Generalist equipment fleet had an estimated weighted average age of 4.6 years (compared to 5.3 years in 2016) and an estimated weighted average useful life of over ten years. Our Rental segment consists of two complementary business lines: Generalist and Specialist, which are discussed further below.

Generalist

Our integrated offering includes the rental of a wide range of products principally used in public works, construction and renovation sites, green spaces, equipment transportation and commercial and industrial maintenance. Our Generalist offering include four product categories:

- **Tools and light equipment**, which comprises an offering of approximately 730 types of equipment, including small earthmoving equipment, work site accessories, saws, perforators, sanding equipment, scaffolding, trailers, handling equipment, various small tools, cleaning, gardening, air conditioning, heating and dehumidification equipment, among others, which are mainly used in construction and renovation projects as well as craftwork and do-it-yourself projects.

- **Earthmoving**, which comprises an offering of approximately 160 types of equipment, including (i) earthmoving equipment, including excavators, loaders and dumpers, which are designed for digging, lifting, loading, moving and building materials, (ii) telescopic handlers, which are used to lift and transport materials and (iii) compacting equipment, such as compactors, rammers, rollers and vibrating plates, which are used to compact soil, gravel or asphalt in the construction of roads and foundations or to reduce the size of waste material;

- **Access**, which is comprised of approximately 100 types of access and handling equipment, including forklifts, masts, electric powered scissor lifts, fuel powered scissor lifts, electric powered articulating booms, self-propelled booms, telescopic booms and truck-mounted platforms; and

- **Utility vehicles**, which include the rental of approximately 10 types of vans, tipper trucks and other utility vehicles.

Specialist

Our Specialist business line comprises three product categories:

- **Power**, which, through our subsidiary Kiloutou Energie, offers temporary energy and pumping solutions, including high performance equipment (such as generators and pumps) and programming solutions to ensure the continuity of our clients' operations. Our equipment is mainly used for site remediation, earthworks, groundwater pumping and other construction, agricultural and public works, as well as for various events;

- **Module**, which, through Kiloutou Module S.A.S.U., rents modular buildings such as temporary housing, changing rooms, toilets, catering units, office spaces, meeting rooms and classrooms, mainly used in industrial sites, work sites, military sites and various events; and

- **Events**, which, through our subsidiary Loca Réception, rents a range of high-quality products, such as marquees, tableware, furniture and decoration for events, including openings, exhibitions, product launches and sports events, serving both professional and private customers.

Services segment

Our Services segment offerings complement and support our Rental segment offerings, creating cross-selling opportunities for us. We believe our Services offering is highly valued by our clients. Our Services offering include six principal service categories:

- **Transportation and delivery**, which includes on-site delivery service for any kind of equipment depending on category and distance;

- **Consumables**, which includes the sale of captive consumables adapted to our equipment fleet (including consumables fitted to equipment we rent, as well as cross-sales of consumables such as diamond blades and sandpaper, safety equipment and oil), as well as cross-sales of consumables including but not limited to sandpaper and paint;

- **Insurance**, which includes insurance coverage that we offer to customers in connection with our rental agreements;

- **Cleaning and repair**, which includes maintenance, repair and overhaul of equipment and cleaning that is not otherwise included in the warranties connected with our equipment. We generally enter into long-term contracts (i.e. longer than twelve months) that provide for regular maintenance service and periodic inspections to ensure that our equipment is kept in good repair and used safely and efficiently;

- **Subrentals**, which through Kiloutou Global Services offers a subrental service that helps us meet customer demand for highly specialized equipment that is not included in our catalogue (such as high-rise mobile elevating work platforms and under-bridge boom lifts), by leveraging a large network of qualified and ultra-specialized third-party partners;

- **Training**, which includes a catalogue of training courses and the ability to provide a professional certification for the safe operation of platforms and forklifts, construction equipment or stackers (*Certificats d'Aptitude à la Conduite en Sécurité de plateformes et chariots élévateurs, d'engins de chantiers, ou encore de gerbeurs*); and

- **Other services**, such as (i) site diagnosis (e.g. accurate assessment of production rhythm and secure installation of certain materials on-site) and embedded telematics (e.g., geolocation and analysis as well as site access and authorization, such as digicodes and magnetic cards), (iii) logistics, table setting and decoration services for our clients in our Events business line, and (iv) sale of products.

International presence

We operate in five European countries: France, Poland, Italy, Spain and Germany.

France is our largest market, accounting for €615.3 million, or 84%, of total revenue in the twelve months ended September 30, 2019. We have a dense network that is structured and organized across 445 branches, grouped into 62 clusters across 14 regions, with highly visible locations and a high degree of autonomy at the cluster level. For more information about how we organize our branches and clusters, see "*—Fleet management*" and "*—Our network of branches*."

Our Polish business accounted for €24.8 million, or 3%, of total revenue in the twelve months ended September 30, 2019. We have a national presence in the Polish market, principally offering products from our Generalist business line (in particular, Earthmoving, Access and Tools and Light Equipment). Since 2014, we have fully integrated our acquired businesses under the Kiloutou brand and optimized our commercial organization in Poland. In April 2019, we received the first ISO 9001 certification granted to a rental business in Poland. As a result, we are highly rated in Poland for customer service quality, equipment and scale of operations.

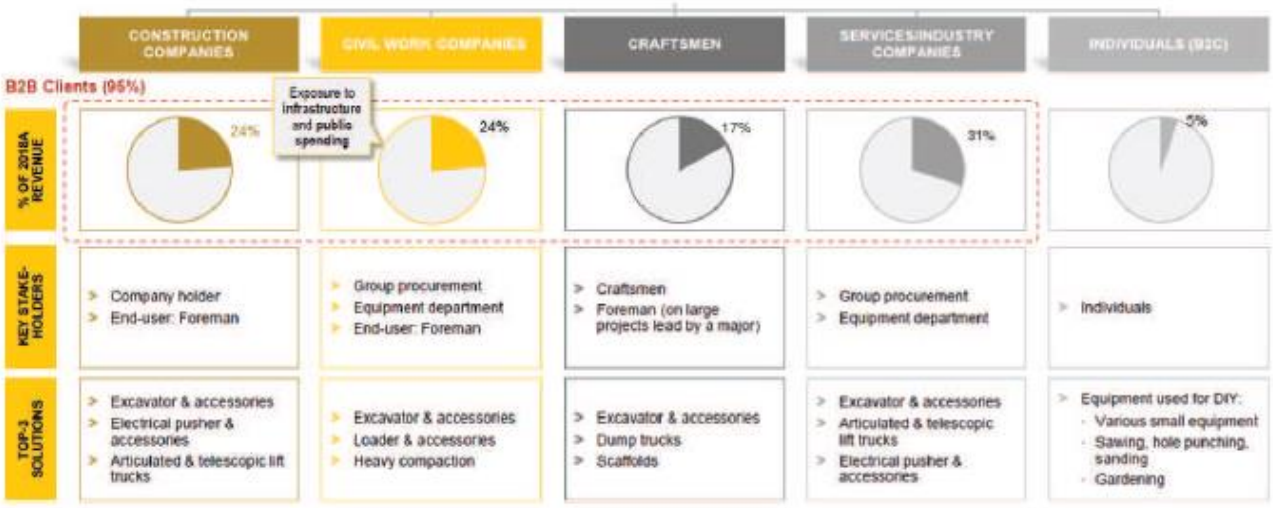
Our Italian business accounted for €37.4 million, or 5%, of total revenue in the twelve months ended September 30, 2019. We entered the Italian market in 2017 and currently have a regional presence in the northern regions of Lombardy, Emilia Romagna, Veneto and Friuli Venezia Giulia. We principally offer products from our Generalist business line. In October 2019, we completed the acquisition of Sticar, a business specialized in Access products and industrial trolleys. We intend to continue growing our presence in the Italian market.

Our Spanish business accounted for €21.1 million, or 3%, of total revenue in the twelve months ended September 30, 2019. We principally offer products from our Generalist business line, with most of our revenue deriving from the rental of Tools and Light Equipment and Earthmoving equipment and ancillary services (in particular, Transportation and Delivery and Insurance). We are present in the central and northeast regions of Spain, with branches located in the communities of Catalonia, Madrid, Navarra, Basque Country and Aragon.

Our German business accounted for €30.7 million, or 4%, of total revenue in the twelve months ended September 30, 2019. At present, we principally offer Access equipment in Germany. We have a significant regional presence in key regions in Germany, with well-positioned branches located in Berlin, Hamburg, Rostock and Cologne. We focus on construction and industrial clients with low pricing sensitivity, offering specialized equipment tailored to our clients' needs and providing high-quality technical service (including repair work on-site and customer advice).

Customers

We have a diversified customer base of over 300,000 clients, ranging from construction companies, civil work companies, public utilities, local authorities and governments, tradesmen and a number of industrial and commercial companies, as illustrated in the chart below. In the year ended December 31, 2018, 95% of our illustrative *pro forma* revenue from our French generalist business was from companies (business-to-business), with the remainder of our *pro forma* revenue being from individuals.



Our clients' size varies from individuals to small- and medium-sized companies ("**SMEs**") and large blue chip companies, such as large construction and civil engineering groups. We categorize our clients by size as follows: (ii) "Major Accounts", which are 16 large international groups; (ii) "Large Accounts", which are 55 large French companies, with annual revenue of more than €200.0 million; (iii) "Key Accounts", which are approximately 2,000 large national and regional companies, with annual revenue of €200.0 million or less; (iv) "Professionals", which are small local companies and craftsmen; and (v) "Individuals."

Our network of branches enables us to provide tailored and attentive services to local and regional customers, while our well-developed full-service infrastructure allows us to effectively service multi-regional, national and international accounts. Our integrated strategy enables us to satisfy customer requirements and increase revenue from customers through cross-selling opportunities presented by the various products and services that we offer.

Our clients' typical journey starts with a first contact, either in-person at one of our branches, over the phone or online. Once we understand the client's needs, we offer quotes so that the client can decide whether to place an order. Our average contract value was of €398 per contract for the year ended December 31, 2018. The client can then decide whether to pick-up the products or to contract our delivery services (our pick-up and delivery mix was approximately 50/50 in 2018). The average duration of our rental period was from five to ten days in 2018. We also offer long-term rentals, with durations of over twelve months.

With our largest customers, we negotiate framework agreements establishing pricing policies for our equipment. These agreements typically have a duration of one to three years but do not include exclusivity or volume commitments. All other customers are subject to our standard terms and conditions. While we establish our price list at a national level, branches negotiate directly with their customers and may offer rebates or discounts within a pre-determined range for the customers that do not have a negotiated price list.

In the year ended December 31, 2018, Kiloutou S.A.S.U.'s top ten customers accounted for 27% of Kiloutou S.A.S.U.'s *pro forma* revenue and no single customer accounted for more than 11% of Kiloutou S.A.S.U.'s *pro forma* revenue. We monitor counterparty risk, particularly in respect of our smaller customers, and are attentive to signs of liquidity problems among our customers so that we can react quickly if needed. Our bad debt ratio was lower than 0.8% of our total net revenue in the year ended December 31, 2018.

We track and monitor our clients' satisfaction by conducting monthly surveys with approximately 1,500 customers. Our Net Promoter Score (i.e., the difference between the share of satisfied promoters (satisfaction grade between nine and ten) and the share of detractors (satisfaction grade between one and six)) consistently grew over the part three years (from 30.3% in 2016 to 36.2% in October 2019). Due in part to our commitment to client satisfaction, we have a loyal client base, with approximately 74% of our revenue deriving from recurring clients. We also benefit from the highest brand awareness in the French construction industry (both in terms "Top of Mind" and "Spontaneous" recognition), based on the number of professionals that cited Kiloutou in a survey of approximately 700 equipment rental consumers (both legal entities and individuals) conducted by a third-party consultant in April 2015.

Sales and marketing

We have a strong sales and marketing organization, which we believe allows us to expand our customer base and maintain loyalty with existing customers. Our sales and marketing organization operates at three levels: (i) locally, at the cluster and/or branch level; (ii) regionally, through commercial managers operating under the regional managers; and (iii) centrally, through our dedicated, centralized sales and marketing team. Branch managers, cluster managers and regional commercial managers develop relationships with local and regional customers and assist them in planning their equipment and rental requirements, while our centralized sales and marketing team works with our largest customers and targets new customers to identify their needs and propose comprehensive solutions. In addition, we maintain an in-house call-center staffed only with experienced sales staff, providing additional points of contact for our customers.

To stay informed about local markets, sales agents track rental opportunities in their area through industry reports and local contacts. In addition, due to the nature of the equipment they supply, our Specialist branches are often in contact with customers at the early phases of large construction or civil engineering projects, which we believe creates opportunities for cross-selling and cross-promotion that also benefit our Generalist branches.

In 2019, we implemented our "Perfectly Close to You" ("*Parfaitement Proche de Vous"*) initiative to enrich our customer experience and further improve customer satisfaction and loyalty. This initiative concentrates on proximity and responsiveness to customers through the following five commitments:

- **Reliability** (*Fiabilité*). We supply our clients with high-quality equipment, which are duly tested, maintained and/or repaired before each new lease;

- **Responsiveness** (*Reactivité*). We are responsive and available to our clients, in particular by means of our remote technical assistance capabilities. We manage client demand via our branches, in-house call-center and customer app. In order to respond to client requests efficiently, we use Astek, an innovative software and smartphone application that gives our staff access to machine data, automates real-time information flow through SMS and notifications and efficiently allocates the provision of services by our staff to clients. In case of persistent problems, we generally send a technician to the customer site within less than four hours in order to fix or replace the faulty piece of equipment;

- **Flexibility** (*Fluidité*). We aim to provide a flexible and efficient experience to our clients by offering several resources from which to access our products and services, including personal assistance in our branches as well as the use of our website, customer app and catalogue. Subject to availability, our customers can use our app or website to book any piece of equipment in our catalogue;

- **Personalization** (*Personnalisation*). Through a personalized account on our website, our clients benefit from digital services such as product recommendations, access to their order history and downloads of quotes, contracts and billing statements; and

- **Trust** (*Confiance*). We aim to nourish strong and long-term relationships with our clients. In order to keep such relationships, we offer regular assessments of past and ongoing contracts as well as automatic alerts in case the contracted term of an equipment rental has expired.

Our local presence also allows us to maintain routine contact with and proximity to our clients.

We have additional marketing and service initiatives at a centralized level to offer integrated services and prioritize strong relationships with our customers. These initiatives include:

- **UnikCall**, our dedicated services to our largest clients who source equipment in a number of locations (either in France or internationally) and prefer centralized handling of their accounts. UnikCall centralizes all their rental requests through a single point person and manages, remotely and in real time, and enables order fulfilment across branches; and

- **Kiloutou Global Services**, our central service to organize sub-rentals of equipment.

- **Loyalty programs**, including our specialty programs such as Carte Pro, which targets independent workers and SMEs.

We leverage our quality, safety and environmental certifications, including our ISO 9001 certification for product quality and our Manual for the Improvement of Safety in Enterprises ("**MASE**") certification for employee safety, which we believe are factors used by some of our larger customers in selecting their rental partners. In addition, most of our branches in France and Poland have been certified to ISO 9001 and we are in the process of obtaining certifications in Spain. We have also been members of the UN Global Compact program, the world's largest corporate sustainability initiative, since 2012.

We believe that we have one of the highest levels of brand awareness among our peers and that our brand has become a household name. Throughout the years, the quality of our customer service and sales and marketing activities have received several recognitions in France, including most recently the Employer Innovation Award by the ERA in 2017 and the advertising award granted by the magazine and website Stratégies ("*Grand Prix Stratégies de la Publicité*") in 2019.

Rental fleet

We have a young and well-maintained fleet consisting of approximately 250,000 tools and pieces of equipment (excluding accessories) as of September 30, 2019. As of September 30, 2019, we estimate that our French Generalist equipment fleet had an estimated weighted average age of 4.6 years (compared to 5.3 years in 2016) and an estimated weighted average useful life of over ten years.

We strive to offer a large variety of equipment and we believe that our rental fleet is one of the most extensive fleets in France, representing approximately 1,000 different types of equipment and tools. As of September 30, 2019, our fleet had a gross book value of €1.3 billion.

Fleet management

Our approach with respect to fleet management is to provide regional, cluster and branch managers with wide autonomy to develop their business and manage their own equipment with the objective of maximizing each branch's own profitability, but with central fleet managers being able to monitor and assist in fleet management across branches, clusters and regions to ensure overall network efficiency.

Fleet management organization

We believe we have an efficient fleet organization, which is separated into three levels (national, regional and local) with a centralized maintenance staff and regional and local or on-site teams.

- **National.** The national equipment management team is in charge of defining guidance and strategy for the following activities: (i) purchasing and supply; (ii) maintenance process; (iii) fleet management in the network and (iv) second-hand sales.

- **Regional.** At a regional level, regional equipment directors, maintenance staff and technical staff work together to assess our clients' needs. Our regional equipment directors are in charge of technical, strategic and overall management of their region. Regional maintenance staff are mainly responsible for Access and Earthmoving equipment maintenance in several regional hubs. Finally, our regional technical staff are in charge of in-field repairs for Tools and Light Equipment and Utility Vehicles. They also supervise spare parts purchases for their local area.

- **Local.** At a local level, cluster managers and branch directors are responsible for day-to-day local technical staff management in each branch. Our local technical staff are in charge of Tools and Light Equipment and Utility Vehicles repairs in each branch. In each cluster, one to three larger branches have technicians and the appropriate tools to repair large or specialized pieces of equipment, such as Earthmoving and Access equipment.

This proactive fleet management approach ensures optimization of our fleet, consistent product availability across branches, clusters and regions.

Fleet management strategy

Managers of our Generalist branches are encouraged to maintain and rent a diverse and balanced portfolio. Large customer orders may require cooperation among branches to provide the quantities required. As part of our decentralized business model, following an assessment of clients' needs, branch directors track branch inventory levels and may autonomously transfer equipment from one branch to another within a cluster for an indefinite period to fill gaps in their branch's inventory. No approval is required from the regional equipment directors to move equipment within a cluster. We also ensure that transfers between clusters are possible when needed.

Our budget for fleet investment is established annually by the national equipment management team, which sets out the Group's capital expenditure plan for the year. In practice, as part of our purchasing process and strategy, our client needs are assessed locally. Each branch director provides his or her equipment needs (the number and types of machines) for the coming year to the regional equipment directors. Regional equipment directors, in consultation with branch directors, set commercial objectives and adapt the requests to the budget, allowing them to respond to trends at the local level. Branch equipment requirements are then aggregated, first at a regional level and then at a national level. The consolidated requests are given to the national equipment management team for review, which makes any required adjustments and delivers approvals to the regional equipment directors. Purchasing decisions are made according to a systematic cost-benefit analysis. New equipment is delivered directly to the branches.

Our approach to fleet management assumes the replacement of a fleet item upon the expiration of its useful rental life, which is usually when it is obsolete or no longer capable of generating revenue in excess of maintenance costs. Most of the equipment in our fleet is depreciated on a straight-line basis ranging from one to 20 years depending on the type of equipment, while a residual value of 10% of the original cost is kept in our books. The disposal of a piece of equipment from the fleet is a technical decision made by a technical manager at the regional level. We have established metrics and guidelines for each category of equipment, which help determine the desired replacement cycle. Most metrics are based on repair costs relative to rental income, utilization rate and age. At the end of an item's useful life, we determine whether to use equipment that has been removed from our fleet for parts, sell it for scrap or sell it at auction. Sales of approximately 80% of our large equipment are managed centrally on our dedicated platform, which was created in 2015. Sales of the remaining 20% are managed at the branch and regional levels. We also monitor fleet utilization and other metrics to measure branch performance and maintain appropriate inventory levels and to manage

fleet allocation across our networks as well as capital expenditures. In addition, preventative maintenance enables us to increase fleet lifetime and ensure maximum fleet availability. Maintenance and daily checks of small equipment in the fleet are performed at each branch.

Suppliers

We purchase the equipment in our rental fleet and spare parts used therein from large, recognized original equipment manufacturers who we believe have the best product quality and support, and we typically choose to work with several manufacturers per equipment range. Our suppliers are located in multiple countries, mainly in Europe and Asia. As a result, we are not dependent on a single supplier for any type of equipment or in any particular country. We have no long-term agreements with our suppliers and no volume commitments or exclusivity clauses apply to these relationships. We negotiate with our suppliers on an order-by-order basis. In the year ended December 31, 2018, our largest fleet suppliers were Manitou, Volvo, Haulotte, JCB and Bobcat, which accounted for approximately 57% of our equipment purchases. Furthermore, we typically solicit bids through a tender process with selected manufacturers in an effort to optimize the prices we pay for our fleet equipment. We also work in cooperation with our suppliers to adapt our fleet equipment to client needs and limit maintenance costs.

Our Ethical Purchasing Charter (the "**Ethical Charter**") sets the Group's level of ethical and integrity requirement. Implemented in 2016, the Ethical Charter formalizes the commitments expected from our suppliers in terms of ethics, anti-corruption, human rights standards, international labor standards and health protection. The Ethical Charter is accompanied by a questionnaire to be completed by suppliers and a CSR audit. Four of our employees focused on equipment purchases and three of our buyers and subcontractors regularly visit factories and meet with our suppliers to discuss the nature of their investments and working standards.

Each piece of equipment we purchase is thoroughly tested and screened before being rented to customers. The Lesquin Testing Center—which we believe is the only one of its kind in Europe—has for the past ten years verified and validated all our equipment available for rent, including new equipment, manufacturer modifications to existing products and samples. All testing is carried out under real-world conditions with the objective of ensuring the highest quality for all of our equipment.

Our network of branches

As of September 30, 2019, we had a network of 519 branches, primarily located in France. The table below shows the number of branches we operate in each country:

Country	Branches
France	445
Poland	34
Spain	20
Italy (before Sticar acquisition)	11
Germany	9
Total	**519**

Our business model combines a centrally-determined strategy, budget and back-office operations, with wide autonomy for regional, cluster and branch managers to develop their business and spend their budget allocation, which allows us to quickly and efficiently adapt at the local level to meet our clients' needs in different markets. In France, branches that serve the same geographic area and customer base form a cluster, which is a local network of branches. As of September 30, 2019, we had 62 clusters across 14 regions in France. We believe that our network of clusters optimizes our fleet allocation and leads to better management of our branches at a local level by empowering our staff with a high degree of autonomy. Each branch manages its own fleet and budget and is responsible for bringing in business by developing local relationships and monitoring local construction sites. Branches in each cluster serve as a continuous source of information about the latest market opportunities, such as planned construction projects, allowing us to offer our services early and to the right clients. A typical branch includes a branch director, a rental consultant, a sales representative, one or more mechanics and one or more drivers. At the regional level, technical managers, commercial managers and administrative managers support the branches and clusters located in their region, under the oversight of a regional manager. Our branches are deeply embedded in the local markets in which they operate, and we emphasize building and maintaining close relationships with clients at the local level. Our decentralized business model allows us to adapt our equipment fleet at the branch level in order to meet our clients' needs in various markets, offering them a value-added alternative to owning and maintaining equipment in-house. Our dense and capillary network of branches in several markets allows us to meet customer demand by moving equipment across branches.

We are in the process of rolling out our decentralized cluster business model outside of France. In Poland and Spain, where we have relatively broad networks, we are already using our cluster business model. We have also started to deploy this model in Germany, and may do so in Italy in the future.

Our branch network is dynamic, and in any given year we both open and close a number of branches. The decision to open a branch is driven by our analysis of the interaction of the proposed branch with our existing network, the conditions in the local market and the competition in that market. Whether we open a new branch or acquire an existing network depends on the level of saturation in that market and whether acquisitions can provide us a level of penetration that would take too long to develop organically. Branches may be merged or closed based on the market environment (if, for example, a large construction project concludes or an industrial site closes) or unnecessary proximity to another branch following an acquisition. Closures have also resulted from the consolidation of branches. We may also relocate branches in light of the development of cities, the evolution of infrastructure or to optimize our geographic coverage.

We implement periodic network optimization plans to enhance the profitability of our network through better coordination of commercial activities and capital expenditures, pooling of resources, and improved exchanges of staff and equipment among branches, savings in back office and marketing costs, and enhanced branch positioning.

Branches in france and international branches

Most of our branches are located in France. Of our 445 branches in France as of September 30, 2019, 427 were Generalist branches and 18 were Specialist branches. Our branches are typically located in industrial zones in or near medium and large metropolitan areas. Our broad geographic coverage in France reduces our exposure to regional variations in economic activity.

Our Generalist branches in France operate under the Kiloutou brand. Our Specialist branches operate under the brands Kiloutou Energie (7 branches), Kiloutou Module (6 branches) and Loca Réception (5 branches).

In Poland, where we operate a dense network, we compete at a national level and enjoy strong competitive positioning. In Spain, Germany and Italy we generally compete at a regional level. Our International branches operate under the Kiloutou brand, with the exception of the Starlift branches in Germany and Cofiloc branches in Italy, both in which the shift to the Kiloutou brand is ongoing.

Branch ownership and leasing

We lease the vast majority of our facilities in order to maintain flexibility in growing and developing our network and to be able to respond to demographic and other changes in the areas where we operate and to the customers we serve. As of September 30, 2019, we owned approximately 40 premises and leased the remainder. Most of these leases provide for standard terms and renewal options.

Most of our French branches are leased pursuant to commercial leases (*baux commerciaux*) which grant significant rights under French law to lessees as compared to leases in many other jurisdictions, including in relation to duration, rent and termination, and in particular the lessee's right of renewal, which the lessor can generally avoid only by indemnifying the lessee. Most of these commercial leases are for nine-year terms (the statutory minimum) and provide termination rights for the tenant at the end of each three-year period upon a six-month prior notice. The rent paid under most of our commercial lease agreements is a fixed sum which is annually reviewed based on the variation of national rental indices (e.g., the *indice du coût de la construction—ICC* and the *indice des loyers commerciaux—ILC*). In addition, in accordance with applicable regulations governing commercial leases, commercial rents can be adjusted upon the renewal of the lease in certain cases, and if not mutually agreed, may be determined by a competent court. In the twelve months ended September 30, 2019, our consolidated real estate rental cost was €52.9 million.

In other countries, our leases generally provide for standard terms under the relevant national laws and regulations. We generally negotiate these leases with a view towards maintaining a certain level of flexibility so that we can fine-tune our network as needed from time to time. Generally, rent adjustment upon renewal of our leases is based on market value.

Administrative premises

In addition to the branches in our rental network, we lease a small number of premises for administrative and logistics purposes. Our corporate headquarters are leased and are located in Villeneuve-d'Ascq, Lille, France.

Employees

As of September 30, 2019, we had 5,460 employees, nearly all of which were salaried personnel. Approximately 85% of our employees were based in France as of September 30, 2019. Our employees perform the following functions, among others: sales operations, parts operations, rental operations, maintenance and repair and other technical services and office and administrative support.

Developing quality rental equipment staff is one of our priorities and staff training plays a key role in ensuring a consistent customer experience across our branches and the adoption of common internal procedures. Our group-wide training center is available to all members of our staff and provides training in areas such as customer relations, sales methods, group processes, regulation, quality and environmental management, technical expertise and management.

Many of our employees are represented by various works councils, unions and other employee representative bodies and are subject to collective bargaining or works council agreements. We may become subject to additional agreements or experience labor disruptions which may result in higher operating costs over time.

We believe that we generally have good relationships with our employees, unions, works councils and other employee representative bodies, although we have had disputes from time to time with employees as part of the ordinary course of business. Since 2014, we have consistently received the Top Employers Institute's Top Employers Certification, which is granted exclusively to employers across the world offering top conditions to their staff.

We have not experienced a serious work interruption because of disputes between management and our employees or because of employee contract disputes. During the last five years, we have not experienced any strikes or work stoppages.

Seasonality

Although our business is not significantly impacted by seasonality, the demand for our rental equipment tends to be lower in the winter months, in particular our equipment rental activities related to commercial and industrial construction and maintenance activities. The severity of weather conditions can have a temporary impact on the level of construction activities, which can therefore impact equipment rental performance. Other rental and services activities are less affected by changes in demand caused by seasonality.

Information technology ("IT")

Our IT strategy is designed to reinforce our overall business strategy, and in particular, to optimize the management of our fleet and improve synergies as we expand our network. Our IT team is based in France and maintains our hardware and service the software we use. We use several ERP systems, all of which specialize in rental activity. Our IT systems track (i) rental inventory utilization statistics, (ii) maintenance and repair costs, (iii) returns on investment for specific equipment types, and (iv) detailed operational and financial information for each piece of equipment. We are also developing a Transportation Management System ("**TMS**") to improve visibility into day-to-day transportation operations, fleet management and timely delivery of equipment. These systems enable us to closely monitor our performance and actively manage our business, and include features that were custom designed to support our integrated services platform. The point-of-sale aspect of our systems enables us to link all of our branches, permitting universal access to real-time data concerning equipment located at the individual branch locations and the rental status and maintenance history for each piece of equipment. In addition, our systems include, among other features, on-line contract generation, automated billing, applicable sales tax computation and automated rental purchase option calculation.

We have also customized our customer relationship management system to enable us to more effectively manage our sales territories and sales representatives' activity. This customer relationship management system provides sales and customer information, available rental fleet and inventory information, a quote system and other organizational tools to assist our sales forces. We maintain an extensive customer database which allows us to monitor the status and maintenance history of our customers' owned-equipment and enables us to more effectively provide parts and services to meet their needs. All of our critical systems run on servers and other equipment that is current technology and available from major suppliers and serviceable through existing maintenance agreements. Our next generation of equipment includes Internet Of Things capabilities, such as sensors and devices that wirelessly transmit data from the sensors to the cloud in the internet. Our software in the cloud can be programmed to alert us on the malfunctioning or ill-use of our equipment on a real-time basis. A maintenance worker can be alerted and dispatched to review the equipment.

We have taken steps to enhance the safety of our IT systems. We have a savings and restoration program to protect most of our operations and IT systems, including our ERP systems, in case of disruption or disaster.

Intellectual property

We use several trademarks, including "Kiloutou," "Kiloutou Module," "Kiloutou Energie," "Loca Réception" and "Cofiloc," all of which enjoy high brand recognition in their home markets. "Kiloutou" is protected in the countries where we do business as well as in the EU and other countries worldwide.

Our trademarks, domain names, copyrights and all of our other intellectual property are important assets that afford protection to our business. Our success depends to a degree upon our ability to protect and preserve certain proprietary aspects of our technology and our brands. To ensure that objective, we control access to our proprietary technology. Our employees and consultants enter into confidentiality, nondisclosure and invention assignment agreements with us. We protect our rights to proprietary technology and confidential information in our business arrangements with third parties through confidentiality and other intellectual property and business agreements.

We hold a number of third-party patent and intellectual property license agreements that afford us rights under third-party patents, technology and other intellectual property, including for the use of certain material software applications. Such license agreements most often do not preclude either party from licensing its patents and technology to others, and may involve one-time payments or ongoing royalty obligations. We cannot ensure that future license agreements can or will be obtained or renewed on acceptable terms, or at all.

Environmental and safety matters

We are subject to comprehensive and frequently changing local, national and European Community-level laws and regulations, including those relating to discharges of substances to the air, water and land, the handling, storage, transportation, use and disposal of hazardous materials and wastes and the cleanup of properties affected by pollutants. Under these laws and regulations, we may be liable for, among other things, the cost of investigating and remediating contamination at our sites and fines and penalties for non-compliance. Our operations generally do not raise significant environmental risks, but we use hazardous materials to clean and maintain equipment and dispose of solid and hazardous waste and wastewater from equipment washing.

To our knowledge, there is no pending or likely remediation and compliance cost that could have a material adverse effect on our business. We cannot be certain, however, as to the potential financial impact on our business if new adverse environmental conditions are discovered or compliance or remediation costs are imposed that we do not currently anticipate.

We have a health, safety and protection policy (*Politique de Santé, Securité et Prevention—SSP*) in place. In addition, in 2014, we developed a project named IMPACT to affirm our commitment to sustainable responsibility. IMPACT is comprised of three major themes:

- **Environmental:** which includes controlling waste disposal processes, protecting soils from hazardous industrial waste (HIW), measuring electrical, gas, water and diesel fuel consumption and reducing the environmental impact of transport through transfer optimization;

- **Social:** ensuring employee safety and welfare by applying our three pillars, i.e., COME (*VIENS)* (integrate new team members to ensure their success), LIVE (*VIS*) (help team members to become involved in our business) and GROW (*GRANDIS*) (ensure the development of our team members' skills so that they can continue growing); and

- **Economic:** ensuring customer safety and customer satisfaction in the use of our equipment and digitalizing customer data.

A team of coordinators accompanies the operational staff in understanding and implementing IMPACT. The managers then encourage their team members to carry out the IMPACT best practices and to measure their performance. Furthermore, we have an independent Certification Committee made up of a diverse group of stakeholders (including staff, clients, suppliers and third parties such as ADEME, CARSAT and Réseau Alliance) which is responsible for auditing our branches and deciding whether to certify each branch in order to ensure our processes are constantly enhanced.

As a result of our efforts, we obtained the Gold level in the business sustainability ratings provided by EcoVadis in 2018, being ranked among the top 5% companies noted for their corporate social responsibility. Furthermore, we received the first European prize for Sustainable Development in rentals from the ERA in 2016, and the Prix RSE Alliance (businesses with over 500 employees) in 2015, which recognized our actions in terms of corporate social responsibility.

We issued our first corporate and social responsibility report entitled "*Rapport de Responsabilité Sociétale des Entreprises*" in 2016 and released our latest updated report in 2018. This report summarizes our commitment to customer service, safety, the environment and ethical corporate governance.

Insurance

We maintain the types and amounts of insurance customary in our industry and countries of operation. Our group insurance policies, which may be supplemented locally in certain countries where we operate, comprise, in particular, our automotive fleet policy, civil liability policy, multi-risk industrial policy, direct or indirect loss, cyber risk policy and include coverage for, among other things, employee-related occupational accidents and injuries, property damage, fraud, theft or vandalism of equipment, machinery break-down, and damage and injury that could be caused to third parties by poorly-maintained equipment, as well as directors and officers insurance. Our insurance coverage is in some cases subject to customary exclusions. We consider our insurance coverage to be adequate both as to types of risks and amounts for our business. We have not had any material claims that were not covered under our insurance policies.

Legal proceedings

From time to time, we are party to certain pending legal proceedings arising in the ordinary course of business, including commercial disputes with clients and suppliers, intellectual property and employment-related proceedings and disputes with the tax authorities. We cannot estimate with certainty our ultimate legal and financial responsibility or obligations with respect to such pending matters. See "*Risk factors—Risks related to laws and regulations—We are exposed to various risks related to legal proceedings or claims that may exceed the level of our insurance coverage*." Based on our examination of these matters and the provisions we have made, we believe that any ultimate liability we may have for such matters will not have a material adverse effect on our business or financial condition.

Management

Group executive committee

Our day-to-day operations for the Group are managed by our non-statutory Group Executive Committee. The Group Executive Committee currently consists of seven members as follows:

Name	Position
Olivier Colleau	Group Chief Executive Officer and Chief Executive Officer for France
Jan-Luc Ambre	Chief Financial Officer
François Renault	Head of Fleet Department
Xavier Raynaud	Information Systems Director
David Lamiaux	Human Resources Director
Patrick Rybicki	Head of International Development Department
Lionel Wallet	Network Director for France

The following is a brief description of the experience of each of the members of the Group Executive Committee.

Olivier Colleau. Mr. Colleau is our Group Chief Executive Officer and Chief Executive Officer for France. A graduate of HEC, he started his career at Bain & Company France in 1995. After ten years, he took over the Marine Division at Zodiac Marine & Pool. In 2009, he joined our Group as Head of Strategy and Development serving at this position from 2009 to 2011. He was promoted to lead the French network in 2011 and in 2016 he became the Group Chief Executive Officer.

Jan-Luc Ambre. A graduate of EDHEC in 1995, Mr. Ambre began his career at PricewaterhouseCoopers, later joining Castorama as Group Financial Controller. In 2003, he joined the Group being initially responsible for the management control and project finance for the redesign of the IS Back Office, and later becoming Head of Group Controlling and Cash Management. He has served as the Chief Financial Officer since January 2012.

François Renault. Mr. Renault holds a DESS in Business Administration (IAE) and is a graduate of École Centrale de Lille. He joined the Bouygues Group as an engineer before joining Auchan France, where he served as Technical Purchase Director, Hypermarket Maintenance Manager and Environment Manager, later joining being later appointed Project Manager Organization. Mr. Renault joined the Group as Technical Director in 2002 and was later promoted to Director of Operational Support (Dir Tech and DOSI) and then Materials Director. He is also the managing director of Kiloutou Energie, Kiloutou Module and Loca Reception.

Xavier Raynaud. A graduate of the School of Management in 1993, Mr. Raynaud began his career as Deputy Administrative and Financial Director at Vinci Hong Kong. Returning to France in 1995, he joined Nexter as a management controller in charge of the manufacture of armored vehicles. In 1997, he moved into consulting, joining Axys Consultants as director. From 2005, he served the Sodexo Group as Director of the SAP Europe Competence Center before being appointed CIO France for the Sodexo Group in 2009 and then CIO Europe in 2015. He joined the Group in February 2019.

David Lamiaux. Mr. Lamiaux joined the Group as an academic intern, with a Master 2 in Business Law and a Master 2 in Social Law. Beginning his career as a business lawyer, he later became Director of Legal Affairs before creating the Kiloutou Resources Department in 2003. Having spent his entire career with the Group, he now heads the Human Resources Department, which covers five countries.

Patrick Rybicki. Mr. Rybicki has a Master's degree in Computer Science and Management and has worked at Capgemini as a change management specialist. There he received successive promotions from Project Manager to Change Management Consultant, Sales Manager and Head of Outsourcing Division for the North Region. In 2001, he joined the Group, where he assumed the management of the organization and information systems before being promoted to the role of Operations Manager of the Agency network in France in 2008. Since 2011, he has been implementing the strategy of external growth and the international development of the Group.

Lionel Wallet. Mr. Wallet, a graduate of ESLSCA, started his career at Boulanger (Groupe Auchan) where he remained for two years before joining the Group in 1997. Starting with the management of three agencies, he became Cluster Director and then Regional Director in 2008. Mr. Wallet led the operational management of newly acquired BM Loc until its integration into our network at the beginning of 2014. In early 2015, he also started managing Most Location prior to becoming Network Director for France.

Consultative committees

Audit committee

Our audit committee is currently composed of four individuals: Jean-Hubert Vial, as Chairman, and Anne Canel, Jean-Louis Savoye and Jan-Luc Ambre, as permanent guests. The role of the audit committee is to examine the half-year and annual financial statements of the Group. The audit committee meets at least twice per year.

Compensation committee

Our compensation committee is currently composed of four individuals: Jean-Bernard Lafonta, as Chairman, Jean-Hubert Vial, Xavier du Boys and Olivier Colleau. The role of the compensation committee is to report and advise on remuneration matters with respect to the Group's officers. The compensation committee meets at least once per year.

Acquisition committee

Our acquisition committee is currently composed of four individuals: Jean-Bernard Lafonta, as Chairman, Jean-Hubert Vial, Xavier du Boys and Olivier Colleau. The role of the acquisition committee is to examine potential acquisition opportunities in accordance with the Group's strategy. The acquisition committee meets whenever required.

Principal shareholders

Shareholders

Our share capital is comprised of 93,237,241 ordinary shares, 394,362,759 preferred "ADPR TF" shares, 17,693,378 "ADPR C1" shares and 4,514,876 "ADPR C2" shares, all of which have the same voting rights except for "ADPR C1" shares which do not have voting rights (the "**Shares**").

Francis Mulliez and his family members together own 13.38% of our share capital. FinKapla owns 69.03% of our share capital, certain other individual investors own a further 0.95%, while the remainder is owned by other members of our management team, certain retired managers, employees and other entities controlled by management. The table below lists our shareholders as of August 1, 2019.

Shareholder	Number of shares	Percentage of share capital	Percentage of voting rights
FinKapla[(1)]	351,943,860	69.03%	70.71%
Managers, employees, retired managers and others[(2)]	84,802,061	16.63%	14.45%
Francis Mulliez and family[(3)]	68,216,955	13.38%	13.86%
Other individual investors	4,845,378	0.95%	0.98%
Total	**509,808,254**	**100.00%**	**100.00%**

(1) FinKapla is an investment vehicle controlled, directly or indirectly, by funds controlled or managed by the Sponsors.

(2) Shares held, directly or indirectly as part of the employee share plan, by managers and employees. See "— *Employee share plan.*"

(3) Mr. Mulliez is the founder of Kiloutou.

Employee share plan

We have an employee share plan, which allows managers and employees to purchase, directly or indirectly via investment vehicles (Kiman, Kiplus and FCPE "Les Kiloutiens"), equity interests in the share capital of the Issuer.

Other securities giving access to our share capital

We have outstanding convertible bonds, which are directly owned by certain shareholders of FinKapla, Francis Mulliez and family and other individual investors. The initial aggregate principal amount of the convertible bonds was €165,000,000. The relative ownership percentage of the Shares may vary in the event any such convertible bonds are exercised.

Free shares

In accordance with our existing employee share plan, we may issue additional free shares in the form of "ADPR C2" shares (*Attribution Gratuite d'Actions de Préférence de Catégorie*) to eligible managers and employees. The aggregate principal amount of ADPR C2 shares to be issued may not exceed 1.36% of the share capital of the Issuer.

Shareholders agreement

On February 15, 2018, the Issuer's shareholders entered into a shareholders' agreement (as subsequently amended and restated, the "**Shareholders' Agreement**"). The Shareholders' Agreement contains provisions regarding the corporate governance of the Issuer and certain other rights and restrictions, including tag and drag-along rights, associated with the transfer of the Issuer's securities. The Sponsors are generally prohibited from transferring their securities until 2023.

Certain relationships and related party transactions

We enter into transactions with certain related parties or our affiliates from time to time and in the ordinary course of our business. We believe that these agreements are on terms no more favorable to the related parties or our affiliates than they would expect to negotiate with disinterested third parties.

In addition to these ordinary course transactions, we have also entered into, or will enter into in connection with the Transactions, the following transactions with related parties.

On February 15, 2018, HLDI S.A.S. ("**HLDI**") and the Issuer entered into a management assistance agreement (*Convention d'assistance*). Pursuant to the agreement, HLDI will provide, among other things, its expertise and support to the Issuer in assessing, structuring, financing and implementing strategic acquisition and refinancing transactions.

On March 12, 2019, Dentressangle S.A.S., an entity that controls directly or indirectly HLDI, and the Issuer entered into a management agreement (*Convention d'animation stratégique*). Pursuant to the agreement, Dentressangle S.A.S. will provide support to the Issuer in determining, assessing and implementing the Group's strategy.

Description of certain financing arrangements

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Capitalized terms used in the following summaries not otherwise defined in this offering memorandum have the meanings ascribed to them in their respective agreement.

New revolving credit facility agreement

On or about the Issue Date, the Issuer and the Guarantors will enter into a revolving credit facility agreement (the "**New Revolving Credit Facility Agreement**") with the arrangers referred to therein, the original lenders referred to therein, BNP Paribas as agent (the "**Facility Agent**") and as security agent (the "**Security Agent**") for the purposes described below. On or about the Issue Date, the Issuer and Kiloutou S.A.S.U. will be borrowers under the New Revolving Credit Facility Agreement and the Issuer, Kiloutou S.A.S.U. and Kiloutou Module S.A.S.U. will be guarantors under the New Revolving Credit Facility Agreement. The New Revolving Credit Facility Agreement will provide for a revolving credit facility (the "**New Revolving Credit Facility**") of up to a maximum aggregate principal amount of €120,000,000 on a committed basis, subject to the ability to increase such amount under certain conditions. See "— *Additional facilities*."

The New Revolving Credit Facility can be utilized by way of loans in euros, pound sterling, swiss francs and U.S. dollars.

The New Revolving Credit Facility will be used to finance the working capital and general corporate needs (including, but not limited to, funding costs or refinancing costs related to the issue of the Notes, capital expenditure, restructuring expenditure and any acquisition or joint venture investment not prohibited by the covenants to be contained therein) of the Issuer and its restricted subsidiaries (the "**Restricted Group**"), subject to certain restrictions, such as making any Notes Purchase (as defined below)).

Additional facilities

The New Revolving Credit Facility Agreement will include the ability for the Issuer at any time (and without restrictions as to the number of times) and the relevant lender(s) (which are not required to be existing lenders under the New Revolving Credit Facility) to increase the total commitments by establishing one or more additional revolving credit facilities (each an "**Additional Facility**") under the New Revolving Credit Facility Agreement, *provided* that the aggregate amount of the total commitments under all Additional Facilities at such time does not, as a result of the establishment of such Additional Facilities, exceed the greater of (i) €30,000,000 and (ii) 60% of the adjusted consolidated EBITDA minus €120,000,000, for the Relevant Period (as defined below) based on the most recently delivered quarterly financial statements. An Additional Facility may only be established subject to the fulfillment of certain conditions (including, without limitation, that no event of default under the New Revolving Credit Facility Agreement is continuing at the time of, or would result from, the establishment of such Additional Facility). Each Additional Facility will rank *pari passu* with the New Revolving Credit Facility and will benefit from the same guarantees and security as the New Revolving Credit Facility.

Conditions to borrowing

Drawdowns under the New Revolving Credit Facility will be subject to certain conditions precedent that must be satisfied on the date the drawdown is requested and on the drawdown date. A non-exhaustive list of these conditions is set forth below:

- in the case of rollover loans, no notice of acceleration in respect of an event of default under the New Revolving Credit Facility has been delivered and is outstanding and the relevant borrower is not in a state of *cessation des paiements*;

- in the case of a utilization to fund an acquisition not prohibited by the covenants to be contained therein, the absence of customary "certain funds" drawstop events; and

- in the case of any other utilization: (A) no default is continuing or would occur as a result of the making of the proposed utilization; (B) the repeating representations specified in the New Revolving Credit Facility Agreement are true in all material respects on the date of the utilization request and the utilization date; and (C) the Issuer provides confirmation to the Facility Agent that (by reference to Consolidated EBITDA as at the last quarter date (or such later date as the Issuer elects to deliver more recent financial statements) prior to drawing) the Total Net Debt Leverage Ratio (as defined below) would have been complied with on the

most recent quarter date for which a compliance certificate has been delivered to the Facility Agent under the New Revolving Credit Facility (or such later date as the Issuer elects to deliver more recent financial statements) *pro forma* for the proposed utilization (in the event that such utilization is made to finance an acquisition not prohibited by the covenants governing the Notes including a *pro forma* adjustment to Consolidated EBITDA to take into account such acquisition), it being specified that (x) the condition set forth in paragraph (C) shall not apply if the aggregate amount of all outstanding cash utilizations (taking into account the proposed utilization and the repayments of outstanding loans to be made on the proposed utilization date (if any)) will be less than 40% of the total commitments on the proposed utilization date; and (y) if the Issuer is unable to confirm that the Total Net Debt Leverage Ratio would have been complied with, the Issuer shall only be able to utilize the New Revolving Credit Facility up to an amount which would not breach the Total Net Debt Leverage Ratio *pro forma* for the proposed utilization.

Repayments and prepayments

Each loan drawn under each New Revolving Credit Facility and any Additional Facility must be repaid on the last day of the interest period relating thereto.

The New Revolving Credit Facility will mature on the date falling six and half years after the Issue Date and the maturity of any Additional Facility will be determined by the Issuer and the relevant Additional Facility Lenders provided that the maturity of any Additional Facility shall be no earlier than the final maturity date of the New Revolving Credit Facility. Any amount still outstanding at that time will be immediately due and payable.

Subject to certain conditions, we may voluntarily prepay our utilizations and/or permanently cancel all or part of the available commitments under the New Revolving Credit Facility in a minimum amount of €1,000,000 by giving three business days' prior notice to the Facility Agent (or such shorter period as the majority lenders under the New Revolving Credit Facility Agreement may agree). Any prepayments under the New Revolving Credit Facility Agreement (other than in the case of a prepayment due to illegality or in relation to a single lender) will be applied *pro rata* to each lender's participation. We may re-borrow amounts prepaid or repaid in accordance with the terms of the New Revolving Credit Facility Agreement.

In addition to voluntary prepayments, the New Revolving Credit Facility will require mandatory prepayment (or, as the case may be, an offer to do so) in full or in part in certain circumstances, including: (1) with respect to any lender under the New Revolving Credit Facility, if it is or will become unlawful for such lender to perform any of its obligations under the New Revolving Credit Facility; (2) a "Change of Control" occurs (which will also include, in addition to a "Change of Control" under the caption "*Description of the notes—Certain definitions*", the Issuer ceasing to own directly one hundred per cent. (100%) of the shares of Kiloutou S.A.S.U., or ceasing to own directly equity share capital having the right to cast more than one hundred per cent. (100%) of the voting rights capable of being cast in the general shareholders meetings of Kiloutou S.A.S.U. or ceases to own the right to appoint all of the directors of the board (or the equivalent body) of Kiloutou S.A.S.U.); or (3) the sale of all or substantially all of the assets of the Group (whether in a single transaction or series of related transactions).

Interest and fees

Drawings under the New Revolving Credit Facility in euros will initially bear interest at a rate per annum equal to EURIBOR plus a margin of 2.75% per annum. In relation to any Additional Facility, the rate per annum will be specified by the Issuer in the relevant additional facility accession certificate (subject to a "most favoured nation" clause applicable for six months after the Issue Date).

The margin applicable to each loan will be calculated and adjusted by reference to the level of the Total Net Debt Leverage Ratio, in accordance with the provisions of the New Revolving Credit Facility Agreement.

A commitment fee will be payable to each lender, quarterly in arrears, on the available but unused commitments under the New Revolving Credit Facility at a rate of 35% of the margin applicable to that available but unused commitment amount from the Issue Date until the end of that availability period in respect of the relevant facility.

We will also be required to pay certain customary fees to the Facility Agent and the Security Agent in connection with the New Revolving Credit Facility and to any issuing bank in relation to the issuance of any letter of credit under the New Revolving Credit Facility.

Security and guarantees

The Issuer and Kiloutou S.A.S.U. will be the original borrowers under the New Revolving Credit Facility Agreement. Subject to any applicable guarantee limitation provisions, the New Revolving Credit Facility will be guaranteed irrevocably and unconditionally on a joint and several basis by the Issuer and each other guarantor, which will initially be the same as those entities that guarantee the Notes. Such guarantees will rank *pari passu* with the guarantees of the Notes, subject to the terms of the Intercreditor Agreement.

The New Revolving Credit Facility will be secured by a first-ranking pledge of the financial securities accounts relating to Kiloutou S.A.S.U. and Kiloutou Module S.A.S.U. and a first-ranking pledge over present and future intra-group receivables and a first-ranking pledge over certain bank accounts granted by the Issuer and each other guarantor.

Covenants

The New Revolving Credit Facility Agreement contains customary positive and negative covenants (including restrictive covenants that largely replicate those contained in the Indenture, as set forth in "*Description of the notes*"). Set forth below is a brief description of such covenants to the extent not included in "*Description of the notes*," all of which are subject to certain materiality, knowledge or other qualifications, exceptions and/or baskets.

Affirmative covenants

The New Revolving Credit Facility Agreement will contain certain affirmative covenants, which will require, *inter alia*: (i) maintenance of relevant authorizations; (ii) compliance with laws, including environment laws and regulations; (iii) anti-bribery, anti-corruption and anti-money laundering laws; (iv) taxation; (v) ensuring that its obligations under the finance documents rank at least *pari passu* with the claims of any other creditors; (vi) maintenance of insurance; (vii) maintenance of intellectual property rights; (viii) maintenance in good working order and condition (except for ordinary wear and tear) all of its assets necessary or desirable in the conduct of its business; and (ix) access to the premises, assets, book accounts and records of the borrowers and guarantors in certain circumstances.

Negative covenants

The New Revolving Credit Facility Agreement will also require each borrower and guarantor (and in certain circumstances any other member of the Restricted Group) to observe certain negative covenants, including, *inter alia*: (i) changing the general nature of the business; and (ii) changing the center of main interest.

Financial covenant

The New Revolving Credit Facility Agreement will also require the Issuer to comply with a financial covenant requiring that the ratio of consolidated total net debt (being the aggregate amount of all outstanding consolidated Indebtedness of the Group which is not subordinated in right of payment to the obligations of the obligors under the New Revolving Credit Facility Agreement (including, for the avoidance of doubt, Capitalized Lease Obligations), *less* any amount of cash and cash equivalents held by the Group to Consolidated EBITDA (being Consolidated EBITDA as adjusted for Certified Synergies (defined the New Revolving Facility Agreement provided that, solely for the purpose of the New Revolving Credit Facility Agreement, such Certified Synergies shall be (i) subject to a cap on the aggregate amount of certified synergies taken into account in respect of any relevant period which shall be equal to 15% of Consolidated EBITDA; and (ii) limited to those that are reasonable and achievable within 18 months.) (such ratio, the "**Total Net Debt Leverage Ratio**") must not exceed 7.20:1 (the "**Leverage Covenant**").

The Issuer can elect to cure a breach of the Leverage Covenant with new shareholder injections, within a specified timeframe and subject to the conditions set out in the New Revolving Credit Facility Agreement.

The New Revolving Credit Facility Agreement will provide that the Leverage Covenant will be tested quarterly by reference to the compliance certificate delivered to the Facility Agent in respect of a period of four consecutive financial quarters ending on a quarter date (the "**Relevant Period**").

The Total Net Debt Leverage Ratio will not be required to be tested for any purpose unless on the last day of the applicable Relevant Period the aggregate of all outstanding loans (excluding, for the avoidance of doubt, utilizations by way of letters of credit or guarantees) under the New Revolving Credit Facility Agreement calculated by reference to such compliance certificate is equal to or greater than 40% of the total commitments at that time.

In addition, the New Revolving Credit Facility Agreement will require the provision of customary financial and other information to the lenders thereunder.

Note purchase condition

The New Revolving Credit Facility Agreement will have restrictions on the ability of any member of the Group to prepay, purchase, defease, redeem or acquire (or otherwise retire for value) (a "**Notes Purchase**"): (i) the Notes; (ii) any notes issued that rank *pari passu* with the Notes; and (iii) any permitted refinancing indebtedness in relation to (i) and (ii) (together, the "**Relevant Debt**"). No member of the Group may make a legally binding commitment or offer to purchase the Relevant Debt except where no event of default under the New Revolving Credit Facility is continuing or would result from the Notes Purchase and:

- the aggregate principal amount outstanding of the Relevant Debt immediately following the Notes Purchase is or would exceed 50% of the original principal amount of all components of the Relevant Debt on the issue or incurrence date of each component;

- the aggregate principal amount outstanding of the Relevant Debt immediately following the Notes Purchase is or would be less than 50% of the original principal amount of all components of the Relevant Debt on the issue or incurrence date of each component and:

- the New Revolving Credit Facility is, at the time the Notes Purchase completes, cancelled in the same proportion as (y) the amount by which the aggregate principal amount then outstanding of the Relevant Debt is less than 50% of the sum of the original principal amount of all components of the Relevant Debt on the issue or incurrence date of each component bears to (z) 50% of the original aggregate principal amount of the Relevant Debt on the issue or incurrence date of each component; and

- following such cancellation, the relevant borrowers must promptly (and by no later than three business days after the cancellation or, if later, at the end of the then-current interest period for the relevant New Revolving Credit Facility utilization) make such prepayment necessary to ensure that the amount of all utilizations under the New Revolving Credit Facility does not exceed the then total commitments under the New Revolving Credit Facility;

- the Notes Purchase is funded from the proceeds of Refinancing Indebtedness provided that such Refinancing Indebtedness has a final stated maturity that is no earlier than that of the Notes and has a weighted average life to maturity that is equal to or greater than the weighted average life to maturity of the Notes (or a financing bridging a refinancing satisfying such conditions);

- the Notes Purchase is funded directly or indirectly by new shareholder injections; or

- the Notes Purchase is made following the occurrence of a Change of Control (as described under "— *Repayments and prepayments*").

Events of default

The New Revolving Credit Facility Agreement will contain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including a cross default with respect to an event of default under, and as defined in, the Indenture, the occurrence of which would allow the lenders to accelerate all or part of the outstanding utilizations and/or terminate their commitments and/or declare all or part of their utilizations are payable on demand.

Governing law

The New Revolving Credit Facility Agreement will be governed by English law except for the restrictive covenants and Events of Default, which are construed in accordance with New York law.

Intercreditor agreement

To establish the relative rights of certain creditors under the financing arrangements, the Issuer, each of the Guarantors and certain other members of the Group (together, along with any other members of the Group that accede to the Intercreditor Agreement from time to time, the "**Debtors**"), on or about the Issue Date will enter into an intercreditor agreement with, among others, the revolving agent named therein, BNP Paribas as Security Agent, the revolving lenders under the New Revolving Credit Facility and BNY Mellon Corporate Trustee Services Limited as trustee for the Senior

Secured Notes. Unless stated otherwise, capitalized terms set forth and used in the remainder of this section entitled "— *Intercreditor agreement*" have the same meanings as set forth in the Intercreditor Agreement, which may have different meanings from the meanings given to such terms used elsewhere in this offering memorandum.

The Intercreditor Agreement will set forth, among other things:

- the relative ranking of certain indebtedness of, and security interests over certain assets and property granted by, the Debtors (such security, the "**Transaction Security**");
- when payments can be made in respect of certain indebtedness of the Debtors;
- the terms pursuant to which certain indebtedness will be subordinated;
- when enforcement actions can be taken in respect of that indebtedness;
- when Transaction Security and guarantees may be released to permit a sale or disposal of any assets subject to Transaction Security;
- turnover provisions; and
- the order for applying proceeds from enforcement actions and other amounts received by the Security Agent.

The Security Agent will hold all Transaction Security.

The Intercreditor Agreement will also contain provisions relating to certain other and future permitted indebtedness, including:

- obligations to counterparties to certain hedging agreements permitted under the terms of the Credit Facility Documents, Pari Passu Debt Documents and Senior Subordinated Note Documents (each as defined below) and entered into by the Issuer and/or any other Debtor for the purpose of hedging interest rate risk ("**Hedge Counterparties**," and such obligations, the "**Hedging Liabilities**" and each finance document relating thereto, a "**Hedging Agreement**");
- indebtedness entitled to be treated *pari passu* with the New Revolving Credit Facility (excluding Hedging Liabilities) in respect of the Transaction Security and under the terms of the Intercreditor Agreement (such indebtedness, together with the New Revolving Credit Facility, the "**Credit Facility Liabilities**," and the holders of such indebtedness, the "**Credit Facility Lenders**," and each finance document relating thereto, a "**Credit Facility Document**" and each such financing a "**Credit Facility**"); and
- indebtedness entitled to be treated *pari passu* with the Senior Secured Notes (excluding Hedging Liabilities) in respect of the Transaction Security and under the terms of the Intercreditor Agreement (such indebtedness, together with the Senior Secured Notes, the "**Pari Passu Debt Liabilities**," and the holders of such indebtedness, the "**Pari Passu Debt Creditors**" and each finance document relating thereto, a "**Pari Passu Debt Document**").

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines your rights as holders of the Notes. For the avoidance of doubt, by accepting a Note, the relevant holder thereof shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement and will be deemed to authorize and instruct the Trustee to enter into the Intercreditor Agreement.

Ranking and priority

Ranking and priority of liabilities

The Intercreditor Agreement will provide that the liabilities shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior-ranking liabilities as follows:

- *first*, the "**Super Senior Liabilities**," consisting of the Credit Facility Liabilities and any Hedging Liabilities solely in respect of the Credit Facility Liabilities, Pari Passu Debt Liabilities and Senior

Subordinated Note Liabilities (as defined below) (provided that the notional amounts relating thereto constitute Designated Super Senior Hedged Amounts under the Intercreditor Agreement and that the aggregate amount of all Designated Super Senior Hedged Amounts do not exceed the aggregate nominal amount of the Credit Facility Liabilities, Pari Passu Debt Liabilities and Senior Subordinated Note Liabilities (the "**Super Senior Hedging Liabilities**," and the holders of such Super Senior Liabilities, the "**Super Senior Creditors**"), the "Pari Passu Liabilities," consisting of the Pari Passu Debt Liabilities and the Hedging Liabilities to the extent they are not Super Senior Hedging Liabilities (the "**Pari Passu Hedging Liabilities**," and the holders of such Pari Passu Liabilities, the "**Pari Passu Creditors**") and any "**Senior Subordinated Note Trustee Amounts**," consisting of certain fees, costs and expenses payable (including but not limited to fees, expenses and disbursements of its legal counsel and its agents) to the trustee for its own account under any Senior Subordinated Notes Documents or incurred by it in connection with any actual or attempted Enforcement Action which is permitted under the Intercreditor Agreement and recoverable pursuant to the terms of the Debt Documents (the "**Senior Subordinated Note Trustee**") for its own account and certain Liabilities payable to the Security Agent *pari passu* and without any preference between them; and

- *second*, the liabilities in respect of any Senior Subordinated Notes and certain other indebtedness permitted to rank *pari passu* without any preference between them (the "**Senior Subordinated Note Liabilities**," and the holders of such Senior Subordinated Note Liabilities, the "**Senior Subordinated Note Creditors**" and each finance document relating thereto, a "**Senior Subordinated Note Document**") (excluding any Senior Subordinated Note Trustee Amounts).

The Intercreditor Agreement will also provide that certain intercompany obligations of the Issuer and certain of its subsidiaries to other members of the Group (the "**Intra-Group Liabilities**") and investor debt consisting of liabilities owed to certain shareholders of the Issuer under Investor Documents (being each document evidencing any loan made by an Investor Creditor to the Parent or other indebtedness incurred by the Parent to an Investor Creditor which would, save for exclusion of "Subordinated Shareholder Debt" in the definition of "Financial Indebtedness", constitute "Financial Indebtedness") ("**Investor Liabilities**") are postponed and subordinated to the liabilities owed by the Debtors to the Super Senior Creditors, the Pari Passu Creditors and the Senior Subordinated Note Creditors (such creditors together, the "**Primary Creditors**"). The Intercreditor Agreement will not purport to rank any of the Investor Liabilities or the Intra-Group Liabilities as between themselves.

Subject to the section below entitled "—*Application of proceeds*," the Intercreditor Agreement will not prevent payment by the Debtors of certain fees, costs and expenses (as set out in further detail in the Intercreditor Agreement) owing to the representatives of the creditors in relation to the Credit Facility Liabilities, the Pari Passu Debt Liabilities and the Senior Subordinated Note Liabilities (each such representative, a "**Creditor Representative**").

Ranking and priority of security

The Intercreditor Agreement will provide that the Transaction Security shall rank and secure the following liabilities (but only to the extent such Transaction Security is expressed to secure those liabilities) as follows:

- *first*, the Super Senior Liabilities, the Pari Passu Liabilities, any Senior Subordinated Note Trustee Amounts and certain Liabilities payable to the Security Agent, *pari passu* and without any preference between them; and

- *second*, any Senior Subordinated Note Liabilities (excluding any Senior Subordinated Note Trustee Amounts).

Under the Intercreditor Agreement, the proceeds from an enforcement of Transaction Security are required to be applied as provided under the section below entitled "—*Application of proceeds*").

Restrictions on credit facility liabilities, pari passu debt liabilities and senior subordinated note liabilities

Permitted payments: credit facility liabilities and pari passu debt liabilities

Prior to the occurrence of an Acceleration Event in respect of the Credit Facility Liabilities or the Pari Passu Debt Liabilities (a "**Senior Secured Acceleration Event**"), the Intercreditor Agreement will impose no restrictions on payments to be made in respect of the Credit Facility Liabilities pursuant to the Credit Facility Documents or the Pari Passu Debt Liabilities pursuant to the Pari Passu Debt Documents. Following a Senior Secured Acceleration Event, no member of the Group may make (and no Super Senior Creditor or Pari Passu Creditor (such creditors together, the "**Senior Secured Creditors**") may receive) payments of the Super Senior Liabilities or Pari Passu Liabilities (as

applicable) except from, subject to certain exceptions, enforcement proceeds distributed in accordance with the section below entitled "*—Application of proceeds*."

Permitted payments: senior subordinated note liabilities

The Intercreditor Agreement will restrict any member of the Group from making payments in respect of any Senior Subordinated Note Liabilities, except in certain circumstances as summarized below.

Prior to the later of the date on which all the Super Senior Liabilities are discharged in full (the "**Super Senior Discharge Date**") and the date on which all the Pari Passu Liabilities are discharged in full (the "**Pari Passu Discharge Date**") (the later to occur of the Super Senior Discharge Date and the Pari Passu Discharge Date, the "**Senior Secured Discharge Date**"), certain payments may be made in respect of the Senior Subordinated Note Liabilities in accordance with the Senior Subordinated Note Documents if:

(a) (i) the payment is of any of the principal amount (including capitalized interest and/or redemption premium) of any Senior Subordinated Note Liabilities or any other amount which is not an amount of principal or capitalized interest (such other amounts including all scheduled interest payments (including, if applicable, special interest (or liquidated damages)), default interest on such Senior Subordinated Note Liabilities accrued and payable in cash in accordance with the terms of the relevant Senior Subordinated Note Document (as at the date of issue of the same or as amended in accordance with the terms of the Intercreditor Agreement and the other Debt Documents), additional amounts payable as a result of the tax gross-up provisions relating to such Senior Subordinated Note Liabilities and amounts in respect of currency indemnities in the Senior Subordinated Note Indenture; (ii) no Senior Subordinated Note Payment Stop Notice (as defined below) is outstanding; and (iii) no default arising by reason of non-payment under any Credit Facility Document, Pari Passu Debt Document or Hedging Agreement (together, the "**Senior Secured Finance Documents**") has occurred and is continuing (a "**Senior Secured Payment Default**"); or

(b) the requisite majority of Credit Facility Lenders (the "**Majority Credit Facility Lenders**") and each Creditor Representative acting on behalf of any Pari Passu Lenders or Pari Passu Noteholders (as each term is defined in the Intercreditor Agreement) (the "**Required Pari Passu Creditors**") give prior consent to that payment being made; or

(c) the payment is of any Senior Subordinated Note Trustee Amount; or

(d) the payment is of costs, commissions, taxes and expenses reasonably incurred (with documented evidence thereof) in respect of any Senior Subordinated Note Documents.

On or after the Senior Secured Discharge Date, payments may be made to the Senior Subordinated Note Creditors in respect of any Senior Subordinated Note Liabilities in accordance with the Senior Subordinated Note Documents.

Permitted payments: senior subordinated note liabilities—issue of senior subordinated note payment stop notice

A Senior Subordinated Note Payment Stop Notice is "outstanding" during the period from the date on which, following the occurrence of an event of default arising under any Senior Secured Finance Document (other than a Senior Secured Payment Default) (a "**Senior Subordinated Note Payment Stop Event**"), any Creditor Representative (other than the Senior Subordinated Note Trustee) (acting on the instructions of the Majority Credit Facility Lenders or the Required Pari Passu Creditors) (a "**Relevant Representative**") delivers a written notice (a "**Senior Subordinated Note Payment Stop Notice**") to a Responsible Officer of the Senior Subordinated Note Trustee and the Security Agent (with a copy to the Issuer) advising that that Senior Subordinated Note Payment Stop Event has occurred and is continuing until the first to occur of: (i) the date which is 179 days after the date of issue of the Senior Subordinated Note Payment Stop Notice; (ii) if a Senior Subordinated Note Standstill Period (as defined below) commences after the issue of a Senior Subordinated Note Payment Stop Notice, the date on which that Senior Subordinated Note Standstill Period expires; (iii) the date on which the Senior Subordinated Note Payment Stop Event in respect of which that Senior Subordinated Note Payment Stop Notice was issued is no longer continuing provided that at such time no other event of default is continuing under any Senior Secured Finance Document; (iv) the date on which the Relevant Representative cancels that Senior Subordinated Note Payment Stop Notice by notice to a Responsible Officer of the Senior Subordinated Note Trustee and the Security Agent (with a copy to the Issuer); (v) the Senior Secured Discharge Date; and (vi) the date on which any Senior Subordinated Note Creditor takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

The ability of a Relevant Representative to deliver a Senior Subordinated Note Payment Stop Notice will be subject to certain conditions, including that: (i) a new Senior Subordinated Note Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Subordinated Note Payment Stop Notice and (ii) no Senior Subordinated Note Payment Stop Notice may be delivered in reliance on a Senior Subordinated Note Payment Stop Event more than 60 days after the date each Relevant Representative received notice of that Senior Subordinated Note Payment Stop Event.

Permitted enforcement: senior subordinated note creditors

The Intercreditor Agreement will restrict Senior Subordinated Note Creditors from taking any enforcement action in respect of any Senior Subordinated Note Liabilities prior to the Senior Secured Discharge Date, except in certain circumstances as summarized below.

The Senior Subordinated Note Creditors may take enforcement action in respect of any Senior Subordinated Note Liabilities if, at the same time as or prior to that action (and subject to certain other conditions): (i) the Senior Subordinated Note Trustee has given notice (a "**Senior Subordinated Note Enforcement Notice**") to each Relevant Representative and the Security Agent specifying that an event of default under the relevant Senior Subordinated Note Documents has occurred and is continuing; (ii) a period (a "**Senior Subordinated Note Standstill Period**") of not less than 179 days has elapsed from the date on which that Senior Subordinated Note Enforcement Notice becomes effective and (iii) the relevant event of default is continuing at the end of the Senior Subordinated Note Standstill Period.

The Senior Subordinated Note Creditors may also take certain limited enforcement action: (i) in circumstances where the Senior Secured Creditors has taken enforcement action in relation to the Issuer (provided that the Senior Subordinated Note Creditors may only take the same enforcement action in relation to the Issuer as the enforcement action taken by the Senior Secured Creditors against the Issuer (but not against any other Debtor or any other member of the Group)) and (ii) in certain circumstances, following the occurrence of an insolvency event in relation to the Issuer (but only to the extent that such insolvency event did not arise as a result of any action taken by, or at the request of, a Senior Subordinated Note Creditor).

Ensuring priority of pari passu debt

The Security Agent will be authorized to effect an amendment, replacement or other modification, replacement or release of any Transaction Security over any asset under the applicable Transaction Security Documents to ensure that the Pari Passu Debt Liabilities may be secured with the ranking of contemplated in accordance with the terms of the Intercreditor Agreement, provided that:

- without prejudice to any consent to be obtained under the Credit Facility Documents and other Pari Passu Debt Documents (as the case may be), if an Event of Default under a Credit Facility (that is not to be refinanced or replaced in whole) is continuing at that time, the requisite consent under the Credit Facility is obtained;

- immediately upon any such release of Transaction Security, new Transaction Security will be provided in favor of the providers of such Pari Passu Debt Liabilities and the relevant existing Secured Parties on terms substantially the same as the terms of the Transaction Security Documents released and subject to the same ranking as set out in the Intercreditor Agreement; and

- contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of Security of at least equivalent ranking over the same assets), the Issuer delivers to the Security Agent, either a solvency opinion from an internationally recognized investment bank or accounting firm or an opinion of counsel.

No Secured Party will be required to release any Transaction Security under the Transaction Security Documents where such release under this section "Ensuring priority of pari passu debt" may result in such Secured Party incurring any hardening period risk in respect of any such Transaction Security if and to the extent that the Pari Passu Debt Liabilities: (i) can be secured by lower ranking Security in favor of the Secured Parties and (ii) can be secured by such lower ranking Security with the ranking contemplated under the Intercreditor Agreement.

Major terms: senior subordinated notes

No liabilities shall constitute Senior Subordinated Notes for the purposes of the Intercreditor Agreement unless the following conditions are satisfied:

- the only issuer or borrower of the Senior Subordinated Notes shall be the Issuer or a holding company of the Issuer and no other member of the Group may be a co-issuer of the Senior Subordinated Notes; and

- the original maturity date of the Senior Subordinated Notes is not earlier than the date falling 6 months after the final maturity date of the Pari Passu debt Liabilities other than in respect of the initial maturity for a bridge facility or an interim facility in relation to any Senior Subordinated Notes but only to the extent the applicable maturity following the conversion date in respect of thereof meets such condition.

The Security Agent is authorized to effect an amendment, replacement or other modification, replacement or release of any Transaction Security over any asset under the applicable Transaction Security Documents to ensure that the Senior Subordinated Notes may be secured with the ranking of the terms thereof, provided that:

- without prejudice to any consent to be obtained under the Senior Subordinated Note Documents, if an Event of Default under Senior Subordinated Note Documents (that is not to be refinanced or replaced in whole) is continuing at that time, the requisite consent under the Senior Subordinated Note Documents is obtained;

- immediately upon any such release of Transaction Security, new Transaction Security will be provided in favor of the Senior Subordinated Note Creditors in respect of such Senior Subordinated Notes and the relevant existing Secured Parties on terms substantially the same as the terms of the Transaction Security Documents released and subject to the same ranking as set out in the Intercreditor Agreement; and

- contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of Security of at least equivalent ranking over the same assets), the Issuer delivers to the Security Agent, either a solvency opinion from an internationally recognized investment bank or accounting firm or an opinion of counsel.

The aggregate of all Senior Subordinated Note Liabilities and Investor Liabilities in the form of bonds or notes issued by the Issuer shall at no time exceed sixty per cent of the aggregate outstanding amount of all Pari Passu Notes, all Senior Subordinated Notes and all Investor Liabilities in the form of bonds or notes issued by the Issuer that would vote in the same class of creditors in the context of any insolvency proceedings.

No Secured Party will be required to release any Transaction Security under the Transaction Security Documents where such release under this section "*—Major terms: senior subordinated notes*" may result in such Secured Party incurring any hardening period risk in respect of any such Transaction Security if and to the extent that the Senior Subordinated Notes: (i) can be secured by lower ranking Security in favor of the Secured Parties and (ii) can be secured by such lower ranking Security with the ranking contemplated under the Intercreditor Agreement.

The Senior Subordinated Note Creditors (and the Debtors) may amend or waive the terms of the Senior Subordinated Note Documents in accordance with their terms (and subject to any consent required under them) at any time.

Prior to the Senior Secured Discharge Date, the Senior Subordinated Note Creditors and the Debtors may not amend or waive (or agree to amend or waive) the terms of any documents or instruments pursuant to which Senior Subordinated Note Liabilities are constituted, unless:

- that amendment or waiver is not materially adverse to the interests of the Senior Secured Creditors;

- that amendment or waiver would not result in the terms of the Senior Subordinated Notes Documents not complying with the major terms set out in this section "*—Major terms: senior subordinated notes*" and is permitted or not prohibited by the Credit Facility Documents, the Senior Secured Finance Documents, the Pari Passu Debt and the Senior Subordinated Notes Finance Documents; and

- provided that prior to the Senior Secured Discharge Date, the Senior Subordinated Note Creditors (and the Debtors) may not amend or waive (or agree to amend or waive) the maturity date of the Senior Subordinated Notes so as to shorten the original maturity of the Senior Subordinated Notes to be earlier than the date falling 6 months after the latest maturity date of any Senior Secured Debt Liabilities as in existence at the time the Senior Subordinated Notes were issued.

Restrictions on investor liabilities and intra-group liabilities

Restriction on payment: investor liabilities

Prior to the Final Discharge Date, the Issuer shall not make any payment of the Investor Liabilities at any time unless such payment is a permitted payment or the taking or receipt of such payment is a permitted enforcement under the Intercreditor Agreement.

Permitted payments: investor liabilities

The Issuer may make payments in respect of the Investor Liabilities then due if:

- the payment is permitted pursuant to the Credit Facility Agreement(s), the Pari Passu Facility Agreement(s), the Pari Passu Note Indenture(s) and the Senior Subordinated Note Indenture(s); or

- the Majority Credit Facility Lenders and the Required Pari Passu Creditors or, after the Senior Discharge Date, the Majority Senior Subordinated Note Creditors, each consent to such payment being made.

Restriction on payment: intra-group liabilities

Prior to the Senior Secured Discharge Date, the Debtors shall not, and shall procure that no other member of the Group will, make any payments of the Intra-Group Liabilities at any time unless such payment is a permitted payment or the taking or receipt of such payment is a permitted enforcement under the Intercreditor Agreement.

Permitted payments: intra-group liabilities

The Debtors and other members of the Group may make payments in respect of Intra-Group Liabilities when due, subject to the circumstances as summarized below.

Payments in respect of Intra-Group Liabilities may not be made if, at the time of payment, an Acceleration Event has occurred unless:

- prior to (i) the Senior Secured Discharge Date, the Majority Credit Facility Lenders and the Required Pari Passu Creditors and (ii) the Senior Subordinated Note Discharge Date, the Majority Senior Subordinated Note Creditors, consent to that Payment being made; or

- the payment is made to facilitate the making of a Permitted Credit Facility Payment, Permitted Hedge Payment, a Permitted Pari Passu Debt Payment or a Permitted Senior Subordinated Note Payment.

No payment of principal may be made in respect of:

- the Pari Passu Structural Intra-Group Liabilities by a Debtor thereunder unless such payment is made to facilitate the making of a payment by the Issuer under any Pari Passu Debt, which was downstreamed to such Debtor under such Pari Passu Structural Intra-Group Liabilities; and

- the Senior Subordinated Notes Structural Intra-Group Liabilities by a Debtor thereunder unless such payment is made to facilitate the making of a payment by the Parent under any Pari Passu Debt and/or Senior Subordinated Notes.

The Structural Intra-Group Liabilities Lenders shall not sell, factor, discount, transfer, assign or otherwise dispose of any of its right, title or interest in or to the Structural Intra-Group Liabilities.

In addition, the Structural Intra-Group Liabilities Lenders shall not amend or modify the acceleration rights they have in connection with the Structural Intra-Group Liabilities, amend the Structural Intra-Group Liabilities in a manner which would reduce the principal amount thereof (unless such reduction would constitute a payment permitted under this section "*Permitted payments: intra-group liabilities*"), reduce the maturity date of the Structural Intra-Group Liabilities, add any scheduled repayment obligations or make any such modifications to the Structural Intra-Group Liabilities which will be prejudicial to the Primary Creditors.

However, Structural Intra-Group Liabilities may be cancelled, forgiven or otherwise repaid, released or discharged:

- in respect of any Pari Passu Structural Intra-Group Liabilities, upon the occurrence of the Pari Passu Discharge Date or the defeasance of all Pari Passu Liabilities in accordance with the Debt Documents;

- in respect of any Senior Subordinated Note Structural Intra-Group Liabilities, upon the occurrence of the Senior Subordinated Note Discharge Date or the defeasance of all Senior Subordinated Note Liabilities in accordance with the Debt Documents;

- to the extent such cancellation, forgiveness, repayment, release or discharge, whether by capitalization or prepayment:

- is applied *pro rata* to the Structural Intra-Group Liabilities, after it has been applied to any Intra-Group Liabilities at the relevant time that do not constitute Structural Intra-Group Liabilities;

- is necessary to comply with applicable tax regulations regarding the deductibility of interest expense, as confirmed by a leading tax firm advising the Issuer; and

- is only applied up to the amount of Structural Intra-Group Liabilities raising such interest deductibility issues, as evidenced by calculations provided for by the tax advisor referred to in the preceding sub-paragraph.

Enforcement of transaction security

The Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by the relevant Instructing Group (as defined below).

Enforcement of transaction security: majority pari passu creditors

Subject to the certain exceptions including those summarized in the sections below entitled "*—Enforcement of transaction security: majority super senior creditors*" and "*—Enforcement of transaction security: majority senior subordinated note creditors*," the Security Agent will act in accordance with the enforcement instructions provided by the requisite majority of Pari Passu Creditors (the "**Majority Pari Passu Creditors**").

Enforcement of transaction security: majority super senior creditors

The Security Agent will act in accordance with the enforcement instructions received from the requisite majority of Super Senior Creditors (the "**Majority Super Senior Creditors**") until the Super Senior Discharge Date has occurred if:

(a) the Majority Pari Passu Creditors have not either made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing) or appointed a financial adviser to assist them in making such a determination, in each case, within three months of the date of delivery of the initial enforcement notice;

(b) the Super Senior Discharge Date has not occurred within six months of the date of the initial enforcement notice;

(c) an Insolvency Event is continuing with respect to a member of the Group (to the extent the Majority Super Senior Creditors elect to provide enforcement instructions); or

(d) the Majority Pari Passu Creditors have not either made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing) or appointed a financial adviser to assist them in making such a determination and the Majority Super Senior Creditors: (i) determine in good faith (and notify the other Creditor Representatives, the Hedge Counterparties and the Security Agent) that a delay in issuing enforcement instructions could reasonably be expected to have a material adverse effect on the ability to effect a Distressed Disposal (as defined below) or on the expected realization proceeds of any enforcement; and (ii) deliver enforcement instructions which they reasonably believe to be consistent with the enforcement principles (as to which, see the section below entitled "*—Enforcement principles*") before the Security Agent has received any enforcement instructions from the Majority Pari Passu Creditors.

Enforcement of transaction security: majority senior subordinated note creditors

Prior to the Senior Secured Discharge Date, the Security Agent shall give effect to any instructions to enforce the Transaction Security (but only to the extent such security is expressed to secure the Senior Subordinated Note Liabilities) which the requisite majority of Senior Subordinated Note Creditors (the "**Majority Senior Subordinated Note Creditors**") are then entitled to give in accordance with the section above entitled "*—Restrictions on credit facility liabilities, pari passu debt liabilities and senior subordinated note liabilities—permitted enforcement: senior subordinated note creditors*" if:

(a) (i) the Majority Super Senior Creditors or the Majority Pari Passu Creditors (as the case may be) have instructed the Security Agent to cease or not to proceed with enforcement or (ii) in the absence of such instructions; and

(b) in each case, the Majority Super Senior Creditors and the Majority Pari Passu Creditors have not required any Debtor to make a Distressed Disposal (as defined below).

Notwithstanding the above paragraph, if at any time the Majority Senior Subordinated Note Creditors are entitled to give the Security Agent instructions as to enforcement of the Transaction Security pursuant to the above paragraph and give such instructions, the Majority Super Senior Creditors or the Majority Pari Passu Creditors (as the case may be) shall remain entitled to give instructions to the Security Agent as to enforcement in lieu of any instructions given by the Majority Senior Subordinated Note Creditors and the Security Agent shall act on the first instructions received from the Majority Super Senior Creditors or the Majority Pari Passu Creditors (as the case may be).

Following the Senior Secured Discharge Date, any Enforcement Instructions with respect to the Common Transaction Security (as defined in the Intercreditor Agreement) may be given by the then applicable Instructing Group.

Exercise of voting rights and power of attorney

Each (i) creditor in respect of the Intra-Group Liabilities (solely in its capacity as a creditor in respect of Intra-Group Liabilities) and (ii) creditor in respect of the Investor Liabilities (solely in its capacity as a creditor in respect of Investor Liabilities) and (iii) (insofar as it relates to the enforcement, protection or preservation of the Common Transaction Security securing the Senior Subordinated Note Liabilities) each Senior Subordinated Note Creditor is required to cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency, rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent (acting in accordance with the terms of the Intercreditor Agreement), and each creditor referred to in (i) and (ii), together with the Debtors, irrevocably appoints the Security Agent to be its attorney to do anything which that creditor, or Debtor (as the case may be), has authorized the Security Agent to do under the Intercreditor Agreement or is itself required to do under the Intercreditor Agreement but has failed to do (including casting any vote as described above).

No Primary Creditor will be required to exercise such power of voting or representation to waive, reduce, discharge, extend the due date for (or change the basis for accrual of any) payment of or reschedule any of the Liabilities owed to that Primary Creditor.

Payment of the soulte

"Foreclosure" means the enforcement of any Transaction Security as a result of which the relevant foreclosed assets are owned either by Secured Parties or any Representative on their behalf following an Appropriation (including pursuant to a *pacte commissoire* or by judicial foreclosure) in favor of, or attribution to, Secured Parties (or any Representative on their behalf), in accordance with the relevant Transaction Security Documents.

"*Soulte*" means, in relation to any enforcement action of Transaction Security occurring by way of contractual or judicial foreclosure or appropriation (including, pursuant to a *pacte commissoire* or any similar enforcement mechanism), the amount by which the value of the Collateral appropriated or foreclosed pursuant to that enforcement exceeds the amount of the Liabilities secured by that Transaction Security Document which is discharged as a result of that enforcement being carried out.

If, in the context of a Foreclosure, a *Soulte* is owed by the Secured Parties to any grantor of Transaction Security or Debtor, such *Soulte* shall be payable:

(a) only by the relevant Secured Creditors having participated to the relevant Foreclosure (pro rata to the amount of Liabilities which have been discharged as a result of such Foreclosure);

(b) only on the earlier of:

(i) the date which is 10 days after the Final Discharge Date; and

(ii) the date falling 12 months after the date of such Foreclosure,

provided that in such case, the *Soulte* be paid in accordance with the terms specified below.

For the avoidance of doubt, the obligations of each Secured Party to pay its *Soulte* are several and, in the case of the Security Agent, shall only arise to the extent it has not paid on the Liabilities to which such *Soulte* relates.

Any payment of the *Soulte* to any Debtor, which shall occur prior to the Final Discharge Date, shall be made by the Security Agent in a blocked bank account opened in the name of, and selected by, such Debtor and pledged pursuant to a Transaction Security Document substantially in the form of the pledges over bank accounts previously entered into pursuant to the Debt Documents in favor of the Secured Parties as security for any obligation of the relevant Debtor under any of the Debt Documents to which they are parties including any obligation under the Intercreditor Agreement to pay back any Recoveries by the Debtor prior to the Final Discharge Date in accordance with the provisions of the Intercreditor Agreement.

Each of the Debtors shall authorize the Security Agent to make from such pledged bank account any payment required to be fulfilled under the Intercreditor Agreement or any other Debt Documents (including pursuant to any obligations under section below entitled "—*Turnover*").

If, for any reason, following a Foreclosure certain Secured Parties have not paid their *Soulte* Share, such Secured Parties will make such payments amongst themselves as the Security Agent shall require to put the Secured Parties in such a position that (after taking into account such payments) the amount paid or payable in respect of such corresponding *Soulte* is borne by all the Secured Parties having participated in such Foreclosure in the proportions which their respective exposures at the date of the Foreclosure bore to the aggregate exposures of all such Secured Parties at the date of the Foreclosure.

Enforcement principles

The Security Agent shall enforce the Transaction Security or take other action as to enforcement in such manner as the relevant group of Primary Creditors entitled to give instructions as summarized in the section above entitled "—*Enforcement of transaction security*" (the "**Instructing Group**") shall instruct (provided that such instructions are consistent with the enforcement principles).

The enforcement principles are set out in a schedule to the Intercreditor Agreement and provide, among other things, that:

(a) it shall be the primary and over-riding aim of any enforcement to maximize, to the extent consistent with a prompt and expeditious realization of value and with the rights and obligations of the Security Agent under the terms of the Intercreditor Agreement and under applicable laws, the value realized from enforcement (the "**Enforcement Objective**"), provided that the Security Agent shall have no obligation to postpone (or request the postponement of) any Distressed Disposal (as defined below) or liabilities sale in order to achieve a higher price;

(b) to the extent the Instructing Group is the Majority Super Senior Creditors, all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the section below entitled "—*Application of proceeds*;"

(c) to the extent the Instructing Group is the Majority Pari Passu Creditors: (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the section below entitled "—*Application of proceeds*" or (ii) sufficient proceeds from enforcement will be received by the Security Agent to ensure that, when the proceeds are applied in accordance with the section below entitled "—*Application of proceeds*", the Super Senior Discharge Date would occur (unless the Majority Super Senior Creditors (or, where the relevant amendment or waiver would result in any Super Senior Creditor being treated in a manner inconsistent with the treatment proposed to be applied to any other Super Senior Creditor, all the Super Senior Creditors) agree otherwise);

(d) to the extent the Instructing Group is the Majority Senior Subordinated Note Creditors, either: all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the section below

entitled "*—Application of proceeds;*" or sufficient proceeds from Enforcement will be received by the Security Agent in cash to ensure that, when the proceeds are applied in accordance with the section below entitled "*—Application of proceeds*", the Super Senior Discharge Date and Pari Passu Debt Discharge Date will occur (unless the Majority Super Senior Creditors and Majority Pari Passu Creditors (or, where the relevant amendment or waiver would result in any Super Senior Creditor or Pari Passu Creditor being treated in a manner inconsistent with the treatment proposed to be applied to any other Super Senior Creditor, all the Super Senior Creditors and the Pari Passu Creditors) agree otherwise);

(e) on: (i) a proposed enforcement in relation to assets other than shares in a member of the Group over which Transaction Security exists, where the book value of the assets exceeds €5,000,000 or (ii) a proposed enforcement in relation to the shares in a member of the Group over which Transaction Security exists, which, in each case, is not being effected through a public auction, the Security Agent shall, if requested by the Majority Super Senior Creditors or the Majority Pari Passu Creditors (and subject to certain exceptions), appoint a financial adviser to provide a fairness opinion in relation that enforcement;

(f) the Security Agent shall not be under any obligation to appoint a financial adviser or to seek the advice of a financial adviser unless expressly required to do so by the enforcement principles or other provisions of the Intercreditor Agreement;

(g) the fairness opinion on enforcement (stating that the proceeds received or recovered in connection with that Enforcement are fair from a financial point of view, taking into account all relevant circumstances, and on the optimal method of enforcing the Transaction Security so as to achieve the Enforcement Objective and maximize the recovery of any such Enforcement) (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Enforcement Objective has been met;

(h) if the Security Agent is unable to obtain a fairness opinion after attempting to do so (and after considering making such modifications to the enforcement process as may be reasonably available and consistent with the enforcement principles to obtain such opinion) because such opinions are not generally available in the market in such circumstances it shall notify the revolving agent in respect of the Credit Facility and each Representative in respect of the Senior Secured Debt Liabilities or Pari Passu Debt and may proceed to enforce the Transaction Security without needing to demonstrate (by way of a financial adviser's opinion or otherwise) that such enforcement is aiming to achieve the Enforcement Objective; and

(i) if enforcement of any Transaction Security is conducted by way of a public auction, no financial adviser shall be required to be appointed, and no financial adviser's fairness opinion shall be required, in relation to such enforcement provided that the Security Agent shall be entitled (but not obliged) to appoint a financial adviser to provide such advice as the Security Agent deems appropriate in relation to such enforcement by way of public auction.

Release of the guarantees and transaction security

Non-distressed disposal

In circumstances in which a disposal to a person outside the Group is permitted under the relevant financing documents and is not being effected: (i) at the request of the relevant Instructing Group in circumstances where the Transaction Security has become enforceable; (ii) by enforcement of the Transaction Security or (iii) after a Senior Secured Acceleration Event or an Acceleration Event in respect of the Senior Subordinated Note Liabilities has occurred ((ii) and (iii), a "**Distress Event**" and a disposal in the circumstances of (i), (ii) or (iii), a "**Distressed Disposal**"), the Intercreditor Agreement will provide that the Security Agent is irrevocably authorized and instructed to, among other things, release the Transaction Security or any other claim (relating to a Debt Document (as defined in the Intercreditor Agreement)) over that asset and, where the relevant asset consists of shares in the capital of a member of the Group, to release the Transaction Security or any other claim (relating to a Debt Document (as defined in the Intercreditor Agreement)) over the property of that member of the Group, and (to the extent it ceases to be a member of the Group as a result of such disposal), its subsidiaries provided that, in each case, the release of Transaction Security or such claims will only be effective upon the making of the disposal.

Distressed disposal

Where a Distressed Disposal is being effected, the Intercreditor Agreement will provide that the Security Agent is irrevocably authorized and instructed, among other things: (i) to release the Transaction Security or any other claim

over the asset subject to the Distressed Disposal; (ii) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or a holding company of a Debtor, to release that Debtor or holding company and any subsidiary of that Debtor or holding company from all or any part of its liabilities under the Debt Documents (as defined in the Intercreditor Agreement) and Transaction Security granted by that Debtor or holding company or any subsidiary of that Debtor or holding company or any claims in respect of Intra-Group Liabilities or Investor Liabilities; (iii) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or a holding company of a Debtor, the disposal of all, or any part, of certain liabilities under the Debt Documents (as defined in the Intercreditor Agreement) and certain other liabilities, provided that, if it is intended that the transferee will not be treated as a Primary Creditor or secured party, the transferee will not be treated as a Primary Creditor or secured party, and, if it is intended that the transferee should be a Primary Creditor or secured party, then all, and not party only, of the liabilities owed to the Primary Creditors (other than to any Creditor Representative or arranger) and certain other liabilities shall be disposed of and (iv) if the asset subject to the Distressed Disposal consists of shares in the capital of a Debtor or holding company of a Debtor, the transfer to another Debtor of all or any part of the disposed entity's obligations under Intra-Group Liabilities or other liabilities owed to a Debtor.

The net proceeds from each Distressed Disposal and each debt disposal shall be paid to the Security Agent for application in accordance with the section below entitled "*—Application of proceeds*" below.

Certain limitations

The Intercreditor Agreement will also include limitations on the ability to release the Senior Subordinated Note Liabilities and Transaction Security pledged in favor of any Senior Subordinated Note Creditors as part of a Distressed Disposal, including: (i) that the proceeds of such sale or disposal must be in cash (or substantially in cash) and applied in accordance with the section below entitled "*—Application of proceeds*" and (ii) the sale or disposal must be made pursuant to a competitive sales process or where a financial adviser has delivered an independent opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale.

The Intercreditor Agreement will provide that, if a Distressed Disposal is being effected at a time when the Majority Senior Subordinated Note Creditors are entitled to give, and have given, enforcement instructions in accordance with the section above entitled "*—Enforcement of transaction security—Enforcement of transaction security: majority senior subordinated note creditors*," the Security Agent is not authorized to release any Debtor or any subsidiary or holding company of a Debtor from certain liabilities under the Debt Documents (as defined in the Intercreditor Agreement) owed to any Senior Secured Creditor unless those liabilities (together with any other amounts owing to the Senior Secured Creditors) will be paid (or repaid) in full in cash, upon that release.

Effect of insolvency event

After the occurrence of an Insolvency Event in relation to any member of the Group, any party entitled to receive a payment or distribution out of the assets of that member of the Group (in the case of the Senior Secured Creditors, only to the extent that such amount constitutes enforcement proceeds) in respect of liabilities owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to make that distribution to the Security Agent until the liabilities owing to the secured parties have been paid in full and the Security Agent shall apply such distributions in accordance with the section below entitled "*—Application of proceeds*."

Turnover

Turnover by the primary creditors (other than the senior subordinated notes creditors)

The Intercreditor Agreement will provide that if any of the Senior Secured Creditors receives or recovers (i) any enforcement proceeds except in accordance with the section below entitled "*—Application of proceeds*" or (ii) except with respect to certain set-off rights, any distribution in relation to any liability owed by any member of the Group which is not in accordance with the order of application summarized in "*—Application of proceeds*" below and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of the Group, that Senior Secured Creditor shall, subject to certain exceptions:

(a) in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount for and on behalf of the Security Agent as agent for the Secured Parties and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Each Secured Party which is personally liable to participate in the payment of a *Soulte* as a consequence of enforcement of any Transaction Security:

(a) shall be allowed to deduct, and retain, from the amounts payable by it under the general turnover obligations described above an amount equal to the portion of such Soulte payable by it (the "**Soulte Share**"); and

(b) unless that Secured Party has previously discharged its payment obligation in relation to its Soulte Share directly to the relevant provider of Transaction Security, agrees that it will promptly pay to the Security Agent, at such times as the Security Agent shall request, an amount equal to its Soulte Share for payment by the Security Agent to the relevant provider of Transaction Security in accordance with the provisions of section above entitled "*—Enforcement of transaction security—Payment of the soulte*."

Turnover by creditors (other than the senior secured creditors)

The Intercreditor Agreement provides that if any of the creditors (other than a Senior Secured Creditor) receives or recovers:

(a) any payment or distribution in relation to any liability which is not either a permitted payment under the Intercreditor Agreement or made in accordance with the order of application summarized under the section below entitled "*—Application of proceeds*";

(b) except with respect to certain set-off rights, any amount by way of set-off in respect of any liability owed to it which does not give effect to a permitted payment under the Intercreditor Agreement;

(c) except with respect to certain set-off rights, (i) any amount in relation to any liabilities after the occurrence of a Distress Event or as a result of any other enforcement action or litigation or proceedings against a member of the Group (other than after the occurrence of an insolvency event in respect of that member of the Group) or (ii) any amount by way of set-off in respect of any liabilities owed to it after the occurrence of a Distress Event, other than, in each case, in accordance with the order of application summarized under "*—Application of proceeds*" below;

(d) the proceeds of any enforcement of any Transaction Security, the proceeds of any Distressed Disposal or any Soulte, in each case, except in accordance with the order of application summarized under "*—Application of proceeds*" below; or

(e) except with respect to certain set-off rights, any distribution in relation to any liability owed by any member of the Group which is not in accordance with the order of application summarized in "*—Application of proceeds*" below and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of the Group, then that creditor will, subject to certain exceptions:

    (i) in relation to receipts or recoveries not received or recovered by way of set-off: (I) hold that amount for and on behalf of the Security Agent as agent for the Secured Parties and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (II) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

    (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of proceeds

The Intercreditor Agreement will provide that all amounts received or recovered by the Security Agent pursuant to the sections above entitled "*—Effect of insolvency event*" and "*—Turnover*" or in connection with the realization or enforcement of all or any part of the Transaction Security or any other Distressed Disposal or otherwise paid to the Security Agent for application as summarized in this section shall be held by the Security Agent as agent and applied in the following order of priority:

(a) in discharging any sums owing to the Security Agent (other than pursuant to the parallel debt provisions), any receiver or any delegate and in payment to the Creditor Representatives of certain fees, costs and expenses payable to the Creditor Representatives for their own account pursuant to terms of the Intercreditor Agreement;

(b) in discharging all costs and expenses incurred by any Primary Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or certain action taken at the request of the Security Agent;

(c) in payment to the Security Agent on behalf of the Foreclosed Assets Holders for distribution to each Foreclosed Assets Holder in an amount equal to the amount of its Tax Liabilities;

(d) in payment to the Security Agent on behalf of Foreclosed Assets Holders which have paid all or part of any Soulte in connection with the enforcement of any Transaction Security Document for distribution to each such Foreclosed Assets Holder in an amount equal to the amount of Soulte paid by it;

(e) in payment or distribution to: (i) each Creditor Representative in respect of a Credit Facility on its own behalf and on behalf of the Credit Facility Creditors for which it is the Creditor Representative; and (ii) the "Super Senior Hedge Counterparties" (being each Hedge Counterparty to the extent it is owed Super Senior Hedging Liabilities), for application towards the discharge of: (A) the Credit Facility Liabilities (in accordance with the terms of the Credit Facility Documents) on a pro rata basis between Credit Facility Liabilities incurred under separate Credit Facility Agreements (as defined in the Intercreditor Agreement); and (B) the Super Senior Hedging Liabilities (on a pro rata basis between the Super Senior Hedging Liabilities of each Super Senior Hedge Counterparty), on a pro rata basis between sub-paragraph (A) and sub-paragraph (B);

(f) in payment or distribution to: (i) the Creditor Representatives in respect of any Pari Passu Debt Liabilities on its own behalf and on behalf of the Pari Passu Debt Creditors for which it is the Creditor Representative and (ii) the "Pari Passu Hedge Counterparties" (being each Hedge Counterparty to the extent it is owed Pari Passu Hedging Liabilities), for application towards the discharge of: (A) the Pari Passu Debt Liabilities (in accordance with the terms of the relevant Pari Passu Debt Documents) on a pro rata basis between Pari Passu Debt Liabilities under separate Pari Passu Facility Agreements (as defined in the Intercreditor Agreement); and (B) the Pari Passu Debt Liabilities (in accordance with the terms of the relevant Pari Passu Debt Documents) on a pro rata basis between Pari Passu Debt Liabilities under separate Pari Passu Note Indentures (as defined in the Intercreditor Agreement); and (C) the Pari Passu Hedging Liabilities on a pro rata basis between the Pari Passu Hedging Liabilities of each Pari Passu Hedge Counterparty, on a pro rata basis between sub-paragraph (A), sub-paragraph (B) and sub-paragraph (C);

(g) other than in the case of the Common Transaction Security securing Senior Secured Debt Liabilities only, in payment or distribution to the Senior Subordinated Note Trustee in respect of any Senior Subordinated Note Liabilities on its own behalf and on behalf of the Senior Subordinated Noteholders for which it is the Creditor Representative for application towards the discharge of the Senior Subordinated Note Liabilities (in accordance with the terms of the relevant Senior Subordinated Note Documents) on a *pro rata* basis;

(h) in payment or distribution to any Debtor to which a Soulte has been paid or remains payable of an amount equal to such Soulte (and to the extent such Soulte has been already paid by any Secured Parties to such Debtor, only to the extent that such Debtor has turned such Soulte over to the Security Agent in accordance with section above entitled "—*Turnover*;"

(i) if none of the Debtors is under any further actual or contingent liability under any Credit Facility Document, Hedging Agreement, Pari Passu Debt Document or Senior Subordinated Note Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Debtor; and

(j) the balance, if any, in payment or distribution to the relevant Debtor.

Equalization

The Intercreditor Agreement will provide that:

(a) if, for any reason, any Super Senior Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Super Senior Creditors in the proportions their respective exposures at the enforcement date bore to the aggregate exposures of all the Super Senior Creditors at the enforcement date, the Super Senior Creditors will make such payments among themselves as the Security Agent shall require to put the Super

Senior Creditors in such a position that (after taking into account such payments) their losses are borne in those proportions;

(b) if, for any reason, any Pari Passu Debt Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Pari Passu Creditors in the proportions which their respective Exposures in respect of Pari Passu Debt Liabilities at the enforcement date bore to the aggregate Pari Passu Debt outstanding of all Pari Passu Debt Creditors at the enforcement date, the Pari Passu Debt Creditors will make such payments amongst themselves as the Security Agent shall require to put the Pari Passu Debt Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions; and

(c) if, for any reason, any Senior Subordinated Note Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Subordinated Note Creditors in the proportions which their respective exposures in respect of Senior Subordinated Note Liabilities at the enforcement date bore to the aggregate outstanding of all Senior Subordinated Note Creditors at the enforcement date, the Senior Subordinated Note Creditors will make such payments amongst themselves as the Security Agent shall require to put the Senior Subordinated Note Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

If, for any reason, following a Foreclosure certain Secured Parties have not paid their *Soulte* Share, such Secured Parties will make such payments amongst themselves as the Security Agent shall require to put the Secured Parties in such a position that (after taking into account such payments) the amount paid or payable in respect of such corresponding *Soulte* is borne by all the Secured Parties having participated in such Foreclosure in the proportions which their respective exposures at the date of the Foreclosure bore to the aggregate exposures of all such Secured Parties at the date of the Foreclosure.

Option to purchase

Following a Distress Event, some or all of the Pari Passu Noteholders and Pari Passu Lenders (as each term is defined in the Intercreditor Agreement) shall have an option (subject to the conditions set out in the Intercreditor Agreement) to purchase all (and not only part) of the Credit Facility Liabilities.

Following a Distress Event, some or all of the Senior Subordinated Noteholders shall have an option (subject to the conditions set out in the Intercreditor Agreement) to purchase all (and not only part) of the Credit Facility Liabilities and the Pari Passu Debt Liabilities.

Consents, amendments and override

Subject to certain exceptions, the Intercreditor Agreement will provide that it may be amended only with the consent of each Creditor Representative, the Majority Credit Facility Lenders, the Required Pari Passu Creditors, the Majority Senior Subordinated Note Creditors and the Security Agent unless it is an amendment or waiver that has the effect of changing or that relates to, among other things: (i) the order of application or subordination under the Intercreditor Agreement or (ii) the provisions in respect of redistribution, the enforcement of Transaction Security, the application of proceeds, amendments and waivers, the effect of an insolvency event and turnover, which shall not be made without the consent of:

- the Creditor Representatives;
- the Credit Facility Lenders;
- each Pari Passu Note Trustee on behalf of the Pari Passu Noteholders (as each term is defined in the Intercreditor Agreement) in respect of which it is the Creditor Representative;
- the Pari Passu Lenders (as defined in the Intercreditor Agreement);
- each Senior Subordinated Note Trustee (in accordance with the Senior Subordinated Indenture) on behalf of the Senior Subordinated Noteholders in respect of which it is the Creditor Representative;
- each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty); and
- the Security Agent.

It is however specified that the consent of the Senior Subordinated Note Trustee and the Senior Subordinated Note Creditors shall not be required to amend or waive the terms of, or to release, any Transaction Security Document which is not expressed to secure the Senior Subordinated Note Liabilities.

Subject to the above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations or duties on or withdraw or reduce the rights, protections, indemnities or immunities of any party to the Intercreditor Agreement without the prior written consent of that party.

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Debt Documents (as defined in the Intercreditor Agreement) to the contrary.

Governing law

The Intercreditor Agreement will be governed by English law.

New proceeds loan

On the Issue Date, the Issuer, as lender, will enter into an intercompany loan with Kiloutou S.A.S.U., as borrower, in the amount of approximately €462.5 million, (the "**New Proceeds Loan**"). The New Proceeds Loan will be used to refinance the indebtedness incurred by Kiloutou S.A.S.U. under the Existing Senior Facilities. The maturity date of the New Proceeds Loan will be on or about the maturity date of the Notes. The Issuer's interest in the receivables owing to it as lender under the New Proceeds Loan will be pledged as part of the Collateral for the Notes and the New Revolving Credit Facility. Pursuant to the terms of the relevant Security Document and the Intercreditor Agreement, as applicable, the Issuer's ability to require the prepayment of, and Kiloutou S.A.S.U.'s ability to prepay, the New Proceeds Loan will be restricted. The New Proceeds Loan will constitute Pari Passu Structural Intra-Group Liabilities under the Intercreditor Agreement. The New Proceeds Loan will be governed by French law.

Existing proceeds loans

On the date of the Existing Senior Facilities Agreement, the Issuer, as lender, made available an intercompany loan to Kiloutou S.A.S.U., as borrower, for an initial amount of €9.4 million (the "**Existing Proceeds Loan**"). The purpose of the Existing Proceeds Loan was to finance transaction costs associated with the refinancing of its indebtedness at the time. Interest on the Existing Proceeds Loan will be amended to replicate the interest applicable under the New Proceeds Loan. The maturity date of the Existing Proceeds Loan is February 15, 2028. The Existing Proceeds Loan is governed by French law.

The Issuer's interest in the receivables owing to it as lender under the Existing Proceeds Loan will be pledged as part of the Collateral for the Notes and the New Revolving Credit Facility. Pursuant to the terms of the relevant Security Document and the Intercreditor Agreement, as applicable, the Issuer's ability to require the prepayment of, and Kiloutou S.A.S.U.'s ability to prepay, the Existing Proceeds Loan will be restricted. The Existing Proceeds Loan will constitute Pari Passu Structural Intra-Group Liabilities under the Intercreditor Agreement.

Finance leases

Various subsidiaries of the Group are party to a number of finance leases in respect of their equipment that is used in connection with our business. The finance leases generally have maturities of five years. Providers of finance leases generally retain property interests over the relevant asset that is financed. Our finance leases were recorded as a liability of €223.7 million on our balance sheet as of September 30, 2019 (of which €10.7 million were at non-Guarantors) in accordance with French GAAP and will remain outstanding after the Transactions.

Bilateral and overdraft facilities

We entered into four unsecured bilateral loan agreements for a principal amount of €50.0 million. As of September 30, 2019, € 41.5 million was outstanding under such bilateral loans (most of which were drawn by Kiloutou S.A.S.U.). Our bilateral loans currently bear floating rates of interest with an average interest rate of EURIBOR plus 1.58%. The average maturity of such bilateral loans is of 3.9 years as of September 30, 2019. The bilateral loans are governed by French law.

As of September 30, 2019, Kiloutou S.A.S.U. had a €0.3 million of bank overdraft facility. The overdraft facility currently bear floating rates of interest with an average interest rate of EURIBOR plus 0.65%.

Description of the notes

You will find definitions of certain capitalized terms used in this "Description of the notes" under the heading "—Certain definitions." For purposes of this "Description of the notes," (i) references to the "Issuer" refer only to Kapla Holding S.A.S. and not to any of its Subsidiaries and (ii) references to "we," "our," "us" or "Group" refer to the Issuer and the Issuer's Restricted Subsidiaries together.

Kapla Holding S.A.S., limited liability company (*société par actions simplifiée*) organized under the laws of France (the "**Issuer**"), will issue €460.0 million aggregate principal amount of 3.375% Senior Secured Notes due 2026 (the "**Fixed Rate Notes**") and €400.0 million aggregate principal amount of Floating Rate Senior Secured Notes due 2026 (the "**Floating Rate Notes**" and, together with the Fixed Rate Notes, the "**Notes**") under an indenture, to be dated on or about the Issue Date (the "**Indenture**"), among, *inter alios,* itself and Kiloutou S.A.S.U. and Kiloutou Module S.A.S.U. (together, the "**Initial Guarantors**"), BNY Mellon Corporate Trustee Services Limited, as trustee (the "**Trustee**") and BNP Paribas, as security agent (the "**Security Agent**"), in a private transaction that is not subject to the registration requirements of the Securities Act. See "*Notice to investors*."

The Indenture will be unlimited in aggregate principal amount, of which €860.0 million in aggregate principal amount of Notes will be issued in the Offering. We may issue an unlimited aggregate principal amount of additional Notes subject to the provisions of the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain covenants—Limitation on indebtedness*") and the Incurrence of Liens (as described below under "*—Certain covenants—Limitation on liens*") and the provisions described below under "*—Additional notes*." Unless the context otherwise requires, in this "*Description of the notes*," references to the "Notes" include the Notes and any Additional Notes that are actually issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under, or incorporate or include any of the provisions of, or be subject to, the U.S. Trust Indenture Act of 1939, as amended.

This "*Description of the notes*" is intended to be an overview of the material provisions of the Notes and the Indenture. As the following description is only a summary, you should refer to the Indenture, the form of Notes and the Intercreditor Agreement for complete descriptions of the obligations of the Issuer and the Initial Guarantors and your rights because they, and not this summary, define your rights as Holders of the Notes. Copies of the Indenture, form of Notes and the Intercreditor Agreement are available as set forth under "*Listing and general information*."

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture.

General

The notes

The Notes will, upon issuance:

- be general senior, secured obligations of the Issuer;
- be guaranteed on a senior basis by the Initial Guarantors, subject to the limitations described in "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*";
- be secured as set forth below under "*—Security*" along with obligations under the New Revolving Credit Facility and, if any, certain Hedging Obligations and certain other future Indebtedness; *however*, Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any obligations secured on a super-priority basis, including obligations under the New Revolving Credit Facility and, if any, certain Hedging Obligations, have been repaid in full;
- rank senior in right of payment to any existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, including the obligations under the New Revolving Credit Facility and, if any, certain Hedging Obligations;

- be effectively subordinated to any existing and future Indebtedness of the Issuer and its Subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness; and

- be structurally subordinated to any existing and future Indebtedness of Subsidiaries of the Issuer that are not Guarantors, including obligations owed to trade creditors.

The notes guarantees

On the Issue Date, the Notes will be Guaranteed (each Guarantee of the Notes, a "**Notes Guarantee**") by the Initial Guarantors. After the Issue Date, certain other Restricted Subsidiaries may provide Notes Guarantees in the future if the Issuer designates, or is required by the covenant described under "*—Certain covenants—Additional notes guarantees*" to designate, such Restricted Subsidiaries as additional guarantors of the Notes (each, an "**Additional Guarantor**" and, together with the Initial Guarantors, the "**Guarantors**"). The Notes Guarantee of each Guarantor will, upon issuance:

- be a general senior obligation of such Guarantor;

- be secured as set forth below under "*—Security*" along with obligations under the New Revolving Credit Facility and, if any, certain Hedging Obligations; *however*, Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any obligations secured on a super-priority basis, including obligations under the New Revolving Credit Facility and, if any, certain Hedging Obligations, have been repaid in full;

- rank senior in right of payment to any existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to such Guarantor's Notes Guarantee;

- rank *pari passu* in right of payment with any existing and future Indebtedness of such Guarantor that is not expressly subordinated in right of payment to the Guarantors' Notes Guarantees, including obligations under the New Revolving Credit Facility and, if any, certain Hedging Obligations;

- be effectively subordinated to any existing and future Indebtedness of such Guarantor and its Subsidiaries that is secured by property or assets that do not secure such Guarantor's Notes Guarantee, to the extent of the value of the property and assets securing such Indebtedness; and

- be structurally subordinated to any existing and future Indebtedness of Subsidiaries of such Guarantor that are not Guarantors.

The obligations of each Guarantor will be contractually limited under its Notes Guarantee to reflect limitations under applicable law. See "*Risk factors—Risks related to our financing arrangements and the notes—Corporate benefit, financial assistance laws and other limitations on the Notes Guarantees or the security interests may adversely affect the validity and enforceability of the Notes Guarantees of the Notes or security interests in the Collateral*" and "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*." In particular, the Notes Guarantees of the Initial Guarantors will be limited to the outstanding amounts under the New Proceeds Loan in the amount of approximately €462.5 million. In certain cases, these limitations may apply to the Notes Guarantee of a Guarantor, but not its obligations under other debt, including the New Revolving Credit Facility. The Issuer and the Initial Guarantors accounted for 81.0% of the revenue and 78.3% of the EBITDA of the Group for the twelve months ended September 30, 2019, and 79.4% of the total assets of the Group as of September 30, 2019.

Pursuant to the Intercreditor Agreement, after an acceleration event in respect of the Notes, the New Revolving Credit Facility or other debt subject to the Intercreditor Agreement, neither the Issuer nor the Guarantors may make payments in respect of the Notes or the Notes Guarantees except in connection with the realization or enforcement of the Collateral or a transaction in lieu of such enforcement or all amounts turned over to the Security Agent as described under "*Description of certain financing arrangements—Intercreditor agreement*," in which case such payments will be applied in respect of the New Revolving Credit Facility Agreement and, if any, certain Hedging Obligations until such obligations are repaid in full prior to the repayment of the Notes. See "*Description of certain financing arrangements—Intercreditor agreement*."

Principal and maturity

The Issuer will issue €460.0 million aggregate principal amount of Fixed Rate Notes on the Issue Date. The Fixed Rate Notes will mature on December 15, 2026. The Fixed Rate Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Issuer will issue €400.0 million aggregate principal amount of Floating Rate Notes on the Issue Date. The Floating Rate Notes will mature on December 15, 2026. The Floating Rate Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the fixed rate notes

Interest on the Fixed Rate Notes will accrue at the rate of 3.375% per annum. Interest on the Fixed Rate Notes will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash semi-annually in arrears on each June 15 and December 15, commencing on June 15, 2020;
- be payable to the Holder of record of such Fixed Rate Notes on the Business Day immediately preceding the related interest payment date (except for Definitive Registered Notes, if any, issued under the Indenture, which will have a record date of 15 days prior to any interest payment date as further described under "— *Transfer and exchange*"); and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest on the floating rate notes

Interest on the Floating Rate Notes will accrue at a rate per annum (the "**Applicable Rate**"), reset quarterly, equal to three-month EURIBOR (subject to a 0% floor) *plus* 325 basis points, as determined by the Calculation Agent, which shall initially be The Bank of New York Mellon, London Branch. Interest on the Floating Rate Notes will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing on March 15, 2020; and
- be payable to the Holder of record of such Floating Rate Notes on the Business Day immediately preceding the related interest payment date (except for Definitive Registered Notes, if any, issued under the Indenture, which will have a record date of 15 days prior to any interest payment date as further described under "— *Transfer and exchange*"); and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Floating Rate Notes.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Interest Calculation Date, determine the Applicable Rate and calculate the aggregate amount of interest payable on the Floating Rate Notes in respect of the following Interest Period (the "**Interest Amount**") and notify the Issuer in writing thereof. The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of the Floating Rate Notes outstanding on the Interest Calculation Date, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 360; *provided, however*, that interest shall only be paid in respect of Floating Rate Notes outstanding on the applicable interest payment date. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one millionths of a percentage point being rounded upwards (e.g., 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655)). All euro amounts used in or resulting from such calculations will be rounded to the nearest euro cent (with one half euro

cent being rounded upwards). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, fraud or manifest error, be final and binding on all parties. The Trustee and any Paying Agent shall not be responsible for, nor incur any liability in connection with, any loss resulting from any calculation made, or intended to be made, by the Calculation Agent.

As used herein:

"**Calculation Agent**" means a financial institution appointed by the Issuer to calculate the interest rate payable on the Floating Rate Notes in respect of each Interest Period, which shall initially be The Bank of New York Mellon, London Branch.

"**EURIBOR**" means, with respect to an Interest Period, the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Interest Calculation Date that appears on Reuters page EURIBOR01 as of 11:00 a.m. (Brussels time) on the Interest Calculation Date; *provided, however*, that EURIBOR shall never be less than 0%. If Reuters Page EURIBOR01 does not include such a rate or is unavailable on an Interest Calculation Date, the Issuer or an agent of the Issuer will request the principal London office of each of four major banks in the euro zone inter-bank market, as selected by the Issuer or an agent of the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m. (Brussels time) on such Interest Calculation Date, to prime banks in the euro zone inter-bank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Interest Calculation Date. If at least two such offered quotations are so provided, EURIBOR for such Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Issuer or an agent of the Issuer will request each of three major banks in London, as selected by the Issuer or an agent of the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m. (Brussels time) on such Interest Calculation Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Interest Calculation Date. If at least two such rates are so provided, EURIBOR for such Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided, then EURIBOR in respect of such Interest Period will be the EURIBOR in effect with respect to the immediately preceding Interest Period.

If the Issuer determines, prior to any Interest Calculation Date, that:

(1) there has been a material disruption to EURIBOR;

(2) EURIBOR is not available for use temporarily, indefinitely or permanently;

(3) there are restrictions or prohibitions on the use of EURIBOR;

(4) an alternative rate has replaced EURIBOR in customary market practice in the international capital markets applicable generally to floating rate notes; or

(5) it has become unlawful for the Calculation Agent, the Issuer or a third party agent of the Issuer to calculate any payments due to Holders using EURIBOR,

a Rate Determination Agent, acting in good faith and in a commercially reasonable manner, shall select a successor rate to EURIBOR that is substantially comparable to EURIBOR or that has been recommended or selected by the relevant monetary authority or similar authority (or working group thereof) or by a widely recognized industry association or body or that is expected to develop as an industry accepted rate for debt market instruments such as or comparable to the Floating Rate Notes, as more fully set forth in the Indenture (and any applicable adjustment spread required to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of EURIBOR (the "**Adjustment Spread**")) for use in calculating the Applicable Rate (the "**Successor Rate**"), and the Issuer shall certify (by way of an Officer's Certificate) to each of the Trustee, the Calculation Agent and the Paying Agents, at least five Business Days prior to any Interest Calculation Date, such Successor Rate (and the Adjustment Spread) (upon which each of the Trustee, the Calculation Agent and Paying Agent shall be entitled to rely conclusively and absolutely without further enquiry, investigation, verification or liability of any kind whatsoever), which shall be used by the Calculation Agent to calculate the Applicable Rate. Holders shall be bound by any such Successor Rate (and Adjustment Spread) without any further action or consent by the Holders or the Trustee. For the avoidance of doubt, the sum of the Successor Rate and the Adjustment Spread shall, in all cases, not be less than 0%. The Issuer shall promptly notify the Holders of the adoption of any Successor Rate (and Adjustment Spread). Following the adoption of any Successor Rate and Adjustment Spread, all references to "EURIBOR" in the Indenture shall be deemed to refer to such Successor Rate (and such Adjustment Spread).

"**euro zone**" means the region comprised of member states of the European Union that at such time use the euro as their official currency.

"**Interest Calculation Date**" means the day that is two TARGET Settlement Days preceding the first day of the relevant Interest Period in respect of the relevant Interest Period.

"**Interest Period**" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude March 15, 2020.

"**Rate Determination Agent**" means (a) an independent financial institution of international standing or an independent financial adviser of recognized standing (that is not an Affiliate of the Issuer) as appointed by the Issuer at the expense of the Issuer or (b) if it is not reasonably practicable to appoint a party as referred to under (a), the Issuer.

"**Representative Amount**" means the greater of (i) €1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Reuters Page EURIBOR01**" means the display page so designated on Reuters (or such other page as may replace that page on that service, or, if no such page is available, such other service as may be nominated as the information vendor).

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET2) System is open for the settlement of payments in euro.

Payments of interest on the notes

The rights of Holders of beneficial interests in the Notes to receive the payments of interest on such Notes are subject to applicable procedures of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law; *provided*, *however*, that none of the Calculation Agent, any Paying Agent or the Trustee shall be responsible for verifying that the rate of interest on the Notes is permitted under applicable law.

Methods of receiving payments on the notes

Principal, interest, premium and Additional Amounts, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of the common depositary for Euroclear or Clearstream will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest and premium, if any, on any certificated securities ("**Definitive Registered Notes**") will be payable at the specified office or agency of one or more Paying Agents. In addition, interest on the Definitive Registered Notes may be paid by bank transfer to the Person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying agent, registrar and transfer agent for the notes*."

Paying agent, registrar and transfer agent for the notes

The Issuer will maintain one or more Paying Agents for the Notes. The initial Paying Agent in London will be The Bank of New York Mellon, London Branch (the "**Principal Paying Agent**"). The initial Paying Agent in Luxembourg will be The Bank of New York Mellon SA/NV, Luxembourg Branch in Luxembourg (the "**Luxembourg Agent**").

The Issuer will also maintain one or more registrars (each, a "**Registrar**") and one or more transfer agents (each, a "**Transfer Agent**"). The initial Registrar will be The Bank of New York Mellon SA/NV, Luxembourg Branch. The initial Transfer Agent will be The Bank of New York Mellon SA/NV, Luxembourg Branch. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes, if issued, outstanding from time to time and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. Upon demand by the Issuer,

the Registrar shall (at the expense of the Issuer) send a copy of the register reflecting ownership of Definitive Registered Notes outstanding from time to time maintained by it to the Issuer and the Issuer shall keep such copy of the register at its registered office.

The Issuer may change the Paying Agents, the Registrars or the Transfer Agents without prior notice to the Holders. Notice of the change in a Paying Agent, Registrar or Transfer Agent may be published on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner required by the rules of the Luxembourg Stock Exchange. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Transfer and exchange

The Notes will be issued in the form of one or more registered notes in global form without interest coupons attached, as follows:

- Fixed Rate Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Fixed Rate Notes**"). Floating Rate Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Floating Rate Notes**" and, together with the 144A Global Fixed Rate Notes, the "**144A Global Notes**").The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

- Fixed Rate Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Fixed Rate Notes**"). Floating Rate Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Floating Rate Notes**" and, together with the Regulation S Global Fixed Rate Notes, the "**Regulation S Global Notes**" and, together with the 144A Global Notes, the "**Global Notes**"). The Regulation S Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to Persons that have accounts with Euroclear and/or Clearstream or Persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to investors.*" In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "**144A Book-Entry Interests**") of a given series may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**") of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book-Entry Interests of a given series may be transferred to a Person who takes delivery in the form of 144A Book-Entry Interests of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a Person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the applicable Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the applicable Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to investors*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof to Persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Registrar is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Definitive Registered Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Definitive Registered Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Definitive Registered Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee and any Paying Agent, Transfer Agent and Registrar will be entitled to treat the registered Holder of a Note as the owner of it for all purposes.

Additional notes

From time to time, subject to the Issuer's compliance with the covenants described under the headings "*—Certain covenants—Limitation on indebtedness*" and "*—Certain covenants—Limitation on liens*," the Issuer is permitted to issue additional Fixed Rate Notes ("**Additional Fixed Rate Notes**") and additional Floating Rate Notes ("**Additional Floating Rate Notes**" and, together with any Additional Fixed Rate Notes, "**Additional Notes**"), which shall have the terms set out in an Officer's Certificate supplied to the Trustee and the Paying Agents. The Fixed Rate Notes (together with any Additional Fixed Rate Notes issued from time to time), and the Floating Rate Notes (together with any Additional Floating Rate Notes issued from time to time), will constitute separate series of Notes, but will be treated, along with all other series of Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series; *provided* that Additional Notes will not be issued with the same CUSIP, ISIN or common code, as applicable, as any series of existing Notes unless such Additional Notes are, in the reasonable judgement of a member of senior management or the Board of Directors of the Issuer, fungible with such series of existing Notes for U.S. federal income tax purposes. In the Issuer's sole discretion, the aforementioned Officer's Certificate may include provisions pertaining to (a) the redemption of such Additional Notes, in whole or in part, including, but not limited to, any special mandatory redemption in the event that the release from any escrow into which proceeds of the issuance of such Additional Notes are deposited is conditioned on the consummation of any acquisition, Investment, refinancing or other transaction (such redemption, a "**Special Mandatory Redemption**") and (b) the escrow of all or a portion of the proceeds of such Additional Notes and the granting of Liens described in clause (21) of the definition of "Permitted Liens" in favor of the Trustee or a security agent solely for the benefit of the holders of such Additional Notes (and not, for the avoidance of doubt, for the benefit of the holders of any other Notes, including Notes of the same series as such Additional Notes), together with all necessary authorizations for the Trustee or such security agent to enter into such arrangements provided that, for so long as the proceeds of such Additional Notes are in escrow, such Additional Notes shall benefit only from such Liens and shall not be subject to the Intercreditor Agreement or any Additional Intercreditor Agreement and shall not benefit from any security interest in the Collateral. In addition, such Officer's Certificate may include provisions pursuant to which such Additional Notes are issued bearing a temporary CUSIP, ISIN or common code pending the satisfaction of certain conditions, such as the

consummation of an acquisition, Investment, refinancing or other transaction, and such Additional Notes bearing a temporary CUSIP, ISIN or common code may be automatically exchanged for new Additional Notes bearing the same CUSIP, ISIN or common code as any existing Notes issued; *provided* that such Additional Notes are fungible with the Notes issued on the relevant issue date for U.S. federal income tax purposes.

Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of the notes*," references to "Notes" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes. Additional Notes may be designated to be of the same series as any other series of Notes, including the Fixed Rate Notes or the Floating Rate Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to such other series, and shall be deemed to form one series with other series (including, if applicable, such Fixed Rate Notes or Floating Rate Notes) (it being understood that any Additional Notes that are substantially identical in all material respects to any other series of Notes but for being subject to a Special Mandatory Redemption shall be deemed to be substantially identical to such series of Notes only following the expiration of any provisions relating to such Special Mandatory Redemption).

Restricted subsidiaries and unrestricted subsidiaries

On the Issue Date, all of the Issuer's direct and indirect Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under "*—Certain definitions—Unrestricted subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants contained in the Indenture. The Unrestricted Subsidiaries will not provide any Notes Guarantee.

Notes guarantees

General

On the Issue Date, the Notes will be Guaranteed by the Initial Guarantors. The Notes Guarantees of the Initial Guarantors will be a full and unconditional Guarantee of the Issuer's obligations under the Notes, subject to the limitations discussed below.

After the Issue Date, certain other Restricted Subsidiaries may provide a Notes Guarantee in the future if the Issuer designates, or is required by the covenant described under "*—Certain covenants—Additional notes guarantees*" to designate, such Restricted Subsidiaries as additional guarantors of the Notes. Each Additional Guarantor will, jointly and severally with the Initial Guarantors and each other Additional Guarantor, irrevocably Guarantee (each Guarantee, an "**Additional Notes Guarantee**"), as primary obligor and not merely as surety, on a senior basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of, or interest on or in respect of, the Notes, fees, expenses, indemnification or otherwise. Any Additional Notes Guarantee shall be issued on substantially the same terms as the Notes Guarantees of the Initial Guarantors (subject to the limitations discussed below). For purposes of the Indenture and this "*Description of the notes*," references to the Notes Guarantees include references to any Additional Notes Guarantees.

The obligations of any Guarantor will be contractually limited under its Notes Guarantee to reflect limitations under applicable law and the Agreed Security Principles, including restrictions on the granting of Guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, maintenance of share capital, retention of title claims and similar principles applicable to such Guarantor and its shareholders, directors and general partner. For a description of such limitations, see "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*."

As the Issuer has limited assets of its own other than its shares in the Initial Guarantors, and the operations of the Issuer are conducted primarily through its Subsidiaries. Therefore, the Issuer depends on its Subsidiaries for cash to ensure it can meet its obligations under the Notes.

Not all of the Issuer's Subsidiaries will Guarantee the Notes. The Notes and the Notes Guarantees will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Issuer's non-Guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of its non-Guarantor Subsidiaries upon that non-Guarantor Subsidiary's liquidation, winding up or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-Guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the non-Guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the

non-Guarantor Subsidiary and any Indebtedness of the non-Guarantor Subsidiary senior to that held by the Issuer or such Guarantor. See "*Risk factors—Risks related to our financing arrangements and the notes—The Notes will be structurally subordinated to the liabilities of the non-Guarantor Subsidiaries*."

Releases

Each Notes Guarantee of a Guarantor will be released:

(1) upon a sale or other disposition (including by way of merger, consolidation, amalgamation or combination) of Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company of such Guarantor) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "*—Certain covenants—Limitation on sales of assets and subsidiary stock*" covenant below and such that the relevant Guarantor no longer remains a Restricted Subsidiary;

(2) in connection with any sale, disposition, exchange or other transfer of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "*—Certain covenants—Limitation on sales of assets and subsidiary stock*" covenant below;

(3) upon the designation in accordance with the Indenture of such Guarantor as an Unrestricted Subsidiary;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and discharge*";

(5) in accordance with the provisions of the Intercreditor Agreement or an Additional Intercreditor Agreement relating to the release of a Notes Guarantee on an enforcement sale or other disposal of such Guarantor;

(6) as described under "*—Amendments and waivers*";

(7) with respect to an Additional Notes Guarantee given under the "*—Certain covenants—Additional notes guarantees*" covenant below, upon release of the Notes Guarantee that gave rise to the requirement to issue such Additional Notes Guarantee so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Notes Guarantee is at that time Guaranteed by the relevant Guarantor;

(8) with respect to any Guarantor which is not the continuing or surviving Person in the relevant consolidation or merger, as a result of a Permitted Reorganization or a transaction permitted by the "*—Certain covenants—Merger and consolidation—The guarantors*" covenant below and the Indenture; or

(9) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes.

The Trustee shall, subject to receipt of certain documents from the Issuer and/or the Guarantors, and subject to the terms of the Intercreditor Agreement, each take all necessary actions reasonably requested by the Issuer, including the granting of releases or waivers under the Intercreditor Agreement, to effectuate any release of a Notes Guarantee of a Guarantor in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders (except to the extent required under clause (6) above). Neither the Trustee nor the Issuer will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Security

General

As of the Issue Date, the Notes and the Notes Guarantees will be secured by security interests in (i) the financial securities account opened in the name of the Issuer in the books of Kiloutou S.A.S.U., (ii) the financial securities account opened in the name of Kiloutou S.A.S.U. in the books of Kiloutou Module S.A.S.U., (iii) certain intra-group receivables owing to the Issuer and the Initial Guarantors and (iv) certain bank accounts of the Issuer and the Initial Guarantors (collectively, the "**Collateral**"), each on a shared first-ranking basis along with obligations under the New Revolving Credit Facility and, if any, certain Hedging Obligations. However, pursuant to the Intercreditor Agreement, Holders of

the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any obligations secured on a super-priority basis, including obligations under the New Revolving Credit Facility and, if any, certain Hedging Obligations have been repaid in full. In addition, subject to certain conditions, including compliance with the "*—Certain covenants—Impairment of security interest*" covenant below, each of the Issuer and the Guarantors is permitted to pledge the Collateral in connection with future Incurrences of Indebtedness, including any Additional Notes, in each case, permitted under the Indenture and other Indebtedness of members of the Group and on terms consistent with the relative priority in right of payment of such Indebtedness under the Indenture and the Intercreditor Agreement.

The liens on the Collateral to secure the Notes and the Notes Guarantees are referred to herein collectively as the "**Security Interest**." Any other property or assets over which the Security Interest may in the future be granted to secure obligations under the Notes and the Indenture would also constitute Collateral.

The Collateral will be contractually limited to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent preference or conveyance and other legal restrictions applicable to security providers and their shareholders, directors and general partners. For a description of such limitations, see "*Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations*." The grant and control of the security will also be subject to certain Agreed Security Principles. The Agreed Security Principles provide that certain assets will not be pledged (or the Liens not perfected), including:

- if the cost of providing security is not proportionate to the benefit accruing to the Holders;
- if there is material incremental cost involved in creating security over all assets of a Guarantor in a particular category of assets, only the material assets in that category will be subject to security;
- if providing such security would require consent of any person, subject to certain obligations to take steps to obtain such consent before such assets may be secured or where providing such security would give a third party the right to terminate or otherwise amend to the material detriment of the Issuer or any of the Issuer's Subsidiaries in respect of those assets or require any of them to take any action materially adverse to their interests and where (subject to certain condition being met) such consent cannot be obtained after the use of reasonable endeavors;
- if providing such security (i) would be prohibited by statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, retention of title claims and similar principles (after the use of reasonable endeavors to mitigate any such impediment), or (ii) if it would conflict with the fiduciary duties of their directors or contravene any legal prohibition or result in a material risk of personal or criminal liability on the part of any officer;
- a member of the Group will not be required to give security if it is not majority-owned by another member of the Group;
- if in certain jurisdictions it may be either impossible or impractical to create security over certain categories of assets, security will not be taken over such assets; and
- no perfection action will be required in jurisdictions where a Guarantor is not incorporated and does not conduct business but perfection action may be required in the jurisdiction of one Guarantor in relation to security granted by another Guarantor located in a different jurisdiction.

The Agreed Security Principles with respect to the Notes will be interpreted and applied in good faith by a member of senior management or the Board of Directors of the Issuer.

In addition to the release provisions described below, the Security Interest will cease to exist by operation of law or will be released, depending on the type of security interest, upon the defeasance or discharge of the Notes as provided in "*—Defeasance*" or "*—Satisfaction and discharge*" in each case in accordance with the terms and conditions of the Indenture.

There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the Holders, and the Collateral securing the Notes and the Notes Guarantees may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. No appraisals of the Collateral have been made in connection with the Offering. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk factors—Risks related to our financing arrangements and the notes—The value of the collateral securing the notes may not be sufficient to satisfy our obligations under the notes and such collateral may be reduced or diluted under certain circumstances*" and "*Risk factors—Risks related to the notes, the notes guarantees and the collateral—It may be difficult to realize the value of the collateral securing the notes*." In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to release the Security Interest, by reference to the interests of other creditors. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation. See "*Description of certain financing arrangements—Intercreditor agreement*."

Subject to the terms of the Security Documents and prior to enforcement of any such Collateral, the Issuer and the Guarantors, as the case may be, will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes and the Notes Guarantees, to freely operate the Collateral and to collect, invest and dispose of any income therefrom and, in respect of the shares that are part of the Collateral, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing). See "*Risk factors—Risks relating to our financing arrangements and the notes—The issuer and the guarantors will have control over the collateral securing the notes, and the sale of particular assets could reduce the pool of assets securing the notes*."

The creditors under the New Revolving Credit Facility, the counterparties to the Hedging Obligations secured by the Collateral, if any, and the Trustee have, and by accepting a Note, each Holder will be deemed to have, irrevocably appointed the Security Agent to act as its agent and security agent under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. The creditors under the New Revolving Credit Facility, the counterparties to the Hedging Obligations secured by the Collateral, if any, and the Trustee have, and by accepting a Note, each Holder will be deemed to have, irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or the Security Documents, together with any other incidental rights, power and discretions and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Further, the Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein). See "*Description of certain financing arrangements—Intercreditor agreement*."

Security documents

Under the Security Documents, the Issuer and the Guarantors will grant security over the Collateral to secure the obligations of the Issuer under the Notes and the Indenture and the obligations of the Guarantors under their respective Notes Guarantees and the Indenture. The Security Documents will be entered into by, *inter alios*, the relevant security provider and the Security Agent.

The Security Agent will enter into the Security Documents in its own name for the benefit of the Trustee and the Holders. The Security Agent will also act on behalf of the lenders under the New Revolving Credit Facility and, if any, the counterparties under certain Hedging Obligations (who will have the equal and ratable benefit of the same Collateral). The Security Agent will also act on behalf of certain future secured creditors.

The Security Documents provide that the rights with respect to the Collateral must be exercised by the Security Agent or the parties to the Security Documents. Since the Holders are not a party to the Security Documents, Holders

may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent.

The Security Agent will agree to any release of the Security Interest created by the Security Documents that is in accordance with the Indenture and the Intercreditor Agreement without requiring any consent of the Holders. See "*—Release of liens*" *and* "*Risk factors—Risks related to the notes, the notes guarantees and the collateral—There are circumstances other than repayment or discharge of the notes under which the collateral securing the notes and the notes guarantees will be released automatically and under which the notes guarantees will be released automatically, without your consent or the consent of the trustee*." In addition, the terms of the Security Documents themselves provide for assets to cease to become subject to security in certain circumstances without need for a formal release, such as the sale of assets which are subject to a charge, or the exclusion of certain assets from a debenture if such assets may not be subject to security (such as, for example, assets that may not be validly pledged, or assets that are subject to a Permitted Lien). The Security Agent will commence enforcement action under the Security Documents only in accordance with the terms of the Intercreditor Agreement. See "*—Enforcement of security interest*."

In the event that any of the Issuer or any of the Guarantors enters into insolvency, bankruptcy, dissolution, *gestion controlée, liquidation judiciaire, faillite déclarée* or similar proceedings, the Security Interest created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interest or the terms of the Intercreditor Agreement were successful, the Holders might not be able to recover any amounts under the Security Documents. See "*Risk factors—Risks related to our financing arrangements and the notes—Corporate benefit, financial assistance laws and other limitations on the notes guarantees or the security interests may adversely affect the validity and enforceability of the notes guarantees of the notes or security interests in the collateral*."

Release of liens

The Issuer and the Guarantors will be entitled, in addition to the circumstances described above, to require the Security Agent to release the Security Interest in respect of the Collateral securing the Notes and the Notes Guarantees under any one or more of the following circumstances:

(1) in connection with any sale or disposition of such property or assets to (a) any Person that is not the Issuer or a Restricted Subsidiary either before or after giving effect to such transaction, if such sale or other disposition does not violate the "*—Certain covenants—limitation on sales of assets and subsidiary stock*" covenant below or (b) the Issuer or any Guarantor; *provided* that such transfer is otherwise in compliance with the Indenture and, in the case of clause (b), immediately following such sale or disposition, a Lien of at least equivalent ranking over the same assets or property exists or is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders);

(2) in connection with the release of a Guarantor from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and discharge*";

(5) in compliance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement relating to disposals of assets subject to security (see "*Description of Certain financing arrangements—Intercreditor agreement*");

(6) (i) in accordance with "*—Amendments and waivers*," (ii) in accordance with the "*—Impairment of security interest*" covenant below and (iii) in accordance with the second paragraph under the "*—Certain covenants—Limitation on liens*" covenant below so long as immediately after the release there is no other Indebtedness secured by a Lien on the property or assets that was the subject of the Initial Lien that would result in the requirement for the Notes and the Notes Guarantees to be secured equally and ratably with, or prior to, such Lien;

(7) in order to effectuate a Permitted Reorganization or a merger, consolidation, conveyance or transfer conducted in compliance with the "*—Merger and consolidation*" covenant below; *provided* that following such Permitted Reorganization or merger, consolidation, conveyance or transfer, a Lien of at least equivalent ranking over the

same assets or property is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders) to the extent such assets or property continue to exist as assets or property of the Issuer or a Restricted Subsidiary;

(8) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

(9) as otherwise permitted in accordance with the Indenture.

The Security Agent and the Trustee (only if required) shall, subject to receipt of certain documents from the Issuer and/or the Guarantors, each take all necessary actions reasonably requested by the Issuer, including the granting of releases or waivers under the Intercreditor Agreement, required to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Documents, subject to customary protections and indemnifications. Each of the releases set forth above shall be permitted to be effected by the Security Agent without the consent of the Holders (except to the extent required under clause (6)(i) above) or any action on the part of the Trustee (unless action is required by it to effect such release).

Enforcement of security interest

The ability of the Security Agent to enforce any Security Interest is restricted by the terms of the Intercreditor Agreement by reference to the interests of the lenders under the New Revolving Credit Facility and, if any, the counterparties to certain Hedging Obligations. See "*Description of certain financing arrangements—Intercreditor agreement*." It may also be restricted by similar arrangements in relation to future Indebtedness that is secured by the Collateral in compliance with the Indenture and the Intercreditor Agreement.

Similar provisions may be included in any Additional Intercreditor Agreement entered into in compliance with the "*—Certain covenants—Additional intercreditor agreements*" covenant below.

To establish the relative rights of certain creditors of the Issuer and the Guarantors under our financing arrangements, including, without limitation, the Notes, the New Revolving Credit Facility and, if any, certain Hedging Obligations and certain other future Indebtedness, the Issuer and the Guarantors, the agent under the New Revolving Credit Facility, the Trustee and the Security Agent will enter into the Intercreditor Agreement. See "*Description of certain financing arrangements—Intercreditor agreement*." Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the New Revolving Credit Facility and any Credit Facilities Incurred pursuant to clause (1) of the second paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant below and any Hedging Obligations Incurred pursuant to clause (6) of the second paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant below and permitted to be secured on the Collateral (see "*—Certain definitions—Permitted collateral liens*") will receive priority with respect to any proceeds received upon enforcement of any Collateral and certain distressed disposals in accordance with the Intercreditor Agreement. Any proceeds received upon any enforcement over any Collateral and certain distressed disposals, after all obligations under the New Revolving Credit Facility have been repaid and such Hedging Obligations have been discharged from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture, the Notes and the Notes Guarantees and any other obligations of the Issuer and the Guarantors permitted to be Incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement.

Optional redemption

Optional redemption of fixed rate notes

Except as described below and except as described under "*—Redemption for taxation reasons*," the Fixed Rate Notes are not redeemable at the option of the Issuer until December 15, 2022.

On and after December 15, 2022, the Issuer may redeem all or, from time to time, part of the Fixed Rate Notes upon not less than 10 nor more than 60 days' notice to Holders, at the following redemption prices (expressed as a percentage of principal amount) *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on December 15, for the years indicated below:

Year	Redemption price
2022	101.688%

2023	100.844%
2024 and thereafter	100.000%

Prior to December 15, 2022, the Issuer may on any one or more occasions redeem up to 40% of the original aggregate principal amount of the Fixed Rate Notes (including the aggregate principal amount of any Additional Fixed Rate Notes), upon not less than 10 nor more than 60 days' notice to Holders, with funds in an aggregate amount not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 103.375% of the principal amount thereof, *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 50% of the original aggregate principal amount of the Fixed Rate Notes (including the aggregate principal amount of any Additional Fixed Rate Notes) remains outstanding after each such redemption; and

(2) the redemption occurs within 120 days after the closing of such Equity Offering.

Prior to December 15, 2022, the Issuer may redeem all or, from time to time, a part of the Fixed Rate Notes upon not less than 10 nor more than 60 days' notice to Holders at a redemption price equal to 100% of the principal amount thereof *plus* the Fixed Rate Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

In addition, at any time prior to December 15, 2022, upon not less than 10 nor more than 60 days' notice to Holders, the Issuer may redeem, during each twelve-month period commencing on the Issue Date, up to 10% of the original principal amount of the Fixed Rate Notes (including the principal amount of any Additional Fixed Rate Notes) at a redemption price equal to 103.0% of the principal amount redeemed *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of the Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Optional redemption of floating rate notes

Except as described below and except as described under "*—Redemption for taxation reasons*," the Floating Rate Notes are not redeemable at the option of the Issuer until December 15, 2020.

On and after December 15, 2020, the Issuer may redeem all or, from time to time, part of the Floating Rate Notes upon not less than 10 nor more than 60 days' notice to Holders, at the following redemption prices (expressed as a percentage of principal amount) *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on December 15 for the years indicated below:

Year	**Redemption price**
2020	101.000%
2021 and thereafter	100.000%

Prior to December 15, 2020, the Issuer may redeem all or, from time to time, a part of the Floating Rate Notes, upon not less than 10 nor more than 60 days' notice to Holders, at a redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed *plus* the Floating Rate Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

General

The Issuer may repurchase Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "*—Selection and notice*" below.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portion thereof called for redemption on the applicable redemption date. Any such redemption may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, including (without limitation) that the Issuer has received or any Paying Agent has received from the Issuer or a Person on behalf of the Issuer sufficient funds to pay the full redemption price payable to the Holders of the Notes on or before the relevant redemption date, or, in the case of

a redemption related to an Equity Offering, the consummation of such Equity Offering. If such redemption is subject to satisfaction of one or more conditions precedent, the notice of such redemption shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If requested in writing by the Issuer, which request may be included in the applicable notice of redemption or pursuant to the applicable Officer's Certificate, the Trustee (or such other entity directed, designated or appointed (as agent) by the Trustee, for this purpose) shall distribute any amounts deposited to the Holders prior to the applicable redemption date, *provided*, *however*, that Holders shall have received at least three Business Days' notice from the Issuer of such earlier repayment (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the applicable redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a common depositary for a clearing system, any payment to the beneficial holders holding Book-Entry Interests as participants of such clearing system will be subject to the then applicable procedures of such clearing system. For the avoidance of doubt, the Trustee and the Paying Agents shall not be liable to any party for any reason as a result of such amounts being distributed to Holders prior to any applicable redemption date.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, as soon as reasonably practicable after the applicable redemption date inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Notwithstanding the foregoing, in connection with any tender offer for any series of the Notes, including a Change of Control Offer (as defined below) or Asset Disposition Offer (as defined below), if Holders of not less than 90% in aggregate principal amount of the applicable outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes of such series validly tendered and not withdrawn by such Holders, the Issuer will have the right upon not less than 10 nor more than 60 days' prior notice to Holders, given not more than 30 days following such tender offer expiration date, to redeem the Notes of such series that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer, *plus*, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date). In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes of any series have validly tendered and not validly withdrawn such Notes in a tender offer, Notes owned by the Issuer or its Affiliates or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

Sinking fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at maturity

On December 15, 2026, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount *plus* accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and notice

If less than all the Notes is to be redeemed at any time, the Notes will be selected for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection based on a method that most nearly approximates a *pro rata* selection as the Registrar or a Paying Agent (as applicable) deems fair and appropriate; *provided, however*, that no Note of €100,000 in principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. None of the Trustee, the Paying Agents or the Registrar will be liable for any selections made in accordance with this paragraph.

So long as any Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any such notice to the Holders of the relevant Notes shall to the extent and in the manner permitted by such rules, be posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) concurrently with the notice delivered via mail or through Euroclear and Clearstream or as soon as reasonably practicable thereafter and in addition to such release, not less than 10 nor more than 60 days prior to the redemption date, the Issuer shall mail such notice to Holders by first class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. For Notes which are represented by Global Notes held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for taxation reasons

The Issuer may redeem the relevant series of Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders of such series of Notes (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any to, but excluding, the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if a member of senior management or the Board of Directors of the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) which change or amendment is not publicly announced prior to the Issue Date, and becomes effective on or after the Issue Date (or, if a Relevant Taxing Jurisdiction becomes a Relevant Taxing Jurisdiction on a date after the Issue Date, on or after such later date); or

(2) any change in, or amendment to, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction, which change or amendment is not publicly announced prior to the Issue Date, and becomes effective on or after the Issue Date (or, if a Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, on or after such later date) (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

the Issuer or any Guarantor is, or on the next interest payment date in respect of such series of Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer or such Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent). Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and notice*."

Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Issuer or any Guarantor would be obliged to pay Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of such Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and that it or the relevant Guarantor would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee to the effect that the Issuer has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above and compliance with the Indenture, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply (a) to any Guarantor only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts and (b) *mutatis mutandis* to any successor Person and to any jurisdiction in which any successor Person is incorporated or organized or otherwise considered to be a tax resident or maintaining a permanent establishment or doing business for Tax purposes or any jurisdiction from or through which any payment on the Notes or any Notes Guarantee is made by or on behalf of such successor Person and any political subdivision or taxing authority or agency thereof or therein.

Withholding taxes

All payments made by or on behalf of the Issuer or any Guarantor thereto (each, a "**Payor**") under or with respect to the Notes or any Notes Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by:

(1) any jurisdiction in which a Payor is then incorporated, organized, or otherwise considered to be a tax resident or maintaining a permanent establishment or doing business for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(2) any jurisdiction from or through which any payment under or with respect to any such Note or Notes Guarantee is made by or on behalf of such Payor (including, without limitation, the jurisdiction of any Paying Agent for the Notes), or any political subdivision or governmental authority thereof or therein having the power to tax (each of clauses (1) and (2), a "**Relevant Taxing Jurisdiction**"),

will at any time be required in respect of any payments made by or on behalf of a Payor under or with respect to any Note or Notes Guarantee, including, without limitation, payments of principal, redemption price, purchase price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments after such withholding, deduction or imposition (including any such deduction, withholding or imposition in respect of such Additional Amounts), will equal the amounts which would have been received in respect of such payments in the absence of such withholding, deduction or imposition; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(a) any Taxes, to the extent such Taxes would not have been so imposed but for the existence of any actual or deemed present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment, place of business or place of management in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition or ownership of a Note or the receipt of any payment in respect of, or the enforcement of, the Notes or any Notes Guarantee;

(b) any Taxes, to the extent such Taxes are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of any Payor addressed to the Holder or beneficial owner (and made at a time that would enable the Holder or beneficial owner acting reasonably to comply with that request) to comply with any certification, information, documentation or other reporting requirements, which are required by applicable law, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes imposed by the Relevant Taxing Jurisdiction, but only to the extent the Holder or beneficial owner is legally entitled to provide such certification, information or documentation;

(c) any Taxes that are required to be paid other than by deduction or withholding from a payment on the Notes or any Notes Guarantee;

(d) any estate, inheritance, gift, value added, sales, transfer, personal property or similar Tax;

(e) any Taxes imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version of such sections), the Treasury regulations thereunder, any official interpretations thereof or any similar law or regulations adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(f) any combination of the above.

Such Additional Amounts will also not be payable if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required for payment) within 30 days after the relevant payment was first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period).

In addition, such Additional Amounts shall not be paid with respect to any payment to any Holder who is a fiduciary or a partnership or any person other than the beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The Payor or the applicable withholding agent will (i) make any required withholding or deduction and (ii) timely remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will (i) use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment by the Payor of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction or, if notwithstanding such Payor's efforts to obtain such tax receipts, such tax receipts are not obtained, then such other evidence of payment of such Taxes by the Payor as is reasonably satisfactory to the Trustee and (ii) will provide such certified copies or such evidence of payment to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the Holders upon request and will be made available at the offices of the Listing Agent if the Notes are then listed on the Luxembourg Stock Exchange.

If any Payor becomes aware that it will be obligated to pay Additional Amounts with respect to any payment made under or with respect to any Note or Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agents an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agents to pay Additional Amounts to Holders or the beneficial owner on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary. The relevant Payor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts.

Wherever there are mentioned, in any context in any of the Indenture, the Notes Guarantees or this "*Description of the notes*": (1) the payment of principal, (2) purchase price in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, issue, registration, court or documentary Taxes, or any other excise, property or similar Taxes (including any reasonable expenses related thereto) that arise in any Relevant Taxing Jurisdiction from the execution, issuance, delivery, initial resale, or registration of, or any payments under or with respect to any Notes, the Indenture, any Notes Guarantee or any other document or instrument in relation thereto, or in any tax jurisdiction on the enforcement of any of the foregoing (other than on a transfer of Notes other than the initial resale by the Initial Purchasers) and the Payor agrees to indemnify the Holders for any such Taxes paid by or on behalf of such Holders.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, and any transfer by a Holder or beneficial owner of its Notes, and will apply *mutatis mutandis* to any successor to a Payor and to any jurisdiction in which any successor to the Payor is incorporated or otherwise considered to be a tax resident or maintaining a permanent establishment or doing business for Tax purposes or any jurisdiction from or through which any payment on the Notes or any Notes Guarantee is made by or on behalf of such successor and any political subdivision or taxing authority or agency thereof or therein.

Change of control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*—Change of control*," each Holder will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of each Note, *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however,* that the Issuer shall not be obliged to repurchase Notes as described under this heading "*—Change of control*" in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional redemption*" or "*—Redemption for taxation reasons*" and has not defaulted in the payment of the applicable redemption price or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional redemption*" or "*—Redemption for taxation reasons*" and has not defaulted in the payment of the applicable redemption price or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will deliver a notice (the "**Change of Control Offer**") to each Holder of any such Notes, by mail or otherwise in accordance with the procedures set forth in the Indenture, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest on the relevant interest payment date) (the "**Change of Control Payment**");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Change of Control Payment Date**") and the record date;

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with a Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to a Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, a Paying Agent will promptly deliver (or cause to be delivered), at the Issuer's expense, to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee will, at the Issuer's expense, promptly authenticate and mail to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least € 100,000 and integral multiples of €1,000 in excess thereof.

So long as any Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish any notice relating to the Change of Control Offer, to the extent and in the manner permitted by such rules, on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*)

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the New Revolving Credit Facility. In addition, certain events that may constitute a change of control under the New Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased or repaid upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the

Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk factors—Risks related to our financing arrangements and the notes—We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of a Change of Control as required by the Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events*."

In addition, the definitions of "Change of Control" and "Permitted Holders" expressly permit a third party to obtain control of the Issuer in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control Offer.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in aggregate principal amount of the Notes.

Certain covenants

Limitation on indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any Guarantor may Incur Indebtedness if, on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof):

(i) the Fixed Charge Coverage Ratio for the Issuer for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would have been at least 2.0 to 1.0; and

(ii) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio for the Issuer for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would have been no greater than 4.2 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and Guarantees in respect of such Indebtedness, in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of (x) €120 million and (y) 50% of Consolidated EBITDA *plus* (ii) the greater of (x) €30 million and (y) 12.5% of Consolidated EBITDA;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary in each case, so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture (other than pursuant to this clause (2)); *provided* that, if Indebtedness being Guaranteed is subordinated or *pari passu* with to the Notes or a Notes Guarantee, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness Guaranteed; and

(b) without limiting the "*—Limitation on liens*" covenant, Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture (other than pursuant to this clause (2));

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however*, that:

(a) (1) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary; and (2) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause by the Issuer or such Restricted Subsidiary, as the case may be; and

(b) if the Issuer or a Guarantor is the obligor on such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness must be (a) unsecured and (b) expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes or the applicable Notes Guarantee, in the case of a Guarantor, only if and to the extent required by the Intercreditor Agreement;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes) and any Guarantee thereof, (b) any Indebtedness (other than Indebtedness described in clauses (1), (3), (4)(a) and (7) of this paragraph) entered into or outstanding on the Issue Date, after giving *pro forma* effect to the Transactions, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in sub-clauses (a), (b) and (c) of this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (d) any "parallel debt" obligations created in favor of the Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents and (e) Indebtedness in respect of Management Advances;

(5) Indebtedness of (x) the Issuer or any Guarantor Incurred to finance an acquisition or (y) Persons that are acquired by the Issuer or any of its Restricted Subsidiaries or merged, consolidated, amalgamated with or into the Issuer or any of its Restricted Subsidiaries in accordance with the terms of the Indenture; *provided, however*, that, after giving effect to such acquisition or merger, consolidation or amalgamation either: (a) the Issuer would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of this covenant and, if such Indebtedness is Senior Secured Indebtedness, the Issuer would be permitted to Incur at least €1.00 of additional Senior Secured Indebtedness pursuant to the Consolidated Senior Secured Net Leverage Ratio test set forth in the first paragraph of this covenant; or (b) the Fixed Charge Coverage Ratio of the Issuer would not be less than and, if such Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio would not be greater than, it was immediately prior to giving effect to such acquisition or merger, consolidation or amalgamation;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Issuer or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by a member of senior management or the Board of Directors of the Issuer);

(7) Indebtedness (a) consisting of (1) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (2) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness (*provided* that, in each case, the Indebtedness exists on the date of such purchase, lease, rental, construction, design, installation or improvement or is created within 180 days thereafter), in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7)(a) and then outstanding, will not exceed at any time outstanding the greater of (x) €300 million and (y) 125% of Consolidated EBITDA or (b) in respect of obligations (including those obligations that have come into existence following December 31, 2018) that would have been treated as operating leases under IAS 17 as in existence on December 31, 2018;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other Guarantees or other similar bonds, instruments or obligations and completion Guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or Guarantees Incurred in the ordinary course of business, (b) letters of credit, bankers' acceptances, Guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business; *provided, however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 60 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business, (d) any cash management, cash pooling or netting or setting off arrangements in the ordinary course of business and (e) Indebtedness representing deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent Entity, the Issuer or any of its Subsidiaries in the ordinary course of business or consistent with past practice;

(9) Indebtedness arising from agreements providing for customary Guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness in connection with any such disposition shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) take-or-pay obligations, customer deposits and advance payments received in the ordinary course of business consistent with past practice from customers for goods purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 60 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness Incurred by the Issuer or a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business on arm's length commercial terms;

(11) Indebtedness (including any Refinancing Indebtedness in respect thereof) of the Issuer or any of its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, Excluded Amounts, an Excluded Contribution or a Parent Debt Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, Excluded Amounts, an Excluded Contribution or a Parent Debt Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the "*—Limitation on restricted payments*" covenant below to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (11) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the "*—Limitation on restricted payments*" covenant below in reliance thereon;

(12) any Guarantees by the Issuer or any Guarantor of Parent Debt, the net proceeds of which have been lent to the Issuer pursuant to an Issuer Proceeds Loan; *provided* that such Issuer Proceeds Loan has been Incurred in compliance with this covenant other than this clause (12); *provided*, *further*, that such Guarantees are subordinated to the Notes and the Notes Guarantees, as applicable, pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement and that, subject to the Agreed Security Principles, such Issuer Proceeds Loan is pledged to secure the Notes and the Notes Guarantees on a shared first-ranking basis in accordance with the Intercreditor Agreement and any Additional Intercreditor Agreement;

(13) Indebtedness of the Issuer or any Restricted Subsidiary consisting of local lines of credit and overdraft facilities in an aggregate amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed the greater of (x) €36 million and (y) 15% of Consolidated EBITDA;

(14) Indebtedness under daylight borrowing facilities Incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred;

(15) Indebtedness (including any Refinancing Indebtedness in respect thereof) of the Issuer or any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (15) and then outstanding, will not exceed the greater of (x) €60 million and (y) 25% of Consolidated EBITDA; and

(16) Indebtedness in respect of any Permitted Recourse Receivables Financing not to exceed the greater of (x) €24 million and (y) 10% of Consolidated EBITDA.

For purposes of determining compliance with, and the outstanding amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant; *provided* that (a) all Indebtedness outstanding under the New Revolving Credit Facility shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of this covenant, and may not be reclassified, (b) all Senior Secured Indebtedness that is secured by Liens on the Collateral that is accorded super senior priority status with respect to proceeds of enforcement of Collateral under the Intercreditor Agreement or any Additional Intercreditor Agreement shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and may not be reclassified and (c) all Capitalized Lease Obligations outstanding on the Issue Date shall be deemed initially Incurred under clause (7) of the second paragraph of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of this covenant and may not be reclassified;

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (13) or (15) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greatest of (x) the maximum mandatory redemption, (y) repurchase price (not including, in either case, any redemption or repurchase premium) and (z) the liquidation preference thereof;

(5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(6) for the purposes of determining "Consolidated EBITDA" under the second paragraph of this covenant, (i) *pro forma* effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio of the Issuer and (ii) Consolidated EBITDA shall be measured for the most recently ended four full fiscal quarters for which internal financial statements are available;

(7) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of Consolidated EBITDA, if such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, *plus* any fees, costs and expenses, including premiums, defeasance costs, indemnity fees, upfront fees or any required additional tax gross-up amounts, in connection with such refinancing;

(8) for purposes of determining compliance with this covenant, with respect to Indebtedness Incurred under a Credit Facility, reborrowings of amounts previously repaid pursuant to "cash sweep" or "clean down" provisions or any similar provisions under a Credit Facility that provide that Indebtedness is deemed to be repaid periodically

shall only be deemed for purposes of this covenant to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent reborrowing thereof;

(9) in the case of any Indebtedness Incurred to refinance any other Indebtedness, any Indebtedness Incurred to fund accrued and/or capitalization interest, accreted value or original issue discount, or any fees, costs and expenses, including premiums, defeasance costs, indemnity fees, upfront fees or any required additional tax gross-up amounts, will not be deemed to be Indebtedness for the purpose of calculating any basket, permission or threshold under which such refinancing Indebtedness is permitted to be Incurred; and

(10) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to clause (31) of the definition of "Permitted Liens," the Incurrence or issuance thereof for all purposes under the Indenture, including without limitation for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, or usage of clauses (1) through (16) of the second paragraph of this covenant (if any) for borrowings and re-borrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Issuer's option, either (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, and, if such Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or re-borrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant irrespective of the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of such borrowing or reborrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "**Reserved Indebtedness Amount**" as of such date for purposes of the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, and, to the extent of the usage of clauses (1) through (16) of the preceding paragraph (if any), shall be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and in each case, the Issuer may revoke such determination at any time and from time to time.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on indebtedness*." The amount of any Indebtedness outstanding as of any date will be: (i) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with GAAP and (ii) the principal amount of the Indebtedness, in the case of any other Indebtedness. For the purposes of determining any particular amount of Indebtedness under this "*—Limitation on indebtedness*" covenant, obligations with respect to letters of credit, Guarantees or Liens, in each case supporting Indebtedness otherwise included in the determination of such particular amount will not be included.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on indebtedness*," the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing or the date as determined under clause (10) of the third paragraph of this covenant or under "*—Financial calculations*," as applicable, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is

subject to a Currency Agreement (with respect to euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing or the date as determined under clause (10) of the third paragraph of this covenant or under "—*Financial calculations*," as applicable.

Financial calculations

When calculating the availability under any basket or ratio under the Indenture, in each case in connection with any merger, acquisition, disposition, joint venture, Investment or other similar transaction, in each case where there is a time difference between commitment and closing or Incurrence (including in respect of Incurrence of Indebtedness, Restricted Payments and Permitted Investments), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such merger, acquisition, disposition, joint venture, Investment or other similar transaction are entered into (or, in case of a transaction in the form of a tender or exchange offer in connection with which no definitive agreement is entered into with the target company, the date of such tender or exchange offer) and such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such merger, acquisition, disposition, joint venture, Investment or other similar transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio), and, for the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA of any Person) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions; *provided*, that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement (or the time of such tender or exchange offer, as the case may be), any such transactions (including any Incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered (or the date of such tender or exchange offer, as the case may be) and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement (or tender or exchange offer, as the case may be) and before the consummation of such transaction.

Limitation on restricted payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; or

(b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or any Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent Entity of the Issuer, held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the "*—Limitation on indebtedness*" covenant);

(4) make any cash interest payment or any cash principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person (any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "**Restricted Payment**"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to clause (i) of the first paragraph of the "*—Limitation on indebtedness*" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5) (without duplication of amounts paid pursuant to any other clause of the second succeeding paragraph), (10) and (19) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of Issuer are available (or, in the case such Consolidated Net Income is a deficit, *minus* 100% of such deficit); *plus*

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted

Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions or Parent Debt Contributions); *plus*

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (*plus* the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (y) Excluded Contributions or Parent Debt Contributions; *plus*

(iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or

(B) the re-designation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this clause (iv), constituted a Restricted Payment made after the Issue Date; *provided, however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (iv); *plus*

(v) the amount of the cash and the fair market value of property or assets or of marketable securities received by the Issuer or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and

(B) any dividend or distribution made by an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary;

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (v); *further provided* that, notwithstanding the foregoing, (x) any amounts (such amounts, the "**Excluded Amounts**") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to the preceding clause (c) will be excluded to the extent (1) such amounts result from the receipt of Net Cash Proceeds or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control, (2) the purpose of the receipt of such Net Cash Proceeds or marketable securities was to reduce the Consolidated Net Leverage Ratio so that there would be an occurrence of a Specified Change of Control Event that would not have been achieved without the receipt of such Net Cash Proceeds or marketable securities and (3) no Change of Control Offer is made in connection with such Change of Control in accordance with the requirements of the Indenture and (y) Excluded Amounts shall be limited to the amount of Net

Cash Proceeds or marketable securities necessary to reduce the Consolidated Net Leverage Ratio to cause the occurrence of a Specified Change of Control Event, and amounts of Net Cash Proceeds or marketable securities received in excess thereof shall not constitute Excluded Amounts.

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined conclusively by a member of senior management or the Board of Directors of the Issuer acting in good faith; *provided* that any determination of the fair market value of such property or assets in excess of €10 million shall be made solely by the Board of Directors of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution, Excluded Amounts or a Parent Debt Contribution) of the Issuer; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph describing this covenant or to be net cash proceeds from an Equity Offering for the purposes of the "Optional redemption" provisions of the Notes;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made in exchange for, or out of the proceeds of the substantially concurrent Incurrence of, Refinancing Indebtedness permitted to be Incurred pursuant to the "*—Limitation on indebtedness*" covenant above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made in exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the "*—Limitation on indebtedness*" covenant above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on sales of assets and subsidiary stock*" below, but only if the Issuer shall have complied with the terms described under "*—Limitation on sales of assets and subsidiary stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to or substantially concurrently with purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest and any required premium and additional tax gross-up amounts;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if required, if the Issuer shall have complied with the terms described under "*—Change of control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to or substantially concurrently with purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest and any required premium and additional tax gross-up amounts; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest and any premium and additional tax gross-up amounts required by the terms of any Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant or the redemption, repurchase or retirement of Indebtedness if, at the date of any redemption notice, such payment would have complied with the provisions of the Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity and loans, advances, dividends or distributions by the Issuer to any Parent Entity or any entity formed for the purpose of investing in Capital Stock of the Issuer to permit any Parent Entity or such other entity to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (x) the greater of (i) €18 million and (ii) 7.5% of Consolidated EBITDA in any calendar year (with unused amounts in any calendar year being carried forward to the next calendar year) or (y) following an Initial Public Offering, the greater of (i) €36 million and (ii) 15% of Consolidated EBITDA in any calendar year (with unused amounts in any calendar year being carried forward to the next calendar year), *plus* (2) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent Entity) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds have not otherwise been designated as Excluded Contributions, Excluded Amounts or Parent Debt Contributions and are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the "*—Limitation on indebtedness*" covenant above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Issuer or any Restricted Subsidiary to Affiliates in amounts not to exceed (without duplication) the following amounts (rounded up to the next higher hundred thousand euro):

(a) any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses Incurred in connection with the Transactions or (ii) to the extent specified in clauses (2), (3), (5), (7), (11), (12), (13) and (16) of the second paragraph under "*—Limitation on affiliate transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions on the common stock or common equity interests of the Issuer or any Parent Entity following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (x) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or through an Excluded Contribution, Excluded Amount or a Parent Debt Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer and (y) following the Initial Public Offering, an amount equal to the greater of (i) (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 3.9 to 1.0 and (ii) (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 4.4 to 1.0; *provided, further* that, if such Public Offering was of Capital Stock of a Parent Entity, the net proceeds of any such dividends or distributions are used to fund a corresponding dividend or other distribution in equal or greater amount on the Capital Stock of such Parent Entity;

(11) payments by the Issuer, or loans, advances, dividends or distributions to make payments, to holders of Capital Stock of the Issuer or any Parent Entity in lieu of the issuance of fractional shares of such Capital Stock;

provided, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by a member of senior management or the Board of Directors of the Issuer);

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (12);

(13) payment of any Receivables Fees, sales contributions and other transfers of Receivables Assets and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in each case in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing;

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent Entity or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent Entity or Affiliate issued after the Issue Date; *provided*, *however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock, an Excluded Contribution or a Parent Debt Contribution or, in the case of Designated Preference Shares by a Parent Entity or an Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(16) any Restricted Payment made in connection with the Transactions or used to fund amounts owed to Affiliates in connection with the Transactions (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts);

(17) (i) payment under an Issuer Proceeds Loan Incurred in compliance with the "*—Limitation on indebtedness*" covenant, other than clause (12) of the second paragraph of such covenant, for the purpose of making corresponding interest payments on the applicable Indebtedness Incurred by a Parent Entity, and (ii) (A) payments of cash, dividends, distributions, capital reduction, repayment or repurchase of Subordinated Shareholder Funding, loans, advances or any other Restricted Payment by the Issuer or any of its Restricted Subsidiaries to a Parent Entity for the purposes of making corresponding interest payments on any Parent Debt (whether directly or indirectly through a Parent Entity) and (B) solely to effect the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Parent Debt permitted pursuant to clause (4) of this paragraph; *provided* that, (x) in each case, the Parent Entity applies such payments substantially concurrently with the receipt of such payments and (y) in the case of (ii), such payments to such Parent Entity may only be made to the extent that the net proceeds of the Parent Debt for which the corresponding payment is to be made have been contributed to the Issuer or any of its Restricted Subsidiaries as a Parent Debt Contribution; *provided*, *further*, that any payments on Parent Debt pursuant to subclause (ii) may only be made if, at the time such Parent Debt was Incurred by the Parent Entity, the Issuer could have Incurred, or provided a Guarantee for, Indebtedness pursuant to the "*—Limitation on indebtedness*" covenant in an aggregate amount equal to the amount of Parent Debt on which interest payments are sought to be made pursuant to subclause (ii);

(18) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, that complies with the "*—Merger and consolidation*" covenant; and

(19) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), (i) Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of (x) €48 million and (y) 20% of Consolidated EBITDA and (ii) any other Restricted Payment if the Consolidated Net Leverage Ratio on a *pro forma* basis after giving effect to such Restricted Payment does not exceed 3.4 to 1.0.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (19) above, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of "Permitted Investments," the Issuer will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including in each case as an Investment pursuant to one or more of the clauses contained in the definition of "Permitted Investments" and may aggregate capacity in multiple clauses of the definition of "Permitted Payments" above, the first paragraph of this covenant and/or in the definition of "Permitted Investments" in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by a member of senior management or the Board of Directors of the Issuer acting in good faith; *provided* that any determination of fair market value of a non-cash Restricted Payment in excess of €10 million shall be made solely by the Board of Directors of the Issuer.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "**Initial Lien**"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Notes Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, or in the case of Liens securing Indebtedness Incurred pursuant to clauses (1) or (6) of the second paragraph of the "*—Limitation on indebtedness*" covenant, *pari passu* with (except that such Indebtedness may receive priority in respect of distributions of proceeds of any enforcement of Collateral) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of liens*."

Limitation on restrictions on distributions from restricted subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock to the Issuer or pay any Indebtedness or other obligations owed to the Issuer;

(B) make any loans or advances to the Issuer; or

(C) sell, lease or transfer any of its property or assets to the Issuer;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the New Revolving Credit Facility); or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date, and any amendments, restatements, modifications, renewals, supplements, refunding, replacements or refinancings of those agreements referred to in clauses (a) and (b); *provided* that such amendments, restatements, modifications, renewals, supplements, refunding, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payments restrictions than those

contained in those agreements on the Issue Date, as applicable (as determined in good faith by a member of senior management or the Board of Directors of the Issuer);

(2) any encumbrances or restrictions existing under or by reason of the Indenture, the Notes, the Notes Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(3) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or was designated a Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or any Restricted Subsidiary or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (3), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(4) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1), (2) or (3) of this paragraph or this clause (4) (an "**Initial Agreement**") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1), (2) or (3) of this paragraph or this clause (4); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument (i) are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) or (ii) are customary in comparable financings and where, in the case of this sub-clause (ii), the Issuer determines at the time of Incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes (as determined in good faith by a member of senior management or the Board of Directors of the Issuer);

(5) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(6) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(7) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(8) provisions in leases, licenses, joint venture agreements and other similar agreements and instruments;

(9) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment),

which limitation is applicable only to the assets that are the subject of such agreements; *provided* that a member of senior management or the Board of Directors of the Issuer determines at the time of the Incurrence of such encumbrances that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes as and when they become due;

(10) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(11) any encumbrance or restriction on cash or other deposits or net worth imposed by customers suppliers or landlords, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business;

(12) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(13) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the "*—Limitation on indebtedness*" covenant (other than any refinancing of Indebtedness which is subject to clause (4) above) (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes (in the good faith determination of a member of senior management or the Board of Directors of the Issuer) than the encumbrances and restrictions contained in the New Revolving Credit Facility, the Indenture, the Security Documents and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) where the Issuer determines at the time of the Incurrence of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes as and when they become due or (b) constituting an Additional Intercreditor Agreement;

(14) restrictions effected in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing that, in the good faith determination of a member of senior management or the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing or Permitted Recourse Receivables Financing;

(15) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on liens*"; or

(16) any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (15) or in this clause (16); *provided* that the terms and conditions of any such encumbrances or restrictions (a) are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or (b) will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes (in each case as determined in good faith by a member of senior management or the Board of Directors of the Issuer).

Limitation on sales of assets and subsidiary stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by a member of senior management or the Board of Directors of the Issuer, of the shares and/or assets subject to such Asset Disposition (including, and for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap); and

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments.

After the receipt of Net Available Cash from an Asset Disposition, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply an amount equal to such Net Available Cash (at the option of the Issuer or Restricted Subsidiary):

(a) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash: (i) to prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the "*—Limitation on indebtedness*" covenant or any Refinancing Indebtedness in respect thereof *provided, however*, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a) (except in the case of any revolving Indebtedness, including but not limited, to the New Revolving Credit Facility), the Issuer or such Restricted Subsidiary will be required to retire such Indebtedness or cause the related commitment to be permanently reduced; (ii) unless included in (a)(i), to prepay, repay, purchase or redeem *Pari Passu* Indebtedness that is secured in whole or in part by a Lien on the Collateral which Lien ranks *pari passu* with the Liens securing the Notes and the Notes Guarantees at a price of no more than 100% of the principal amount of such *Pari Passu* Indebtedness *plus* accrued and unpaid interest and any required additional tax gross-up amounts to the date of such prepayment, repayment, purchase or redemption; *provided* that, if such *Pari Passu* Indebtedness is Public Debt, the Issuer or such Restricted Subsidiary shall make an offer on a *pro rata* basis to all Holders of the Notes at a purchase price equal to 100% of the principal amount of the Notes, *plus* accrued and unpaid interest thereon and Additional Amounts, if any, to (but not including) the date of purchase; (iii) to prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured on assets which do not constitute Collateral (in each case, other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary); or (iv) to purchase any series of the Notes pursuant to (x) an offer to all Holders of Notes of such series at a purchase price in cash equal to at least 100% of the principal amount of the Notes, *plus* accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) or (y) the optional redemption provisions of the Indenture;

(b) to the extent the Issuer or such Restricted Subsidiary elects, to invest in or purchase or commit to invest in or purchase Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Issuer or any Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or pursuant to a commitment approved by the Board of Directors of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day;

(c) to make a capital expenditure within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided, however*, that any such capital expenditure made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day; or

(d) any combination of the foregoing;

provided that, pending the final application of any such Net Available Cash in accordance with clause (a), (b), (c) or (d) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

If an amount less than the Net Available Cash from Asset Dispositions is applied or invested or committed to be applied or invested as provided in the preceding paragraph, an amount equal to the difference will be deemed to constitute "**Excess Proceeds**." On the 366th day (or the 546th day, in the case of any Net Available Cash committed to be used pursuant to pursuant to a definitive binding agreement or commitment approved by the Board of Directors of the Issuer pursuant to clauses (b) or (c) of the second paragraph of this covenant), after the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, if the aggregate amount of Excess Proceeds exceeds the greater of €36 million, the Issuer will be required within ten Business Days thereof to make an offer ("**Asset Disposition Offer**") to all Holders of Notes and, to the extent the Issuer elects, to all holders of other outstanding *Pari Passu* Indebtedness, to purchase the maximum principal amount of Notes and any such *Pari Passu* Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any *Pari Passu* Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of *Pari Passu* Indebtedness, in each case, *plus* accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the *Pari Passu* Indebtedness, as applicable, and in the case of the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Issuer or a Restricted Subsidiary, as the case may be, may make an Asset Disposition Offer prior to the expiration of the 365- or 545-day period mentioned above.

To the extent that the aggregate amount of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other *Pari Passu* Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and *Pari Passu* Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and *Pari Passu* Indebtedness, or by such other method as (i) the Trustee and (ii) the trustee, agent or similar representative of such *Pari Passu* Indebtedness, after consultation with the Issuer, deem fair and appropriate (and in such manner as complies with applicable legal, depositary and exchange requirements). For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is during the Asset Disposition Offer (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero. The Trustee shall not have any liability in connection with any method elected under this paragraph.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

No later than five (5) Business Days after the termination of the Asset Disposition Offer (the "**Asset Disposition Purchase Date**"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, *Pari Passu* Indebtedness required to be purchased by it pursuant to this covenant (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and *Pari Passu* Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and *Pari Passu* Indebtedness or portions of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn and, in the case of the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or a Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000 and in integral multiples of €1,000 in excess thereof. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Issuer or other liabilities (other than contingent liabilities) recorded on the balance sheet of the Issuer (other than Subordinated Indebtedness of the Issuer) or Indebtedness of a Restricted Subsidiary or other liabilities (other than contingent liabilities) recorded on the balance sheet of such Restricted Subsidiary and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) assets or Capital Stock of the kind referred to under clauses (1), (2) or (3) of the definition of "Additional Assets";

(5) consideration consisting of Indebtedness of the Issuer or any Guarantor (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(6) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, as determined in good faith by a member of senior management or the Board of Directors of the Issuer, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of (x) €29 million and (y) 12% of Consolidated EBITDA (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

Limitation on affiliate transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being "**Affiliate Transactions**") involving aggregate value in excess of €10 million, unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €20 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the "—*Limitation on restricted payments*" covenant, any Permitted Payments or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b) and (2) of the definition thereof);

(2) any issuance, transfer or sale of Capital Stock, options, other equity related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer,

any Restricted Subsidiary or any Parent Entity (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect in the good faith judgment of a member of senior management or the Board of Directors of the Issuer and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any Restricted Subsidiary is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers, sellers of goods or services, in each case in the ordinary course of business (including, without limitation, pursuant to joint venture arrangements), which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of an Officer or the Board of Directors of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement, as applicable;

(11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount, not to exceed €7 million per fiscal year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions, divestitures or joint ventures, which payments in respect of this clause (b) are approved in good faith by a majority of disinterested members of the Board of Directors of the Issuer;

(12) payment to any Permitted Holder of all reasonable out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries;

(13) any transaction effected as part of a Qualified Receivables Financing or a Permitted Recourse Receivables Financing;

(14) any transactions for which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(15) the Transactions; and

(16) any Permitted Reorganization.

Maintenance of listing

The Issuer will use its commercially reasonable efforts to list, and maintain the listing of, the Notes on the Securities Official List of the Luxembourg Stock Exchange for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not so list or maintain such listing, it will use its commercially reasonable efforts to obtain (prior to the delisting of the Notes, if applicable) and maintain a listing on another recognized stock exchange.

Limitation on issuer activities

The Issuer shall not carry on any material business or own any material assets or Incur any Indebtedness other than:

(1) the ownership of Capital Stock or other debt or equity interests in Kiloutou S.A.S.U. or any successor or surviving entity of Kiloutou S.A.S.U. as a result of a Permitted Reorganization or a merger, consolidation, conveyance or transfer conducted in compliance with the "—*Merger and consolidation*" covenant below; *provided* that following such Permitted Reorganization or merger, consolidation, conveyance or transfer, a Lien of at least equivalent ranking over the Capital Stock, other debt or equity interests in such successor or surviving entity is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders);

(2) the provision of administrative services, legal, accounting and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services;

(3) (a) the pledging of assets permitted to be or not prohibited from being secured pursuant to the Indenture, (b) the Incurrence of Liens that are described in the definition of "Permitted Liens" and (c) granting the relevant Liens under the Security Documents;

(4) (i) liabilities and performance of obligations and exercise of rights under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the New Revolving Credit Facility or Hedging Obligations and (ii)(A) Incurring any Indebtedness permitted or not prohibited by the Indenture and the Intercreditor Agreement or any Additional Intercreditor Agreement and (B) other liabilities and performance of obligations and exercise of rights under any Indebtedness permitted or not prohibited to be Incurred under the Indenture;

(5) the ownership of cash, Cash Equivalents and Temporary Cash Investments;

(6) the execution, delivery and performance of any Tax Sharing Agreement and payments or other transactions or obligations pursuant to any Tax Sharing Agreement entered into with its Subsidiaries and any Parent Entity;

(7) pursuant to or in connection with the Transactions;

(8) entry into and performance of obligations in respect of (i) contracts and agreements with its officers, directors and employees, (ii) subscription or purchase agreements for securities and/or preferred equity certificates, public offering rights agreements, voting and other stockholder agreements, engagement letters, underwriting agreements, agreements with rating agencies and other agreements in respect of its securities or any offering, issuance or sale thereof, (iii) engagement letters and reliance letters in respect of legal, accounting and other advice and/or reports received and/or commissioned by it, in each case, in relation to transactions which are authorized or not otherwise prohibited by the Indenture and (iv) Indebtedness owed by or to any Parent Entity, Subsidiary or Permitted Holder;

(9) paying dividends, making distributions and other payments and making loans or advances to shareholders (and the receipt of repayments of any loans or advances) and pledging of assets to the extent not otherwise prohibited under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(10) (i) the listing of its Capital Stock or convertible bonds and the issuance, offering and sale of its Capital Stock or convertible bonds (including in a Public Offering), including compliance with applicable regulatory and other obligations in connection therewith, (ii) using the net cash proceeds of such issuance, or exchanging or converting such instruments, to fund the purchase, repurchase or redemption of, any Indebtedness or other equity or debt instrument of itself or any Parent Entity, or to contribute to the common equity of its direct Subsidiaries, to the extent permitted or not otherwise prohibited by the Indenture and the relevant Security Documents; and (iii) any purchase, repurchase, redemption, or the performance of the terms and conditions of,

and exercise of rights in respect of, the foregoing, to the extent such activities are otherwise permitted or not otherwise prohibited by the Indenture and the relevant Security Documents, in each case, in relation to transactions authorized or not otherwise prohibited by the Indenture;

(11) the performance of obligations and exercise of rights under contracts or arrangements (including loans and bonds and other indebtedness) with any Permitted Holder, any Parent Entity, or any Subsidiary entered into in compliance with the Indenture;

(12) the undertaking of a Permitted Reorganization;

(13) activities specifically permitted in connection with a Permitted Investment;

(14) other activities not specifically enumerated above that are incidental to the foregoing or are *de minimis* in nature or consistent with activities undertaken on the Issue Date; or

(15) from time to time, receipt in a transaction otherwise permitted under the Indenture or the Security Documents of properties and assets (including cash, Cash Equivalents, Temporary Cash Investments, shares of Capital Stock of another Person and/or Indebtedness and other obligations) for the purpose of transferring such properties and assets to any Parent Entity, any Subsidiary or any other Person, so long as in any case such further transfer is made promptly.

Reports

For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

(1) within 150 days after the end of the fiscal year of the Issuer ending December 31, 2019, and within 120 days after the end of each fiscal year of the Issuer beginning with the fiscal year ending December 31, 2020, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the two most recent fiscal years, including appropriate footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement information and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial information; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies; (d) description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; and (e) a description of material risk factors and material recent developments;

(2) commencing with the fiscal quarter ending March 31, 2020, within 60 days following the end of the first and third fiscal quarters in each fiscal year of the Issuer and within 75 days following the end of the second fiscal quarter in each fiscal year of the Issuer, quarterly reports of the Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant fiscal quarter; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial information; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and material changes in liquidity and capital resources, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring, merger or similar transaction, or any change in the senior management of the Issuer or change in auditors of the Issuer, or any other material event that the Issuer announces publicly, a report containing a description of such event.

All financial statement information shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may in the event of a change in GAAP, present earlier periods on a basis that applied to such periods. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles. Except as provided for above, no report need include separate financial statements for the Issuer or Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum. In addition, no financial information required pursuant to clause (1) above need be audited if not presented on an audited basis by the Issuer in its financial statements included in the Offering Memorandum.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by the first two clauses of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Group separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) standalone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries, which reconciliation shall include the following items: revenue, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Notwithstanding the foregoing, the Issuer may satisfy its obligations under clauses (1) and (2) of the first paragraph of this covenant by delivering the corresponding consolidated annual and quarterly reports of any Parent Entity or any new holding company created following a Permitted Reorganization.

Substantially concurrently with the issuance to the Trustee of the reports specified in (1), (2) and (3) above, the Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) or (b) to the extent a member of senior management or the Board of Directors of the Issuer determine in good faith that the Issuer cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon their request, prospective purchasers of the Notes.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13 (a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of a member of senior management or the Board of Directors of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding five paragraphs.

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

In the event that, and for so long as, the equity securities of the Issuer or any Parent Entity are listed on the regulated market of Euronext Paris (or one of the equivalent regulated markets in the EU or the UK) and the Issuer or such Parent Entity is subject to the Admission and Disclosure Standards applicable to issuers of equity securities admitted to trading on the regulated market of Euronext Paris (or the equivalent standards applicable to issuers of equity securities admitted to trading on one or more of the equivalent regulated markets in the EU or the UK), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent Entity is, or would be, required to file with Euronext Paris pursuant to such Admission and Disclosure Standards (or the applicable standards of one or more of the equivalent regulated markets in the EU or the UK, as applicable). Upon complying with the foregoing requirements, and provided, that such requirements require the Issuer or any Parent Entity to prepare and file annual reports, information, documents and other reports with the regulated market of Euronext Paris, or one or more of the equivalent regulated markets in the EU or the UK, as applicable, and provided that the Issuer or such Parent Entity additionally provides the reports set forth in paragraph (2) above with respect to its first and third fiscal quarters, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Furthermore, within 20 Business Days subsequent to the date of the publication of the reports described in (1) and (2) above, the Issuer shall use its commercially reasonable efforts to hold a conference call for current and prospective Holders of the Notes in which at least one member of the senior management of the Issuer shall participate. Notice of such conference calls shall be deemed a report required by clause (3) above and will state the date, time and dial-in number, and the Issuer shall use its commercially reasonable efforts to publish such notice at least one Business Day in advance of such conference call.

All reports made pursuant to this covenant shall be made in, or translated to, the English language.

Merger and consolidation

The issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "**Successor Company**") (if not the Issuer) will be a Person organized and existing under the laws of any member state of the European Union, United Kingdom, Norway, Switzerland, Canada or any province of Canada, or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) only in the case of a transaction involving the Issuer, immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to clause (i) of the first paragraph of the "—*Limitation on indebtedness*" covenant or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and that all conditions precedent in the Indenture relating to such consolidation, merger or transfer have been satisfied and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the "—*Limitation on indebtedness*" covenant.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, notwithstanding clause (4) of the first paragraph of this covenant (which does not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the

Issuer and (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary that is a Guarantor and (c) any Restricted Subsidiary that is not a Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary that is not a Guarantor. Notwithstanding the preceding clause (3) (which does not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "*—Merger and consolidation*" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition of the Issuer if it has complied with the "*—Limitation on sales of assets and subsidiary stock*" covenant or (ii) the creation of a new subsidiary as a Restricted Subsidiary.

The guarantors

No Guarantor (other than a Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation),

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or

(3) permit any Person to merge with or into it unless

(A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor; or

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of the Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is a party; and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture and the proceeds therefrom are applied as required by the Indenture.

Notwithstanding the preceding clause (B)(2) (which does not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Guarantor or the Issuer and (b) any Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Guarantor or the Issuer.

Notwithstanding anything to the contrary contained herein, this "*—Merger and consolidation*" covenant will not apply to any transaction or arrangement that is a Permitted Reorganization.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Suspension of covenants on achievement of investment grade status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, the Issuer shall notify the Trustee in writing of these events and beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "**Reversion Date**"), the provisions of the Indenture summarized under the following

captions will not apply to the Notes: "*—Limitation on restricted payments*," "*—Limitation on indebtedness*," "*—Limitation on restrictions on distributions from restricted subsidiaries*," "*—Limitation on affiliate transactions*," "*—Limitation on sales of assets and subsidiary stock*," "*—Additional notes guarantees*," "*—Impairment of security interest*" and the provisions of clause (3) of the first paragraph of the "*—Merger and consolidation*" covenant and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Upon the occurrence of a Suspension Event, the amount of Excess Proceeds shall be reset to zero.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer or any of its Restricted Subsidiaries properly taken during the continuance of the Suspension Event, and (i) the "*—Limitation on restricted payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture other than during the period beginning with the Suspension Event and ending on the Reversion Date, (ii) any transactions prohibited by the "*—Limitation on affiliate transactions*" covenant entered into after such reinstatement pursuant to an agreement entered into during the continuance of the Suspension Event shall be deemed to be permitted pursuant to clause (6) of the second paragraph of the "*—Limitation on affiliate transactions*" covenant, (iii) any encumbrance or restriction on the ability of the Issuer or any Restricted Subsidiary to take any action described in clauses (A), (B) and (C) of the first paragraph of the "*—Limitation on restrictions on distributions from restricted subsidiaries*" covenant that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (1) or (12) of the second paragraph of the "*—Limitation on restrictions on distributions from restricted subsidiaries*" covenant and (iv) all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Issuer's option, as having been Incurred pursuant to clause (i) of the first paragraph of the "*—Limitation on indebtedness*" covenant or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to the Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the "*—Limitation on indebtedness*" covenant, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the "*—Limitation on indebtedness*" covenant. The Trustee shall not be obliged to notify holders of a Suspension Event or Reversion Date.

Impairment of security interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood that the Incurrence of Liens on the Collateral permitted by the definition of "Permitted Collateral Liens" and the implementation of any Permitted Reorganization shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral); and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and/or the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any Lien in any of the Collateral; *provided* that (a) the Issuer and the Issuer's Restricted Subsidiaries may Incur Permitted Collateral Liens or implement any Permitted Reorganization and (b) the Security Interest in the Collateral may be discharged, amended, extended, renewed, restated, supplemented, replaced or released in accordance with the Indenture, the applicable Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement; *provided, however*, that, subject to the foregoing proviso, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released, in each case without the consent of the Holders, to (i) cure any ambiguity, omission, defect, manifest error or inconsistency therein; (ii) provide for Permitted Collateral Liens or implement any Permitted Reorganization; (iii) amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents, for the purposes of undertaking a Permitted Reorganization; (iv) provide for the release of any Security Interest on any properties and assets constituting Collateral from the Lien of the Security Documents; *provided* that such release is followed by the substantially concurrent retaking of a Lien of at least equivalent priority over the same properties and assets securing the Notes or any Notes Guarantee; (v) add to the Collateral; (vi) comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement; (vii) evidence the succession of another Person to the Issuer or a Guarantor and the assumption by such successor of the obligations under the Indenture, the Notes, the applicable Notes Guarantee and the Security Documents, in each case, in accordance with the "*—Merger and consolidation*" covenant; (viii) evidence and provide for the acceptance of the appointment of a successor trustee or Security Agent; or (ix) make any other change thereto that does not adversely affect the rights of the Holders in any material respect; *provided* that, contemporaneously with any such action in clauses (ii) and (iii), the Issuer delivers to the Trustee, (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification, replacement or release, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification, replacement or release, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the

Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification, replacement or release, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, modified, replaced or released are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, modification, replacement or release. In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional intercreditor agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or any Restricted Subsidiary of any Indebtedness permitted pursuant to the covenant described under "*—Limitation on indebtedness*," the Issuer, the relevant Guarantor, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement, or a restatement, amendment or other modification of an existing intercreditor agreement (an "**Additional Intercreditor Agreement**"), on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including with respect to the subordination, payment blockage, limitation on enforcement and release of Notes Guarantees, priority and release of any Security Interest in respect of the Collateral; *provided, further,* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the personal rights, duties, liabilities, powers, protections or immunities of the Trustee and the Security Agent under the Indenture or the Intercreditor Agreement. For the avoidance of doubt, subject to the foregoing and the succeeding paragraph, any such Additional Intercreditor Agreement may provide for *pari passu* security interests in respect of any such Indebtedness (to the extent such Indebtedness is permitted to share the Collateral on a *pari passu* basis pursuant to the definition of "Permitted Collateral Liens").

At the direction of the Issuer and without the consent of the Holders, the Trustee and the Security Agent will from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (i) cure any ambiguity, omission, defect, manifest error or inconsistency therein; (ii) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (iii) further secure the Notes (including Additional Notes); (iv) make provision for equal and ratable grants of Liens on the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens; (v) enable any Permitted Reorganization; (vi) subject to the preceding paragraph, to provide for additional Indebtedness (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes) to the extent permitted under the Indenture) or any other obligations that are permitted by the terms of the Indenture to be Incurred and secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Notes or the Notes Guarantees; (vii) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement; (viii) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof; (ix) increase the amount of the Credit Facilities covered by any such agreement, the Incurrence of which is not prohibited by the Indenture; or (x) make any other change thereto that does not adversely affect the rights of the Holders of the Notes in any material respect. The Issuer will not otherwise direct the Trustee or the Security Agent to enter into any amendment to the Intercreditor Agreement or, if applicable, any Additional Intercreditor Agreement, without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and waivers*," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities, powers, protections or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

Each Holder of a Note, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Trustee and the Security Agent from time to time to give effect to such provisions;

(2) authorized each of the Trustee and the Security Agent from time to time to become a party to any additional intercreditor arrangements described above;

(3) agreed to be bound by such provisions and the provisions of any additional intercreditor arrangements described above; and

(4) irrevocably appointed the Trustee and the Security Agent to act on its behalf from time to time to enter into and comply with such provisions and the provisions of any additional intercreditor arrangements described above, in each case, without the need for the consent of the Holders.

The Indenture will also provide that, in relation to the Intercreditor Agreement or an Additional Intercreditor Agreement, the Trustee (and the Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the "*—Limitation on restricted payments*" covenant and the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement.

Additional notes guarantees

No Restricted Subsidiary (other than a Guarantor) shall Guarantee the payment of, assume or in any manner become obligated under or with respect to any Indebtedness of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes an Additional Guarantor on the date on which such other Guarantee or Indebtedness is Incurred (or as soon as reasonably practicable thereafter) and, if applicable, executes and delivers to the Trustee a supplemental indenture substantially in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee (which Notes Guarantee shall be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness).

Notwithstanding the foregoing paragraphs in this covenant,

(1) an Additional Guarantor's Notes Guarantee shall not be required to the extent it could result in (A) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, transfer pricing rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (B) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (C) any material cost, expense, liability or obligation (including with respect to any Taxes but excluding any obligation under the Guarantee itself) that cannot be avoided by commercially reasonable measures available to the Issuer other than reasonable out of pocket expenses; or (D) any inconsistency with the Agreed Security Principles (but, in the case of (A), each of the Issuer and the Restricted Subsidiaries will use their commercially reasonable efforts to overcome the relevant legal limitation and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit); and

(2) for so long as it is not permissible under applicable law or regulation for a Restricted Subsidiary to become an Additional Guarantor, such Restricted Subsidiary need not become an Additional Guarantor (but, in such a case, each of the Issuer and the Restricted Subsidiaries will use their commercially reasonable efforts to overcome the relevant legal prohibition precluding the giving of the Guarantee and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant legal prohibition, and shall give such Guarantee at such time (and to the extent) that it thereafter becomes permissible).

The first paragraph of this covenant shall not apply to: (1) the granting by such Restricted Subsidiary of a Permitted Lien under circumstances which do not otherwise constitute the Guarantee of Indebtedness of the Issuer; (2) Guarantees by any Restricted Subsidiary of Indebtedness that refinances Indebtedness which benefited from a Guarantee by any Restricted Subsidiary Incurred in compliance with this covenant immediately prior to such refinancing; (3) Guarantees by any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary if the Guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary and the terms of such Guarantee prohibit the relevant Restricted Subsidiary from becoming an Additional Guarantor; (4) Guarantees by any Restricted Subsidiary of Indebtedness Incurred under the New Revolving Credit Facility which are in effect on the Issue Date; and (5) Guarantees given by any Restricted Subsidiary to a bank or trust company incorporated in any member state of the European Union or any commercial banking institution that is a member of the U.S. Federal Reserve System (or any branch, Subsidiary or Affiliate thereof), in each case having combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating, at the time such Guarantee was given, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Issuer's benefit or that of any Restricted Subsidiary.

Each such Notes Guarantee will be limited as necessary to recognize certain defenses generally available to Guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Each Notes Guarantee shall be released in accordance with the provisions of the Indenture and the Intercreditor Agreement described under "*—Notes guarantees*" and "*Description of certain financing arrangements—Intercreditor agreement*."

Events of default

Each of the following is an "**Event of Default**" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its stated maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Guarantors, the Issuer or any of its Restricted Subsidiaries to comply for 30 days after notice by the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Notes with any of its obligations under "*—Change of control*" above (other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(4) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after notice by the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and Security Documents;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("**payment default**"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross acceleration provision**"),

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €30 million or more;

(6) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer), would constitute a Significant Subsidiary (the "**bankruptcy provisions**");

(7) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €30 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "**judgment default provision**");

(8) any Security Interest (a) under the Security Documents or (b) over assets secured by a Lien described in clause (21) of the definition of "Permitted Liens" securing Additional Notes, shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of €10 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents or any such Security Interest created thereunder shall be declared invalid or unenforceable or any grantor of a Lien over the Collateral shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 10 days (the "**security default provisions**"); and

(9) any Notes Guarantee of a Significant Subsidiary (or a group of Restricted Subsidiaries that are Guarantors that, taken together (as of the latest audited consolidated financial statements of the Issuer) would constitute a Significant Subsidiary) ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any

Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 10 days (the "**guarantee provisions**").

However, a default under clauses (3), (4), (5) or (7) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4), (5) and (7) the Issuer does not cure such default within the time specified in clauses (3), (4), (5) or (7), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (6) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in aggregate principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) under "*—Events of default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any, which may only be waived with the consent of Holders of not less than 90% of the aggregate principal amount of the outstanding Notes) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee, and the Trustee has received, indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense. Except to enforce the right to receive payment of principal, interest or premium, if any, when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee, and the Trustee has received, security and/or indemnity (including by way of pre- funding) reasonably satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to receive indemnification and/or security satisfactory (including by way of pre-funding) to it in its sole discretion against all losses, liabilities and expenses caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and a responsible officer of the Trustee is informed in writing of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders.

The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "**Initial Default**"), then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Certain covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will also provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if Holders have offered to the Trustee, and the Trustee has received, indemnity and/or security (including by way of pre-funding) satisfactory to it in its sole discretion. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), *provided*, *however*, that if any amendment, supplement or waiver will only affect the Fixed Rate Notes or the Floating Rate Notes, only the consent of holders of a majority in aggregate principal amount of the then outstanding Fixed Rate Notes or Floating Rate Notes, as applicable, and not the consent of holders of a majority in aggregate principal amount of all Notes then outstanding, will be required.

However, without the consent of Holders holding not less than 90% (or in the case of clause (8) below, 80%) of the then outstanding principal amount of Notes affected, (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under "*—Optional redemption*" or "*—Redemption for taxation reasons*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amounts, if any, on or with respect to such Holder's Notes on or after the due dates therefor;

(7) make any change in the provision of the Indenture described under "*—Withholding taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all the Security Interest granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations (or modify such obligations in any manner adverse to the Holders) under any Notes Guarantee or the Indenture, as applicable, except in accordance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence,

provided, *however*, that if such amendment or waiver described above only affects or would only affect Holders of the Fixed Rate Notes or the Floating Rate Notes, and does not or would not affect Holders of the Notes generally, only the consent of Holders of not less than 90% (or in the case of clause (8) above, 80%) of the then outstanding principal amount of Fixed Rate Notes or Floating Rate Notes, respectively, shall be required.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the Security Agent, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Guarantor under any Notes Document;

(3) add to the covenants for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee, the Security Agent or the Holders or does not adversely affect the rights or benefits to the Trustee, the Security Agent or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the "*—Certain covenants—Limitation on indebtedness*" or "*—Certain covenants—Additional notes guarantees*" covenants, to add Notes Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is permitted under the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents, the Notes or the Intercreditor Agreement to any provision of this "*Description of the notes*" or "*Description of certain financing arrangements—Intercreditor agreement*" to the extent that such provision in the Indenture, the Security Documents, the Notes or the Intercreditor Agreement was intended to be a verbatim recitation of a provision set forth under this "*Description of the notes*" and "*Description of certain financing arrangements—Intercreditor agreement*," as applicable;

(8) to evidence and provide for the acceptance and appointment under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Notes Document;

(9) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes; *provided*, *however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the legal rights under the Indenture of Holders to transfer Notes;

(10) to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders of the Notes as security for the payment and performance of the Issuer's or any Guarantor's obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent pursuant to the Indenture or otherwise (any such additional security shall be deemed to be Collateral for all purposes under the Indenture);

(11) to comply with the rules of any applicable securities depositary; or

(12) as provided in "*—Additional intercreditor agreements*" and "*—Impairment of security interest.*"

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel, which shall be conclusive.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will inform the Luxembourg Stock Exchange of any of the foregoing amendments, supplements and waivers and publish a notice of any of the foregoing amendments, supplements and waivers on the website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

Notwithstanding anything to the contrary in the paragraphs above, in order to effect an amendment authorized by clause (6) above to add a Guarantor under the Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such Additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such Additional Guarantor and (iii) the Trustee. Any other amendments permitted by the Indenture need only be duly authorized and executed by the Issuer and the Trustee.

Acts by holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all of its and each Guarantor's obligations under the Notes and the Indenture ("**legal defeasance**") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust (as defined below), the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the Security Agent and the obligations of the Issuer and the Guarantors in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate each Restricted Subsidiary's obligations under the covenants described under "*—Certain covenants*" (other than clauses (1) and (2) of "*—Certain covenants—Merger and consolidation—The*

issuer") and "*—Change of control*" and the default provisions relating to such covenants described under "*—Events of default*" above, the operation of the cross default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*—Events of default*" above ("**covenant defeasance**").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the "*—Merger and consolidation—The issuer*" covenant), (4), (5), (6), (7), (8) and (9) under "*—Events of default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose) cash in euro or euro-denominated European Government Obligations or a combination thereof sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders and beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption;

(2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), cash in euro or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be;

(3) the Issuer has paid or caused to be paid all other sums payable (i) under the Indenture and (ii) to the Trustee under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents; and

(4) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and discharge*" section of the Indenture relating to the

satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

If requested by the Issuer, the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), may distribute any amounts deposited in trust to the Holders prior to the maturity or the redemption date, as the case may be; *provided, however*, that the Holders shall receive at least three Business Days' notice from the Issuer of such earlier repayment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payments to Holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break cost or any other premium on such amounts. If requested by the Issuer, the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), may distribute any amounts deposited in trust to the Holders prior to the maturity or the redemption date, as the case may be; *provided, however*, that the Holders shall receive at least three Business Days' notice from the Issuer of such earlier repayment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payments to Holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break cost or any other premium on such amounts.

No personal liability of directors, officers, employees and shareholders

No director, manager, officer, employee, incorporator or shareholder of the Issuer or any of its respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or any Restricted Subsidiary under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

Listing and general information

Application will be made to list the Notes on the Securities Official List of the Luxembourg Stock Exchange. The Issuer may also choose to list on another recognized stock exchange. There can be no assurance that the application to list the Notes on the Securities Official List of the Luxembourg Stock Exchange will be approved, and settlement of the Notes is not conditioned on obtaining this listing.

Concerning the trustee

BNY Mellon Corporate Trustee Services Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, of which a responsible officer of the Trustee has been informed in writing, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, of which a responsible officer of the Trustee has been informed in writing, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. The Holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee on behalf of the Holders, subject to certain exceptions.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor trustee. The Indenture will contain provisions for the indemnification and/or security (including by way of pre-funding) of the Trustee by the Issuer and the Guarantors for any loss, liability, taxes or expenses Incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders will be validly given if mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require,

notices with respect to the Notes will, to the extent and in the manner permitted by such rules, be posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear and Clearstream, each of which will give such notices to the holders of Book-Entry Interests. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have given, on such date, as the Trustee may approve.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency indemnity and calculation of euro-denominated restrictions

Euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the Notes Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Notes Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non- euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of judgments

Since substantially all the assets of the Issuer and the Initial Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or the Initial Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Notes Guarantee, may not be collectable within the United States.

Consent to jurisdiction and service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes and the Notes Guarantees, the Issuer and each Guarantor will, in the Indenture, appoint an agent for service of process and irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing law

The Indenture, the Notes and the Notes Guarantees, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York.

The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales.

Certain definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"**Acquired Indebtedness**" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"**Additional Assets**" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) all or substantially all of the assets of a Person that is engaged in a Similar Business;

(3) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agreed Security Principles**" means the Agreed Security Principles attached to the Indenture, as interpreted and applied in good faith by a member of senior management or the Board of Directors of the Issuer.

"**Asset Disposition**" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock or other assets in the ordinary course of business;

(4) the sale or lease of equipment or products in the ordinary course of business and any sale or other disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain covenants—Merger and consolidation*," any Permitted Reorganization or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer;

(7) any Restricted Payment that is permitted to be made, and is made, under the "*—Certain covenants—Limitation on restricted payments*" covenant and the making of any Permitted Payment or Permitted Investment;

(8) the granting of Liens not prohibited by the "*—Certain covenants—Limitation on liens*" covenant;

(9) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(10) the licensing or sublicensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property, in each case, in the ordinary course of business;

(11) foreclosure, condemnation or any similar action with respect to any property or other assets;

(12) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(13) sales or dispositions of receivables in connection with any Qualified Receivables Financing, Permitted Recourse Receivables Financing or any factoring transaction or in the ordinary course of business;

(14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(17) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided, however*, that an Officer or the Board of Directors of the Issuer shall certify that in its opinion, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole);

(19) a disposition that is made in connection with the establishment of a joint venture or sales, transfers and other dispositions of Investments in joint ventures to the extent required by or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture agreements and similar binding agreements; provided that any cash or Cash Equivalents received in such sale, transfer or other disposition is applied in accordance with the "*—Certain covenants—Limitation on sales of assets and subsidiary stock*" covenant; and

(20) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) of less than the greater of (x) €14 million and (y) 6% of Consolidated EBITDA.

"**Associate**" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture engaged in a Similar Business entered into by the Issuer or any Restricted Subsidiary.

"**Board of Directors**" means (1) with respect to the Issuer or any corporation, the board of directors or managers or the supervisory board, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). The obligations of the "Board of Directors of the Issuer" under the Indenture may be exercised pursuant by the Board of Directors of a Restricted Subsidiary or a Parent Entity pursuant to a delegation of powers of the Board of Directors of the Issuer.

"**Bund Rate**" means, as of any redemption date, the rate per annum (subject to a 0% floor) equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(a) "**Comparable German Bund Issue**" means (i) with respect to the Fixed Rate Notes, the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to December 15, 2022 and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Fixed Rate Notes and of a maturity most nearly equal to December 15, 2022, *provided, however*, that, if the period from such redemption date to December 15, 2022, is less than one year, a fixed maturity of one year shall be used and (ii) with respect to the Floating Rate Notes, the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to December 15, 2020, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Floating Rate Notes and of a maturity most nearly equal to December 15, 2020, *provided, however*, that, if the period from such redemption date to December 15, 2020 is less than one year, a fixed maturity of one year shall be used;

(b) "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) "**Reference German Bund Dealer**" means any dealer of German *Bundesanleihe* securities appointed by a member of senior management or the Board of Directors of the Issuer in good faith; and

(d) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt am Main, Germany time on the third Business Day that is also a business day in Germany preceding the relevant date.

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in Paris, France, London, United Kingdom or Luxemburg, Grand Duchy of Luxembourg are authorized or required by law to close and, with respect to payments to be made under the Indenture, other than any day which is not a TARGET Settlement Day.

"**Capital Stock**" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of, or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Capitalized Lease Obligations**" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP. The amount of Indebtedness represented by

such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"**Cash Equivalents**" means:

(1) securities issued or directly and fully Guaranteed or insured by a member state of the European Union, United Kingdom, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the New Revolving Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by a member state of the European Union, United Kingdom, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB−" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in a member state of the European Union, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"**Change of Control**" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to any regulatory filing, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that for the purposes of this clause (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) (other than deemed beneficial ownership derived from membership in a group) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an Affiliate of a Permitted Holder and has the sole voting power with respect to that Voting Stock; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders;

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

Notwithstanding the preceding or any provision of Rule 13d-3 and Rule 13d-5 under the Exchange Act, a Person or group shall not be deemed to beneficially own securities subject to an equity or asset purchase agreement, merger agreement or similar agreement until the consummation of the transactions contemplated by such agreement.

"**Clearstream**" means Clearstream Banking S.A., a *société anonyme*, or any successor securities clearing agency thereof.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Collateral**" means the property and assets of the Issuer or any other Person over which a Lien has been granted to secure the obligations of, as applicable, the Issuer under the Notes and the Indenture and the Guarantors under the Notes Guarantees, in each case pursuant to the Security Documents (other than any assets described in clause (21) of the definition of "Permitted Liens" securing Additional Notes).

"**Commodity Hedging Agreements**" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"**Consolidated EBITDA**" for any period means, without duplication, the Consolidated Net Income for such period, *plus* the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense and Receivables Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization and impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made at the time of such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), joint venture, disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing such Indebtedness (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), any management equity or stock option plan, any management or employee benefit plan, any stock subscription of any shareholders agreement, in each case, as determined in good faith by a member of senior management or the Board of Directors of the Issuer;

(6) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent not prohibited by the "*—Certain covenants—Limitation on affiliate transactions*" covenant;

(7) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(8) other non-cash charges, write downs or items reducing Consolidated Net Income or other items classified by the Issuer as non-cash extraordinary, one-off, non-recurring, exceptional or unusual items *less* other non-cash items of income increasing Consolidated Net Income (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (15) of the definition of "Consolidated Net Income");

(9) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(10) to the extent not already otherwise included herein, adjustments and add-backs similar to those made in calculating "EBITDA" included in the Offering Memorandum.

For the purposes of determining "Consolidated EBITDA" for any basket or ratio under the Indenture on any date of determination, Consolidated EBITDA shall be calculated for the period of the most recent four consecutive fiscal quarters for which internal financial statements of the Issuer are available immediately preceding such date of determination and *pro forma* effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries.

"**Consolidated Financial Interest Expense**" means, for any period (in each case, determined on the basis of GAAP), the sum of:

(1) consolidated net interest income/expense of the Issuer related to Indebtedness (including (a) amortization of debt discount, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) the interest component of Capitalized Lease Obligations, and (d) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness) but not including any pension liability interest cost, debt issuance cost and premium, commissions, discounts and other fees and charges owed or paid with respect to financings, or costs associated with Hedging Obligations (other than those described in (d));

(2) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer; and

(3) any interest on Indebtedness of another Person that is Guaranteed by a member of the Group or secured by a Lien on assets of a member of the Group or in respect of any Parent Debt to the extent paid by a member of the Group; *provided* that, for avoidance of doubt, such interest shall include, without double counting, all amounts paid pursuant to clause (17) of the definition of "Permitted Payments."

"**Consolidated Income Taxes**" means Taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding Taxes, corporation Taxes, trade Taxes and franchise Taxes) of any member of the Group whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"**Consolidated Interest Expense**" means, for any period (in each case, determined on the basis of GAAP), the consolidated net interest income/expense of the Issuer, whether paid or accrued, *plus* or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations and the interest component of deferred payment obligations;

(2) amortization of debt discount, amortization of debt issuance costs, fees, premium and expenses and the expensing of any financing fees;

(3) non-cash interest expense;

(4) the net payments (if any) of Interest Rate Agreements and Currency Agreements (excluding amortization of fees and discounts and unrealized gains and losses, costs associated with Hedging Obligations (including termination payments) and foreign currency losses and any Receivables Fees);

(5) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer;

(6) the consolidated interest expense that was capitalized during such period; and

(7) any interest on Indebtedness of another Person that is Guaranteed by a member of the Group or secured by a Lien on assets of a member of the Group or in respect of any Parent Debt to the extent paid by a member of the Group; *provided* that, for avoidance of doubt, such interest shall include, without double counting, all amounts paid pursuant to clause (17) of the definition of "Permitted Payments."

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Issuer determined on a consolidated basis on the basis of GAAP; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (2) below, any net income (loss) of any Person if such Person is not the Issuer or a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to a member of the Group as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the "*—Certain covenants—Limitation on restricted payments*" covenant, any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, the New Revolving Credit Facility Agreement, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary, and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date and (d) restrictions not prohibited by the "*—Certain covenants—Limitation on restrictions on distributions from restricted subsidiaries*" covenant) except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents or non-cash distributions to the extent converted into cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to a member of the Group as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of any member of the Group (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by a member of senior management or the Board of Directors of the Issuer);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization, start up (including entry into new markets/channels and new product offerings), ramp up, system establishment, software or information technology implementation or development costs, costs related to or resulting from governmental or regulatory investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provision, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity-based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain covenants—Limitation on restricted payments*";

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any member of the Group owing to a member of the Group;

(11) any effects of purchase accounting including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to a member of the Group), as a result of any consummated acquisition (either prior to or after the Issue Date) or the amortization or write-off of any amounts thereof (including any write- off of in process research and development);

(12) any goodwill or other intangible asset impairment, charge or write-off;

(13) any capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding;

(14) consolidated depreciation and amortization expense to the extent in excess of net capital expenditures for such period, and Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and

(15) to the extent covered by insurance and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses with respect to business interruption.

"**Consolidated Net Leverage**" means the sum of the aggregate outstanding Indebtedness of the Group (excluding Hedging Obligations) *less* cash and Cash Equivalents of the Group (other than cash or Cash Equivalents received upon the Incurrence of Indebtedness by the Group and not immediately or subsequently applied or used for any purpose not prohibited by the Indenture), as of the relevant date of calculation on a consolidated basis on the basis of GAAP.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (x) the sum of (a) the Consolidated Net Leverage at such date and (b) the Reserved Indebtedness Amount at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available immediately preceding the date of determination; *provided, however*, that (other than in connection with making any Restricted Payment pursuant to clause (19)(ii) of the third paragraph of the covenant described under "*—Certain covenants—Limitation on restricted payments*") the *pro forma* calculation of the Consolidated Net Leverage Ratio shall not give effect to (i) any Indebtedness Incurred on the date of determination pursuant to the provisions described in the second paragraph under "*—Certain covenants—Limitation on indebtedness*" (other than Indebtedness Incurred pursuant to clause (5) of such second paragraph) or (ii) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the provisions described in the second paragraph under "*—Certain covenants—Limitation on indebtedness*"; *provided, further, however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period, a member of the Group has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such Sale constitutes "discontinued operations" in accordance with GAAP, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, a member of the Group (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "**Purchase**"), including any such Purchase occurring in connection with a transaction causing a calculation to be

made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including anticipated synergies and expenses and cost reductions calculated as if such Purchase occurred on the first day of such period;

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into a member of the Group since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by a member of the Group since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including, with respect to any Purchase by such Person, anticipated synergies and expenses and cost reductions as if such Sale or Purchase occurred on the first day of such period; and

(4) for the purposes of making the determination pursuant to the definition of "Specified Change of Control Event," Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect to such event constituting a "Specified Change of Control Event," including any equity injection accruing simultaneously with such Specified Change of Control, anticipated synergies and expenses and cost savings as if such event had occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense, Consolidated Net Income, Consolidated Senior Secured Net Leverage Ratio and Fixed Charge Coverage Ratio, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer (including in respect of anticipated expense and cost reductions and synergies as though the full effect of the synergies and cost savings were realized on the first day of the relevant period and shall also include the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or chief accounting officer of the Issuer) of cost savings programs that have been initiated by a member of the Group as though such cost savings programs had been fully implemented on the first day of the relevant period (regardless of whether these cost savings and cost reduction synergies could then be reflected in *pro forma* financial statements to the extent prepared); *provided* that such anticipated expense and cost reductions and synergies and cost savings (i) shall not exceed 20% of Consolidated EBITDA in the aggregate in any relevant period; and (ii) shall be limited to those that are reasonably achievable within 24 months after the consummation of the cost savings program, any operational change or the Purchase or Sale which is expected to result in such anticipated expense and cost reductions and synergies and cost savings), and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period; *provided*, that, in making such computation, the amount of Indebtedness under any revolving credit facility or overdraft facility shall be computed based upon the average daily balance of such Indebtedness during such period.

"**Consolidated Senior Secured Net Leverage**" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Group (excluding Hedging Obligations) *less* cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries (other than cash or Cash Equivalents received upon the Incurrence of Indebtedness by the Group and not immediately or subsequently applied or used for any purpose not prohibited by the Indenture), as of the relevant date of calculation on a consolidated basis on the basis of GAAP.

"**Consolidated Senior Secured Net Leverage Ratio**" means, as of any date of determination, the ratio of (x) the sum of (a) the Consolidated Senior Secured Net Leverage at such date and (b) the Reserved Indebtedness Amount that constitutes Senior Secured Indebtedness to (y) Consolidated EBITDA, calculated and determined in a manner consistent with the provisions of the definition of "Consolidated Net Leverage Ratio."

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person Guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**Credit Facility**" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the New Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original New Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument which otherwise qualifies as a "Credit Facility" (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**DI**" means Dentressangle, a *société par actions simplifiée* having its registered office at 30 bis rue Saint-Hélène, 69002 Lyon, and registered in France under sole identification number 492 792 973 RCS Lyon.

"**Designated Non-Cash Consideration**" means the fair market value (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, *less* the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the "*—Certain covenants—Limitation on sales of assets and subsidiary stock*" covenant.

"**Designated Preference Shares**" means, with respect to the Issuer or any Parent Entity, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the "*—Certain covenants—Limitation on restricted payments*" covenant.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the "*—Certain covenants—Limitation on restricted payments*" covenant.

"**Equity Offering**" means a public or private sale of (x) Capital Stock of the Issuer or (y) Capital Stock or other securities of a Parent Entity, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity of the Issuer or any of its Restricted Subsidiaries, in each case other than:

(1) Disqualified Stock or Designated Preference Shares;

(2) offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions;

(3) any such sale that constitutes an Excluded Contribution or Excluded Amount; and

(4) any such sale the proceeds of which are utilized pursuant to clause (11) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on indebtedness*."

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by a member of senior management or the Board of Directors of the Issuer) on the date of such determination.

"**Euroclear**" means Euroclear Bank SA/NV or any successor securities clearing agency thereof.

"**European Government Obligations**" means (1) direct obligations of, or obligations Guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is payable in euro and is not callable or redeemable at the option of the issuer thereof.

"**European Union**" means the European Union as of the Issue Date.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Excluded Contribution**" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or Excluded Amounts) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares or Excluded Amounts) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"**Existing Convertible Bonds**" means the convertible bonds issued on February 15, 2018 to certain direct or indirect shareholders of the Issuer.

"***fair market value***" wherever such term is used in this "*Description of the notes*" or the Indenture (except in relation to an enforcement action or certain distressed disposals pursuant to the Intercreditor Agreement, and any Additional Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the notes*" or the Indenture), means, with respect to any asset or property, the sale value that would be obtained in an arm's length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by a member of senior management or the Board of Directors of the Issuer.

"**Fitch**" means Fitch Ratings, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Fixed Charge Coverage Ratio**" means, for any period, the ratio of Consolidated EBITDA to Consolidated Financial Interest Expense, calculated and determined in a manner consistent with the provisions of the definition of "Consolidated Net Leverage Ratio." In addition:

(1) If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the relevant calculation date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness for a period equal to the remaining term of such Indebtedness);

(2) Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP; and

(3) the Consolidated Financial Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the relevant calculation date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Financial Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the relevant calculation date.

"**Fixed Rate Applicable Premium**" means, with respect to any Fixed Rate Note on any redemption date, the greater of:

(1) 1% of the principal amount of such Fixed Rate Note; and

(2) the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Fixed Rate Note at December 15, 2022 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under "*—Optional redemption—Optional Redemption of Fixed Rate Notes*" (excluding accrued but unpaid interest to the redemption date), *plus* (ii) all required interest payments due on such Fixed Rate Note to and including December 15, 2022 (excluding accrued but unpaid interest to the redemption date), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points; *over*

(b) the outstanding principal amount of such Fixed Rate Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Fixed Rate Applicable Premium shall not be an obligation or duty of the Trustee, the Calculation Agent or any Paying Agent, nor shall the Trustee, the Calculation Agent or any Paying Agent have any liability related thereto.

"**Floating Rate Applicable Premium**" means, with respect to any Floating Rate Note on any redemption date, the greater of:

(1) 1% of the principal amount of such Floating Rate Note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of such Floating Rate Note at December 15, 2020 (such redemption price (expressed in percentage of principal amount) being set forth in the table appearing under the caption "*—Optional redemption—Optional redemption of floating rate notes*") (excluding accrued but unpaid interest to the redemption date), *plus* (ii) all required interest payments due on such Floating Rate Note through December 15, 2020 (excluding accrued but unpaid interest), computed using a discount rate equal to the Bund Rate as of such redemption date *plus* 50 basis points and assuming that the rate of interest on such Floating Rate Notes from the redemption date to and including December 15, 2020 will equal the rate of interest on such Floating Rate Notes on the date on which the applicable notice of redemption is given; *over*

(b) the outstanding principal amount of such Floating Rate Note;

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Floating Rate Applicable Premium shall not be an obligation or duty of the Trustee, the Calculation Agent or any Paying Agent, nor shall the Trustee, the Calculation Agent or any Paying Agent have any liability related thereto.

"**French GAAP**" means the accounting principles and methods set out under the French *Plan Comptable General* or otherwise generally accepted in France.

"**GAAP**" means (1) French GAAP in effect on the date of any calculation or determination required hereunder or (2) if the Issuer shall so elect by notifying the Trustee in writing in connection with the delivery of financial statements, IFRS; *provided* that (a) any such election once made shall be irrevocable and (b) in the event the Issuer makes such election (i) in connection with the delivery of financial statements for any of the Issuer's first three financial quarters of any financial year, the Issuer shall restate its consolidated interim financial statements for such interim financial period and the comparable period in the prior year and (ii) in circumstances other than those described in clause (i), the Issuer shall provide consolidated historical financial statements prepared in accordance with IFRS for its most recent financial year; *provided* that principles of consolidation will be as existing under GAAP on the Issue Date, including proportional consolidation of joint ventures and existing practice for not fully controlled entities; *provided, further*, that at any date after the Issue Date the Issuer may make an irrevocable election to establish that "GAAP" shall mean GAAP or IFRS, as applicable, in effect on a date that is on or prior to the date of such election.

"**Group**" refers to the Issuer and the Restricted Subsidiaries.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"**HLD Associés Europe**" means a *société en commandite par actions* incorporated in the Grand Duchy of Luxembourg having its registered office at 9 Boulevard Prince Henri Luxembourg, L-1724 Luxembourg, and registered with the Luxembourg Trade Registry under number B197552.

"**HLDE**" means HLD Europe, a *société en commandite par actions* incorporated in the Grand Duchy of Luxembourg having its registered office at 9 Boulevard Prince Henri Luxembourg, L-1724 Luxembourg, and registered with the Luxembourg Trade Registry under number B198109 and having HLD Associés Europe as its manager (*gérant commanditié*).

"**HLDI**" means HLDI, a French *société par actions simplifiée* having its registered office at 30 bis rue Sainte-Hélène, 69002 Lyon and registered in France under sole identification number 815 068 903 RCS Lyon.

"**Holder**" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of the common depositary for Euroclear or Clearstream, as applicable.

"**IFRS**" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union as in effect from time to time.

"**Incur**" means issue, create, assume, enter into any Guarantee of, Incur, extend or otherwise become liable for; *provided, however,* that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred," "Incurring" and

"Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder, subject to the definition of "Reserved Indebtedness Amount" and related provisions and the provisions described under "*—Certain covenants—Financial calculations*."

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments *plus* the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 60 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (x) the fair market value of such asset at such date of determination (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) and (y) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business); *provided* that for the purposes of the calculation of the Consolidated Net Leverage Ratio if the net proceeds of any Parent Debt have been on-lent to the Issuer as an Issuer Proceeds Loan and such Parent Debt is Guaranteed by a member of the Group, only the principal of obligations under the Issuer Proceeds Loan in connection with such Parent Debt shall count and the corresponding Guarantee shall be deemed reduced by the amount of such Indebtedness; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

Notwithstanding the foregoing, the term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any amount owed by the Issuer or any of its Restricted Subsidiaries under any Intercompany Tax Group Receivable, (iii) prepayments of deposits received from clients or customers in the ordinary course of business, (iv) any pension obligations, (v) Contingent Obligations in the ordinary course of business, (vi) obligations under or in respect of Qualified Receivables Financing, (vii) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business, (viii) non-interest bearing installment obligations and accrued liabilities Incurred in the ordinary course of business that are not more than 120 days past due, (ix) indebtedness in respect of the Incurrence by the Issuer or any Restricted Subsidiary of indebtedness in respect of standby letters of credit, performance bonds or surety bonds provided by the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond, or (x) indebtedness Incurred by the Issuer or one of the Restricted Subsidiaries in connection with a transaction where (A) such indebtedness is borrowed from a bank or trust company, having a combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating immediately prior to the time such transaction is entered into, of at least A or the equivalent thereof by S&P and A2 or the equivalent thereof by

Moody's and (B) a substantially concurrent Investment is made by the Issuer or a Restricted Subsidiary in the form of cash deposited with the lender of such indebtedness, or a Subsidiary or Affiliate thereof, in amount equal to such indebtedness. For the avoidance of doubt and notwithstanding the above, the term "Indebtedness" excludes any accrued expenses and trade payables.

Notwithstanding the foregoing, the term "Indebtedness" shall include Parent Debt (i) on which interest payments are being made pursuant to clause (17)(ii) of the third paragraph of the "*—Certain covenants—Limitation on restricted payments*" covenant and (ii) not Guaranteed by the Issuer or any of its Restricted Subsidiaries, which shall be deemed to have been incurred under the first paragraph or second paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of GAAP.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(2) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"**Independent Financial Advisor**" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

"**Initial Investors**" means DI, HLDI, HLDE and any trust, fund, company or partnership owned, managed or advised by HLD Associés Europe or any of their respective Affiliates or direct or indirect Subsidiaries or any limited partner of any such trust, fund, company or partnership.

"**Initial Public Offering**" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent Entity or any successor of the Issuer or any Parent Entity (the "**IPO Entity**") following which there is a public market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"**Intercompany Tax Group Receivable**" means any amount owed from time to time by the Issuer or any of its Restricted Subsidiaries to any Parent Entity in connection with the execution, delivery, performance and maintenance of any Tax Sharing Agreement.

"**Intercreditor Agreement**" means the Intercreditor Agreement dated on or about the Issue Date by and among, *inter alios*, the Issuer, the Trustee, the Security Agent, and certain other parties thereto, as amended from time to time.

"**Interest Rate Agreement**" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or

would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of GAAP; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the "*—Certain covenants—Limitation on restricted payments*" covenant.

For purposes of "*—Certain Covenants—Limitation on restricted payments*":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation *less* (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) of such Subsidiary.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Securities**" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully Guaranteed or insured by a member state of the European Union, United Kingdom, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"**Investment Grade Status**" shall occur when the Notes receive two of the following:

(1) a rating of "BBB−" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; and

(3) a rating of "BBB−" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"**IPO Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"**Issue Date**" means December 12, 2019.

"**Issuer**" means Kapla Holding S.A.S. and any successor thereto.

"**Issuer Proceeds Loan**" means any loan agreement entered into between a Parent Entity and the Issuer pursuant to which the Parent Entity lends to the Issuer the net proceeds of any Indebtedness Incurred by the Parent Entity; *provided* that (i) the principal amount of, and interest rate on, such Issuer Proceeds Loan will not be greater than the principal amount of, and interest rate on, the Indebtedness Incurred by the Parent Entity that funded such Issuer Proceeds Loan (except to the extent a reasonable margin is required by law (as determined in good faith by a member of senior management or the Board of Directors of the Issuer)), as such Indebtedness is amended, replaced or otherwise refinanced from time to time and (ii) such Issuer Proceeds Loan shall be subordinated to the Notes in right of payment to the Notes in accordance with the Intercreditor Agreement and any Additional Intercreditor Agreement.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"**Management Advances**" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent Entity, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer or its Subsidiaries or any Parent Entity with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding the greater of (x) €12 million and (y) 5% of Consolidated EBITDA in the aggregate outstanding at any time.

"**Management Investors**" means the current or former officers, directors, employees and other members of the management of or consultants to any Parent Entity, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity.

"**Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"**Moody's**" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Nationally Recognized Statistical Rating Organization**" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62)(A) under the Exchange Act.

"**Net Available Cash**" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness (i) which is secured by any assets subject to such Asset Disposition, or (ii) which must by its terms, or in order to obtain necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent Entity, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"**Net Cash Proceeds**," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"**New Revolving Credit Facility**" means the revolving credit facility available pursuant to the New Revolving Credit Facility Agreement.

"**New Revolving Credit Facility Agreement**" means the revolving credit facility agreement dated on or prior to the Issue Date among, *inter alios,* the Issuer and the agent thereunder, as it shall be restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"**Notes Documents**" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"**Offering Memorandum**" means the final offering memorandum in relation to the Notes issued on the Issue Date.

"**Officer**" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person. The obligations of an "Officer of the Issuer" may be exercised by the Officer of any Restricted Subsidiary who has been delegated such authority by the Board of Directors of the Issuer.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by one Officer of such Person.

"**Opinion of Counsel**" means a written opinion in form and substance reasonably satisfactory to the Trustee from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"**Parent Debt**" means any Indebtedness Incurred by a Parent Entity, the interest of which is being serviced pursuant to clause (17) of the definition of "Permitted Payments."

"**Parent Debt Contribution**" means the issuance by the Issuer of any Capital Stock, Preferred Stock, Subordinated Shareholder Funding, the contribution to the equity of the Issuer or the Incurrence of any debt instrument by the Issuer pursuant to which, in each case, the net proceeds of Parent Debt is contributed to the Issuer or any of its Restricted Subsidiaries.

"**Parent Entity**" of the Issuer means any other Person (other than a natural person) that (i) legally and beneficially owns more than 50% of the Voting Stock of the Issuer, either directly or through one or more Subsidiaries, (ii) is a Subsidiary of any Person referred to in the preceding clause or (iii) any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent Entity; *provided, however*, that in no event shall any Subsidiary of the Issuer constitute its Parent Entity.

"**Parent Expenses**" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent Entity in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations

of any governmental, regulatory or self-regulatory body or stock exchange, in each case, to the extent relating to Indebtedness of the Issuer or a Restricted Subsidiary, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent Entity owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent Entity in connection with the Transactions;

(5) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent Entity related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent Entity or any other Person which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed the greater of (x) €2 million and (y) 1% of Consolidated EBITDA in any fiscal year;

(7) expenses Incurred by any Parent Entity in connection with any public offering or other sale of Capital Stock or Indebtedness:

(x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

(y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(z) otherwise on an interim basis prior to completion of such offering so long as any Parent Entity shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(8) fees, taxes, expenses and costs required to maintain the corporate existence of any Parent Entity.

"***Pari Passu* Indebtedness**" means (1) with respect to the Issuer, any Indebtedness that ranks *pari passu* in right of payment to the Notes and (2) with respect to any Guarantor, any Indebtedness that ranks *pari passu* in right of payment to such Guarantor's Notes Guarantee.

"**Paying Agent**" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"**Permitted Asset Swap**" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the "*—Certain covenants—Limitation on sales of assets and subsidiary stock*" covenant.

"**Permitted Collateral Liens**" means:

(1) Liens on the Collateral to secure the Notes on the Issue Date and any Guarantee of such Notes and any Refinancing Indebtedness in respect thereof (and any Refinancing Indebtedness in respect of Refinancing Indebtedness); *provided* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(2) Liens on the Collateral that are described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (10), (11), (12), (13), (14), (15), (17), (19), (20), (21), (22), (23), (29), (32) and (33) of the definition of "Permitted Liens";

(3) Liens on the Collateral to secure any Indebtedness (including any Additional Notes) that is permitted to be Incurred under (a) the first paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant or (b) clause (5) of the second paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant (*provided* that Indebtedness Incurred in this clause (b) is Incurred by the Issuer or any Guarantor), and any Refinancing Indebtedness in respect of any of the foregoing (and any Refinancing Indebtedness in respect of Refinancing Indebtedness);

(4) Liens on the Collateral to secure any Indebtedness that is permitted to be Incurred under clauses (1), (2) (in the case of clause (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in clauses (3) and (4) of the definition of "Permitted Collateral Liens"), (4)(a) and (4)(c) (to the extent the Indebtedness refinanced was secured by Liens on the Collateral), (6), (7) (other than Capitalized Lease Obligations), (11) and (15) of the second paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant and any Refinancing Indebtedness in respect of any of the foregoing (and any Refinancing Indebtedness in respect of Refinancing Indebtedness); and

(5) any Lien securing Indebtedness (including Parent Debt and any Guarantee thereof) on a basis junior to the Notes,

provided, *however*, in the case of clauses (3), (4) and (5), that:

(A) any such Indebtedness is subject to the Intercreditor Agreement or to an Additional Intercreditor Agreement; and

(B) the Collateral securing such Indebtedness shall also secure the Notes or the Notes Guarantees on a senior or *pari passu* basis; *provided* that, with respect to Indebtedness that is Incurred under clauses (1) and (6) of the second paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant, such Indebtedness may receive priority with respect to distributions of proceeds of any enforcement of Collateral.

"**Permitted Holders**" means, collectively, (1) the Initial Investors, (2) Senior Management, (3) any Related Person of any Persons specified in clauses (1) and (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent Entity or the Issuer, acting in such capacity and (5) and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act as of the Issue Date) of which any of the foregoing or any Persons mentioned in the following sentence are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors and Senior Management and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies owned by such group. Any person or group whose acquisition of beneficial ownership constitutes (i) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (ii) a Change of Control which is also a Specified Change of Control Event will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investment**" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received (a) in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor or (b) in compromise or resolution of litigation, arbitration or other disputes with Persons who are not Affiliates;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with the covenant described under "*—Certain Covenants—Limitation on sales of assets and subsidiary stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with the covenant described under "*—Certain covenants—Limitation on indebtedness*";

(11) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain covenants—Limitation on liens*";

(12) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Funding or Capital Stock of any Parent Entity as consideration;

(13) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain covenants—Limitation on affiliate transactions*" (except those described in clauses (1), (3), (8), (9) and (12) of that paragraph);

(14) Guarantees not prohibited by the covenant described under "*—Certain covenants—Limitation on indebtedness*" and (other than with respect to Indebtedness) loans, Guarantees, keepwells and similar arrangements in the ordinary course of business;

(15) advances, loans or other extensions of credit to any joint venture (but not, for the avoidance of doubt, any purchase or acquisition of Capital Stock of a joint venture or any other form of contribution to the equity of such joint venture) in the ordinary course of business;

(16) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and otherwise in accordance with the Indenture;

(17) Investments in joint ventures of the Issuer or any of its Restricted Subsidiaries and Investments in Unrestricted Subsidiaries that do not exceed, collectively, an aggregate principal amount of the greater of (x) €60 million and (y) 25% of Consolidated EBITDA outstanding at any time; *provided, however*, that if any Investment pursuant to this clause (17) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (17) for so long as such Person continues to be a Restricted Subsidiary;

(18) Investments in the Notes and any Additional Notes or in any other Indebtedness of the Issuer or any Restricted Subsidiary that ranks senior or *pari passu* in right of payment to the Notes;

(19) (a) loans or other Investments required to be entered into in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing and (b) distributions or payments of Receivables Fees and purchases of Receivables Assets in connection with a Qualified Receivables Financing or Permitted Recourse Receivables Financing;

(20) Investments, taken together with all other Investments made pursuant to this clause (20) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of (x) €48 million and (y) 20% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is

subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain covenants—Limitation on restricted payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause (20);

(21) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described under "*—Certain covenants—Merger and consolidation*" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(22) Investments of cash held on behalf of merchants or other business counterparties in the ordinary course of business in bank deposits, time deposit accounts, certificates of deposit, bankers' acceptances, money market deposits, money market deposit accounts, bills of exchange, commercial paper, governmental obligations, investment funds, money market funds or other securities;

(23) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in each case, in the ordinary course of business and in accordance with the Indenture; and

(24) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility, workers' compensation, performance and other similar deposits, in each case, in the ordinary course of business.

"**Permitted Liens**" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion Guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, Guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law or agreement of similar effect, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, Guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business and Liens to secure cash management services or to implement cash pooling arrangements or to cash collateralize letters of credit or similar instruments in the ordinary course of business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired and Liens imposed by any legal or administrative authority in connection with pre-judgment proceedings;

(10) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(11) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(12) with respect to the Issuer and the Restricted Subsidiaries, Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(13) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided, further*, that such Liens are limited to all or part of the same property, other assets or stock (*plus* improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(14) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(15) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (*plus* improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(16) (i) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease and (ii) any Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Purchase Money Obligations or Capitalized Lease Obligations or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(17) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(18) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(19) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(20) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing;

(21) Liens on escrowed proceeds for the benefit of the related holders of debt securities (including holders of a specific series of Notes and not any other series) or other Indebtedness (or the underwriters, arrangers or trustees (including the Trustee) thereof), on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, or on any guarantee or backstop commitment relating to any escrow shortfall;

(22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(23) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(24) Liens securing Indebtedness or other obligations of a Receivables Subsidiary, or Liens arising in connection with a Permitted Recourse Receivables Financing;

(25) Permitted Collateral Liens;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures or in favor of other joint venture partners;

(28) Liens arising as a result of a disposition, whether or not deemed to be an Asset Disposition;

(29) Liens securing Indebtedness Incurred pursuant to local lines of credit and overdraft facilities;

(30) (a) Liens created for the benefit of or to secure the Notes and the Notes Guarantees, (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the New Revolving Credit Facility and (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement;

(31) Liens; *provided* that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (31) does not exceed the greater of (x) €96 million and (y) 40% of Consolidated EBITDA;

(32) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(33) Liens on any proceeds loan made by the Issuer or any Restricted Subsidiary in connection with any future Incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness; and

(34) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (33); *provided* that any such extension, renewal or replacement shall not extend in any material respect to any additional property or assets.

"**Permitted Recourse Receivables Financing**" means any financing other than a Qualified Receivables Financing pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person, or grant a security interest in, any Receivables Assets (and related assets) of the Issuer or any of its Restricted Subsidiaries in an aggregate principal amount equal to the Fair Market Value of such Receivables Assets (and related assets); *provided* that (a) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) at the time such financing is entered into and (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) at the time such financing is entered into.

"**Permitted Reorganization**" means (i) any consolidation or merger of the Issuer with or into a Parent Entity, *provided* that if the surviving entity of any such consolidation or merger is not the Issuer, such surviving entity expressly assumes (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture, and (b) all obligations of the Issuer, under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable, or (ii) any amalgamation, demerger, merger, sale, contribution, or other disposition, voluntary liquidation, consolidation, reorganization, winding up, corporate reconstruction or other reorganization involving the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intragroup receivables and payables, among or between the Issuer and its Restricted Subsidiaries in connection therewith (a "**Reorganization**") that is made on a solvent basis; *provided* that, in the case of this clause (ii) only, immediately after giving effect to such Reorganization: (a) all of the business and property or assets of the Issuer or such Restricted Subsidiary are owned by the Issuer or its Restricted Subsidiaries (and if such Restricted Subsidiary was a Guarantor immediately prior to such Reorganization, (x) all the business and property or assets of such Restricted Subsidiary are retained by one or more Guarantors or (y) the condition in clause (c) of this definition is satisfied), (b) any payments or property or assets distributed, sold, contributed or disposed of in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries, (c) if any shares or property or other assets that are subject to such Reorganization form part of the Collateral, substantially equivalent (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) Liens must be granted over such shares or property or assets of the recipient such that they form part of the Collateral, subject to the Agreed Security Principles, and (d) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that such Reorganization is permitted under the Indenture and that no Default is continuing or would arise as a result of such Reorganization.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"**Preferred Stock**" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary, winding up or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (i) a public offering registered under the Securities Act or (ii) a private placement to institutional and other investors, in each case, that are not Affiliates of the Issuer, in accordance with Section 4(a)(2) of and/or Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"**Public Offering**" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"**Purchase Money Obligations**" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"**Qualified Receivables Financing**" means any Receivables Financing that meets the following conditions: (1) a member of senior management or the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer or the relevant Subsidiary of the Issuer, (2) all sales of accounts receivable and related assets of the Issuer or the relevant Subsidiary of the Issuer are made at fair market value (as determined in good faith by a member of senior management or the Board of Directors of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by a member of senior management or the Board of Directors of the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"**Receivables Assets**" means (a) any accounts receivable owed to the Issuer or a Restricted Subsidiary subject to a Receivables Financing and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such

accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement and which are sold, conveyed, assigned or otherwise transferred or pledged by the Issuer or such Restricted Subsidiary (as applicable) in a transaction or series of transactions in connection with a Receivables Financing.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"**Receivables Financing**" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to any other Person, or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all Guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"**Receivables Repurchase Obligation**" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is Guaranteed by the Issuer or any Restricted Subsidiary (excluding Guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a Guarantee of any losses on securitized or sold receivables by the Issuer or any Restricted Subsidiary, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"**refinance**" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "**refinances**," "**refinanced**" and "**refinancing**" as used for any purpose in the Indenture shall have a correlative meaning.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refinance any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, such Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (*plus*, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

provided, however, that Refinancing Indebtedness shall not include (x) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary and (y) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"**Related Person**" with respect to any Permitted Holder, means:

(1) any controlling equity holder or majority (or more) owned Subsidiary of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored, advised, owned or controlled by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"**Related Taxes**" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (*provided* such Taxes are in fact paid) by any Parent Entity by virtue of its:

  (a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

  (b) issuing or holding Subordinated Shareholder Funding;

  (c) being a holding company Parent Entity, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

  (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

  (e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent Entity pursuant to "*—Certain covenants—Limitation on restricted payments*"; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent Entity, any consolidated and combined Taxes measured by income for which such Parent Entity is liable

up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Restricted Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid such Taxes on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries.

"**Representative**" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"**Restricted Investment**" means any Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Security Agent**" means BNP Paribas, acting as security agent pursuant to the Intercreditor Agreement or such successor security agent or any delegate thereof as may be appointed thereunder or any such security agent, delegate or successor thereof pursuant to an Additional Intercreditor Agreement.

"**Security Documents**" means the security agreements, pledge agreements, collateral assignments, call options and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral.

"**Senior Management**" means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent Entity.

"**Senior Secured Indebtedness**" means, with respect to the Issuer or any Restricted Subsidiary as of any date of determination, (a) any Indebtedness that is Incurred under the first paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant or clauses (1), (4)(a), (4)(b), (4)(c), (5), (6), (7), (11), (13), (15) and (16) of the second paragraph of the "*—Certain Covenants—Limitation on indebtedness*" covenant (in the case of clause (4), to the extent such Indebtedness constitutes Indebtedness under the Notes (excluding Additional Notes)) and any Refinancing Indebtedness in respect thereof, in each case that is (x) secured by a Lien on the Collateral that is at least *pari passu* with the Liens securing the Notes or (y) secured by a Lien on assets or property that do not constitute Collateral and (b) Indebtedness of a Restricted Subsidiary that is not a Guarantor. For the avoidance of doubt, in no event shall any Parent Debt, and any Guarantees thereof permitted under clause (12) of the second paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant constitute Senior Secured Indebtedness.

"**Significant Subsidiary**" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' equity in the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"**Similar Business**" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"**Specified Change of Control Event**" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that immediately thereafter and giving *pro forma* effect thereto, the Consolidated Net Leverage Ratio of the Issuer would have been equal to or less than 4.15 to 1.00. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, indemnities and Guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which a member of senior management or the Board of Directors of the Issuer has determined in good faith to be customary in a Receivables Financing, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"**Stated Maturity**" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Indebtedness**" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes and any Notes Guarantee pursuant to a written agreement.

"**Subordinated Shareholder Funding**" means, collectively, (a) the Existing Convertible Bonds (*provided* that such Existing Convertible Bonds shall be subordinated to the Notes in accordance with clause (5) below) and (b) any funds provided to the Issuer by any Parent Entity, any Affiliate of any Parent Entity or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that any Subordinated Shareholder Funding described in clause (b) above:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross- ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months following the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

Subordinated Shareholder Funding shall be deemed to include any payment-in-kind ("**PIK**") notes issued in payment of interest thereon.

"**Subsidiary**" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such

Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Successor Parent**" with respect to any Person means any other Person more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially owned" has a meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act.

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties, assessments and withholdings and any charges of a similar nature (including interest, penalties, additions to tax and other liabilities with respect thereto) that are imposed or levied by any government or other taxing authority.

"**Tax Sharing Agreement**" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's length terms entered into with any Parent Entity, any Subsidiary of a Parent Entity or any Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"**Temporary Cash Investments**" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) a member state of the European Union, the United Kingdom, Norway, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, (ii) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (iii) any agency or instrumentality of any such country or member state, or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the New Revolving Credit Facility,

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above, or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either

case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of any member state of the European Union, the United Kingdom, Norway, Switzerland, Canada or the United States of America, or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB−" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in any member state of the European Union, the United Kingdom, Norway, Switzerland, Canada or the United States of America, any State of the United States or the District of Columbia eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organisation for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing at least 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"**Transactions**" have the meaning assigned to such term in the Offering Memorandum.

"**Uniform Commercial Code**" means the New York Uniform Commercial Code.

"**Unrestricted Subsidiary**" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if, at the time of such designation:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with the covenant described under "*—Certain covenants—Limitation on restricted payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2) (x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the "*—Certain covenants—Limitation on indebtedness*" covenant or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

Limitations on validity and enforceability of the notes guarantees and the security interests and certain insolvency law considerations

The following is a summary of certain limitations on the validity and enforceability of the Notes Guarantees and the Security Interests being provided for the Notes, and a summary of certain insolvency law considerations in each of the jurisdictions in which the Issuer and the Guarantors are incorporated or organized. The description below is only a summary, and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or the Notes Guarantees or Security Interests being provided for the Notes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union

Pursuant to Regulation (EU) no. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (the "**EU Insolvency Regulation (Recast)**"), which applies within the EU (other than Denmark and other than in respect of certain insurance, credit institution and investment undertakings), the courts of the EU member state in which a company's "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation (Recast)) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its center of main interests is a question of fact on which the courts of the different EU member states may have differing and even conflicting views.

Article 3(A) of the EU Insolvency Regulation (Recast) provides that the "center of main interests" of "a debtor shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties." Under the previous EU insolvency regulation (Council Regulation (EC) 1346/2000 of 29 May 2000), which defined the center of main interests in similar terms, the courts have taken into consideration a number of factors in determining a company's center of main interests, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. The term "center of main interests" is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition. In the case of a company or legal person, the center of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another EU member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the center of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in an EU member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other EU member state. Insolvency proceedings commenced in one Member State under the EU Insolvency Regulation (Recast) are to be recognized in the other EU member states (other than Denmark), although secondary proceedings may be commenced in another EU member state.

If the center of main interests of a company, at the time an insolvency application is made, is located in an EU member state (other than Denmark), only the courts of that EU member state have jurisdiction to open "main insolvency proceedings" in respect of that company under the EU Insolvency Regulation (Recast). The types of insolvency proceedings which may be opened as main proceedings in the relevant jurisdiction are listed in Annex A to the EU Insolvency Regulation (Recast).

If the center of main interests of a company is in one EU member state (other than Denmark), under Article 3(2) of the EU Insolvency Regulation (Recast), the courts of another EU member state (other than Denmark) have jurisdiction to open secondary and territorial insolvency proceedings against that company only if such company has an "establishment" (within the meaning and as defined in Article 2(10) of the EU Insolvency Regulation (Recast)) in the territory of such other EU member state. Secondary proceedings may be any insolvency proceeding listed in Annex A of the EU Insolvency Regulation (Recast). Secondary proceedings are insolvency proceedings which are commenced prior to the opening of main proceedings. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those secondary proceedings opened in that other EU member state are restricted to the assets of the company which are situated in such other EU member state.

Where main proceedings have been opened in the EU member state in which the company has its center of main interests, any insolvency proceedings opened subsequently in another EU member state in which the company has an establishment are referred to as "secondary proceedings." Where main proceedings in the EU member state in which the company has its center of main interests have not yet been opened, secondary proceedings can be opened in another EU member state where the company has an establishment only where either: (a) insolvency proceedings cannot be opened

in the EU member state in which the company's center of main interests is situated as a result of conditions laid down by that EU member state's law; or (b) the secondary proceedings are opened at the request of either a creditor whose claim arises from or is in connection with the operation of that establishment or a public authority which has the right to request the opening of such proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the company.

The courts of all EU member states (other than Denmark) must recognize the judgment of the court opening main proceedings and, subject to any exceptions provided for in the EU Insolvency Regulation (Recast), that judgment will be given the same effect in the other EU member states so long as no secondary proceedings have been opened there. The insolvency officeholder appointed by a court in an EU member states that has jurisdiction to open main proceedings (because the company's center of main interests is there) may exercise the powers conferred on him by the law of that EU member state in another EU member state (such as to remove assets of the company from that other EU member states), subject to certain limitations, so long as no insolvency proceedings have been opened in that other EU member states or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other EU member state where the company has assets.

In the event that any one or more of the Issuer or any of the Issuer's subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations assumed by and of the security interests in the Collateral granted by the Issuer and the Guarantors.

The EU Insolvency Regulation (Recast) provides for cooperation between (i) insolvency practitioners of the main insolvency proceedings and of the secondary insolvency proceedings, (ii) jurisdictions and (iii) jurisdictions and insolvency practitioners. It also provides for specific cooperation, communication and coordination measures in order to ensure the efficient administration of insolvency proceedings relating to different companies forming part of the same group. As from 26 June 2018, the EU member states shall establish and maintain a register of insolvency proceedings and, as from 26 June 2019, the European Commission shall establish a decentralized system for the interconnection of such insolvency registers

It remains to be seen what impact the recent vote by the United Kingdom to leave the EU will have on the regulatory environment in the EU and the United Kingdom, and on the applicability of EU law in the United Kingdom.

Directive (EU) 2019/1023

The Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt (the "**EU Directive**") seeks to ensure the EU member states have minimum restructuring measures available across the EU to enable debtors in financial distress to solve their financial difficulties at an early stage and avoid formal insolvency proceedings.

The EU Directive aims at providing new legal tools to rescue viable businesses in distress. It focuses on three core elements: (i) common principles on early restructuring tools, (ii) rules to allow *entrepreneurs* to benefit from a second chance through discharge of debt and (iii) targeted measures for member states to increase the efficiency, restructuring and discharge procedures.

The key elements of the new rules include: early warning tools and access to information to help debtors detect circumstances that could give rise to a likelihood of insolvency and signal to them the need to act quickly, availability of one or more preventive restructuring frameworks, facilitating negotiations on preventive restructuring plans with the ability to appoint in certain circumstances a practitioner in the field of restructuring to help in negotiating and drafting the plan, stay of individual enforcement actions (initial duration shall be limited to a maximum period of no more than four months), separates classes must be formed reflecting sufficient commonality of interest, with a minimum of separate classes for secured and unsecured concerning the voting on the restructuring plan, cross-class cram down (enable the court to adopt a plan despite the opposition of one or more classes of creditors), etc.

The Directive entered into force on 16 July 2019 and EU member states are required to implement it by 17 July 2021. In France, the PACTE Act gave the French government the authorization to transpose the Directive into French law by ordinance within two years from the publication of the PACTE Act (before 23 May 2021). See "*The PACTE Act*" below.

France

Insolvency

We conduct most of our business activity in France and to the extent that the registered office of the Issuer or the Guarantors is deemed to be in France, they could be subject to French proceedings affecting creditors, including court-assisted proceedings (*mandat ad hoc* or *conciliation* proceedings) (which do not fall within the scope of the EU Insolvency Regulation (Recast)). In addition, to the extent that their center of main interests or, in cases where the EU Insolvency Regulation (Recast) does not apply, their main center of interests within the meaning of article R. 600-1 of the French Commercial Code, is deemed to be in France or they have an establishment in France, they could also be subject to French court-administered proceedings affecting creditors, i.e. either safeguard proceedings, accelerated safeguard proceedings or accelerated financial safeguard proceedings (*sauvegarde*, *sauvegarde accélérée* or *sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*).

Specialized courts exist for conciliation or insolvency proceedings with respect to (i) debtors that meet or exceed (directly or through the companies under their control) (*y*) 20 million euros in turnover and 250 employees; or (*z*) 40 million euros in turnover; or (ii) commencement of proceedings with respect to which the court's international jurisdiction results from the application of the EU Insolvency Regulation (Recast) or, in cases where the EU Regulation does not apply, from the debtor having its main center of interests therein.

In addition, the French court that commences insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of this group (subject to French courts having international jurisdiction with respect to such entities, in accordance with the rules outlined above), accordingly, a court can supervise the insolvency proceedings of the whole group and may, for this purpose, appoint the same administrator and creditors' representative (*mandataire judiciaire*) for all proceedings in respect of members of the group.

In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Notes Guarantees granted by the Guarantors and corresponding security interests in the Collateral.

Annex A of the EU Insolvency Regulation (Recast) lists safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization and judicial liquidation proceedings as insolvency proceedings within the meaning of the EU Insolvency Regulation (Recast). Any company of our group having its center of main interests in France would be subject to French main insolvency proceedings and any company of our group having an establishment in France and its center of main interests in another EU Member State (other than Denmark) could be subject to French secondary insolvency proceedings.

The following is a general discussion of insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

Grace periods

In addition to insolvency laws discussed below, the holders of the Notes could, like any other creditors, be subject to Article 1343-5 of the French Civil Code.

Pursuant to the provisions of Article 1343-5 of the French Civil Code, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's needs, defer or otherwise reschedule over a maximum period of two years, the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published semi-annually by decree) or that payments made shall first be allocated to the repayment of principal. A court order made under Article 1343-5 of the French Civil Code will suspend any pending enforcement measures, and any contractual default interest or other penalty for late payment will not accrue or be due during the grace periods ordered by the relevant judge.

If the debtor is engaged in conciliation proceedings or has reached a conciliation agreement that is in the course of being executed, special rules apply to the grant of grace periods (see *"Court-assisted proceedings*" below).

Insolvency test

Under French law, a debtor is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts (*passif exigible*) with its immediately available assets (*actifs disponibles*) taking into account available credit lines, existing debt rescheduling agreements and moratoria.

The date of insolvency (*état de cessation des paiements*) is generally deemed to be the date of the court ruling commencing the judicial reorganization or judicial liquidation proceedings, unless the court sets an earlier date, which may be carried back up to 18 months before the date of such court ruling. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings. The date of insolvency marks the beginning of the hardening period (see below).

Court-assisted proceedings

A French debtor facing difficulties may in certain conditions request the commencement of court-assisted proceedings (*mandat ad* hoc or *conciliation*), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders e.g. an agreement to reduce or reschedule its indebtedness.

Mandat ad hoc proceedings may only be initiated by the debtor itself, in its sole discretion. In practice, *mandat ad hoc* proceedings are used by debtors that are facing any type of difficulties provided that it has not been in a state of insolvency (see "*Insolvency test*" above). The proceedings are informal and confidential by law (save for the disclosure of the court decision appointing the *mandataire ad hoc* to the statutory auditors, if any). Both the *mandataire ad hoc*'s mission and its duration (which is not subject to any legal time constraint) are freely determined by the president of the competent court, having regard to the debtor's application. *Mandataires ad hoc* are usually appointed in order to facilitate negotiations with creditors but cannot coerce the creditors into accepting any proposal. The agreement reached between the debtor and its creditors (if any) with the assistance of the *mandataire ad hoc* will be negotiated on a purely consensual and voluntary basis; those creditors not willing to take part cannot be bound by the arrangement. *Mandat ad hoc* proceedings does not automatically stay pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so for their duration. In any event, the debtor retains the right to petition the relevant judge for a grace period under Article 1343-5 of the French Civil Code (see "*Grace periods*" above). The agreement reached is reported to the court but is not formally approved by it.

Conciliation proceedings may only be initiated by a debtor that faces actual or foreseeable difficulties of a legal, economic or financial nature but which (at the time the conciliation proceedings are commenced) has not been in a state of insolvency for more than 45 calendar days. The proceedings are confidential by law (save for the disclosure of the court decision commencing the proceedings to the statutory auditors, if any). They are carried out under the aegis of a court-appointed conciliator (*conciliateur*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings may last up to four months, with the possibility of renewal but to the extent that the entire proceedings last no longer than five months. The duties of the *conciliateur* are to assist the debtor in negotiating an agreement with all or part of its creditors and/or trade partners that puts an end to its difficulties, e.g. providing for the restructuring of its indebtedness. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. *Conciliation* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so for their duration and creditors may not request the opening of insolvency proceedings (*redressement judiciaire* or *liquidation judiciaire*) against the debtor. Pursuant to article L. 611-7 of the French Commercial Code, during the proceedings, the debtor retains the right to petition the judge that commenced them for a grace period in accordance with Article 1343-5 of the French Civil Code (see "*Grace periods*" above) provided that the debtor has received a formal notice requesting payment or faces enforcement action by the relevant creditor; the judge will take its decision after having heard the conciliator and may condition the duration of the measures it orders to reaching an agreement in the conciliation proceedings.

Additionally, pursuant to Article L. 611-10-1 of the French Commercial Code, the judge having commenced conciliation proceedings may, during the execution period of a conciliation agreement (whether it is acknowledged or approved as described below), impose grace periods on creditors who were asked to participate in the conciliation proceedings (other than the tax and social security administrations) for their claims that were not dealt with in the conciliation agreement, such decision being taken after hearing the *conciliateur* if he/she has been appointed to monitor the implementation of the agreement.

The conciliation agreement reached between the debtor and its creditors and/or trade partners party to the agreement may be either acknowledged (*constaté*) by the president of the Commercial Court (*Tribunal de commerce*) at the request of the parties, which makes the agreement binding upon them (in particular, performance of the conciliation

agreement prevents any action by the creditors party thereto against the debtor to obtain payment of claims governed by the conciliation agreement) and enforceable without further recourse to a judge (*force exécutoire)*, but the conciliation proceedings remain confidential.

Alternatively, the conciliation agreement may be approved (*homologué*) by the Commercial Court (*Tribunal de commerce*) at the request of the debtor following a hearing held for that purpose which will have to be attended by the works council or employee representatives, as the case may be, if (i) the debtor is not insolvent or the conciliation agreement has the effect of putting an end to the debtor's insolvency, (ii) the conciliation agreement effectively ensures that the company will survive as a going concern and (iii) the conciliation agreement does not impair the rights of the non-signatory creditors. Such approval will have the same effect as its acknowledgement (*constatation*) as described above and, in addition:

- creditors that, in the context of the conciliation proceedings, provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity in the context of a capital increase) will enjoy a priority of payment over all pre-proceedings and post-proceedings claims (other than certain pre-proceedings employment claims and procedural costs) (the "**New Money Lien**"), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings;

- in the event of subsequent safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization proceedings or judicial liquidation proceedings, the claims benefiting from the New Money Lien may not, without their holders' consent, be written off and their payment terms may not be amended by a safeguard or reorganization plan (except where the relevant creditors have expressly agreed otherwise), not even by the creditors' committees meeting (the question of the powers of the bondholder general meeting in this respect is the subject of debate);

- the works council or employee representatives are informed of the content of the conciliation agreement and may have access to the full conciliation agreement at the registrar (*greffe*) of the court. The publicly available court decision approving such agreement should however only disclose the amount of any New Money Lien and the guarantees and security interests granted to secure the same;

- when the debtor is submitted to statutory auditing, the conciliation agreement is communicated to its statutory auditors; and

- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of insolvency (see *"Insolvency test"* above), and therefore the starting date of the hardening period (as defined below—see "The *"hardening period" (période suspecte) in judicial reorganization and liquidation proceedings"*), cannot be set by the court as of a date earlier than the date of the approval (*homologation*) of the agreement by the court (except in case of fraud).

Whether the conciliation agreement is acknowledged or approved, the court may, at the request of the debtor, appoint the *conciliateur* to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its execution and while it is in force:

- interest accruing on the affected claims that are the subject to the conciliation agreement may not be compounded;

- the debtor retains the right to petition the court that commenced the conciliation proceedings for a grace period pursuant to Article L. 611-10-1 of the French Commercial Code as explained above; and

- a third party having granted a guarantee (*sûreté personnelle*) or a security interest (*sûreté réelle*) with respect to the debtor's obligations benefits from the provisions of the conciliation agreement as well as from grace periods granted in the context of conciliation proceedings.

In the event of a breach of the conciliation agreement, any party to it may petition the president of the court or the court (depending whether the agreement was acknowledged or approved) for its termination. If such termination is granted, grace periods granted in relation to the conciliation proceedings may be revoked. Conversely, provided the conciliation agreement is duly performed, any individual proceedings by creditors with respect to the claims included in the agreement are suspended and/or prohibited. The commencement of subsequent insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims (decreased by the payments already received) and pre-existing security interests or guarantees.

Conciliation proceedings, in the context of which a draft plan has been negotiated and is supported by a majority of its financial creditors large enough to render likely its adoption by a two-thirds majority of such creditors within a maximum of two months from the commencement of the proceedings, will be a mandatory preliminary step of both accelerated safeguard and accelerated financial safeguard proceedings, as described below.

At the request of the debtor and after the participating creditors have been consulted on the matter, the *mandataire ad hoc* or the conciliator may be appointed with a mission to organize the partial or total sale of the debtor which would be implemented, as applicable, in the context of subsequent safeguard, judicial reorganization or liquidation proceedings. Provided that they comply with certain requirements, any offers received in this context by the *mandataire ad hoc* or the *conciliateur* may be directly considered by the court in the context of safeguard, reorganization or liquidation proceedings after consultation of the public prosecutor.

Two types of contractual provisions are deemed null and void: (i) any provision that modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of conciliation proceedings or of a request submitted to this end and (ii) any provision forcing the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of conciliation proceedings, more than three-quarters of the fees of the professional advisers whom the creditor shall have retained in connection with these proceedings.

Where the debtor does not manage to reach an agreement with its creditors, the court will terminate the proceedings. The termination of amicable proceedings entails in itself no specific legal consequences for the debtor and there is no automatic commencement of insolvency proceedings. New conciliation proceedings cannot be commenced during a three month period following the termination of a previous one.

Court-administered proceedings—safeguard

A debtor which experiences difficulties that it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided that it is not insolvent (*en état de cessation des paiements*). Where it is not demonstrated that the debtor is experiencing difficulties that it is not able to overcome, the court may invite the debtor to request the opening of conciliation proceedings. Creditors of the debtor do not attend the hearing before the court at which the commencement of safeguard proceedings is requested. Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is (except for small companies where the court considers that such appointment is not necessary) appointed within the list of judicial administrators (whose name can be proposed by the debtor or the public prosecutor). At the request of the debtor or the public prosecutor, or by the court on its own, two or more administrators can be appointed. The appointment of several administrators becomes mandatory when the debtor (i) owns at least three establishments outside the jurisdiction of the court where it is registered, or (ii) holds or controls (as provided by Articles L. 233-1 or L. 233-3 of the French Commercial Code) at least two companies subject to court-administered proceedings, or (iii) is held or controlled (as provided by the same articles) by a company subject to court-administered proceedings, such company itself holding or controlling another company subject to such proceedings, and (iv) generates at least 20 million euros of net turnover. In case *mandat ad hoc* or conciliation proceedings were commenced before the commencement of court-administered proceedings, the public prosecutor can object to the appointment of the *mandataire ad hoc* or conciliator as administrator. The administrator is appointed to investigate the business of the debtor during an observation period (being the period from the date of the court decision commencing the proceedings to the date on which the court takes a decision on the outcome of the proceedings), which may last up to 18 months. During this period, the administrator drafts a report on the business's economic, employment and, as the case may be, environmental situation which will be the basis upon which a draft safeguard plan (*projet de plan de sauvegarde*) may be negotiated with the debtor's creditors and will be proposed to the court. Creditors do not have effective control over the proceedings, which remain in the hands of the debtor, assisted by the court-appointed administrator who will either, in accordance with the terms of the judgment appointing him or her, exercise *ex post facto* control over decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d'assistance*), all under the supervision of the court. The insolvency judge (*juge-commissaire*) can appoint one to five controllers (*contrôleurs*) among the creditors who have filed a request, provided they meet certain conditions (in particular no affiliation to the debtor). Controllers (*contrôleurs*) assist the creditors' representative (*mandataire judiciaire*) in his functions and the insolvency judge (*juge-commissaire*) in his duty of supervising the management of the business. In order to protect creditors' interests, the controllers may act in the interests of the creditors when the creditors' representative fails to take sufficient action.

If, after commencement of the proceedings, it appears that the debtor was insolvent (*en état de cessation des paiements*) at the time the commencement judgment was issued, at the request of the debtor, the administrator, the creditors' representative or the public prosecutor but, in any event, after having heard the debtor, the court may convert the safeguard proceedings into judicial reorganization proceedings.

In addition, the court may convert safeguard proceedings into (i) judicial reorganization proceedings (a) at any time during the observation period if the debtor is insolvent or (b) in case no plan has been adopted by the relevant creditors' committee and, if any, the Bondholders' General Meeting (as defined below), if the approval of a safeguard plan is manifestly impossible and if the company would shortly become insolvent should safeguard proceedings end or (ii) judicial liquidation proceedings at any time during the observation period if the debtor is insolvent and its recovery is manifestly impossible. In all such cases, (i) the court may decide at the request of the debtor, the court-appointed administrator, the creditors' representative or the public prosecutor and in all such cases with the exception of (i)(b), the court may act upon its own initiative; and (ii) the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the public prosecutor and the workers' representatives (if any).

During the safeguard proceedings, payment by the debtor of any debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the safeguard proceedings and if they do not relate to expenses necessary for the debtor's business activities during the observation period (see above), are not for the requirements of the proceedings, or not in consideration for services rendered or goods delivered to the debtor during this period, is prohibited, subject to very limited exceptions. For example, the court can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the debtor's business or to recover goods or rights transferred as Collateral in a fiduciary estate (*patrimoine fiduciaire*). In addition, creditors are required to declare to the court-appointed creditors' representative (mandataire *judiciaire*) the debts that arose prior to the commencement of the proceedings (as well as the post-commencement non-privileged debts) and are prohibited from engaging any court proceedings against the debtor for any payment default in relation to such debts, and the accrual of interest on loans with a term of less than one year (or on payments deferred for less than one year) is stopped. Debts duly arising after the commencement of the safeguard proceedings and which relate to expenses necessary for the continuance of the debtor's business activities during the observation period (see above), are for the requirements of the proceedings, or are in consideration for services rendered or goods delivered to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the safeguard proceedings (with certain limited exceptions, such as certain employee claims and claims secured by a New Money Lien).

Creditors must be consulted on the manner in which the debtor's liabilities will be settled under the plan (debt forgiveness, payment terms or debt for equity swap) prior to the plan being approved by the court.

The rules governing consultation vary according to the size of the business.

Standard consultation: for debtors whose accounts are not certified by a statutory auditor or prepared by a chartered accountant, or, if they are, who have 150 employees or less and a turnover of €20 million or less, the administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who obtains the agreement of each creditor who filed a claim, regarding the debt remissions and payment times proposed. Creditors are consulted individually or collectively.

French law does not state whether the proposals for settlement can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at the consultation stage. According to legal commentary and established practice, in the absence of a specific prohibition under French law, differing treatment as between creditors is possible, provided that it is justified by the specific position of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of the claim over a shorter time period instead of a full payment of the claim over the length of the plan (ten years maximum).

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved do not need to be consulted.

Creditors consulted in writing which do not respond within 30 days are deemed to have accepted the proposal (however, with respect to debt to equity swap proposals, the creditor' representative must obtain the agreement of each individual creditor in writing). The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and the controllers.

Within the framework of a standard consultation, if the creditors refuse the proposals that were submitted to them, the court that approves the safeguard plan (*plan de sauvegarde*) can order them to accept a uniform rescheduling of their claims (subject to specific regimes such as the one applicable to claims benefiting from the New Money Lien) over a maximum period of ten years (except for claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same), but no waiver of any claim or debt-for-equity swap may be imposed without its creditor's individual acceptance.

Committee-based consultation: In the case of large companies (whose accounts are certified by a statutory auditor or established by a chartered-accountant and with more than 150 employees or a turnover greater than €20 million), or upon the debtor's or the administrator's request and with the consent of the court in the case of debtors that do not exceed the aforementioned thresholds, two creditors' committees have to be established by the court-appointed administrator in respect of the debts that arose prior to the judgment commencing the proceedings:

- one for credit institutions or assimilated institutions and entities having granted credit or advances in favor of the debtor (the "**Credit Institutions Committee**"); and

- the other one for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers and other suppliers invited to participate in such committee by the court-appointed administrator (the "**Major Suppliers Committee**").

If there are any outstanding debt securities in the form of *obligations* (such as bonds or notes and including capital market debt instruments such as the Notes), a single general meeting of all holders of such debt securities will be established irrespective of whether or not there are different issuances and of the governing law of those obligations (the "**Bondholders' General Meeting**").

As a general matter, only the legal owner of the debt claim will be invited onto the committee or general meeting. Accordingly, a person holding only an economic interest therein will not itself be a member of the committee or general meeting.

The proposed plan:

- must take into account subordination agreements entered into by the creditors before the commencement of the proceedings;

- may treat creditors differently if it is justified by their differences in situation; and

- may, *inter alia*, include a rescheduling or cancellation of debts (subject to the specific regime of claims benefiting from the New Money Lien), and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If the plan provides for a share capital increase, the shareholders may subscribe to such share capital increase by way of offsetting their claims against the debtor (as reduced according to the provisions of the plan, where applicable).

Creditors which are members of the credit institutions' committee or the major suppliers' committee may submit to the court an alternative plan under safeguard proceedings, it being specified that the approval of these alternative plans will be subject to the same two-thirds majority vote in each committee and in the Bondholders General Meeting and will give rise to a report by the court-appointed administrator. The law does not provide the same rights for the bondholders forming part of the Bondholders' General Meeting to present an alternative plan.

The committees must approve or reject the safeguard plan within 20 to 30 days (which can be reduced to 15 days, subject to the insolvency judge's (*juge commissaire*) authorization) of its submission. The plan must be approved by a majority vote of each committee, provided that the majority achieved equates to two-thirds of the outstanding claims of the creditors expressing a vote.

Each member of a creditors' committee or of the Bondholders' General Meeting, if applicable, must inform the court-appointed administrator of the existence of any agreement relating to its voting rights, whether its claim has been paid, in full or in part, by a third party and the existence of any subordination agreement. The court-appointed administrator shall then submit to such person a proposal for the computation of its voting rights in the creditors' committee/Bondholders' General Meeting eight days prior to the vote at the latest. In the event of a disagreement, which must be expressed 48 hours prior to the vote at the latest, the creditor/bondholder or the court-appointed administrator may request that the matter be decided by the president of the commercial court in summary proceedings.

The amounts of the claims secured by a trust (*fiducie*) constituted as a guarantee granted by the debtor are not taken into account for the purpose of the committees or the Bondholders' General Meeting. In addition, creditors whose repayment schedule is not modified by the plan, or for which the plan provides for a payment of their claims in cash in full upon adoption of the plan or as soon as their claims are admitted, do not take part in the vote. Such creditors do not need to be consulted on the plan.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the Bondholders' General Meeting at the same two-thirds majority vote. Following approval by the creditors' committees and the Bondholders' General Meeting and determination of a rescheduling of the claim of creditors that are not members of the committees or bondholders as discussed hereafter, the plan has to be approved (*arrêté*) by the court. In considering such approval, the court has to verify that the interests of all creditors are sufficiently protected and that relevant shareholder consent, if any is required, has been obtained. Once approved by the relevant court, the safeguard plan will be binding on all the members of the committees and all bondholders (including those who did not vote or voted against the adoption of the plan).

If the debtor's proposed plan is not approved by both committees and the Bondholders' General Meeting within the first six months of the observation period (either because they do not vote on the plan or because they reject it), this six month period may be extended by the court at the request of the court-appointed administrator for a period not exceeding the duration of the observation period, in order for the plan to be approved through the committee-based consultation process. In the absence of any such extension, the court can still adopt a safeguard plan within the time remaining until the end of the observation period. In such a case, the rules are the same as the ones applicable for the standard consultation process described above.

With respect to creditors who are not members of the committees or in the event no committees are established, proposals are made to each creditor collectively or individually.

For those creditors outside the creditors' committee or the Bondholders' General Meeting who have not reached a negotiated agreement, the court can impose a single rescheduling of the repayment of their claims over a maximum period of ten years, except for claims having maturity dates falling after the deferral period set by the court (i.e. ten years), in which case the original maturity date of any such claim shall not be amended. The court cannot oblige creditors subject to such a rescheduling to waive any part of their claim or accept debt-for-equity swaps.

If the court imposes a single rescheduling of the repayment of such claims, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual installment must be of at least 5% of the total amount of the debt claim) or the year following the initial maturity of the claim if it falls on a date which is later than the date of the first anniversary of the adoption of the plan, in which case the amount of the payment shall be determined in accordance with specific rules in order to ensure that the full amount of the claim is repaid within the length of the plan.

In the event that the debtor's proposed plan is not approved by both committees and the Bondholders' General Meeting within the first six months of the observation period, either because they do not vote on the plan or because they reject it, this six-month period may be extended as described above. In such a case, the rules are the same as the ones applicable for the consultation of creditors that are not part of the committees and that are not bondholders (in particular, the rule that the court can only impose a rescheduling of the repayment of the debts over a maximum period of ten years shall apply (as described in the immediately preceding paragraphs)).

Where the draft safeguard plan provides for a modification of the debtor's share capital or by-laws:

- the shareholder meeting is convened in accordance with the usual provisions governing shareholders meetings. The court may order that the shareholder decisions be adopted, on first notice, by a simple majority vote of the shareholders attending or represented, as long as such shareholders own at least half of the shares with voting rights. On second notice, usual rules governing quorum and majority shall apply. Notice of shareholders' meeting must be circulated 35 days prior to the meeting for listed companies;

- if, due to losses recorded in the accounting documents, the shareholders' equity is less than half of the share capital, the shareholders' meeting shall first be convened in order to restore the shareholders' equity up to the amount proposed by the administrator which cannot be less than half of the share capital;

- the shareholders' meeting can also be convened so as to decide a decrease and an increase of the share capital for the benefit of one or several persons who commit to comply with the plan.

During the execution of the safeguard plan, it may be modified by the court at the request of the debtor accompanied by a report of the plan performance supervisor (*commissaire à l'exécution du plan*). If the debtor's situation allows for a modification of the safeguard plan for the benefit of the creditors (i.e., a shortening of the duration of the plan), the plan performance supervisor may request such a modification. If the debtor becomes insolvent during its performance or if the safeguard plan is not properly performed, it can be terminated at the request of a creditor, the plan performance supervisor or the public prosecutor.

If no plan is adopted by the committees, at the request of the debtor, the judicial administrator, the *mandataire judiciaire* or the public prosecutor, the court may convert the safeguard proceedings into judicial reorganization proceedings if it appears that the adoption of a safeguard plan is impossible and if the end of the safeguard proceedings would certainly lead to the debtor becoming insolvent shortly thereafter.

Specificities exist in respect of creditors that are public institutions. Public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt remissions under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors are consulted under specific conditions, within the framework of a local administrative committee (*Commission des Chefs de Services Financiers*). The tax administrations may grant relief from all direct taxes. As regards indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

Court-administered proceedings—accelerated safeguard and accelerated financial safeguard

A debtor in conciliation proceedings may request the commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) or accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*). The accelerated safeguard proceedings and the accelerated financial safeguard proceedings have been designed to "fast-track" difficulties of large companies: (i) (x) which publish accounts certified by a statutory auditor or prepared by a certified public accountant (*expert comptable*) and (y) having more than 20 employees or a turnover greater than € 3 million (excluding VAT) or a total balance sheet exceeding € 1.5 million or (ii) who publish consolidated accounts in accordance with Article L. 233-16 of the French Commercial Code.

To be eligible for accelerated safeguard or accelerated financial safeguard proceedings, the debtor must fulfil four conditions:

- the debtor must not be insolvent for more than 45 days prior when it initially applied for the commencement of the conciliation proceedings;
- the debtor must be subject to ongoing conciliation proceedings when it applies for the commencement of the proceedings;
- as is the case for regular safeguard proceedings, the debtor must face difficulties which it is not in a position to overcome; and
- the debtor must have prepared a draft safeguard plan ensuring the continuation of its business as a going concern supported by enough of its creditors involved in the proceedings to render likely its adoption by the relevant creditors' committees (Credit Institutions Committee only for financial accelerated safeguard proceedings) and Bondholders' General Meeting within a maximum of three months from the commencement of the accelerated safeguard proceedings (or within a maximum of up to two months following the commencement of accelerated financial safeguard proceedings).

While accelerated safeguard proceedings apply to all creditors (except employees), accelerated financial safeguard proceedings apply only to "financial creditors" (i.e., creditors that belong to the Credit Institutions Committee and bondholders general meeting), the payment of whose debt is suspended until adoption of a plan through accelerated financial safeguard proceedings. The debtor will be prohibited from paying, to any creditor to whom the accelerated safeguard or accelerated financial safeguard proceedings (as the case may be) apply, any amounts (including interest) in respect of debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor (post-commencement non-privileged debts). Such amounts may be paid only after the judgment of the court approving the safeguard plan and in accordance with its terms. Creditors other than financial creditors (such as public creditors, the tax or social security administration and trade creditors (i.e. suppliers)) are not directly impacted by accelerated financial safeguard proceedings. Their debts will continue to be due and payable in the ordinary course of business according to their contractual or legal terms.

The regime applicable to standard safeguard proceedings is broadly applicable to accelerated safeguard or accelerated financial safeguard proceedings (for example, creditors will be consulted by way of a committee-based consultation on, as the case may be, a draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or a draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) and creditors that are members of the Credit Institutions Committee or the Major Suppliers Committee, but not bondholders, may also prepare alternative draft plans as described above (see "*committee-based consultation*")), to the extent compatible with the accelerated timing, since the maximum duration of accelerated safeguard proceedings is three months and the maximum

duration of accelerated financial safeguard proceedings is two months (provided the court has decided to extend the initial one month period). If the court decides to open accelerated safeguard or accelerated financial safeguard proceedings, the committees (creditors' committee and the Bondholders' General Meeting) must be set up even in the case where the thresholds are not satisfied. The creditors' committees and the Bondholders' General Meeting are required to vote on the proposed safeguard plan within 20 (twenty) to 30 (thirty) days of its being notified to them (same time period applicable to standard safeguard proceedings). Upon request of the debtor or the court appointed administrator, the supervising judge may reduce this timescale to 15 (fifteen) days in the case of standard safeguard proceedings or accelerated safeguard proceedings, to 8 (eight) days for the meeting of the financial creditors and to 10 (ten) days for the Bondholders' General Meeting in the case of accelerated financial safeguard proceedings.

The plan in the context of accelerated safeguard proceedings or accelerated financial safeguard proceedings is adopted following the same majority rules as in standard safeguard proceedings and may notably provide for rescheduling, debt cancellation and conversion of debt into equity capital of the debtor (debt-for-equity swaps requiring relevant shareholder consent). No debt rescheduling or cancellation may be imposed, without their consent, on creditors that do not belong to one of the committees or are not bondholders.

The list of claims of creditors party to the conciliation proceedings certified by the statutory auditor shall be deemed to constitute the filing of such claims for the purpose of accelerated safeguard proceedings or, as applicable, accelerated financial safeguard proceedings (see below) unless the creditors otherwise elect to make such a filing (see below).

If a plan is not adopted by the creditors and approved by the court within the applicable deadlines, the court shall terminate the proceedings. The court cannot reschedule amounts owed to the creditors outside of the committee process.

Judicial reorganization or liquidation proceedings

Judicial reorganization (*redressement judiciaire*) or liquidation proceedings (*liquidation judiciaire*) may be initiated against (i.e., by a creditor or the public prosecutor) or by a debtor only if it is insolvent and, with respect to liquidation proceedings only, if the debtor's recovery is manifestly impossible. Note that the French Constitutional Court (*Conseil constitutionnel*) has held as unconstitutional (i) the commencement of judicial reorganization proceedings by the court on its own initiative (December 7, 2012 no 2012-286 QPC), and (ii) the commencement of judicial liquidation proceedings by the court on its own initiative (March 7, 2014, no 2013-368 QPC). The French Constitutional Court (*Conseil constitutionnel*) has also held as unconstitutional the termination of the safeguard plan and subsequent commencement of judicial liquidation proceedings by the court on its own initiative (March 7, 2014, no 2013-372 QPC). The debtor is required to petition for judicial reorganization or liquidation proceedings (or for conciliation proceedings, as discussed above) within 45 days of becoming insolvent. If it does not, *de jure* managers (including directors) and, as the case may be, *de facto* managers that would have been deliberately failed to file such a petition within the deadline are exposed to civil liability in the event that judicial liquidation proceedings should be subsequently commenced against the debtor.

Reorganization proceedings start with an observation period and may lead to the adoption of a reorganization plan. Both the observation period and the adoption of the plan are conducted the same way and have the same effects as in safeguards proceedings, with limited specificities.

Under the judicial reorganization proceedings, the administrator appointed by the court will assist the debtor to make management decisions (mission *d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*). On the other hand, as a result of the commencement of liquidation proceedings, the directors or officers of the debtor will no longer be entrusted with the management of the debtor.

Where the debtor requested the commencement of judicial reorganization proceedings and the court, after having heard the debtor, considers that judicial liquidation proceedings would be more appropriate, it may order the commencement of the proceedings which it determines to be most appropriate. The same would apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), a controller, the public prosecutor or, on its own initiative, the court may convert the reorganization proceedings into liquidation proceedings if it appears that the debtor's recovery is manifestly impossible. In all cases, the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the controller, the public prosecutor and the workers' representatives (if any). However, it cannot be ruled out that, further to the aforementioned decisions by the French Constitutional Court (*Conseil constitutionnel*), the constitutionality of the conversion of a safeguard or judicial reorganization proceedings into judicial reorganization or liquidation proceedings, should it be decided by the court, on its own initiative, be challenged.

In the event of reorganization, an administrator is usually appointed by the court (*administrateur judiciaire*) to investigate the business of the debtor during an observation period, which may last up to 18 months, and make proposals for the reorganization of the debtor (by helping the debtor to elaborate a reorganization plan, which is similar to a safeguard plan) or, unlike safeguard proceedings, if it appears that a reorganization plan is not possible, the sale of the business (which will occur through an open bid process organized by the administrator) or the liquidation of the debtor. In a court-ordered sale, the existing debts are not transferred to the purchaser.

During the observation period, the administrator drafts a report outlining the possible outcomes of the reorganization proceedings, including any draft reorganization plan and any offer to purchase the business. The court will then examine all possible outcomes and favor the best one, taking into account (i) the viability of the project, (ii) the number of jobs which would be preserved and (iii) the treatment of creditors.

Committees of creditors and a Bondholders' General Meeting may be created under the same conditions as in safeguard proceedings (see above). At any time during this observation period, the court can, at the request of the debtor, order the partial stop of the activity (*cessation partielle de l'activité*) or, at the request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), the public prosecutor or at its own initiative, order the liquidation of the debtor if its recovery is manifestly impossible. At the end of the observation period, the outcome of the proceedings is decided by the court.

In case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one and a half times that of the share capital as required by Article L. 626-3 of the French Commercial Code, the administrator may appoint a representative (*mandataire en justice*) to convene a shareholders' meeting and to vote on behalf of the shareholders which refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies) undertaking to comply with the recovery plan.

If the proposed reorganization plans are manifestly not likely to ensure that the debtor will recover or if no reorganization plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business.

In judicial reorganization proceedings if (i) the company has at least 150 employees, or if it controls (within the meaning of the French Labor Code) one or more companies having together at least 150 employees, (ii) the disappearance of the company is likely to cause serious harm to the national or regional economy and to local employment and (iii) the modification of the company's share capital seems to be the only credible way to avoid harm to the national or regional economy and allows the continued operation of the business as a going concern, then following (x) the review of the options for a total or partial sale of the business and at the request of the court-appointed administrator or of the public prosecutor and (y) at least three months having elapsed as from the court decision commencing the proceedings, provided that the shareholders' meetings required to approve the modification of the company's share capital required for adoption of the reorganization plan have refused such modification, the insolvency court may either:

- appoint a court officer (*mandataire*) in order to convene the shareholders meeting and vote the share capital modification in lieu of the shareholders having refused to do so, up to the amount provided for in the reorganization plan; or

- order, in favor of the persons who have undertaken to perform the reorganization plan, the sale of all or part of the share capital held by the shareholders having refused the share capital increase and holding, directly or indirectly a portion of the share capital providing them with a majority of the voting rights (including as a result of an agreement with other shareholders) or a blocking minority in the company's shareholder meetings; the minority shareholders have the right to withdraw from the company and request that their shares be purchased by the transferees.

In the event of a sale ordered by the court, the price of the shares shall, in the absence of an agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court which may not exceed the duration of the reorganization plan.

In case the draft reorganization plan provides for a change in the equity structure or a transfer of shares, approval clauses are deemed null and void.

Judicial liquidation proceedings are commenced upon the request of a creditor or the public prosecutor and apply to a debtor that is insolvent and whose restructuring is obviously impossible. The commencement of these proceedings can also be requested by the debtor itself within 45 days following the deemed date of insolvency.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator, which is generally the former creditors' representative (mandataire *judiciaire*). No maximum time period is provided by law to limit the duration of the judicial liquidation process. The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly liquidate the assets and settle the liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order for payment). The liquidator will take over the management and control of the debtor and the directors or officers of the debtor will no longer be entrusted with the management of the debtor.

Judicial liquidation proceedings lead to immediate cessation of business activity (except, under certain circumstances, in case of continuation of the business activity, for a limited period (see below)).

Concerning the liquidation of the assets of the debtor, there are two possible outcomes of such liquidation scenario:

- an asset sale plan (*plan de cession*) (in which case the court will usually authorize the continuation of activity for a period not exceeding three months (which may be renewed for the same period), appoint a judicial administrator alongside the liquidator to manage the debtor and organize such sale of the business); or

- a sale of the individual assets of the debtor, in which case the liquidator may decide to:

- launch auction sales (*vente aux enchères* (or *adjudication amiable* for real estate assets only);

- sell each asset on an amicable basis (*vente de gré à gré*) for which unsolicited offers have been received, (the formal authorization of the bankruptcy judge being necessary to conclude the sale agreement with the bidder); or

- request, under the supervision of the bankruptcy judge, that all potential interested purchasers bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed before such hearing (*procédure des plis cachetés*). However, the possibility to implement such process is questioned by certain legal authors and case law in this respect has varied.

The court shall terminate the proceedings in the event that no due liabilities remain, the liquidator has sufficient funds to pay off the creditors (*extinction du passif*), or continuation of the liquidation process becomes impossible due to insufficiency of assets (*insuffisance d'actif*).

The court may also terminate the proceedings when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets, or in the event where there are insufficient funds to pay off the creditors, by appointing a *mandataire* in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

The "hardening period" (période suspecte) in judicial reorganization and liquidation proceedings

The date of insolvency (*cessation des paiements*) of a debtor is deemed to be the date of the court order commencing proceedings, unless the court sets an earlier date, which may be no earlier than 18 months before the date of such court order. Also, except in the case of fraud, the date of insolvency may not be set at a date earlier than the date of the final court decision that approved an agreement (homologation) in the context of conciliation proceedings (see above). The date of insolvency is important because it marks the beginning of the "*période suspecte*" (otherwise referred to as "hardening period"), being the period between the date of insolvency and the court decision commencing the judicial reorganization or liquidation proceedings affecting it.

Certain transactions undertaken during the hardening period are automatically void by the court.

Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no, or nominal, consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments not made in the

ordinary course of business and security granted for previously incurred obligations (including a security granted to secure a guarantee obligation), provisional attachment or seizure measures (unless the writ of attachment or seizure predates the date of insolvency), operations relating to stock options, fiduciary transfers (unless the transfer is made as a security for an indebtedness simultaneously incurred), any amendment to a trust arrangement (*fiducie*) that affects assets or rights already transferred in the trust as security for debt incurred prior to such amendment, and a declaration of non-seizability (*déclaration d'insaisissabilité*).

Other transactions undertaken during the hardening period are voidable by the court, at its discretion.

Such transactions include payments made on accrued debts, transactions for consideration and notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie-attribution*) and oppositions made during the hardening period, in each case if the court determines that the creditor knew that the debtor was insolvent at the relevant time. Transactions relating to the transfer of assets for no consideration are also voidable when entered into during the six-month period prior to the beginning of the hardening period.

There is no hardening period prior to the opening of safeguard, accelerated safeguard or accelerated financial safeguard proceedings.

Status of creditors during safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization or judicial liquidation proceedings

Contractual provisions pursuant to which the commencement of the safeguard or insolvency proceedings triggers the acceleration of the debt (except with respect to judicial liquidation proceedings in which the court does not order the continued operation of the business) or the termination or cancellation of an ongoing contract are not enforceable against the debtor. Nor are "contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of reorganization proceedings" (pursuant to a decision of the French Supreme Court (*Cour de cassation*) dated January 14, 2014, nº 12-22.909, which is likely to apply to safeguard, accelerated safeguard or accelerated financial safeguard proceedings). The rule also applies to credit agreements, despite these agreements not being considered as ongoing contracts if their contractual provisions increase the obligations of the debtor solely upon the opening of the proceedings (*Cour de cassation*, 22 February 2017, n° 15-15.942). However, the court-appointed administrator can unilaterally decide to terminate ongoing contracts (*contrats en cours*) which it believes the debtor will not be able to continue to perform. The court-appointed administrator can, conversely, require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that the debtor fully performs its post-petition contractual obligations (and provided that, in the case of reorganization or judicial liquidation proceedings, in the absence of an agreement amending payment terms, the debtor makes payment in full upon delivery). On the other hand, the commencement of liquidation proceedings automatically accelerates the maturity of all of a debtor's obligations unless the court orders the continued operation of the business with a view to adopting a "plan for the sale of the business" (*plan de cession*) (which it may do for a period of three months, renewable once), in which case the acceleration of the obligations will only occur on the date of the court decision adopting the "plan for the sale of the business" or on the date on which the continued operation of the business ends.

As from the court decision commencing the proceedings:

- accrual of interest is suspended, except in respect of loans for a term of at least one year, or contracts providing for a payment which is deferred by at least one year (however accrued interest can no longer be compounded);

- the debtor is prohibited from paying debts incurred prior to the date of the court decision commencing the proceedings, subject to specified exceptions (which essentially cover the set-off of related (*connexes*) debts and payments authorized by the insolvency judge (*juge commissaire*) to recover assets for which recovery is justified by the continued operation of the business);

- the debtor is prohibited from paying debts duly arising after the commencement of the proceedings, unless they were incurred for the purposes of the proceedings or of the observation period or in consideration of services rendered/goods provided to the debtor provided that they are duly filed within one year of the end of the observation period;

- creditors may not initiate or pursue any individual legal action against the debtor (or, where the proceedings are safeguard, accelerated safeguard or accelerated financial safeguard, any natural person having granted a guarantee (*sûreté personnelle*) or a security interest (*sûreté réelle*) in respect of the debtor's obligations)

with respect to any claim arising prior to the court decision commencing the proceedings, if the objective of such legal action is:

- to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due in order to file a proof of claim, as described below);

- to terminate a contract due to non-payment of amounts owed by the creditor; or

- to enforce the creditor's rights against any assets of the debtor except (i) in judicial liquidation proceedings, by way of the applicable specific process for judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) where such asset—whether tangible or intangible, movable or immovable—is located in another EU member state, in which case the rights *in rem* of creditors thereon would not be affected by the insolvency proceedings commenced in France, in accordance with the terms of Article 8 of the EU Insolvency Regulation (Recast); and

- in the context of reorganization or liquidation proceedings only, in the absence of an agreement amending payment terms, immediate payment in full for services rendered pursuant to an ongoing contract (*contrats en cours*), will be required.

In accelerated safeguard and accelerated financial safeguard proceedings, the above rules only apply to the creditors that fall within the scope of the proceedings (see above). Debts owed to other creditors, such as suppliers, continue to be payable in the ordinary course of business.

As a general rule, creditors domiciled in Metropolitan France whose debts arose prior to the commencement of proceedings must file a proof of claim with the court-appointed creditors' representative within two months of the publication of the court decision in an official gazette (*Bulletin officiel des annonces civiles et commerciales*); this period is extended to four months for creditors domiciled outside Metropolitan France. Creditors must also file a claim for the post-commencement non-privileged debts, with respect to which the two or four month period referred to above start to run as from their maturity date. Creditors who have not submitted their claims during the relevant period are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings. Employees are not subject to such limitations and are classified as preferential creditors under French law.

At the beginning of the proceedings, the debtor must provide the court-appointed administrator and the creditors' representative with the list of all its creditors and all of their claims. Where the debtor has informed the creditors' representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors' representative on behalf of the debtor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the insolvency judge rules on the admissibility of the claim.

However, in accelerated safeguard and accelerated financial safeguard proceedings, the debtor draws a list of the claims of its creditors having participated in the conciliation proceedings, which is certified by its statutory auditors (failing which, its accountant). Although such creditors may file proofs of claim as part of the regular process, they may also prevail themselves of this simplified alternative and merely adjust if necessary the amounts of their claims as set forth in the list prepared by the debtor (within the aforementioned two or four months' time limit). Those creditors who did not take part in the conciliation proceedings (but who would belong to the financial institutions' committee or the Bondholders' General Meeting) would have to file their proofs of claim within the aforementioned deadlines.

If the court adopts a safeguard plan, accelerated safeguard plan, accelerated financial safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court adopts a plan for the sale of the business (*plan de cession*) of the debtor, whether partial (within the context of safeguard, reorganization or liquidation proceedings) or total (within the context of reorganization or liquidation proceedings), the proceeds of the sale will be allocated towards the repayment of its creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator (usually the former creditor's representative) in charge of selling the assets of the debtor and settling its relevant debts in accordance with their ranking. However, in practice, where the sale of the business is considered, the court will usually appoint a court-appointed administrator to manage the debtor during the temporary continuation of the business operations (see above) and to organize the sale of the business process.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees, post-petition legal costs (essentially, court official fees), creditors who benefit from a New Money Lien (see above),

post-petition privileged creditors, and the French State (taxes and social charges). In the event of judicial liquidation proceedings only, certain pre-petition secured creditors whose claim is secured by real estate are paid prior to post petition creditors. This order of priority does not apply to all creditors, for example it does not apply to creditors benefiting from a retention right over assets with respect to their claim related to such asset.

As soon as insolvency proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

Creditors' liability

Pursuant to Article L. 650-1 of the French Commercial Code (as interpreted by case law), where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may only be held liable for the losses suffered as a result of facilities granted to the debtor (provided that such grant was itself wrongful (*fautif*)) on the following grounds (and may only be held liable on those grounds): (i) fraud, (ii) wrongful interference with the management of the debtor; or (iii) the security or guarantees taken to support the facilities being disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court.

The PACTE Act (the action plan for business growth and transformation)

The Action Plan for Business Growth and Transformation Act ("*Loi Plan d'action pour la Croissance et la Transformation des Entreprises*"), adopted by the French National Assembly on 11 April 2019, came into force on 24 May 2019 (the "**PACTE Act**"). The PACTE Act aims to facilitate the turnaround and recovery of entrepreneurs and businesses having filed for administration proceedings. The PACTE Act is applicable for proceedings opened after the publication of the law.

The key changes of the law include:

- Choice of the judicial administrator: the debtor requesting the opening of reorganization proceedings is authorized to suggest the name of one or more judicial administrators to the court. The debtor is thus be able to nominate the judicial administrator who previously assisted it during safeguard proceedings that have been converted into reorganization proceedings, unless the public prosecutor decides otherwise. This new rule formalizes the current practice.

- Legal representative's compensation: in case of reorganization proceedings, the compensation is maintained unless the insolvency judge decides otherwise at the request of the judicial administrator, the creditor's representative or the public prosecutor. In the context of liquidation proceedings, the supervisory judge shall determine the compensation.

- Neutralization of "solidarity clauses" in commercial leases in the case of sale plans: when the business is sold in court proceedings in respect of a disposal plan, any clause binding the assignee of a lease, jointly and severally, with the seller shall be deemed null and void if the lease is made as part of the plan. This rule will not be effective if the lease is transferred as a stand-alone asset.

- Simplified judicial liquidation proceedings: the proceedings shall apply to debtors with no real estate assets, less than five employees and less than €750,000 in turnover. The proceedings must be completed within six months to a year. An extension may be possible for a maximum period of three months.

The PACTE Act also provides the executive with the authority to transpose the EU Directive (see "*Directive (EU) no 2019/1023*" above) into French law within two years from the publication of the PACTE Act (before 23 May 2021).

Rights in the collateral may be adversely affected by the failure to perfect security interests in the collateral

Under French law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens over the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Agent, fail or are unable to take the actions required to perfect any of such security interests. Furthermore, it should be noted that neither the Trustee nor the Security Agent shall have any obligation to take any steps or action to perfect any of such security interests. In particular:

- A pledge over the securities of a French company constituted as a stock company (*société par actions*) that is governed by French law consists of a pledge over a securities account (*nantissement de compte de titres*) to which the relevant securities are credited. The securities account pledge will be validly established after execution of a statement of pledge (*déclaration de nantissement de compte titres financiers*) by the security provider(s) in favor of the Security Agent. Each statement of pledge will have to be registered in the relevant shareholder's account (*compte d'actionnaire*) and share register (*registre de mouvement de titres*) of each Guarantor.

- A pledge over bank accounts or receivables may be perfected by notifying the relevant counterparty or account bank.

In France, no lien searches are available for security interests which are not publicly registered (i.e. the abovementioned security interests), with the result that no assurance can be given as to the ranking of a security interest if it is not publicly registered.

Limitations on enforcement of security interests and cash amount

Security interests governed by French law may only secure a creditor up to the secured amount that is due and unpaid to it. Under French law, pledges over securities (whether in the form of a pledge over securities account or in the form of a pledge over shareholding interests (*parts sociales*)) may generally be enforced at the option of the secured creditors either: (i) by way of a sale of the pledged securities in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*pacte commissoire*) of the pledged securities to the secured creditors, following which the secured creditors become the legal owner of the pledged securities. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. Such value is determined either by the court-appointed expert in the context of a judicial attribution or by a pre-contractually agreed or judicially-appointed expert in the context of a contractual foreclosure (as specified in the underlying security document). If the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the foreclosed securities as so determined and the amount of the secured debt that is due and payable to the creditor(s). This is the case regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such assets, and the remaining amount owed to such creditors will deemed to be unsecured.

An enforcement of the pledged securities may be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities since such securities will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies.

In addition, in view of the area of activity of the Group or certain members of the Group, it should be noted that foreign investments in companies or businesses which operate in certain sectors (in particular in respect of activities which may jeopardize public order, public safety or national defense interests or activities involving research, production or marketing of weapons, munitions or explosive powders or substances; in particular in the areas of energy and water supply, public health, public transport and electronic communications) may require the prior authorization of the French Economy Minister. This requirement may interfere with the enforcement of the Collateral over shares or a business. Where any of the sectors specified by law or regulations are involved, the following shall constitute foreign investments which are subject to the prior authorization procedure:

- a transaction as a result of which a non-EU/EEA investor (i) acquires the control (within the meaning of Article L. 233-3 of the French Commercial Code), (ii) acquires all or part of a business (*branche d'activité*) or (iii) crosses the threshold of 33.33 percent of the share capital or voting rights, in each case of a company whose registered office is located in France;

- a transaction as a result of which an EU/EEA investor (i) acquires the control (within the meaning of Article L. 233-3 of the French Commercial Code) or (ii) acquires all or part of a business, in either case of a company whose registered office is located in France; and

- a transaction as a result of which a French investor under non-French control acquires all or part of a business of a company whose registered office is located in France.

When a foreign investment is subject to the authorization of the French Economy Minister as above, the transaction cannot be completed prior to authorization. The foreign investor must submit a formal application for prior authorization to the French authorities which must render a decision within two months of receipt of the application (failing which authorization shall be deemed to have been granted).

We can provide no assurance that the approval of the French authorities would not be required in order to allow the Security Agent to enforce the pledge over the shares of the Guarantors and/or any of its subsidiaries or that such approval, if required, would be granted.

Parallel debt—trust

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Notes Guarantees will not be granted directly to the holders of the Notes but will be granted in favor of the Security Agent. The Indenture and the Intercreditor Agreement will provide that only the Security Agent as security agent, Trustee and Parallel Debt (as defined below) creditor has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the Collateral. In addition, in certain circumstances, lenders under the New Revolving Credit Facility will have the right to direct the Security Agent in enforcement actions with respect to the Collateral.

Under French law, except where security interests or personal guarantees are granted pursuant to the security agent, as described below, the pledgee of a French law security interest and the creditor of the claim secured by such security interest are required to be the same person. Such security interest cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 of the French Code Civil or as security agent (*agent des sûretés*) under Article 2488-6 and *seq*. of the French Code Civil. The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent (the "**Parallel Debt**") mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the holders of the Notes under or in connection with the Indenture (the "**Principal Obligations**").

The Parallel Debt will at all times be in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Pursuant to the Parallel Debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by French law will directly secure the Parallel Debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The holders of the Notes will not be entitled to take enforcement action in respect of such security interests except through the Security Agent (even if they are in some instances listed as direct beneficiaries of the security interests in the Collateral).

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (Cass. com. September 13, 2011 no 10-25533 Belvédère) relating to bond documentation governed by New York law. Such a decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt. In particular, the French Supreme Court (*Cour de cassation*) upheld the proof of claim of the legal holders of a Parallel Debt claim, considering that it did not contravene French international public policy (*ordre public international*) rules. The ruling was made on the basis that the French debtor was not exposed to double payment or artificial liability as a result of the Parallel Debt mechanism. Although this court decision is generally viewed by legal practitioners and academics as recognition by French courts of Parallel Debt structures in such circumstances, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a parallel debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the Notes or security interests created under the Parallel Debt and/or trust constructs are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the Notes Guarantees or security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The Trustee has certain assigned duties and rights under the Indenture that become particularly important following Defaults or Events of Default of which a responsible officer of the Trustee has been notified in writing, and following an Event of Default acts in a fiduciary capacity in the best interests of the holders of the Notes.

The concept of "trust" has been recognized by the French Tax Code by Article 792-0 *bis* and the French Supreme Court (*Cour de cassation*), which has held, in the same published decision referred to above (Cass. com. September 13, 2011 no 10-25533, 10-25731, 10-25908 Belvédère c/ Maître es qual.) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings commenced in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of 1 July 1985 on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law.

To the extent that the security interests in the Collateral are granted to the benefit of, inter alios, the Security Agent pursuant to the Parallel Debt mechanism and such security interests created to the benefit of the Security Agent are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent.

Security agent

Ordinance n°2017-748 dated May 4, 2017 clarifies and modernizes the status of the French security agent (*agent des sûretés*) by repealing former Article 2328-1 of the French Code Civil and by creating a new regime for the agent for the purpose of taking, managing and enforcing security interests and personal guarantees in the context of financing arrangements. This new regime applies to security agents appointed after October 1, 2017. New Articles 2488-6 to 2488-12 of the French Code Civil allow for the creation of security interests and personal guarantees for the benefit of a security agent, who will hold any rights or assets acquired during the performances of its duties in a separate estate (which shall be separate from its own estate) and act in its name on behalf of the secured parties in such capacity. By the creation of a separate estate, the rights of secured creditors under security interests and personal guarantees will be ring-fenced if the security agent is the subject of insolvency proceedings (except in cases of fraud or in cases of the exercise of a right of pursuit (*droit de suite*) of a creditor). The security agent will remain liable for its misconduct (*faute*) in the performance of its duties. The security agent may take all legal actions to protect the secured creditor's interests and file a proof of claim (*déclaration de créance*) on behalf of one or several creditors in a debtor's insolvency proceeding. The security agent must be appointed pursuant to a written agreement specifying its quality, its duties, the duration of its duties and its powers.

Fraudulent conveyance

French law contains specific "*action paulienne*" provisions dealing with fraudulent conveyance both in and outside insolvency proceedings. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such debtor guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such debtor's or a third party's obligations, enters into additional agreements benefiting from existing security or any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant debtor by the creditors' representative (*mandataire judiciaire*), the commissioner of the safeguard or reorganization plan (*commissaire à l'exécution du plan*) insolvency proceedings of the relevant debtor, or by any of the creditors of the relevant debtor outside the insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings. Any such legal act may be declared unenforceable against third parties if: (i) the debtor performed such act without an obligation to do so; (ii) the relevant creditor or (in the case of the debtor's insolvency proceedings) any creditor was prejudiced in its means of recovery as a consequence of the act and (iii) at the time the legal act was performed, both the debtor and the counterparty to the transaction knew or should have known that one or more of such debtor's creditors (existing or future) would be prejudiced in their means of recovery (where the legal act was entered into for no consideration (*à titre gratuit*), no such knowledge of the counterparty is necessary). If a court found that the issuance of the Notes, the grant of the security interests in the Collateral, or the granting of the Notes Guarantees involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes, the granting of the security interests in the Collateral or the granting of such Notes Guarantees could be declared unenforceable against third parties or declared unenforceable against the creditor who lodged the claim in relation to the relevant act. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes, the Notes Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes, the security interests in the Collateral or the Notes Guarantees could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

Recognition of intercreditor arrangements by French courts

There is no law or published decision of the French courts of appeal or of the French Supreme Court (*Cour de cassation*) on the validity or enforceability of the obligations of an agreement such as the Intercreditor Agreement, except for Articles L. 626-30-2 and L. 631-19 of the French Commercial Code which states that, in the context of safeguard or reorganization proceedings, the safeguard or reorganization plan which is put to the vote of creditors' committees takes into consideration (*prend en compte*) the provisions of subordination agreements between creditors which were entered into prior to the commencement of the safeguard, or reorganization, proceedings. As a consequence, except to the extent referred to above (which, as at the date of this offering memorandum, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the Intercreditor Agreement.

Recognition of validity of second or lower ranking financial securities account pledges by French courts

The Intercreditor Agreement provides for a mechanism allowing the implementation of second or lower ranking pledges over financial securities accounts.

A pledge over the shares of a stock company (*société par actions*) governed by French law is a pledge over the relevant securities account (*nantissement de compte de titres financiers*) in which the shares of such company which are held by the grantor are credited. In France, no lien searches are available for security interests which are not registered, such as pledges over securities accounts (*nantissements de comptes de titres financiers*). As a result, no assurance can be given on the ranking of a pledge over a securities account in which the shares of such a company are credited.

In addition, to our knowledge, French courts have never expressly recognized the concept of second (or lower) ranking pledge in respect of a financial securities account and, even though article 2340 of the French Code Civil does recognize the ability for a pledgor to create multiple pledges in respect of the same tangible asset, this article is not expressly stated as being applicable to pledges over financial securities account. Moreover, under French law a pledge over securities accounts provides to the secured parties a lien (*droit de rétention*) over the pledged securities account. No legal provision under French law appears to prohibit the granting of a second or lower ranking pledge thereon. Consequently, the second or lower ranking pledge over the shares of such a company may therefore provide that the possession of the securities account is transferred to the custody of an agreed third party as "*tiers convenu*" (*entiercement*), that the first-ranking and second or lower ranking secured parties have consented to the creation of second or lower ranking pledge and that the first-ranking secured parties have accepted the third party to be appointed as a *tiers convenu* which will hold the pledged securities as custodian for the benefit of both the first-ranking and the second or lower ranking secured parties.

However, this structure has not been tested before the French courts and no assurances can be given that such second or lower ranking pledges would be upheld if tested. Therefore, there is a risk that the second or lower ranking pledge over the securities account in which the shares of such company are respectively registered may be held void or unenforceable by a French court, which in turn could materially adversely affect the recovery under the Notes or the Notes Guarantees (as applicable) following an enforcement event.

Assumption as to the enforceability of the second-ranking pledges over the bank accounts and receivables

The pledges over the bank accounts and receivables are governed by French law. In France, no lien searches are available for security interests, which are not registered, such as pledges over bank accounts and receivables. As a result, no assurance can be given on the ranking of the pledges over the relevant bank accounts or receivables of a debtor.

Although French law does not expressly prohibit the grantor of a pledge over a bank account or a receivable from granting a second-ranking pledge over the same bank account or the same receivable, this structure has not been tested before the French courts and no assurance can be given that such second-ranking pledges would be upheld if tested.

Limitations on guarantees

The liabilities and obligations of each Guarantor are subject to French corporate benefit rules, under which a guarantor must receive an actual and adequate benefit from the transaction involving the granting by it of the guarantee, taken as a whole. In addition, the amounts guaranteed must be commensurate with the benefit received. A court could declare any guarantee unenforceable and, if payment had already been made under the relevant Notes Guarantee, require that the recipient return the payment to the relevant Guarantor, if it is determined that these criteria were not fulfilled.

The existence of a real and adequate benefit to the Guarantors and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance and which must be determined on a case-by-case basis.

Accordingly, when the guaranteed entities are not direct or indirect subsidiaries of the relevant Guarantor, each of the guarantees by such Guarantor and the amounts recoverable thereunder shall be limited, at any time, to an amount equal to the aggregate of all amounts made available under On-Lending Facilities (as defined below) to that Guarantor and/or its direct or indirect subsidiaries and outstanding on the date on which the guarantee is enforced against that Guarantor (the "**Maximum Guaranteed Amount**"); it being specified that any payment made by any such Guarantor under its guarantee in respect of the New Revolving Credit Facility or under its Notes Guarantees shall reduce *pro tanto* the outstanding amount of the intercompany loans (if any) due by such Guarantor under such On-Lending Facilities.

For the avoidance of doubt, any payment made by a Guarantor under the On-Lending Facilities shall reduce *pro tanto* the Maximum Guaranteed Amount.

By virtue of this limitation, a Guarantor's obligation under its Notes Guarantees could be significantly less than amounts payable with respect to the Notes and/or the New Revolving Credit Facility, or a Guarantor may not be subject to any obligation under the Notes Guarantees and/or the guarantee under the New Revolving Credit Facility.

"**On-Lending Facilities**" means, in respect of a Guarantor, the loans made available to such Guarantor and/or its direct or indirect subsidiaries as intra-group debtors (including all interest, commissions, costs, fees, expenses and other sums accruing or payable in connection with such amount) to the extent that such loans are financed by way of amounts which are made available to such Guarantor and/or its direct or indirect subsidiaries by a borrower under the New Revolving Credit Facility with the proceeds of the New Revolving Credit Facility and/or by the Issuer with the proceeds of the Notes, and on-lent (either directly or through one or more other subsidiaries of the borrower of the New Revolving Credit Facility and/or of the Issuer) to, or used to refinance any indebtedness previously on-lent directly or indirectly to, such Guarantor and/or its direct or indirect subsidiaries.

In addition, the liabilities and obligations of each Guarantor are subject to (i) Article L. 225-216 of the French Commercial Code which prohibits a company from guaranteeing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition; (ii) Articles L. 241-3, L. 242-6 or L. 244-1 of the French Commercial Code defining a misuse of corporate assets or of the credit of a company; and (iii) any other law or regulation having the same effect as (i) and (ii) above, as interpreted by French law

Lastly, if a Guarantor receives, in return for issuing the guarantee, an economic return that is less than the economic benefit such Guarantor would obtain in a transaction entered into on an arm's-length basis, the difference between the actual economic benefit and that in a comparable arm's-length transaction could be taxable under certain circumstances.

Book-entry, delivery and form

General

The Notes sold within the United States to QIBs in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). The Notes sold outside the United States in reliance on Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Global Notes will be deposited on the Issue Date with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "**Rule 144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by, Euroclear and Clearstream and their participants. The Book-Entry Interests in Global Notes will be issued only in denominations of € 100,000 and in integral multiples of €1,000 in excess thereof. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominees) will be considered the sole holders of the Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and Clearstream, as applicable, and indirect participants must rely on the procedures of Euroclear and Clearstream, as applicable, and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

None of the Issuer, the Initial Purchasers, any Agent nor the Trustee (nor any of their respective agents) will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Issuance of definitive registered notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive registered notes in certificated form (the "**Definitive Registered Notes**"):

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

- if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture and enforcement action is being taken in respect thereof under such Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding second bullet point, their current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Notice to investors*" unless that legend is not required by the Indenture or applicable law.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Definitive Registered Note by surrendering it to the Registrar. In the event of a partial transfer or a partial

redemption of one Definitive Registered Note, a new Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note will be issued to the transferor or the holder, as applicable, in respect of the balance of the holding not transferred or redeemed; *provided* that a Definitive Registered Note will only be issued in denominations of €100,000 or in integral multiples of €1,000 in excess thereof.

To the extent permitted by law, the Issuer, the Trustee, the Agents and their respective agents shall be entitled to treat the registered holder of any Definitive Registered Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Definitive Registered Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken, or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of the Transfer Agent, the Issuer will issue and the Trustee (or an authenticating agent appointed by such Trustee) will authenticate a replacement Definitive Registered Note if the Issuer's and Trustee's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both such Trustee and Issuer to protect the Issuer, the Trustee and any Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer and the Trustee may charge for expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Group pursuant to the provisions of the Indenture, the Group in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Notice to investors*."

Redemption of global notes

In the event that any Global Note (or any portion thereof) is redeemed, each of Euroclear and/or Clearstream, or their respective nominees, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on global notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Principal Paying Agent. In turn, the Principal Paying Agent will make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, any Agent and any of their respective agents will treat the registered holders of the Global Notes (i.e., the common depositary for Euroclear or Clearstream (or its respective nominees)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, any Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear or Clearstream or any participant or indirect participant or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;

- Euroclear, Clearstream or any participant or indirect participant; or

- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency of payment for the global notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Notes through Euroclear and/or Clearstream in euro.

Action by owners of book-entry interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Indenture, Euroclear and Clearstream reserve the right to exchange the Global Notes for Definitive Registered Notes, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear's and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities and in the circumstances set forth in "*—Issuance of definitive registered notes*," such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "*Notice to investors.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers discussed under "*Notice to investors."*

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to investors*" and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice-versa.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the notes—Transfer and exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to investors.*"

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information concerning euroclear and clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Group has provided in this "*Book-entry, delivery and form*" the summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. None of the Issuer, the Trustee, any Agent, the Initial Purchasers nor any of their respective agents are responsible for those operations or procedures.

The Group understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream system will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global clearance and settlement under the book-entry system

The Notes represented by the Global Notes are expected to be listed on the Securities Official List of the Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Initial Purchasers, the Trustee, any Agent nor any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Tax considerations

Prospective purchasers of the Notes are advised to consult their tax advisors as to the tax consequences, under the tax laws of the country in which they are resident, of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the Notes or any interest therein.

Certain U.S. federal income tax considerations

The following is a discussion of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is based upon the United States Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion is limited to consequences relevant to a "U.S. holder" (as defined below) (except with respect to the potential application of FATCA to holders that are not U.S. holders, discussed below under "*—Foreign account tax compliance act*"). This discussion does not address the impact of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws), any state, local or non-U.S. tax laws or the Medicare tax on certain net investment income. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt organizations, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities or arrangements (including foreign branches) or investors in such entities or arrangements, persons liable for alternative minimum tax, accrual method taxpayers who are required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account in applicable financial statements (as defined in Section 451(b) of the Code), and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issuance and at their "issue price" (in this case, the first price at which a substantial amount of the applicable series of Notes is sold for money to investors, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of section 1221 of the Code (generally for investment).

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity classified as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws, the U.S. federal Medicare tax on net investment income, and state, local, non-U.S. or other tax laws.

Interest on the notes

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes will recognize interest income equal to the U.S. dollar value of the interest payment, based on the spot exchange rate on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. A cash method U.S. holder will not recognize foreign currency exchange gain or loss on the receipt of such payment.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes, or who otherwise is required to accrue interest prior to receipt, may determine the amount recognized with respect to such interest in accordance with either of two methods. Under the first method, a U.S. holder will recognize income for each taxable year equal to the U.S. dollar value of the foreign currency accrued for such year determined by translating such amount into U.S. dollars at the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within such U.S. holder's taxable year). Alternatively, a U.S. holder may make an election (which must be applied consistently to all debt instruments held by the electing U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and cannot be changed without the consent of the IRS) to translate such accrued interest at the spot exchange rate on the last day of the accrual period (or, with respect to an accrual period that spans two taxable years, the last day of the partial accrual period within each respective taxable year), or at the spot exchange rate on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize foreign currency exchange gain or loss on the date such interest is received, equal to the difference, if any, between: (i) the U.S. dollar value of such payment, determined at the spot exchange rate on the date the payment is received, and (ii) the U.S. dollar value of the interest income previously included in respect of such payment. Any such foreign currency exchange gain or loss will be treated as ordinary income or loss, generally will be treated as from sources within the United States and generally will not be treated as an adjustment to interest income or expense.

This discussion assumes that the Notes will be issued without original issue discount for U.S. federal income tax purposes.

If any additional amounts are paid on the Notes to "gross up" in respect of withholding or deduction for taxes (see "*Description of the notes—Additional amounts*"), such amounts will be includable in a U.S. holder's income as ordinary interest income at the time such amount is received or accrued in accordance with such holder's method of tax accounting. Interest income on the Notes (including any additional amounts) will be treated as ordinary income from sources without the United States and generally will be treated as "passive category income." If any non-U.S. taxes were to be paid or withheld in respect of payments on the Notes, a U.S. holder may be eligible, subject to a number of complex limitations (including holding period and at risk requirements), for a foreign tax credit.

Sale, exchange, retirement or other taxable disposition of notes

A U.S. holder's adjusted tax basis in a Note generally will equal the cost of the Note to the U.S. holder, decreased by any principal payments on such Note. The cost of a Note purchased with foreign currency will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, calculated at the exchange rate in effect on that date.

Upon the sale, exchange, retirement or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued and unpaid interest, which will be includible in income as ordinary interest income in accordance with the U.S. holder's method of tax accounting as described under "*—Interest on the notes"*) and the U.S. holder's adjusted tax basis in the Note. The amount realized on the sale, exchange, retirement or other taxable disposition of a Note for an amount of foreign currency will generally be the U.S. dollar value of that amount based on the spot exchange rate on the date of taxable disposition. If the Notes are traded on an established securities market, a cash basis U.S. holder (and if it elects, an accrual basis U.S. holder) will determine the U.S. dollar value of that amount realized on the settlement date of the disposition. If an accrual method taxpayer makes this election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make this election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the sale date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

Gain or loss recognized by a U.S. holder upon the sale, exchange, retirement or other taxable disposition of a Note that is attributable to changes in foreign currency exchange rates will be ordinary income or loss and, with respect to the principal thereof, will generally be equal to the difference between the U.S. dollar value of the U.S. holder's purchase price of the Note in foreign currency determined on the date of the sale, exchange, retirement or other taxable disposition, and the U.S. dollar value of the U.S. holder's purchase price of the Note in foreign currency determined on the date the U.S. holder acquired the Note. The foreign currency exchange gain or loss with respect to principal and with respect to accrued and unpaid interest (which will be treated as discussed above under "*—Interest on the notes"*) will be recognized only to the extent of the total gain or loss realized by the U.S. holder on the sale, exchange, retirement or other taxable disposition of the Note, and will be treated as ordinary income generally from sources within the United States for U.S. foreign tax credit limitation purposes.

Any gain or loss recognized by a U.S. holder in excess of foreign currency exchange gain or loss recognized on the sale, exchange, retirement or other taxable disposition of a Note will generally be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. holder has held the Note for more than one year at the time of the sale, exchange, retirement or other taxable disposition. In the case of a U.S. holder that is a non-corporate taxpayer, net long term capital gain may be eligible for preferential U.S. federal income tax rates compared to items of ordinary income. The deductibility of capital losses is subject to limitations.

Tax return disclosure requirement

If a U.S. holder recognizes foreign currency exchange loss upon a sale, exchange, retirement or other taxable disposition of, or with respect to the receipt or accrual of interest on, a Note above certain thresholds, such holder may be required to file a disclosure statement with the IRS. U.S. holders should consult their tax advisors regarding this reporting obligation.

Information reporting and backup withholding

In general, payments of interest and the proceeds from the sale, exchange, retirement or other taxable disposition of Notes held by a U.S. holder may be required to be reported to the IRS unless the U.S. holder is an exempt recipient and, when required, demonstrates this fact. In addition, a U.S. holder may be subject to backup withholding with respect to such payments or proceeds unless it provides a correct taxpayer identification number or certification of exempt status and, in the case of payments of interest, certifies that such holder is not subject to such withholding, and otherwise complies with applicable certification requirements. In general, a U.S. holder may comply with this requirement by providing the paying agent, broker or other intermediary with a duly completed and executed copy of IRS Form W-9 (or substitute form).

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Reporting obligations of owners of foreign financial assets

Section 6038D of the Code generally requires U.S. individuals (and certain entities that have U.S. individual owners or beneficiaries) to file IRS Form 8938 if they hold certain "specified foreign financial assets" (which may include the Notes), the aggregate value of which exceeds certain thresholds, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). If such U.S. holder does not file a required IRS Form 8938, it may be subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such U.S. holder for the related tax year may not close before the date which is three years after the date on which such report is filed. U.S. holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

Foreign account tax compliance act

Pursuant to sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**") and subject to the proposed regulations discussed below, a "foreign financial institution" may be required to withhold U.S. tax at a 30% rate on certain "foreign passthru payments" made to persons that are not compliant with FATCA or that do not provide the necessary information or documents to the extent such payments are treated as attributable to certain U.S. source payments. Debt instruments issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are published in the U.S. Federal Register, such as the Notes, generally would be "grandfathered" and not subject to withholding on "foreign passthru payments" unless materially modified in a way that such obligations are treated as exchanged for new obligations for U.S. federal income tax purposes after such date. To date, no such regulations have been issued. Under recently proposed regulations, any withholding on foreign passthru payments on Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Non-U.S. governments have entered into agreements with the United States to implement FATCA in a manner that alters the rules described herein. Holders of the Notes should consult their tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount (see "*Description of the notes—Additional amounts*").

Certain material French tax considerations

The following is a summary of certain material French tax considerations relating to the purchase, ownership and disposal of the Notes by an investor who (i) is not a French resident for French tax purposes (unless indicated otherwise), (ii) does not hold the Notes in connection with a business or profession conducted in France, or a permanent establishment or fixed base situated in France, and (iii) does not concurrently hold shares of the Issuer and is not a related party of the Issuer within the meaning of Article 39, 12 of the French general tax code (*Code Général des Impôts*) (the "**French Tax Code**").

This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, and all of which are subject to change, possibly with retroactive effect, or to different interpretation.

This summary is for general information only and does not purport to be a comprehensive description of all of the French tax considerations that may be relevant to specific holders in light of their particular circumstances. Furthermore, this summary does not address any French estate or gift tax considerations.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO FRENCH TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSAL OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

In addition, Article 1649 AC of the French Tax Code imposes on financial institutions within the meaning of Article 1 of Decree n°2016-1683 to review and collect information on their clients and investors, in order to identify their tax residence, as well as to provide certain account information to relevant foreign tax authorities (through the French tax authorities) on an annual basis.

Payments of interest and other revenues with respect to the notes

Payments of interest and assimilated revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set forth under Article 125 A-III of the French Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French Tax Code other than those mentioned in Article 238-0 A 2 *bis* 2° of the same code (a "**Non-Cooperative State**"). If such payments are made in a Non-Cooperative State, a 75% mandatory withholding tax will be due by virtue of Article 125 A-III of the French Tax Code (subject to certain exceptions certain of which are set forth below and to the more favorable provisions of any applicable double tax treaty). The 75% withholding tax is applicable irrespective of the tax residence of the Noteholders for tax purposes or registered headquarters. The list of Non-Cooperative States is published by a ministerial order (*décret*), which may be updated at any time and at least on a yearly basis. The provisions of the French Tax Code referring to Article 238-0 A of the same Code shall apply to Non-Cooperative States added to this list as from the first day of the third month following the publication of the ministerial order. A law published on October 24, 2018 (Law 2018-898 of October 23, 2018) (i) removed the specific exclusion of the member States of the European Union, (ii) expanded this list to include States and jurisdictions included on the blacklist published by the Council of European Union on December 5, 2017 as amended from time to time (the "**EU Black List**") and (iii), as a consequence, expanded this withholding tax regime to certain States and jurisdictions included on the EU Black List.

Furthermore, according to Article 238 A of the French Tax Code, interest and other assimilated revenues on the Notes may not be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid on an account opened in a financial institution located in such a Non-Cooperative State (it being noted that the enlarged list of Non-Cooperative State that comprises states and jurisdictions included on the EU Black List is also relevant for this piece of legislation). Under certain conditions, any such non-deductible interest and other assimilated revenue may be re-characterized as deemed dividends pursuant to Article 109 *et seq*. of the French Tax Code, in which case such non-deductible interest and other assimilated revenue may be subject to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code at a rate of (i) 75% if they are paid on an account opened in a financial institution located in a Non-Cooperative State, unless such Non-Cooperative State is referred to in Article 238-0 A 2 *bis* 2° of the French Tax Code, (ii) 30% if they are paid to a non-French tax resident legal person (it being noted that such withholding tax would vary in line with the reduction of the rate of French corporate income tax provided for by Article 219 I of the French Tax Code for fiscal years beginning as of January 1, 2020) or (iii) 12.8% in cases where the holder is a non-French tax resident individual, in each case, subject to certain exceptions and the more favorable provisions of any applicable tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax set out under Article 125 A-III of the French Tax Code, nor, to the extent the Issuer can demonstrate that the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the non deductibility set out under Article 238 A

of the French Tax Code nor the related withholding tax set out under Article 119 *bis* 2 of the French Tax Code that may be levied as a result of such non deductibility, will apply in respect of a particular issue of notes if the issuer can prove that the main purpose and effect of such issue of notes is not to enable payments of interest or other assimilated revenues to be made in a Non-Cooperative State (the "**Exception**").

In addition, pursuant to the French administrative guidelines (*Bulletin Officiel des Finances Publiques-Impôts*) referenced as BOI-INT-DG-20-50-20140211 n° 550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 n° 70 and n° 80 and BOI-IR-DOMIC-10-20-20-60-20150320 n° 10, an issue of notes benefits from the Exception without the issuer having to provide any proof of the main purpose and effect of such issue of notes, and accordingly will be able to automatically benefit from the Exception (the "**Safe Harbor**") if such notes are on the date of their issuance or their admission to trading:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the French monetary and financial code (*Code monétaire et financier*) (the "**French Monetary and Financial Code**") or pursuant to an equivalent offer in a State which is not a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a French or foreign regulated market or a multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State.

The Notes will qualify as debt securities under French commercial law. Considering that, at the time of their issue, the Notes will be admitted to the operations of Euroclear and Clearstream, the Notes will fall under the Safe Harbor. Accordingly, payments of interest and other assimilated revenue with respect to the Notes will be exempt from the withholding tax set out under Article 125 A-III of the French Tax Code. Moreover, under the same conditions and to the extent that the Issuer can demonstrate that the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, they will be subject neither to the non deductibility set out under Article 238 A of the French Tax Code nor to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in such Non-Cooperative State.

Withholding tax applicable to French tax resident individuals

Pursuant to Article 125 A of the French Tax Code *(i.e.* where the paying agent *(établissement payeur)* is located in France), subject to certain exceptions, interest received by French tax resident individuals is subject to a 12.8% levy withheld at source, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions, including generalized social contributions (*Contribution Sociale Généralisée*), contributions to the repayment of social debt (*Contribution au Remboursement de la Dette Sociale*) and other related contributions, are also levied at source at an aggregate rate of 17.2% on interest paid to French tax resident individuals. Holders of Notes who are French tax resident individuals are urged to consult with their usual tax advisor on the way the 12.8% levy and the 17.2% social contributions are collected, where the paying agent is not located in France.

Taxation on disposal

Pursuant to Article 244 *bis* C of the French Tax Code, a Noteholder who is not a resident of France for French tax purposes and who does not hold the Notes in connection with a permanent establishment or a fixed place of business in France should not be subject to any income or withholding taxes in France in respect of the gains realized on the sale, exchange or disposal of Notes. As part of the on-going discussions on the draft French Finance Act for 2020, it has been proposed to repeal Article 244 *bis* C of the French Tax Code for gains realized as from January 1, 2020. Should this be eventually enacted, the abovementioned holder of Notes should still not be subject to any income or withholding taxes in France in respect of the gains realized on the sale, exchange or other disposal of Notes.

Stamp duties

No transfer taxes or similar duties are payable in France in connection with the transfer of the Notes, provided that such transfers are not recorded in a deed registered with the French tax authorities and that the EU Financial Transaction Tax does not become applicable and except in the case of filing with the French tax authorities on a voluntary basis.

Certain general tax considerations—payments by a guarantor

If a Guarantor makes any payment in respect of the Notes, it is possible that such payments may be subject to withholding tax at applicable rates, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Plan of distribution

Subject to the terms and conditions set forth in the purchase agreement (the "**Purchase Agreement**"), each dated as of the date of this offering memorandum, the Issuer has agreed to sell to the Initial Purchasers, and subject to certain conditions contained therein, each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer the entire principal amount of the Notes.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the Initial Purchasers will purchase all the Notes if they purchase any of them.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions of counsel. The Purchase Agreement also provides that, if an Initial Purchaser defaults, the purchase commitments of the non-defaulting Initial Purchasers may be increased or, in some cases, the Offering may be terminated. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Initial Purchasers propose to offer the Notes initially at the issue prices indicated on the cover page of this offering memorandum. After the initial offering of the Notes, the offering prices and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. The Initial Purchasers may offer and sell the Notes through certain of their affiliates who are qualified broker-dealers under applicable law, including in respect of sales into the United States.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the issue price set forth on the cover page of this offering memorandum.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with the Offering and to reimburse them for certain out-of-pocket expenses. The Purchase Agreement also provides that the Issuer will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

Each Issuer has agreed that, except with the prior written consent of the representative of the Initial Purchasers, neither it nor the Guarantors will offer, sell, contract to sell or otherwise dispose of or announce an intention to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guaranteed by, it or the Guarantors or any of their subsidiaries that are substantially similar to the Notes or the Notes Guarantees for a period of 60 days after the date of the Purchase Agreement.

The Sponsors or certain of their affiliates may place a purchase order for and be allocated a portion of the Notes at a purchase price equal to the relevant issue price indicated on the cover page of this offering memorandum. The Initial Purchasers will not be entitled to any underwriting discount, fee or commission in respect of the Notes purchased by such persons.

The Notes and the Notes Guarantees have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction. The Initial Purchasers have agreed that they will only offer or sell the Notes (i) in the United States to persons they reasonably believe to be QIBs in reliance on Rule 144A and (ii) outside the United States in offshore transactions in reliance on Regulation S. In addition, until 40 days following the later of (a) the commencement of the Offering and (b) the Issue Date, an offer or sale of Notes sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. Each purchaser of the Notes will, by its purchase, be deemed to have made certain acknowledgments, representations, warranties and agreements as set forth under "*Important information*" and "*Notice to investors.*"

Each Initial Purchaser, severally and not jointly, has represented, warranted and agreed that it:

- has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase Notes in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See "*Important information*" and "*Notice to investors.*"

The Issuer has agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issuance of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Important information*" and "*Notice to investors*." Application has been made to the Exchange for the listing of the Notes on the Securities Official List of the Exchange. There can be no assurance that the Notes will be listed on the Securities Official List of the Exchange or that such listing will be maintained. The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time without notice in their sole discretion. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market will develop for the Notes, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk factors—Risks related to our financing arrangements and the notes—There may not be active trading markets for the notes, in which case your ability to sell the notes will be limited.*"

In connection with the Offering, J.P. Morgan Securities plc, or one of its respective affiliates or persons acting on its behalf (the "**Stabilizing Manager**") may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager may bid for and purchase Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager may also over-allot the Offering (which involves sales in excess of the offering size), creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations and may also impose penalty bids (which permit the Stabilizing Manager to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions). These activities may stabilize or maintain the market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk factors—Risks related to our financing arrangements and the notes—There may not be active trading markets for the notes, in which case your ability to sell the notes will be limited.*"

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the Offering is made and, if commenced, may be discontinued at any time at the sole discretion of the Stabilizing Manager. If these activities are commenced, they must end no later than the earlier of 30 calendar days after the Issue Date and 60 calendar days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise. Neither the Issuer nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes.

We expect that delivery of the Notes will be made against payment on the Notes to investors on or about the Issue Date, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act) following the date of pricing of the Notes (this settlement cycle is referred to as "**T+5**"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the following two business days will be required to specify an alternative settlement cycle at the time of

any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

Other relationships

The Initial Purchasers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates have, from time to time, performed, and may currently and/or in the future perform, various financial advisory, investment and corporate banking, commercial lending and banking, consulting and other commercial services in the ordinary course of business for the Issuer and its affiliates, and may have from time to time in the past held, and may in the future hold, positions in the Issuer's or any of their affiliates' securities or enter into hedging or general derivative transactions with the Issuer or their affiliates in the ordinary course of business, for which they received or will receive customary fees and commissions and reimbursement of expenses. The Initial Purchasers or their affiliates may also receive allocations of the Notes.

Certain of the Initial Purchasers or their respective affiliates are lenders, and BNP Paribas acts as facility agent and security agent, under the Existing Senior Facilities Agreement and will receive a portion of the proceeds of the Offering in connection with the refinancing of the Existing Senior Facilities. The Initial Purchasers or their affiliates will be mandated lead arrangers and original lenders under, and will receive fees in connection with, the New Revolving Credit Facility Agreement. The Initial Purchasers may also act as counterparties in hedging arrangements.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Issuer or their affiliates (directly, as collateral securing other obligations or otherwise). If the Initial Purchasers and their respective affiliates have a lending relationship with us, the Initial Purchasers or their respective affiliates may routinely hedge their credit exposure to us in a manner consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and at any time may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to investors

You are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of any of the Notes and the Notes Guarantees offered hereby.

The Notes and the Notes Guarantees have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes and the Notes Guarantees offered hereby are being offered and sold to the Initial Purchasers for re-offer and resale only to QIBs in accordance with Rule 144A and outside the United States in offshore transactions in reliance on Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

You, by your acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) You understand and acknowledge that the Notes and the Notes Guarantees are being offered for resale in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act or any other applicable securities law and that if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only in compliance with the registration requirements of the Securities Act or any applicable state securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4), (5) and (6) below.

(2) You are neither the Issuer's "affiliate" (as defined in Rule 144A), nor acting on its behalf, and that you are either:

(i) a QIB, and are aware that any sale of Notes to you will be made in reliance on Rule 144A and such acquisition of Notes will be for your own account or for the account of another QIB; or

(ii) purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S, and, in this case, if resident in a member state of the EEA, you are not a retail investor in the EEA (for these purposes, a "retail investor" means a person who is one (or more) of the following: (a) a retail client as defined in point (11) of Article 4(1) of MiFID II, (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a "qualified investor" as defined in the Prospectus Regulation.

(3) You acknowledge that neither we nor the Initial Purchasers, nor any person representing us or the Initial Purchasers, has made any representation to you with respect to us or the offer or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum. You acknowledge that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you exercise sole investment discretion and for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

(5) You understand and agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes sold pursuant to Rule 144A (the "**Rule 144A Notes**"), and each subsequent holder of the Rule 144A Notes by the acceptance thereof will be deemed to agree, that if in the future you decide to offer, sell, pledge or otherwise transfer such Rule 144A Notes or any beneficial interests in any such Rule 144A Notes, you will not do so prior to the date (the "**Resale Restriction Termination Date**") that is one year after the later of the Issue Date, the original issue date of the issuance of any additional securities and the last date on which the Issuer or any of its affiliates

was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, the Guarantors or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of such Notes is completed and delivered by the transferor to the Transfer Agent or the Registrar.

(6) Each purchaser acknowledges that each Rule 144A Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ("QIB"); (2) AGREES ON ITS BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY OR A BENEFICIAL INTEREST IN THIS SECURITY PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF SUCH SECURITIES, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL SECURITIES AND THE LAST DATE ON WHICH ANY OF THE ISSUER OR ANY AFFILIATE THEREOF WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A QIB THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S RIGHTS PRIOR TO ANY SUCH REOFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE REGISTRAR OR TRANSFER AGENT AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

A purchaser of Notes will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(8) You acknowledge that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration

requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act;

(9) You acknowledge that the Transfer Agent and the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us, the Transfer Agent and the Registrar that the restrictions set forth therein have been complied with.

(10) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, you shall promptly notify the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such investor account.

(11) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of distribution*."

(12) You confirm that you, or the investor account for which you act, is not a retail investor. For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following: (a) a "retail client" as defined in point (11) of Article 4(1) of MiFID II, (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a "qualified investor" as defined in the Prospectus Regulation.

(13) You understand that: (i) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor (as defined above) in the EEA, and (ii) no key information document (as defined in the PRIIPs Regulation) for offering or selling any in scope instrument or otherwise making such instruments available to retail investors in the EEA has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful.

(14) With respect to the purchase, holding and disposition of any Note or any interest in such Note either (1) you are not acting on behalf of (and for so long as you hold any such Note or interest therein will not be, and will not be acting on behalf of), a Plan, and no part of the assets to be used by it to acquire or hold such Notes or any interest therein constitutes or will constitute the assets of any Plan, or (2) your acquisition, holding and disposition of such Notes (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or a non-exempt violation of any Similar Law. If you are an ERISA Plan or entity whose underlying assets are considered to include "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of any such ERISA Plan, (I) none of the Issuer, Initial Purchasers, the Trustee, the Agents and their respective affiliates (the "**Transaction Parties**") has acted as your fiduciary (within the meaning of ERISA or the Code), or has been relied upon for any advice, with respect to your decision to acquire and hold the Notes, and none of the Transaction Parties shall at any time be relied upon as your fiduciary with respect to any decision to acquire, continue to hold or transfer the Notes.

Service of process and enforcement of civil liabilities

The Issuer and the Guarantors are organized under the laws of France. The Security Documents relating to the Collateral will be governed by the laws of France. The Notes and the Indenture will be governed by New York law. The Intercreditor Agreement will be governed by the laws of England and Wales. The directors, managers, officers and other executives of the Issuer and the Guarantors are neither residents nor citizens of the United States. Since a substantially all of the assets of the Issuer and the Guarantors, and their respective directors, managers and officers, are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws or other laws, may not be enforceable in the United States. Furthermore, although the Issuer and the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of certain New York courts, in each case, in connection with any suit, action or proceeding in relation to the Notes, the Notes Guarantees and the Indenture, or under U.S. securities laws or other laws, it may not be possible for investors to effect service of process on the Issuer and the Guarantors or such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws or other laws. It may be possible for investors to effect service of process within other jurisdictions upon those persons not located in the United States provided that, for example, The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

If a judgment is obtained in a U.S. court against any of the Issuer or the Guarantors, or any of their respective directors, managers or officers, investors will need to enforce such judgment in jurisdictions where the relevant company or individual has assets. While the enforceability of U.S. court judgments outside the United States is summarized in part below for France, you should consult with your own advisors in any relevant jurisdictions to enforce a judgment in France or elsewhere in the United States.

France

Each of the Issuer and the Guarantors is an entity organized under the laws of France with its respective registered office or principal place of business in France (the "**French Entities**"). The directors, officers and other executives of the French Entities are neither residents nor citizens of the United States. Furthermore, most of the assets of the French Entities and the French Individuals are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons and entities, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws within the United States. However, it may be possible for investors to effect service of process within France upon those persons or entities in civil and commercial matters, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of 15 November 1965 is complied with.

The following is a summary of certain legal aspects of French law regarding the enforcement of civil law entitlements connected with the Notes against the French Entities and/or the French Individuals.

The French entities have been advised by Weil, Gotshal and Manges (Paris) LLP, its French counsel, that the United States and France are not party to a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws and which is enforceable in the United States, would not directly be recognized or enforceable in France.

A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*) that has exclusive jurisdiction over such matter.

Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non ex parte*) proceedings if such U.S. judgment is enforceable in the United States and if the French civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French civil court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having "indirect" jurisdiction over the matter as this concept is defined by French courts in the context of enforcement of foreign judgments, meaning that the dispute was clearly connected to the jurisdiction of such court, the choice of the U.S. court was not fraudulent and the French courts did not have exclusive jurisdiction over the matter;

- such U.S. judgment does not contravene French international public policy rules (*ordre public international*), both pertaining to the merits and to the procedure of the case, including fundamental procedural rights (such as fair trial);

- such U.S. judgment is not tainted by fraud under French law; and

- in addition, it is well established that only final and binding foreign judicial decisions (i.e., those having *a res judicata* effect) can benefit from an *exequatur* under French law, that such U.S. judgment should not conflict with a French judgment or a foreign judgment that has become effective in France, and there are no proceedings pending before French courts at the time enforcement of the U.S. judgment is sought and having the same or similar subject matter as such U.S. judgment.

If the French civil court is satisfied that such conditions are met, the U.S. judgment will benefit from the *res judicata* effect as of the date of the decision of the French civil court and will thus be declared enforceable in France after all remedies have been exhausted. The decision granting the *exequatur* may be subject to appeal.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of July 26, 1968, as modified by French law No. 80-538 of July 16, 1980 and French Ordinance No. 2000-916 of September 19, 2000 (relating to the communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Pursuant to the regulations above, the U.S. authorities would have to comply with international (the 1970 Hague Convention on the Taking of Evidence Abroad) or French procedural rules to obtain evidence in France or from French persons.

Similarly, French data protection rules (law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as modified) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

Furthermore, if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French conflict of laws rules (including the law chosen by the parties to govern their contract) if the application of such law (in the case at hand) is deemed to contravene French international public policy (as determined on a case by case basis by French courts) or in case of overriding mandatory rules. Furthermore, in an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Pursuant to Article 14 of the French Civil Code, a French national (either a company or an individual) can sue a foreign defendant before French courts in connection with the performance of obligations contracted by the foreign defendant in France with a French person or in a foreign country with a French person. Pursuant to Article 15 of the French Civil Code, a French national can be sued by a foreign claimant before French courts in connection with the performance of obligations contracted by the French national in a foreign country with the foreign claimant. For a long time, case law has interpreted these provisions as meaning that a French national, either claimant or defendant, could not be forced against its will to appear before a jurisdiction other than French courts. However, in accordance with case law, the French courts' jurisdiction over French nationals is not mandatory to the extent an action has been commenced before a court in a jurisdiction that has sufficient contacts with the dispute and the choice of jurisdiction is not fraudulent. In addition, a French national may waive its rights to benefit from the provisions of Articles 14 and 15 of the French Civil Code, including by way of conduct by voluntarily appearing before the foreign court.

It must be noted that under Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (the "**Brussels I Regulation (Recast)**"), as regards legal actions falling within the scope of Brussels I Regulation (Recast), the privileges granted to French nationals pursuant to Articles 14 and 15 of the French Civil Code may not be invoked against a person domiciled in an EU member state. Conversely, pursuant to Article 6.2 of Brussels I Regulation (Recast), the privilege granted by Article 14 of the French Civil Code may be invoked by a claimant domiciled in France, regardless of the claimant's nationality, to sue before French courts a defendant domiciled outside the EU. Moreover, three decisions of the civil chamber of the French Supreme Court (Cour de cassation) dated 26 September 2012, 25 March 2015 and 7 October 2015 and a decision of the commercial chamber of the French Supreme Court dated 11 May 2017 permit to conclude that contractual provisions submitting one party to the exclusive jurisdiction of a court and giving another party an additional option to choose another jurisdiction (one-sided jurisdiction clauses) may only be effective if they set out an objective basis for the alternative jurisdictions that one party could choose. Accordingly, any one-sided jurisdiction clauses which do not set out an objective basis (as a reference to a ground of jurisdiction or to legal rules) in any relevant documents would not be binding on the party submitted to the exclusive jurisdiction of the court or prevent a French party from bringing an action before the French courts. However, note that these decisions were made

on the basis of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters or on the basis of the Convention on jurisdiction and the enforcement of judgments in civil and commercial matters signed in Lugano on 30 October 2007 and that such decisions have yet to be confirmed in the context of Brussels I Regulation (Recast).

Legal matters

Certain legal matters in connection with the Offering will be passed upon for us by Weil, Gotshal and Manges (London) LLP as to matters of U.S. federal law, New York law and English law. Certain legal matters in connection with the Offering will be passed upon for us by Weil, Gotshal and Manges (Paris) LLP as to matters of French law.

Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP as to matters of U.S. federal law, New York law and English law and Latham & Watkins AARPI as to matters of French law.

Independent auditors

The Audited Financial Statements of Financière Kilinvest as of and for the year ended December 31, 2016, an English translation of which is included in this offering memorandum, have been audited by KPMG Audit Nord and Deloitte & Associés, as stated in their independent auditor's reports, and the Audited Financial Statements of Financière Kilinvest as of and for the year ended December 31, 2017, an English translation of which is included in this offering memorandum, have been audited by KPMG S.A. and Deloitte & Associés, as stated in their independent auditor's reports.

The Audited Financial Statements of the Issuer as of and for the year ended December 31, 2018, an English translation of which is included in this offering memorandum, have been audited by KPMG S.A. and PricewaterhouseCoopers Audit, as stated in their independent auditor's reports.

The registered address of KPMG Audit Nord is 159 avenue de la Marne, 59705 Marcq en Baroeul, France. The registered address of KPMG S.A. is 36, rue Eugène Jacquet, 59705 Marcq en Baroeul, France. The registered address of Deloitte & Associés is 67 rue de Luxembourg 59777 Euralille, France. The registered address of PricewaterhouseCoopers Audit is 63 rue de Villiers, 92200 Neuilly-sur-Seine, France. Deloitte & Associés are members of the Lille Regional Company of Statutory Auditors in France. KPMG and PricewaterhouseCoopers Audit are members of the Versailles Regional Company of Statutory Auditors.

Where you can find more information

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to the offering memorandum acknowledges that:

such person has been afforded an opportunity to request from us and has received and reviewed all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;

such person has not relied on information provided or representations made by the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

except as provided pursuant to the first bullet above, no person has been authorized to give any information or to make any representation concerning the Issuer, the Initial Purchasers or the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us, the Initial Purchasers or any of their affiliates.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act. For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act nor exempt from the reporting requirements under Rule 12g3-2(b) under the Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Copies of the Indenture, the form of the Notes and the Intercreditor Agreement will be made available following the Issue Date upon request by writing to the Issuer at 30 bis, rue Sainte-Hélène, 69002 Lyon, France, Attn: Investor Relations.

Pursuant to the Indenture and so long as the Notes are outstanding, we have agreed to furnish periodic information to holders of the Notes. See "*Description of the notes—Certain covenants—Reports.*"

Listing and general information

Admission to listing

Application has been made to list the Notes on the Securities Official List of the Exchange. There can be no assurance that the Notes will be listed on the Securities Official List of the Exchange or that such listing will be maintained.

The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

Listing information

Notice to holders of the Notes will be published on the official website of the Exchange (www.bourse.lu).

For so long as the Notes are listed on the Securities Official List of the Exchange and the listing rules so require, copies of the following documents may be inspected and obtained at the specified office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded):

- the organizational documents of the Issuer and the Guarantors;
- the most recent audited consolidated financial statements published by the Issuer;
- the Indenture (which includes the Notes Guarantees and form of the Notes); and
- the Intercreditor Agreement.

We have appointed The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and listing agent. We have appointed The Bank of New York Mellon, London Branch as calculation agent. We reserve the right to vary such appointment in accordance with the terms of the Indenture. Application may also be made to the Exchange to have the Notes removed from listing on the Securities Official List of the Exchange, including if necessary to avoid any new withholding taxes in connection with the listing.

Litigation

Except as disclosed elsewhere in this offering memorandum, none of the Issuer or the Guarantors, nor any of their direct or indirect subsidiaries, is involved and has been involved, during the twelve months preceding the date of this offering memorandum, in any litigation, arbitration or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on its results of operations, condition (financial or other) or general affairs. So far as the Issuer is aware, there are no such litigation, arbitration or administrative proceedings pending or threatened.

No significant change

Except as disclosed in this offering memorandum:

- there has been no material adverse change in any of the Issuer's or the Group's financial and trading position since the date of its incorporation;
- there has been no significant change in our financial position as set forth in the Financial Statements.

Clearing information

The Notes have been, or will be, accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	ISIN	Common code
Fixed Rate Notes		
Rule 144A Global Note	XS2010033855	201003385
Regulation S Global Note	XS2010034077	201003407
Floating Rate Notes		
Rule 144A Global Note	XS2010033772	201003377
Regulation S Global Note	XS2010033269	201003326

Legal information

Issuer

The Issuer was incorporated on November 16, 2017 as a *société par actions simplifiée* under the laws of France. The Issuer is registered in France under sole identification number 833 372 774 R.C.S. Lyon. The Issuer's registered office is 30 bis, rue Sainte-Hélène, 69002 Lyon, France.

Guarantors

- Kiloutou S.A.S.U. is a *société par actions simplifiée à associé unique* organized under the laws of France under number 833 372 774 R.C.S. Lyon, with its registered office at 30 bis, rue Sainte-Hélène, 69002 Lyon, France. Kiloutou S.A.S.U. was incorporated on April 2, 1980.

- Kiloutou Module S.A.S.U. is a *société par actions simplifiée à associé unique* organized under the laws of France under number 453 700 106 R.C.S. Lille, with its registered office at 1, rue des Précurseurs, 59664 Villeneuve-d'Ascq, France. Kiloutou Module S.A.S.U. was incorporated on November 9, 2017.

Responsibility statement

The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

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Kapla Holding
French *société par actions simplifiée* (simplified joint stock corporation)

30 bis rue Sainte Hélène
69002 Lyon, France

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2019

PricewaterhouseCoopers Audit

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92200 Neuilly-sur-Seine
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France

STATUTORY AUDITORS' REVIEW REPORT
ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended September 30, 2019

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Kapla Holding SAS
30 bis rue Sainte-Hélène
69002 Lyon, France

To the Chairman,

In our capacity as Statutory Auditors of Kapla Holding SAS and in response to your request in connection with the planned bond issue, we have reviewed the accompanying interim consolidated financial statements of Kapla Holding SAS for the nine months ended September 30, 2019, which have been drawn up and presented in accordance with French generally accepted accounting principles (the "Financial Statements").

As this is the first time that Kapla Holding SAS has prepared interim consolidated financial statements at September 30, 2019, information for the period from January 1 to September 30, 2018, presented for the purposes of comparison, has not been subject to an audit or review.

These Financial Statements were prepared under your responsibility and were approved in advance by Kapla Holding SAS's Supervisory Board. Our role is to express a conclusion on these Financial Statements based on our review.

We performed our review in accordance with professional standards applicable in France and the guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim Financial Statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group at September 30, 2019, and of the results of its operations for the nine-month period then ended, in accordance with French accounting principles.

This report is governed by French law. The French courts have exclusive jurisdiction to rule on any dispute, claim or disagreement resulting from our engagement letter or this report, or on any matter related thereto. Each party irrevocably waives its rights to oppose any action brought before these courts, to claim that such action was brought before an incompetent court or that the courts lack jurisdiction.

Neuilly-sur-Seine and Marcq-en-Baroeul, November 14, 2019

The
Statutory Auditors

PricewaterhouseCoopers Audit
Alexandre Decrand
Partner

KPMG SA
Eric Delebarre
Partner

KAPLA HOLDING

Interim Consolidated Financial Statements

as at September 30, 2019

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1 Consolidated Balance Sheet

(In € millions)	Sept. 30, 2019 GROSS	Sept. 30, 2019 DEPR/AMT/PROV	Sept. 30, 2019 NET	Dec. 31, 2018 NET
ASSETS				
Goodwill	**649.3**	**(0.1)**	**649.2**	**646.9**
Intangible assets	**509.2**	**(42.3)**	**466.9**	**478.7**
o/w trademarks	340.5	(0.5)	340.0	340.0
o/w customer relationships	147.2	(25.8)	121.5	132.8
o/w software and other	19.2	(15.5)	3.7	4.1
o/w leasehold rights	2.3	(0.5)	1.8	1.8
Property, plant and equipment	**1,517.6**	**(898.7)**	**618.9**	**540.1**
o/w land and buildings	183.0	(99.1)	84.0	84.1
o/w rental equipment	1,269.3	(750.6)	518.7	441.4
o/w other	65.2	(49.0)	16.2	14.7
Other financial fixed assets	**3.2**	**0.0**	**3.2**	**2.6**
Investments accounted for by the equity method	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL FIXED ASSETS	**2,679.3**	**(941.2)**	**1,738.2**	**1,668.3**
Inventories & work in progress	**18.5**	**(2.7)**	**15.8**	**12.3**
Customer advances and prepayments	**0.6**	**0.0**	**0.6**	**0.5**
Trade receivables	**187.3**	**(19.3)**	**168.0**	**161.2**
Other receivables	**36.7**	**0.0**	**36.7**	**38.0**
Marketable securities	**2.0**	**0.0**	**2.0**	**2.0**
Cash in bank and at hand	**37.9**		**37.9**	**24.9**
Accruals and other assets	**17.2**		**17.2**	**22.3**
TOTAL CURRENT ASSETS	**300.3**	**(22.0)**	**278.3**	**261.3**
TOTAL ASSETS	**2,979.6**	**(963.2)**	**2,016.4**	**1,929.6**

	Sept. 30, 2019 NET	Dec. 31, 2018 NET
EQUITY AND LIABILITIES		
Share capital	5.1	5.1
Additional paid-in capital	484.9	484.9
Reserves & retained earnings	18.7	(1.7)
Net income attributable to owners of the parent	**5.2**	**20.5**
Exchange differences	(0.4)	0.0
Equity attributable to owners of the parent	**513.5**	**508.8**
Minority interests	**0.0**	**0.0**
TOTAL EQUITY	**513.5**	**508.8**
Provisions for restoring assets used under operating leases	2.5	2.0
Provisions for general contingencies and charges	54.5	59.8
Provisions for contingencies and charges	**57.0**	**61.9**
Bonds	**190.0**	**178.0**
o/w convertible bonds	190.0	178.0
o/w other bonds	0.0	0.0
Borrowings from financial institutions	**1,075.2**	**976.6**
o/w bank borrowings	863.0	736.7
o/w finance leases for equipment	211.6	239.4
o/w finance leases for real estate	0.4	0.4
o/w short-term bank borrowings	0.3	0.1
Other borrowings	**11.8**	**18.2**
Finance leases—residual value	11.8	18.2
Other borrowings other than from financial institutions	**1.1**	**2.9**
o/w employee profit sharing	1.1	1.3
o/w deposits and guarantees	0.1	1.6
Trade payables	**74.6**	**88.5**
o/w due to general suppliers	71.5	85.3
o/w due to suppliers of fixed assets	3.2	3.2
Tax and payroll liabilities	**72.8**	**73.5**
Other payables	**16.0**	**17.5**

o/w intercompany current accounts	0.0	0.0
o/w miscellaneous payables	16.0	17.5
Accruals and other liabilities	**4.3**	**3.9**
TOTAL LIABILITIES	**1,445.9**	**1,358.9**
TOTAL EQUITY AND LIABILITIES	**2,016.4**	**1,929.6**

2 Consolidated Income Statement—Statement of Cash Flows—Statement of Changes in Equity

Consolidated Income statement

(In € millions)	Period ended Sept. 30, 2019 9 months		Period ended Sept. 30, 2018 9 months		Year ended Dec. 31, 2018 12 months	
REVENUE FROM RENTALS	384.9	70.8%	308.9	71.5%	440.0	71.2%
REVENUE FROM SERVICES AND SUB-LEASES	158.6	29.2%	123.4	28.5%	178.2	28.8%
TOTAL REVENUE	**543.5**	**100.0%**	**432.3**	**100.0%**	**618.2**	**100.0%**
NET (GAINS)/LOSSES ON EQUIPMENT SALES/RETIREMENTS	(17.5)	(3.2)%	(12.7)	(2.9)%	(21.6)	(3.5)%
MAINTENANCE COSTS	40.3	7.4%	32.3	7.5%	46.8	7.6%
HOLDING COSTS	117.0	21.5%	85.5	19.8%	122.0	19.7%
LOGISTICS COSTS	38.6	7.1%	29.0	6.7%	42.3	6.8%
OTHER COSTS	37.6	6.9%	31.8	7.4%	45.4	7.3%
TOTAL EQUIPMENT AND LOGISTICS COSTS	**216.0**	**39.7%**	**166.0**	**38.4%**	**235.0**	**38.0%**
GROSS PROFIT	**327.5**	**60.3%**	**266.3**	**61.6%**	**383.2**	**62.0%**
GROSS SALARIES AND PAID VACATION PROVISIONS	109.1	20.1%	82.0	19.0%	117.6	19.0%
PAYROLL TAXES AND TRAINING LEVY	40.0	7.4%	30.9	7.1%	44.8	7.3%
PERFORMANCE BONUSES	11.4	2.1%	8.5	2.0%	11.3	1.8%
OTHER EXPENSES	8.8	1.6%	9.1	2.1%	14.1	2.3%
TOTAL PAYROLL COSTS	**169.3**	**31.2%**	**130.5**	**30.2%**	**187.8**	**30.4%**
ADVERTISING COSTS	**4.7**	**0.9%**	**3.7**	**0.9%**	**5.1**	**0.8%**
OVERHEADS	**47.1**	**8.7%**	**35.1**	**8.1%**	**52.0**	**8.4%**
RENTAL COSTS	**40.8**	**7.5%**	**31.7**	**7.3%**	**43.3**	**7.0%**
NET EXPENSE FOR DOUBTFUL RECEIVABLES	**4.3**	**0.8%**	**3.4**	**0.8%**	**5.0**	**0.8%**
FINANCIAL EXPENSES	**36.3**	**6.7%**	**27.1**	**6.3%**	**38.4**	**6.2%**
OTHER OPERATING INCOME AND EXPENSES, NET	**(0.1)**	**0.0%**	**(0.1)**	**0.0%**	**0.1**	**0.0%**
NET INCOME FROM ORDINARY ACTIVITIES	**25.0**	**4.6%**	**34.9**	**8.1%**	**51.4**	**8.3%**
EXTRAORDINARY INCOME (−) AND EXPENSES (+)	**1.1**	**0.2%**	**4.2**	**1.0%**	**4.5**	**0.7%**
INCOME TAX	**7.5**	**1.4%**	**10.9**	**2.5%**	**13.5**	**2.2%**
AMORTIZATION OF FAIR VALUE ADJUSTMENTS TO INTANGIBLE ASSETS	**11.2**	**2.1%**	**9.5**	**2.2%**	**12.9**	**2.1%**
NET INCOME FOR THE PERIOD BEFORE MINORITY INTERESTS	**5.2**	**0.9%**	**10.2**	**2.4%**	**20.5**	**3.3%**
Net income for the period attributable to minority interests	0.0	0.0%	0.0	0.0%	0.0	0.0%

NET INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**5.2**	**0.9%**	**10.2**	**2.4%**	**20.5**	**3.3%**
EBITDA	**175.7**	**32.3%**	**147.1**	**34.0%**	**211.7**	**34.3%**
Earnings per share (in €)	**0.01**		**0.02**		**0.04**	
Diluted earnings per share (in €)	**0.01**		**0.02**		**0.04**	

Statement of Cash Flows

In € millions	Period ended Sept. 30, 2019 9 months	Period ended Sept. 30, 2018 9 months	Year ended Dec. 31, 2018 12 months
Net income for the period attributable to owners of the parent	**5.2**	**10.2**	**20.5**
Net income for the period attributable to minority interests	0.0	0.0	0.0
Depreciation, amortization and provisions (Note 7.2.3)	109.9	81.8	118.2
Amortization of fair value adjustments to intangible assets (Note 7.1.1.2)	11.2	9.5	12.9
Interest expense (Note 7.2.4)	40.8	30.4	42.1
Income tax (Note 7.1.4.2)	7.5	10.9	13.5
Extraordinary income and expenses (Note 7.2.6)	1.1	4.2	4.5
EBITDA	**175.7**	**147.1**	**211.7**
Change in working capital (excl. changes in deferred taxes)	**(26.9)**	**(46.3)**	**(40.1)**
Increase/decrease in inventories	*(3.4)*	*(0.2)*	*(1.7)*
Increase/decrease in trade receivables	*(6.7)*	*(16.3)*	*(16.1)*
Increase/decrease in trade payables	*(14.0)*	*(35.2)*	*(32.6)*
Other movements	*(2.8)*	*5.4*	*10.3*
Extraordinary expenses paid	**(1.1)**	**(4.5)**	**(4.5)**
Financial expenses paid	**(28.5)**	**(43.0)**	**(50.3)**
Income tax & CICE tax paid	**(2.6)**	**(8.1)**	**(7.4)**
CVAE tax paid	**(4.9)**	**(4.8)**	**(6.5)**
Net book value of fixed assets and disposals of real estate assets	**3.2**	**2.6**	**4.5**
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**114.9**	**43.1**	**107.5**
CAPEX	**(189.6)**	**(155.6)**	**(178.9)**
o/w investments in equity	*(166.4)*	*(60.6)*	*(64.8)*
o/w investments in finance leases	*(23.2)*	*(95.0)*	*(114.1)*
Change in amounts due to suppliers of fixed assets	**(0.0)**	**0.8**	**0.6**
Cash flows from financial fixed assets	**(0.2)**	**(0.1)**	**(0.1)**
Net proceeds from disposals of fixed assets	**0.1**	**0.0**	**0.1**
Impact of changes in scope of consolidation	**(3.2)**	**(642.0)**	**(648.5)**
NET CASH USED IN INVESTING ACTIVITIES (B)	**(193.0)**	**(796.8)**	**(826.9)**
Capital increase	(0.0)	427.7	427.7
Increase in borrowings from financial institutions	160.2	760.0	734.0
Increase in other borrowings	0.3	157.6	158.3
Proceeds from new finance leases	23.6	95.2	114.6
Dividends paid	0.0	0.0	0.0
Decrease in debt	(35.2)	(625.0)	(631.7)
Decrease in finance lease liabilities	(57.8)	(38.8)	(56.6)
NET CASH GENERATED FROM FINANCING ACTIVITES (C)	**90.9**	**776.7**	**746.3**
Net increase in cash and cash equivalents	12.9	22.9	27.0
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(0.2)	(0.1)
Cash and cash equivalents at beginning of period	26.8	0.0	0.0

Cash and cash equivalents at end of period	**39.6**	**22.8**	**26.8**

The Group works with "mixed" suppliers, providing equipment, parts and consumables. Flows relating to these suppliers (trade and non-trade) are recorded under a global entry. The type of supplier therefore does not have an impact on the "Change in amounts due to suppliers of fixed assets".

Movements in intercompany current accounts are presented in cash flows from financing activities.

- Cash and cash equivalents break down as follows:

	At Sept. 30, 2019
Marketable securities	2.0
Cash in bank and at hand	37.9
Short-term bank loans and overdrafts	0.3
Total	**39.6**

- Cash flows related to finance leases

When a finance lease is entered into, the corresponding cash flows are included in cash flows from both investing activities and financing activities.

Detailed information about the Group's investments and financing is provided in Notes 7.1.1.3 and 7.1.4.3, respectively.

The portion of lease payments under finance leases that corresponds to financial expenses is included in cash flows from operating activities.

The portion of lease payments that corresponds to the repayment of the principal amount of finance leases is included in cash flows from financing activities (under "Decrease in finance lease liabilities").

- EBITDA

EBITDA corresponds to total net income for the period before depreciation, amortization and provisions, amortization of fair value adjustments to intangible assets, interest, income tax and extraordinary income and expenses.

Consequently, after elimination of the above items, it corresponds to the Group's revenue from operations carried out in the normal course of its business (rentals, services, sales of rental equipment recognized as fixed assets, etc.).

- Impact of changes in scope of consolidation

This cash flow statement line corresponds to net cash flows related to purchases of shares in consolidated companies (purchase cost of the shares less cash acquired).

Consolidated Statement of Changes in Equity

In € millions	Share capital	Additional paid-in capital	Consolidated reserves	Net income for the period	Exchange differences	Equity attributable to owners of the parent
At December 31, 2018	**5.1**	**484.9**	**(1.7)**	**20.5**	**0.0**	**508.8**
Change in share capital of the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Appropriation of prior-period net income	0.0	0.0	20.5	(20.5)	0.0	0.0
Net income for the period.	0.0	0.0	0.0	5.2	0.0	5.2
Dividends paid by the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Exchange differences	0.0	0.0	0.0	0.0	(0.3)	(0.3)
Other movements	0.0	0.0	(0.1)	0.0	0.0	(0.1)

At September 30, 2019 ...	**5.1**	**484.9**	**18.7**	**5.2**	**(0.4)**	**513.5**

3 Consolidation Principles and Methods

The interim consolidated financial statements as at September 30, 2019 were drawn up based on French generally accepted accounting principles (French GAAP) under accounting standard CRC 99-02.

These financial statements were prepared in accordance with accounting principles specific to interim financial periods, and the accounting rules and methods applied are the same as those used for the consolidated financial statements for the year ended December 31, 2018.

The Dentressangle Group publishes individual and consolidated financial statements at the level of its parent company, Dentressangle SAS. These consolidated financial statements cover the activities of the sub-group controlled by Kapla Holding SAS (referred to as the "Kapla Holding Group", or "the Group").

3.1 General Information

The notes to these interim consolidated financial statements are presented in millions of euros.

The interim consolidated financial statements as at September 30, 2019 show the following:

- Total assets: €2,016.4 million.
- Net income for the period attributable to owners of the parent: €5.2 million.

3.2 Applicable Accounting Principles

The interim consolidated financial statements as at September 30, 2019 were drawn up in accordance with French accounting standards CRC 99-02 and ANC 2015-07 of November 23, 2015.

3.3 Significant Events of the Period

During the nine months ended September 30, 2019, the Kapla Holding Group acquired control of the following companies:

- M+S Arbeitsbühnen GmbH (Germany), consolidated for the first time on July 1, 2019
- Pertus 116. GmbH, a dormant company renamed Kiloutou Bridge
- Pertus 117. GmbH, a dormant company renamed Kiloutou Newco

Between January 1, 2019 and September 30, 2019, the Kapla Group carried out the following company mergers:

- SCI Sempere, Aloutout and Aquiloc were merged into Kiloutou SAS
- Kiloutou Module Toulouse, Akmo and Landrau C.E.B. were merged into Kiloutou Module
- GL Verleih NRW was merged into Starlift
- Butsch & Meier Freiburg was merged into Butsch & Meier GmbH
- Seralfe, Alquileres y Reparaciones Osca and CTC de Maquinaria were merged into Kiloutou España

As these mergers were carried out between companies that are wholly owned by the Group, they did not have any impact on the consolidated financial statements.

In February 2019, the Group carried out a €150 million tap issue on Term Loan B, with the same maturity and the same coupon. The original Term Loan B amounted to €670 million and is repayable at maturity on February 15, 2025.

In late October 2019, the Group acquired control of Sticar S.p.a. (Italy), which will be consolidated for the first time at end-October 2019.

3.4 Basis of Consolidation

3.4.1 *Consolidation Methods*

All of the Group's companies are fully consolidated.

All material transactions between Group companies are eliminated on consolidation as well as unrealized gains on intercompany transactions (capital gains, dividends, etc.).

3.4.2 *Fair Value Adjustments, Goodwill and Other Intangible Assets*

The identifiable assets and liabilities of acquired companies are measured at fair value on first-time consolidation.

Fair value adjustments are recognized where necessary, along with the corresponding deferred taxes.

Any goodwill, badwill, fair value adjustments or transaction costs related to shares purchased prior to the date on which control is acquired are eliminated on consolidation as they are not considered to be identifiable assets or liabilities.

Any difference between (i) the acquisition cost of the shares of a newly consolidated company (including net-of-tax transaction costs) and (ii) the acquisition-date fair value of the identifiable assets and liabilities acquired, is recognized under "Goodwill" in the consolidated balance sheet.

Following the transposition of Directive 2013/34/EU of the European Parliament into French law by Government Order no. 2015-900 and Decree no. 2015-903 of July 23, 2015, goodwill recognized on the acquisition of consolidated companies is not amortized as the activities to which the goodwill relates do not have any foreseeable limit.

The intangible assets identified by the Group correspond to the value of (i) a trademark, and (ii) customer relationships, in view of the recurring revenue generated with customers.

The value of the trademark concerned was measured using the relief-from-royalty method (by capitalizing future royalties to infinity based on the assumption of a 1.5% annual growth rate and an 8.1% discount rate).

Customer relationships have been recognized as intangible assets in view of the highly recurring nature of revenue identified for certain business units. Based on the business unit analyses used by Group management, customer relationship intangible assets have been identified for the following business units: (i) general rentals in France, (ii) specialist rentals in France, and (iii) general rentals in Poland, Italy and Germany.

The intangible assets recognized for these customer relationships will be amortized on a straight-line basis over a period of ten years, with the recognition of corresponding deferred taxes.

Property, plant and equipment are measured at fair value. Only real estate assets are revalued, with the revaluations based on values provided by real estate valuation experts, which are updated where necessary to take into account changes in the local property markets in the countries where the assets are located. Revalued assets are depreciated on a straight-line basis over a period of 20 years for real estate owned outright or between 10 and 15 years for real estate assets built on land held through ground leases.

Goodwill and intangible assets are tested for impairment once a year. No impairment losses were recognized for these assets at September 30, 2019 in view of the facts that (i) the date on which the Group acquired control of the companies concerned was so recent, and (ii) the companies' results were in line with expectations.

3.4.3 *Fiscal Year-End*

The most recent fiscal year-end for all of the Group's companies was December 31, 2018.

For the purpose of drawing up the interim consolidated financial statements as at September 30, 2019, all Group companies prepared interim individual financial statements as at that date.

3.4.4 *Foreign Currency Translation*

Income and expense items of subsidiaries located outside the euro zone are translated at average exchange rates for the period.

Balance sheet items are translated at the closing rate at the balance sheet date and all resulting exchange differences are recognized in a separate line in equity.

Summary of accounting options used by the Kapla Holding Group in its consolidated financial statements:

- Recognition of a provision for all retirement benefit obligations.
- Capitalization of assets held under finance leases.
- Amortization of debt issuance costs over the life of the corresponding debt.
- Recognition in consolidated net income of exchange differences recorded in the individual financial statements of Group companies.
- Expensing of business incorporation, start-up and transformation costs.

4 Summary of Significant Accounting Policies

4.1 Changes in Accounting Policies or Measurement Methods

4.1.1 *Changes in Accounting Policies*

There were no changes in the Group's accounting policies in the nine months ended September 30, 2019.

4.1.2 *Changes in Estimates and Assumptions*

There were no changes in the estimates or assumptions used by the Group in the nine months ended September 30, 2019.

4.1.3 *Error Corrections*

No error corrections were made in the nine months ended September 30, 2019.

4.2 Property, Plant and Equipment and Intangible Assets

4.2.1 *Measurement Methods*

Property, plant and equipment and intangible assets are measured at their acquisition cost, excluding any related borrowing costs.

Intangible assets primarily include:

- software, which is measured at acquisition cost;
- leasehold rights;
- goodwill;
- trademarks;
- customer relationships;

Property, plant and equipment mainly include:

- land and buildings;
- rental equipment;

- vehicles and office and IT equipment.

Finance leases

In accordance with the recommended method under French GAAP, the Group capitalizes assets held under finance leases.

These assets are capitalized when:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lease contains a bargain purchase option;
- the lease covers the majority of the economic life of the asset, irrespective of whether ownership is transferred to the lessee by the end of the lease term;
- the present value of the minimum lease payments at the inception of the lease is equal to, or greater than, substantially all of the fair value of the leased asset.

The Group's finance leases mainly concern rental equipment, land and buildings.

- The leased assets are capitalized and are depreciated in the same way as the Group's other property, plant and equipment.
- The aggregate amount of the lease payments is accounted for in the same way as the repayment of a conventional loan taken out to finance the assets concerned. Consequently, lease payments recorded in the individual financial statements of Group companies are eliminated on consolidation through the recognition of interest expense and the repayment of the finance lease liability over the term of the lease.
- Under French GAAP, capitalization of assets held under finance leases is only permitted in consolidated financial statements and not in individual company financial statements.

4.2.2 *Methods Used to Calculate Depreciation, Amortization and Impairment*

The amortization of intangible assets (excluding market share and trademarks) and the depreciation of property, plant and equipment are calculated using the straight-line method, based on the estimated useful lives of the assets concerned. The amortizable/depreciable amount corresponds to the asset's acquisition cost, as defined above, less any residual value.

If any indication of impairment is identified, an impairment loss is recognized where the fair value of an asset is lower than its carrying amount.

The useful lives of the Group's main assets are as follows:

• software	1 to 5 years
• customer relationships	10 years
• buildings	20 years
• leasehold improvements, fixtures and fittings	4 to 10 years
• lifting equipment	3 to 9 years
• earth-moving equipment	3 to 9 years
• other equipment	3 to 10 years
• vehicles	3 to 5 years
• office and IT equipment	3 to 6 years
• furniture	3 to 10 years

4.3 Inventories

4.3.1 *Measurement Method*

Inventories of spare parts, goods held for resale and consumables are measured based on the latest known prices, including incidental expenses.

4.3.2 *Methods Used to Calculate Impairment Provisions for Each Inventory Category*

Provisions for impairment of inventories are determined based on turnover forecasts for each category of inventory.

4.4 Receivables and Payables

Receivables and payables are recognized at nominal value.

Subsequent to initial recognition, a provision for impairment is recognized for receivables if their fair value is lower than their carrying amount.

In accordance with French GAAP, any exchange differences are recognized in consolidated net income.

4.5 Debt Issuance Costs

Debt issuance costs were recognized by the Kapla Holding Group when Term Loan B was set up and the tap issue was carried out. These costs—which represented an initial amount of €20.2 million—are being amortized proportionately to the amount of the repayments. At September 30, 2019, the unamortized amount of these debt issuance costs was €15.7 million.

4.6 Restoration Provisions for Assets Used Under Operating Leases

These provisions are recorded to cover the costs habitually required in order to restore equipment used under operating leases when it is returned to the lessors at the end of the lease.

The restoration costs are determined based on statistical data that is updated annually, and the provision is recognized over the life of the lease.

4.7 Untaxed Provisions

In accordance with French GAAP, untaxed provisions are recognized in equity in an amount net of deferred taxes.

4.8 Retirement Benefit Obligations

In accordance with French GAAP, retirement benefit obligations are recorded as a provision in the consolidated financial statements.

The projected benefit obligation is measured by an independent actuary and is validated by the Statutory Auditors. It is calculated using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement.

The benefit obligations are determined based on salaries, payroll tax rates, estimated retirement ages, and the probability that the employees concerned will still be with the Group at their retirement date. The Group applies a 2% rate for future salary increases and uses the INSEE 2012-2016 mortality table. Staff turnover rates are calculated by age bracket. The probability of employees leaving the Group before retirement varies between 8.8% for employees over 50 and 24.8% for those aged between 20 and 24. The discount rate used is 1.60%.

At September 30, 2019, the provision for retirement benefit obligations and the amount charged to the provision for the period were determined based on the actuarial calculations performed at December 31, 2018 using the discount rates applied at that date. No specific actuarial calculations were performed for the purposes of the interim consolidated financial statements.

4.9 Financial Instruments

When Dentressangle acquired control of the Kilinvest (Kiloutou) Group, as part of the asset and liability fair value measurement process, interest rate swaps were measured based on a mark-to-market valuation at December 31, 2018. This valuation led to the recognition of a liability in the balance sheet, under “Other payables”. Part of this amount—which was recognized in the opening balance sheet at January 1, 2018—has been written back to the income statement based on the remaining terms of the swaps concerned.

4.10 Deferred Taxes

Deferred taxes are recognized using the liability method, taking into account:

- All temporary differences (arising both in the individual financial statements and directly in the consolidated financial statements) between the carrying amount of an asset or liability and its tax base.
- Tax losses, when their utilization is considered highly probable.
- Taxes related to restatements, adjustments and eliminations made on consolidation.

The income tax rates used for calculating deferred taxes are 25.82% for the French companies, 19% for the Polish companies, 25% for the Spanish subsidiaries, 24% for the Italian companies, and 26% for the German entities.

4.11 Earnings Per Share

In accordance with the method recommended in Opinion 27 issued by the French Institute of Chartered Accountants (OEC), earnings per share are calculated by dividing net income for the period attributable to owners of the parent by the number of outstanding Kapla Holding SAS shares in issue.

For the nine months ended September 30, 2019, earnings per share amounted to €0.01.

5 Scope of Consolidation

At September 30, 2019, the Kapla Holding Group comprised the following consolidated companies:

Company	Country	% control	Consolidation method	Registered office	SIREN business registration no.
KAPLA HOLDING	**France**	**100.00%**	**Parent**	**30 bis rue Saint-Hélène, 69002 Lyon**	**833372774**
KILOUTOU SAS	France	100.00%	FC	1 rue des Précurseurs - 59664 Villeneuve d'Ascq	317,686,061
SCI 100 RN 10 COIGNIERES	France	100.00%	FC	1 rue des Précurseurs - 59664 Villeneuve d'Ascq	401667043
KILOUTOU IMMOBILIER	France	100.00%	FC	1 rue des Précurseurs - 59664 Villeneuve d'Ascq	381959394
LOCA RECEPTION	France	100.00%	FC	1 rue des Précurseurs - 59664 Villeneuve d'Ascq	493440416
KILOUTOU MODULE	France	100.00%	FC	1 rue des Précurseurs - 59664 Villeneuve d'Ascq	453700106
KILOUTOU ENERGIE	France	100.00%	FC	20 bis René Bats - 40250 Mugron	301351029
TORA LOCATION	France	100.00%	FC	1 rue des Précurseurs - 59664 Villeneuve d'Ascq	452,025,687
AIXOMAT	France	100.00%	FC	1 rue des Précurseurs - 59664 Villeneuve d'Ascq	422599373
MICHAUD LOCATION	France	100.00%	FC	1 rue des Précurseurs - 59664 Villeneuve d'Ascq	503172249
KILOUTOU SIGNALISATION	France	100.00%	FC	1 rue des Précurseurs - 59664 Villeneuve d'Ascq	852918226
KILOUTOU POLSKA	Poland	100.00%	FC	ul. Rokicinska 142, 92-412 Lódz Polska	410479
KILOUTOU ESPAÑA	Spain	100.00%	FC	Calle plà de Matabous, n°34 Montcada i Reixac, Barcelona	A60383379
STARLIFT GMBH	Germany	100.00%	FC	Am Knick 11, 22113 Oststeinbek	HRB 3496 RE
KILOUTOU GMBH	Germany	100.00%	FC	Am Knick 11, 22113 Oststeinbek	HRB 15774 HL
BUTSCH MEIER GmbH	Germany	100.00%	FC	Dr Rudolf Eberle Strasse 21, 76534 Baden-Baden	HRB 201683
M+S ARBEITSBÜHNEN GmbH	Germany	100.00%	FC	Borchener Str. 332 a , 33106 Paderborn	HRB 3923
KILOUTOU BRIDGE	Germany	100.00%	FC	Am Nordpark 1, 41069 Mönchengladbach	HRB 18770
KILOUTOU NEWCO	Germany	100.00%	FC	Am Nordpark 1, 41069 Mönchengladbach	HRB 18771
COFILOC	Italy	100.00%	FC	Via Postumia Ovest 101 (TV), 31048 San Biagio di Callalta	ITRI.1152330260
KILOUTOU ITALIA	Italy	100.00%	FC	Piazzale di Porta Lodovica 2 Cap, 20136 MILANO (MI)	ITRI.9975240962

ELEVO	Italy	100.00%	FC	Via Nigarzola 10 Cap, 24040 Lallio (BG)	TRI.03026380166

6 Pro Forma Information

Illustrative pro forma financial information for the nine months ended September 30, 2018

The condensed interim consolidated illustrative pro forma income statement for the nine months ended September 30, 2018 (the "illustrative pro forma income statement") is designed to show the impact of the acquisition of control of the Financière Kilinvest group (the "Kiloutou Group"), its financing and concomitant refinancing (together the "transactions"), as if these transactions had taken place on January 1, 2018, i.e. at an earlier date than when they actually happened.

On February 15, 2018, when Kapla Holding acquired control of the Kiloutou Group, all of the Group's debt was refinanced. This entailed:

- Repaying and redeeming all of the Kiloutou Group's bank and bond debt, except for finance leases.
- Setting up new financing: a €670 million term loan bond, €165 million worth of convertible bonds, and a €120 million revolving credit facility. These financing arrangements are described in Note 7.1.4.3 below.

The pro forma financial information has been prepared in accordance with (i) the accounting rules and methods described above and (ii) the basis of preparation set out below. The pro forma adjustments made were based on available information and certain assumptions that Kapla Holding's management considers reasonable.

This illustrative information presents a hypothetical situation, in which the transactions are assumed to have taken place on January 1, 2018. The pro forma figures presented do not necessarily reflect what Kapla Holding's position would have been at September 30, 2018 if the transactions had actually taken place on January 1, 2018.

Illustrative pro forma income statement for the nine months ended September 30, 2018

		Pro forma adjustments Jan. 1, 2018 to Feb. 14, 2018			
(In € millions)	**2018 (9 months)– Historical data[1]**	**Consolidation of the Kiloutou Group at Jan. 1, 2018[2]**	**Amortization of intangible assets[3]**	**[Normative effect] of financial expenses[4]**	**2018 (9 months)– Illustrative pro forma[5]**
TOTAL REVENUE	**432.3**	**70.6**	**0.0**	**0.0**	**502.9**
EQUIPMENT AND LOGISTICS COSTS	166.0	30.7	0.0	0.0	196.7
GROSS PROFIT	**266.3**	**39.9**	**0.0**	**0.0**	**306.2**
PAYROLL COSTS.....	130.5	26.0	0.0	0.0	156.5
ADVERTISING COSTS ...	3.7	0.7	0.0	0.0	4.4
OVERHEADS	35.1	6.8	0.0	0.0	42.0
RENTAL COSTS	31.7	6.2	0.0	0.0	37.9
NET EXPENSE FOR DOUBTFUL RECEIVABLES	3.4	0.5	0.0	0.0	3.9
FINANCIAL EXPENSES RELATED TO DEBT ...	27.1	(0.5)	0.0	4.0	30.7
OTHER OPERATING INCOME AND EXPENSES, NET.....	(0.1)	0.0	0.0	0.0	(0.1)
NET INCOME FROM ORDINARY ACTIVITIES.....	**34.9**	**0.1**	**0.0**	**(4.0)**	**31.0**
EXTRAORDINARY INCOME (−) AND EXPENSES (+)	4.2	0.0	0.0	0.0	4.2
INCOME TAX.....	10.9	0.0	(0.5)	(1.0)	9.4
AMORT. OF FAIR VALUE ADJUSTMENTS TO INTANGIBLE ASSETS	9.5	0.0	1.8	0.0	11.4

NET INCOME FOR THE PERIOD BEFORE MINORITY INTERESTS	10.2	0.1	(1.4)	(3.0)	6.0
Net income for the period attributable to minority interests	0.0	0.0	0.0		0.0
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**10.2**	**0.1**	**(1.4)**	**(3.0)**	**6.0**
EBITDA	**147.1**	**14.9**	**0.0**	**0.0**	**162.0**

(1) The information presented in the first column entitled "2018 (9 months)—Historical data" corresponds to Kapla Holding's unadjusted historical financial information for the nine months ended September 30, 2018.

(2) The information presented in the second column corresponds to the Kiloutou Group's unadjusted historical financial information for the period from January 1, 2018 to February 14, 2018, and was prepared:

(a) based on the Kiloutou Group's accounts, primarily those used to prepare the certified or audited consolidated financial statements for the year ended December 31, 2018 of Kiloutou, Kiloutou Polska, Aquiloc, Starlift, Cofiloc and Akmo;

(b) after harmonization of accounting rules and methods.

(3) The adjustment presented in the third column corresponds to the pro forma adjustment, for the period from January 1, 2018 to February 14, 2018, for the amortization of amortizable assets remeasured in connection with acquisitions (customer relationships, see Note 7.1.1.2), including the tax effect.

(4) The adjustment presented in the fourth column corresponds to the pro forma adjustment, for the period from January 1, 2018 to February 14, 2018, for financial expenses relating to the borrowings set up for refinancing the Group at February 15, 2018, including the tax effect.

(5) The information presented in the final column entitled "2018 (9 months)—Illustrative pro forma" corresponds to pro forma financial information including all of the adjustments reflecting the acquisition of control of the Kiloutou Group as from January 1, 2018, i.e., for the full nine-month period from January 1, 2018 to September 30, 2018.

Illustrative pro forma statement of cash flows for the nine months ended September 30, 2018

(In € millions)	2018 (9 months)– Historical data[1]	Pro forma adjustments Jan. 1, 2018 to Feb. 14, 2018: Consolidation of the Kiloutou Group at Jan. 1, 2018[2]	Pro forma adjustments Jan. 1, 2018 to Feb. 14, 2018: Amortization of intangible assets[3]	Pro forma adjustments Jan. 1, 2018 to Feb. 14, 2018: [Normative effect] financial expenses[4]	2018 (9 months)– Illustrative pro forma[5]
Net income for the period attributable to owners of the parent	**10.2**	**0.1**	**(1.4)**	**(3.0)**	**6.0**
Net income for the period attributable to minority interests	—	0.0			0.0
Depreciation, amortization and provisions (Note 7.2.3)	81.8	14.6			96.4
Amortization of fair value adjustments to intangible assets (Note 7.1.1.2)	9.5	(0.0)	1.8		11.4
Interest expense (Note 7.2.4)	30.4	0.3		4.0	34.7
Income tax (Note 7.1.4.2)	10.9	0.0	(0.5)	(1.0)	9.4
Extraordinary income and expenses (Note 7.2.6)	4.2	0.0			4.3
EBITDA	**147.1**	**14.9**	**—**	**—**	**162.1**
Change in working capital (excl. changes in deferred taxes)	(46.3)	30.4			(15.9)
Extraordinary expenses paid	(4.5)	0.0			(4.5)
Financial expenses paid	(43.0)	0.0			(43.0)
Income tax & CICE tax paid	(8.1)	(0.0)			(8.1)
CVAE tax paid	(4.8)	—			(4.8)
Net book value of fixed assets and disposals of real estate assets	2.6	(0.0)			2.6
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**43.1**	**45.3**	**—**	**—**	**88.4**
CAPEX	(155.6)	(47.9)			(203.5)
o/w investments in equity	*(60.6)*	*(47.9)*			*(108.5)*
o/w investments in finance leases	*(95.0)*	—			*(95.0)*
Change in amounts due to suppliers of fixed assets	0.8	—			0.8
Cash flows from financial fixed assets	(0.1)	0.0			(0.1)
Net proceeds from disposals of fixed assets	0.0	(0.0)			0.0
Impact of changes in scope of consolidation	(642.0)	10.7		—	(631.4)
NET CASH USED IN INVESTING ACTIVITIES (B)	**(796.8)**	**(37.2)**	**—**	**—**	**(834.1)**
Capital increase	427.7	—			427.7
Increase in borrowings from financial institutions	760.0	—			760.0
Movements in intercompany current accounts	—	—			—
Increase in other borrowings	157.6	0.0			157.6
Proceeds from new finance leases	95.2	(0.0)			95.2
Dividends paid	—	—			—
Decrease in debt	(625.0)	(0.0)			(625.0)
Decrease in finance lease liabilities	(38.8)	(8.1)			(46.9)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**776.7**	**(8.1)**	**—**	**—**	**768.6**
Effect of exchange rate changes on cash and cash equivalents	(0.2)				(0.2)
Net increase in cash and cash equivalents	**22.9**	**0.0**	**—**	**—**	**22.9**
Cash and cash equivalents at beginning of period	—				—
Cash and cash equivalents at end of period	22.8				22.8

(1) The information presented in the first column entitled "2018 (9 months)—Historical data" corresponds to Kapla Holding's unadjusted historical financial information for the nine months ended September 30, 2018.

(2) The information presented in the second column corresponds to the Kiloutou Group's unadjusted historical financial information for the period from January 1, 2018 to February 14, 2018, and was prepared:

(a.) based on the Kiloutou Group's accounts, primarily those used to prepare the certified or audited consolidated financial statements for the year ended December 31, 2018 of Kiloutou, Kiloutou Polska, Aquiloc, Starlift, Cofiloc and Akmo;

(b.) after harmonization of accounting rules and methods.

(3) The adjustment presented in the third column corresponds to the pro forma adjustment, for the period from January 1, 2018 to February 14, 2018, for the amortization of amortizable assets remeasured in connection with acquisitions (customer relationships, see Note 7.1.1.2), including the tax effect.

(4) The adjustment presented in the fourth column corresponds to the pro forma adjustment, for the period from January 1, 2018 to February 14, 2018, for financial expenses relating to the borrowings set up for refinancing the Group at February 15, 2018, including the tax effect.

(5) The information presented in the final column entitled "2018 (9 months)—Illustrative pro forma" corresponds to pro forma financial information including all of the adjustments reflecting the acquisition of control of the Kiloutou Group as from January 1, 2018, i.e., for the full nine-month period from January 1, 2018 to September 30, 2018.

Concerning the tax effect of the pro forma adjustments referred to above, no tax effect has been presented in the pro forma statement of cash flows in view of the timing difference between the recognition and payment of the tax.

7 Notes to the Balance Sheet and Income Statement

7.1 Notes to the Consolidated Balance Sheet

Companies consolidated for the first time in 2018 are included in the column entitled "Changes in scope of consolidation" in the tables below.

7.1.1 *Fixed Assets*

7.1.1.1 Goodwill

Movements in goodwill in the nine months ended September 30, 2019 were as follows:

	Gross value					
CGU	At Jan. 1, 2019	Increase	Decrease	Other movements	Currency effect	At Sept. 30, 2019
General rentals—France	436.3	0.0	0.0	0.0	0.0	436.3
Specialist rentals—France	31.2	0.0	0.0	0.0	0.0	31.2
Poland	36.0	0.0	0.0	0.0	0.0	36.0
Germany	91.1	2.5	0.0	0.0	0.0	93.6
Spain	4.5	0.0	0.0	0.0	0.0	4.5
Italy	47.8	0.0	0.0	0.0	0.0	47.8
Total	**646.9**	**2.5**	**0.0**	**0.0**	**0.0**	**649.3**

The €2.5 million increase in goodwill recognized for Germany corresponds to the Group's acquisition of control of M+S Arbeitsbühnen during the period.

In accordance with the French reform on the recognition and amortization of goodwill, all of the goodwill recorded by the Group has been identified as having an indefinite useful life. In addition, the impairment test carried out did not give rise to the recognition of any impairment losses on the Group's intangible assets.

7.1.1.2 Intangible assets

Movements in intangible assets in the nine months ended September 30, 2019 were as follows:

	Gross value						
	At Jan. 1, 2019	Changes in scope of consolidation	Increase	Decrease	Other movements	Currency effect	At Sept. 30, 2019
Trademarks	340.5	0.0	0.0	0.0	0.0	0.0	340.5
Customer relationships	147.3	0.0	0.0	0.0	0.0	(0.1)	147.2
Concessions, patents & similar rights	17.6	0.0	0.3	0.0	0.0	0.0	17.9
Leasehold rights	2.3	0.0	0.0	0.0	0.0	0.0	2.3

Other intangible assets..	0.6	0.0	0.2	0.0	(0.1)	0.0	0.7
Intangible assets in progress	0.5	0.0	0.2	0.0	(0.1)	0.0	0.6
Total.....	**508.8**	**0.0**	**0.7**	**0.0**	**(0.2)**	**(0.1)**	**509.2**

	Amortization and impairment						
	At Jan. 1, 2019	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Sept. 30, 2019**
Trademarks.....	(0.5)	0.0	0.0	0.0	0.0	0.0	(0.5)
Customer relationships.	(14.7)	0.0	(11.0)	0.0	0.0	0.0	(25.8)
Concessions, patents & similar rights.....	(14.4)	0.0	(1.1)	0.0	0.0	0.0	(15.5)
Leasehold rights	(0.5)	0.0	0.0	0.0	0.0	0.0	(0.5)
Other intangible assets..	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible assets in progress	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total.....	**(30.2)**	**0.0**	**(12.2)**	**0.0**	**0.0**	**0.0**	**(42.3)**

The "Trademarks" item mainly comprises the Kiloutou brand. This asset was measured during the process of identifying the fair values of assets and liabilities when Dentressangle acquired control of the Group. At September 30, 2019, there was no indication of impairment requiring the performance of an impairment test at that date on the trademarks recognized. The "Customer relationships" item includes the fair values of customer relationships identified for Kiloutou, Kiloutou Module, Kiloutou Poland, Kiloutou Germany and Kiloutou Italy.

7.1.1.3 Property, plant and equipment

Movements in property, plant and equipment in the nine months ended September 30, 2019 were as follows:

	Gross value						
	At Jan. 1, 2019	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Sept. 30, 2019**
Land and buildings.....	**177.6**	**0.0**	**5.4**	**0.0**	**0.1**	**0.0**	**183.0**
Rental equipment	**1,150.8**	**2.7**	**178.4**	**(61.7)**	**0.1**	**(0.9)**	**1,269.3**
Other property, plant and equipment	**61.2**	**0.2**	**5.2**	**(1.3)**	**(0.1)**	**0.0**	**65.2**
Total.....	**1,389.7**	**2.9**	**189.0**	**(63.0)**	**0.1**	**(1.0)**	**1,517.6**

	Depreciation and impairment						
	At Jan. 1, 2019	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Sept. 30, 2019**
Land and buildings.....	**(93.6)**	**0.0**	**(5.5)**	**0.0**	**0.0**	**0.0**	**(99.1)**
Rental equipment	**(709.5)**	**(0.6)**	**(99.2)**	**58.5**	**(0.4)**	**0.5**	**(750.6)**
Other property, plant and equipment	**(46.5)**	**(0.3)**	**(3.7)**	**1.2**	**0.3**	**0.0**	**(49.0)**
Total.....	**(849.5)**	**(0.9)**	**(108.4)**	**59.8**	**(0.1)**	**0.5**	**(898.7)**

7.1.1.4 Financial fixed assets

This item comprises shares in non-consolidated companies as well as deposits, loans and guarantees paid.

	Gross value						
	At Jan. 1, 2019	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Sept. 30, 2019**
Shares in non-consolidated companies.....	0.0	0.0	0.4	0.0	0.0	0.0	0.4
Investments accounted for by the equity method.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term investment securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans granted.....	0.1	0.0	0.0	0.0	0.0	0.0	0.2

Accrued interest on financial receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits & guarantees	2.4	0.0	0.2	(0.1)	0.0	0.0	2.6
Total	**2.6**	**0.0**	**0.7**	**(0.1)**	**0.0**	**0.0**	**3.2**

			Amortization and impairment				
Provision for impairment	**At Jan. 1, 2018**	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Sept. 30, 2019**
Provision for long-term investment securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for deposits and guarantees	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

7.1.2 *Other Assets*

7.1.2.1 Inventories and customer advances and prepayments

Movements in inventories in the nine months ended September 30, 2019 were as follows:

	Gross value					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/(Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Spare parts	0.0	3.3	(0.1)	0.0	0.0	3.3
Goods for resale	0.0	9.9	0.2	0.0	0.0	10.1
Real estate sites	0.0	0.0	1.4	0.0	0.0	1.4
Total	**0.0**	**13.3**	**1.5**	**0.0**	**0.0**	**14.8**

	Impairment					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/(Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Provisions for spare parts	0.0	(0.2)	(0.1)	0.0	0.0	(0.2)
Provisions for goods for resale	0.0	(2.5)	0.2	0.0	0.0	(2.3)
Total	**0.0**	**(2.7)**	**0.2**	**0.0**	**0.0**	**(2.5)**

Movements in customer advances and prepayments in the nine months ended September 30, 2019 were as follows:

	Gross value					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/(Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Advances and prepayments	0.5	0.0	0.1	0.0	0.0	0.6
Total	**0.5**	**0.0**	**0.1**	**0.0**	**0.0**	**0.6**

	Impairment					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/(Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Provisions for advances and prepayments	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

7.1.2.2 Trade receivables

Movements in trade receivables in the nine months ended September 30, 2019 were as follows:

	Gross value					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/(Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Trade receivables	179.0	0.2	8.4	(0.1)	0.0	187.4
Total	**179.0**	**0.2**	**8.4**	**(0.1)**	**0.0**	**187.4**

	Impairment					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/(Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Provisions for trade receivables	(17.8)	0.0	(1.7)	0.1	0.1	(19.3)
Total	**(17.8)**	**0.0**	**(1.7)**	**0.1**	**0.1**	**(19.3)**

All trade receivables are due within one year.

7.1.2.3 Other receivables

Movements in other receivables in the nine months ended September 30, 2019 were as follows:

	Net value					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Amounts due from suppliers and other operating receivables..	2.2	0.0	(1.6)	0.0	0.0	0.6
Other tax and payroll receivables.....	9.2	0.4	1.6	0.0	0.0	11.2
Current tax receivables (incl. group tax relief).	17.7	0.0	(0.1)	0.0	0.0	17.6
Deferred tax assets	8.0	0.0	(0.5)	0.0	(4.4)	3.0
Miscellaneous receivables.....	0.9	0.0	3.4	0.0	(0.1)	4.2
Total.....	**38.0**	**0.5**	**2.8**	**0.0**	**(4.5)**	**36.7**

Apart from deferred tax assets and the CICE tax receivable, all of the Group's "Other receivables" are due within one year.

No provisions for impairment were recognized for "Other receivables" at September 30, 2019.

7.1.2.4 Cash and cash equivalents

Movements in cash and cash equivalents in the nine months ended September 30, 2019 were as follows:

	Net value					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Marketable securities.....	2.0	0.0	0.0	0.0	0.0	2.0
Cash in bank and at hand	24.9	0.4	12.6	(0.1)	0.0	37.9
Total.....	**26.9**	**0.4**	**12.6**	**(0.1)**	**0.0**	**39.9**

7.1.2.5 Accruals and other assets

Movements in this item in the nine months ended September 30, 2019 were as follows:

	Net value					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Prepaid expenses	6.6	0.0	(5.0)	0.0	0.1	1.6
Debt issuance costs.....	15.8	0.0	(0.2)	0.0	0.0	15.6
Bond redemption premiums.....	0.0	0.0	0.0	0.0	0.0	0.0
Other deferred charges ...	0.0	0.0	0.0	0.0	0.0	0.0
Unrealized exchange losses	0.0	0.0	0.0	0.0	0.0	0.0
Total.....	**22.3**	**0.0**	**(5.2)**	**0.0**	**0.1**	**17.2**

7.1.3 Consolidated Equity

Movements in consolidated equity (attributable to owners of the parent) in the nine months ended September 30, 2019 were as follows:

In € millions	Share capital	Additional paid-in capital	Consolidated reserves	Net income for the period	Exchange differences	Equity attributable to owners of the parent
At December 31, 2018	**5.1**	**484.9**	**(1.7)**	**20.5**	**0.0**	**508.8**
Change in share capital of the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Appropriation of prior-period net income	0.0	0.0	20.5	(20.5)	0.0	0.0
Net income for the period.	0.0	0.0	0.0	5.2	0.0	5.2

Dividends paid by the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Exchange differences	0.0	0.0	0.0	0.0	(0.3)	(0.3)
Other movements	0.0	0.0	(0.1)	0.0	0.0	(0.1)
At September 30, 2019	**5.1**	**484.9**	**18.7**	**5.2**	**(0.4)**	**513.5**

- ***Share capital***

At September 30, 2019, Kapla Holding SAS's share capital amounted to €5,098,082.54 divided into 93,237,241 ordinary shares and 416,571,013 preferred shares with a par value of €0.01 each, all fully paid up.

In August 2019, a total of 834,525 ADPRC2 preferred shares were granted to a selected number of Group employees. These shares have a one-year vesting period.

- ***Additional paid-in capital***

Additional paid-in capital represents the net amount received, either in cash or in assets, in excess of the par value on issuance of the Company's shares.

Minority interests did not represent a material amount at September 30, 2019.

7.1.4 Other Items Recorded Under Liabilities

7.1.4.1 Provisions for contingencies and charges

Movements in provisions for contingencies and charges in the nine months ended September 30, 2019 were as follows:

		Net value						
		At Jan. 1, 2019	**Changes in scope of consolidation**	**Additions**	**Reversals**	**Currency effect**	**Other movements**	**At Sept. 30, 2019**
Provisions for restoring assets used under operating leases	*a*	**2.0**	**0.0**	**1.0**	**(0.6)**	**0.0**	**0.0**	**2.5**
Badwill	*b*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	*c*	50.5	0.0	0.0	0.0	0.0	(4.7)	45.8
Provisions for retirement benefit obligations	*d*	6.5	0.0	0.3	(0.3)	0.0	0.0	6.5
Other provisions for contingencies and charges	*e*	2.8	0.0	0.4	(0.9)	0.0	0.0	2.3
Provisions for general contingencies and charges		59.8	0.0	0.7	(1.3)	0.0	(4.7)	54.5
Total provisions for contingencies and charges		**61.9**	**0.0**	**1.7**	**(1.8)**	**0.0**	**(4.7)**	**57.0**

a Provisions for restoring assets used under operating leases relate to utility vehicles and earth-moving vehicles.

b Deferred taxes mainly stem from fair value remeasurements of customer relationships, real estate and interest rate hedges. Detailed information on the Group's deferred taxes is provided below.

c Provisions for retirement benefit obligations

The entitlements used for calculating retirement benefit obligations are set in company-level agreements. Retirement is deemed to be taken at the employee's initiative.

d Other provisions for contingencies and charges

At September 30, 2019, this item mainly comprised provisions for covering employee tribunal risks and risks related to legal, tax and real estate disputes.

7.1.4.2 Bonds, borrowings from financial institutions and other borrowings

Movements in these items in the nine months ended September 30, 2019 were as follows:

	At Jan. 1, 2019	Changes in scope of consolidation	Increase	Decrease	Change in accrued interest	Currency effect	At Sept. 30, 2019
Convertible bonds	165.0	0.0	0.0	0.0	0.0	0.0	165.0
Accrued interest on convertible bonds	13.0	0.0	0.0	0.0	12.0	0.0	25.0
Other bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	**178.0**	**0.0**	**0.0**	**0.0**	**12.0**	**0.0**	**190.0**
Bank borrowings	736.7	0.9	160.2	(34.9)	0.2	0.0	863.0
Finance leases for equipment	239.4	(0.1)	23.6	(51.2)	0.0	0.0	211.6
Finance leases for real estate	0.4	0.0	0.0	(0.1)	0.0	0.0	0.4
Short-term bank borrowings	0.1	0.0	0.0	0.2	0.0	0.0	0.3
Borrowings from financial institutions	**976.6**	**0.8**	**183.8**	**(86.0)**	**0.2**	**0.0**	**1,075.2**
Finance leases—residual value	**18.2**	**0.1**	**0.0**	**(6.5)**	**0.0**	**0.0**	**11.8**
Employee profit sharing	1.3	0.0	0.4	(0.6)	0.0	0.0	1.1
Other	1.6	0.0	0.0	0.0	0.0	(1.4)	0.1
Other borrowings other than from financial institutions	**2.9**	**0.0**	**0.4**	**(0.7)**	**0.0**	**(1.4)**	**1.1**
Total	**1,175.7**	**0.9**	**184.2**	**(93.2)**	**12.1**	**(1.5)**	**1,278.1**

In connection with Dentressangle's acquisition of control, the following financing arrangements were set up on February 15, 2018:

- Issue of €165 million worth of bonds repayable at maturity on February 15, 2028. Interest on the bonds is capitalized on an annual basis. The conversion terms and conditions are set out in the bonds' indenture.
- A €670 million loan (Term Loan B) repayable at maturity on February 15, 2025.
- A €150 million incremental facility (Incremental TLB) set up in early 2019 and repayable at maturity on February 15, 2025.
- A €120 million loan (Revolving Credit Facility) with a 78-month term, repayable on July 15, 2024 at the latest. None of this facility had been drawn down at September 30, 2019.

The principal amounts of finance leases entered into with specialized financial institutions have been recorded under "Borrowings from financial institutions" and the residual values of said leases have been included in "Other borrowings".

The table below provides a maturity schedule of the Group's debt.

	Balance at Sep. 30, 2019	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Convertible bonds	190.0	0.0	0.0	190.0
Other bonds	0.0	0.0	0.0	0.0
Bonds	**190.0**	**0.0**	**0.0**	**190.0**
Borrowings related to equity investments	863.0	17.3	25.7	820.0
Finance leases for equipment	211.6	61.8	149.8	0.0
Finance leases for real estate	0.4	0.1	0.3	0.0
Short-term bank borrowings	0.3	0.3	0.0	0.0
Borrowings from financial institutions	**1,075.2**	**79.5**	**175.7**	**820.0**
Finance leases—residual value	**11.8**	**1.3**	**10.5**	**0.0**
Employee profit sharing	1.1	0.3	0.7	0.0
Other	0.1	0.1	0.0	0.0
Other borrowings other than from financial institutions	**1.1**	**0.4**	**0.7**	**0.0**
Total	**1,278.1**	**81.2**	**187.0**	**1,010.0**

At September 30, 2019, the Group had €150.1 million in undrawn credit facilities (including bank facilities and short-term credit lines).

7.1.4.3 Other items recorded under liabilities

Movements in these items in the nine months ended September 30, 2019 were as follows:

	At Jan. 1, 2019	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Trade payables due to general suppliers	85.3	0.2	(14.0)	0.0	0.0	71.5
Due to suppliers of fixed assets	3.2	0.0	0.0	0.0	0.0	3.2
Trade payables	**88.5**	**0.2**	**(14.0)**	**0.0**	**0.0**	**74.6**
Payroll & Other tax liabilities	70.5	0.2	(1.0)	0.0	0.0	69.7
Corporate income tax & tax consolidation payables	2.9	0.0	0.2	0.0	0.0	3.1
Tax and payroll liabilities	**73.5**	**0.2**	**(0.8)**	**0.0**	**0.0**	**72.8**
Amounts owed to customers & other operating payables	1.0	0.0	(0.5)	0.0	0.0	0.5
Customer advances and prepayments	0.0	0.0	0.0	0.0	0.0	0.0
Other	16.4	0.0	(0.9)	0.0	0.0	15.5
Other payables	**17.5**	**0.0**	**(1.5)**	**0.0**	**0.0**	**16.0**
Total	**179.4**	**0.4**	**(16.3)**	**(0.1)**	**0.0**	**163.5**

All of these payables are due within one year.

The "Other" line in the above table includes the fair-value measurement of swaps carried out when Dentressangle acquired control of the Group.

7.1.4.4 Accruals and other liabilities

Movements in this item in the nine months ended September 30, 2019 were as follows:

	Net value					
	At Jan. 1, 2019	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Sept. 30, 2019
Deferred income.....	3.9	0.0	(0.3)	(0.3)	1.1	4.3
Unrealized exchange gains ...	0.0	0.0	0.0	0.0	0.0	0.0
Total.....	**3.9**	**0.0**	**(0.3)**	**(0.3)**	**1.1**	**4.3**

Deferred income mainly corresponds to invoices issued in advance for equipment rentals.

7.1.5 *Financial Instruments*

The Kapla Holding Group has put in place an active hedging strategy for its floating-rate bank borrowings.

Interest rate swaps were measured at their fair value as at the date Dentressangle acquired control of the Group, amounting to €12.67 million recognized under liabilities. At December 31, 2018, part of this amount had been written back to the income statement as some of the swaps had expired at that date. At September 30, 2019, taking into account the contracts that had expired at that date, the amount recognized in the balance sheet for these swaps was €3.6 million.

7.1.6 *Off Balance-Sheet Commitments*

- **Guarantees given**

Issuing company	Type of guarantee	Ranking	Underlying credit facility
Kapla Holding	Pledge of a share account containing all of the Kiloutou shares held by Kapla Holding	Senior	SFA dated 02/15/2018
Kapla Holding	Pledge of a share account containing all of the Kiloutou shares held by Kapla Holding	Junior	Incremental facility dated 03/22/2019
Kapla Holding	Pledge of the balances of the bank accounts held by Kapla Holding at the following banks: CANDF, BNP, SG	Senior	SFA dated 02/15/2018
Kapla Holding	Pledge of the balances of the bank accounts held by Kapla Holding at the following banks: BNP, SG	Junior	Incremental facility dated 03/22/2019
Kapla Holding	Pledge of intragroup receivables owed to Kapla Holding by Kiloutou (€9.4 million)	Senior	SFA dated 02/15/2018
Kapla Holding	Pledge of intragroup receivables owed to Kapla Holding by Kiloutou (€9.4 million)	Junior	Incremental facility dated 03/22/2019
Kiloutou	Pledge of a share account containing all of the Kiloutou Module shares held by Kiloutou (71.3% of Kiloutou Module's share capital)	Senior	SFA dated 02/15/2018
Kiloutou	Pledge of a share account containing all of the Kiloutou Module shares held by Kiloutou (71.3% of Kiloutou Module's share capital)	Junior	Incremental facility dated 03/22/2019
Kiloutou	Pledge of the balances of the bank accounts held by Kiloutou at the following banks: BECM, BNP, CIC NO, CANDF, CAIDF, LA BQ POSTALE, CDN, CEHDF, CIC SO, CMNE, LCL, SG	Senior	SFA dated 02/15/2018
Kiloutou	Pledge of the balances of the bank accounts held by Kiloutou at the following banks: BECM, BNP, LA BQ POSTALE, CAIDF, CANDF, CEHDF, CIC NO, CIC SO, LCL, SG	Junior	Incremental facility dated 03/22/2019
Kiloutou	Pledge of the balances of the bank accounts held by Kiloutou at the following banks: BCMNE, CDN	Senior	Incremental facility dated 03/22/2019
Kiloutou	Pledge of intragroup receivables owed to Kiloutou by: —Kiloutou Polska (€20.5m) —Kiloutou GmbH (€74m) —Other entities under cash pooling agreements	Senior	SFA dated 02/15/2018
Kiloutou	Pledge of intragroup receivables owed to Kiloutou by: —Kiloutou Polska (€20.5m) —Kiloutou GmbH (€74m) —Other entities under cash pooling agreements	Junior	Incremental facility dated 03/22/2019
Kiloutou	Pledge of intellectual property rights held by Kiloutou	Senior	SFA dated 02/15/2018
Kiloutou	Pledge of intellectual property rights held by Kiloutou	Junior	Incremental facility dated 03/22/2019
Kiloutou	Letter of strong intent given to La Banque Postale for the purposes of a cash facility	N/A	N/A
Kiloutou Module	Pledge of the balances of the bank accounts held by Kiloutou Module at CDN	Senior	SFA dated 02/15/2018
Kiloutou Module	Pledge of the balances of the bank accounts held by Kiloutou Module at CDN	Junior	Incremental facility dated 03/22/2019
Kiloutou Module	Pledge of intragroup receivables owed to Kiloutou Module by: —*[no intragroup receivables]*	Senior	SFA dated 02/15/2018
Kiloutou Module	Pledge of intragroup receivables owed to Kiloutou Module by: —*[no intragroup receivables]*	Junior	Incremental facility dated 03/22/2019

- **Leases**

The Group has operating leases in place for the following:

- Some of the vehicle fleet it uses for rentals
- Vehicles used in the Group's business (light vehicles and HGVs)
- Some of the sites used in the Group's business (office premises and branches)

7.2 Notes to the Consolidated Income Statement

7.2.1 *Payroll Costs*

The Group's headcount in the nine months ended September 30, 2019 was as follows:

Period	Average FTE	Headcount at Period end
9 months ended Sept. 30, 2019	4,905	5,460

7.2.2 *Research and Development Costs*

Not applicable.

7.2.3 *Depreciation, Amortization, Impairment and Other Provisions*

Net additions to depreciation, amortization and provisions for impairment of fixed assets

	9 months ended Sept. 30, 2019	9 months ended Sept. 30, 2018
—Operating equipment	2.6	1.6
—Rental equipment	99.1	73.7
—Other	7.8	5.4
Total	**109.5**	**80.8**

Net additions to provisions for impairment of current assets and for contingencies and charges

	9 months ended Sept. 30, 2019	9 months ended Sept. 30, 2018
—Recorded in operating expenses	**2.2**	**1.8**
o/w provisions for restoration costs (excl from EBITDA)	0.5	0.3
o/w provisions for impairment of trade receivables	1.7	1.6
o/w provisions for impairment of inventories	0.2	(0.1)
o/w provision for retirement benefit obligations (excl from EBITDA)	(0.1)	0.2
o/w provision for stock options	—	—
o/w other provisions	(0.1)	(0.3)
—Recorded in financial expenses	**0.0**	**—**
—Recorded in extraordinary expenses (income tax provision and other)	**—**	**—**
Total	**2.2**	**1.8**

The amount shown in the statement of cash flows for depreciation, amortization and provisions corresponds to (i) €109.5 million in depreciation and amortization plus (ii) the two provisions eliminated for the purposes of calculating EBITDA, equaling €0.5 million and €(0.1) million respectively, making a total of €109.9 million.

7.1.6.1 Net Financial Income

As the consolidated income statement is presented based on cost accounting principles, financial items have been allocated to the following lines:

	9 months ended Sept. 30, 2019	9 months ended Sept. 30, 2018
—Equipment costs	4.5	3.2
—Rental costs	0.0	0.0
—Other financial expenses	36.3	27.1
Total	**40.8**	**30.4**

7.2.5 *Other Income from Ordinary Activities, Excluding the Rental Business*

In the nine months ended September 30, 2019, income from ordinary activities other than the rental business was recorded under "Other operating income and expenses, net" within "Net income from ordinary activities".

Income and expenses arising on sales of rental equipment are directly recorded under gross profit in view of their recurring nature.

7.2.6 *Extraordinary Income and Expenses*

For the nine months ended September 30, 2019, this item mainly comprised payroll taxes on the grant of free shares.

EXTRAORDINARY INCOME AND EXPENSES	9 months ended Sept. 30, 2019
Payroll taxes on free share grants	1.3
Other extraordinary income and expenses	(0.2)
	1.1

7.2.7 *Net Income from Ordinary Activities and Extraordinary Income and Expenses*

- Net income from ordinary activities comprises all income and expenses related to operations carried out by the Group in the normal course of its business (rentals, services, sales of rental equipment recognized as fixed assets, etc.). This includes income and expenses that are recurring in nature as well as those arising from one-off decisions or transactions (i.e., items that are defined as unusual in terms of their frequency, nature or amount).

- Extraordinary income and expenses include significant income and expenses relating to restructurings and exceptional transactions.

8 Other Information

8.1 Segment Reporting

8.1.1 Sales by Nature

In € millions	9 months ended Sept. 30, 2019	%	9 months ended Sept. 30, 2018	%
REVENUE FROM RENTALS	384.9	70.8%	308.9	71.5%
REVENUE FROM SUB-RENTALS	14.3	2.6%	12.5	2.9%
REVENUE FROM EQUIPMENT BREAKDOWN WARRANTIES	24.7	4.5%	19.5	4.5%
SALES OF CONSUMABLES AND EQUIPMENT	42.4	7.8%	34.3	7.9%
TRANSPORT AND DELIVERIES	60.3	11.1%	46.5	10.8%
CLEANING AND REPAIRS	16.1	3.0%	11.5	2.7%
OTHER SERVICES AND MISCELLANEOUS REBATES	(1.5)	(0.3)%	(2.5)	(0.6)%
REVENUE FROM TRAINING	2.3	0.4%	1.6	0.4%
Total	**543.5**	**100.0%**	**432.3**	**100.0%**

8.1.2 Sales by Geographic Region

Sales contributions by country (in € millions)	9 months ended Sept. 30, 2019	%	9 months ended Sept. 30, 2018	%
General rentals-France	428.3	78.8%	352.4	81.5%
Specialist rentals-France	30.8	5.7%	23.2	5.4%
Poland	17.9	3.3%	14.4	3.3%
Germany	22.6	4.2%	13.7	3.2%
Spain	16.0	3.0%	10.6	2.5%
Italy	27.9	5.1%	18.1	4.2%
Total	**543.5**	**100.0%**	**432.3**	**100.0%**

8.2 Other Disclosures

Events after the reporting period

On October 1, 2019, the Kapla Holding Group acquired all of the share capital and voting rights of Franche-Comté Matériels (France).

In late October, the Group acquired control of Sticar (Italy).

These two companies will be consolidated as from October 1, 2019 and end-October 2019 respectively.

Transactions with related parties

The Group's related parties correspond to shareholders (both individuals and legal entities) and holders of convertible bonds.

	Related-party transactions (in € millions)					
	Shareholder current accounts	Convertible bonds	Accrued interest on convertible bonds	Trade payables	Interest on Convertible bonds	Management fees
Total.....		165.0	25.0	0.0	12.0	0.1

Executive compensation

This information is not disclosed as it would result in the disclosure of individual amounts.

Covenant contained in the loan agreement signed on February 15, 2018

This loan agreement includes a covenant based on a leverage ratio which the Group must not exceed.

The leverage ratio corresponds to consolidated net debt divided by pro forma EBITDA, calculated on a rolling twelve-month basis, and is tested quarterly. This covenant was respected at September 30, 2019 as well as the nine months then ended, and during 2018.

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Kapla Holding
French *société par actions simplifiée* (simplified joint stock corporation)

30 bis rue Sainte Hélène
69002 Lyon, France

Statutory Auditors' report
on the consolidated financial statements

For the year ended December 31, 2018

PricewaterhouseCoopers Audit
63 rue de Villiers
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Statutory Auditors' report on the consolidated financial statements
For the year ended December 31, 2018

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Kapla Holding SAS
30 bis rue Sainte-Hélène
69002 Lyon, France

To the Chairman,

In our capacity as Statutory Auditors of Kapla Holding SAS and in response to your request in connection with the planned bond issue, we have audited the accompanying consolidated financial statements of Kapla Holding SAS for the year ended December 31, 2018, which have been drawn up and presented in accordance with French generally accepted accounting principles (the "Financial Statements").

As this is the first time that the company has prepared consolidated financial statements at December 31, 2018, information for 2017 presented for the purposes of comparison, has not been audited.

These Financial Statements were prepared under your responsibility and were approved in advance by Kapla Holding SAS's Supervisory Board. Our role is to express an opinion on the Financial Statements based on our audit.

We performed our audit in accordance with professional standards applicable in France and the guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the Financial Statements. We believe that the information we collected is both sufficient and appropriate to provide a basis for our opinion.

In our opinion, the Financial Statements give, in all material respects, a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2018, and of the results of its operations for the year then ended in accordance with French accounting principles.

This report is governed by French law. The French courts have exclusive jurisdiction to rule on any dispute, claim or disagreement resulting from our engagement letter or this report, or on any matter related thereto. Each party irrevocably waives its rights to oppose any action brought before these courts, to claim that such action was brought before an incompetent court or that the courts lack jurisdiction.

Neuilly-sur-Seine and Marcq-en-Baroeul, November 14, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG SA
Alexandre Decrand	Eric Delebarre
Partner	*Partner*

KAPLA HOLDING

Consolidated Financial Statements

for the Year Ended December 31, 2018

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1 Consolidated Balance Sheet

In € millions	Dec. 31, 2018 GROSS	Dec. 31, 2018 DEPR/AMT/PROV	Dec. 31, 2018 NET	Dec. 31, 2017 NET
ASSETS				
Goodwill	**646.9**	**0.0**	**646.9**	**0.0**
Intangible assets	**508.8**	**(30.2)**	**478.7**	**0.0**
o/w trademarks	340.5	(0.5)	340.0	0.0
o/w customer relationships	147.5	(14.7)	132.8	0.0
o/w software and other	18.5	(14.4)	4.1	0.0
o/w leasehold rights	2.3	(0.5)	1.8	0.0
Property, plant and equipment	**1,389.7**	**(849.5)**	**540.1**	**0.0**
o/w land and buildings	177.6	(93.6)	84.1	0.0
o/w rental equipment	1,150.8	(709.5)	441.4	0.0
o/w other	61.2	(46.5)	14.7	0.0
Other financial fixed assets	**2.6**	**0.0**	**2.6**	**0.0**
Investments accounted for by the equity method	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL FIXED ASSETS	**2,548.0**	**(879.7)**	**1,668.3**	**0.0**
Inventories & work in progress	**14.8**	**(2.5)**	**12.3**	**0.0**
Customer advances and prepayments	**0.5**	**0.0**	**0.5**	**0.0**
Trade receivables	**179.0**	**(17.8)**	**161.2**	**0.0**
Other receivables	**38.0**	**0.0**	**38.0**	**0.0**
Marketable securities	**2.0**	**0.0**	**2.0**	**0.0**
Cash in bank and at hand	**24.9**	**0.0**	**24.9**	**0.0**
Accruals and other assets	**22.3**	**0.0**	**22.3**	**0.0**
TOTAL CURRENT ASSETS	**281.6**	**(20.3)**	**261.3**	**0.0**
TOTAL ASSETS	**2,829.6**	**(900.0)**	**1,929.6**	**0.0**

	Dec. 31, 2018 NET	Dec. 31, 2017 NET
EQUITY AND LIABILITIES		
Share capital	5.1	0.0
Additional paid-in capital	484.9	0.0
Reserves & retained earnings	(1.7)	0.0
Net income attributable to owners of the parent	**20.5**	**0.0**
Exchange differences	0.0	0.0
Equity attributable to owners of the parent	**508.8**	**0.0**
Minority interests	**0.0**	**0.0**
TOTAL EQUITY	**508.8**	**0.0**
Provisions for restoring assets used under operating leases	2.0	0.0
Provisions for general contingencies and charges	59.8	0.0
Provisions for contingencies and charges	**61.9**	**0.0**
Bonds	**178.0**	**0.0**
o/w convertible bonds	178.0	0.0
o/w other bonds	0.0	0.0
Borrowings from financial institutions	**976.6**	**0.0**
o/w bank borrowings	736.7	0.0
o/w finance leases for equipment	239.4	0.0
o/w finance leases for real estate	0.4	0.0
o/w short-term bank borrowings	0.1	0.0
Other borrowings	**18.2**	**0.0**
Finance leases—residual value	18.2	0.0
Other borrowings other than from financial institutions	**2.9**	**0.0**
o/w employee profit sharing	1.3	0.0
o/w deposits and guarantees	1.6	0.0
Trade payables	**88.5**	**0.0**
o/w due to general suppliers	85.3	0.0
o/w due to suppliers of fixed assets	3.2	0.0
Tax and payroll liabilities	**73.5**	**0.0**
Other payables	**17.5**	**0.0**

o/w intercompany current accounts	0.0	0.0
o/w miscellaneous payables	17.5	0.0
Accruals and other liabilities	**3.9**	**0.0**
TOTAL LIABILITIES	**1,358.9**	**0.0**
TOTAL EQUITY AND LIABILITIES	**1,929.6**	**0.0**

Rental equipment recognized on the balance sheet	***1,150.8***
Rental equipment (operating leases)	***29.8***
Total	***1,180.6***

2 Consolidated Income Statement—Statement of Cash Flows— Statement of Changes in Equity

Consolidated Income Statement

(In € millions)	Year ended Dec. 31, 2018 12 months		Year ended Dec. 31, 2017 2 months
REVENUE FROM RENTALS	440.0	71.17%	0.0
REVENUE FROM SERVICES AND SUB-LEASES	178.2	28.83%	0.0
TOTAL REVENUE	**618.2**	**100.00%**	**0.0**
NET (GAINS)/LOSSES ON EQUIPMENT SALES/RETIREMENTS	(21.6)	(3.49)%	0.0
MAINTENANCE COSTS	46.8	7.57%	0.0
HOLDING COSTS	122.0	19.74%	0.0
LOGISTICS COSTS	42.3	6.85%	0.0
OTHER COSTS	45.4	7.35%	0.0
TOTAL EQUIPMENT AND LOGISTICS COSTS	**235.0**	**38.02%**	**0.0**
GROSS PROFIT	**383.2**	**61.98%**	**0.0**
GROSS SALARIES AND PAID VACATION PROVISIONS	117.6	19.02%	0.0
PAYROLL TAXES AND TRAINING LEVY	44.8	7.25%	0.0
PERFORMANCE BONUSES	11.3	1.83%	0.0
OTHER EXPENSES	14.1	2.28%	0.0
TOTAL PAYROLL COSTS	**187.8**	**30.38%**	**0.0**
ADVERTISING COSTS	**5.1**	**0.83%**	**0.0**
OVERHEADS	**52.0**	**8.42%**	**0.0**
RENTAL COSTS	**43.3**	**7.00%**	**0.0**
NET EXPENSE FOR DOUBTFUL RECEIVABLES	**5.0**	**0.81%**	**0.0**
FINANCIAL EXPENSES	**38.4**	**6.22%**	**0.0**
OTHER OPERATING INCOME AND EXPENSES, NET	**0.1**	**0.02%**	**0.0**
NET INCOME FROM ORDINARY ACTIVITIES	**51.4**	**8.31%**	**0.0**
AMORTIZATION OF FAIR VALUE ADJUSTMENTS TO INTANGIBLE ASSETS	**12.9**	**2.09%**	**0.0**
NET INCOME FROM ORDINARY ACTIVITIES after amortization of intangible assets	**38.5**	**6.22%**	**0.0**
EXTRAORDINARY INCOME (-) AND EXPENSES (+)	**4.5**	**0.72%**	**0.0**
INCOME TAX	**13.5**	**2.19%**	**0.0**
NET INCOME FOR THE PERIOD BEFORE MINORITY INTERESTS	**20.5**	**3.32%**	**0.0**
Net income for the period attributable to minority interests	0.0	0.00%	
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	20.5	3.32%	0.0
EBITDA	**211.7**	**34.25%**	**0.0**
Earnings per share (in €)	**0.04**		**0.00**
Diluted earnings per share (in €)	**0.04**		**0.00**

Consolidated Statement of Cash Flows

In € millions	Year ended Dec. 31, 2018 12 months	Year ended Dec. 31, 2017 2 months
Net income for the period attributable to owners of the parent	**20.5**	**0.0**
Net income for the period attributable to minority interests	0.0	0.0
Depreciation, amortization and provisions (Note 7.2.3)	118.2	0.0
Amortization of fair value adjustments to intangible assets (Note 7.1.1.2)	12.9	0.0
Interest expense (Note 7.2.4)	42.1	0.0
Income tax (Note 7.1.4.2)	13.5	0.0
Extraordinary income and expenses (Note 7.2.6)	4.5	0.0
EBITDA	**211.7**	**0.0**
Change in working capital (excl. changes in deferred taxes)	**(40.1)**	**0.0**
Increase/decrease in inventories	*(1.7)*	*0.0*
Increase/decrease in trade receivables	*(16.1)*	*0.0*
Increase/decrease in trade payables	*(32.6)*	*0.0*
Other movements	*10.3*	*0.0*
Extraordinary expenses paid	**(4.5)**	**0.0**
Financial expenses paid	**(50.3)**	**0.0**
Income tax & CICE tax paid	**(7.4)**	**0.0**
CVAE tax paid	**(6.5)**	**0.0**
Net book value of fixed assets and disposals of real estate assets	**4.5**	**0.0**
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**107.5**	**0.0**
CAPEX	**(178.9)**	**0.0**
o/w investments in equity	*(64.8)*	*0.0*
o/w investments in finance leases	*(114.1)*	*0.0*
Change in amounts due to suppliers of fixed assets	**0.6**	**0.0**
Cash flows from financial fixed assets	**(0.1)**	**0.0**
Net proceeds from disposals of fixed assets	**0.1**	**0.0**
Impact of changes in scope of consolidation	**(648.5)**	**0.0**
NET CASH USED IN INVESTING ACTIVITIES (B)	**(826.9)**	**0.0**
Capital increase	427.7	0.0
Increase in borrowings from financial institutions	734.0	0.0
Increase in other borrowings	158.3	0.0
Proceeds from new finance leases	114.6	0.0
Dividends paid	0.0	0.0
Decrease in debt	(631.7)	0.0
Decrease in finance lease liabilities	(56.6)	0.0
NET CASH GENERATED FROM FINANCING ACTIVITES (C)	**746.3**	**0.0**
Net increase in cash and cash equivalents	27.0	0.0
Effect of exchange rate changes on cash and cash equivalents	(0.1)	0.0
Cash and cash equivalents at beginning of year	0.0	0.0
Cash and cash equivalents at end of year	**26.8**	**0.0**

"Decrease in debt" includes the impact of the buyback of Financière Kilinvest convertible bonds from their holders, in an amount of €324.3 million.

The Group works with "mixed" suppliers, providing equipment, parts and consumables. Flows relating to these suppliers (trade and non-trade) are recorded under a global entry. The type of supplier therefore does not have an impact on the "Change in amounts due to suppliers of fixed assets".

Movements in intercompany current accounts are presented in cash flows from financing activities.

- Cash and cash equivalents break down as follows:

	At Dec. 31, 2018
Marketable securities	2.0
Cash in bank and at hand	24.9
Short-term bank loans and overdrafts	0.0
Total	**26.9**

- Cash flows related to finance leases

When a finance lease is entered into, the corresponding cash flows are included in cash flows from both investing activities and financing activities.

Detailed information about the Group's investments and financing is provided in Notes 7.1.1.3 and 7.1.4.3, respectively.

The portion of lease payments under finance leases that corresponds to financial expenses is included in cash flows from operating activities.

The portion of lease payments that corresponds to the repayment of the principal amount of finance leases is included in cash flows from financing activities (under "Decrease in finance lease liabilities").

- EBITDA

EBITDA corresponds to total net income for the period before depreciation, amortization and provisions, amortization of fair value adjustments to intangible assets, interest, income tax and extraordinary income and expenses.

Consequently, after elimination of the above items, it corresponds to the Group's revenue from operations carried out in the normal course of its business (rentals, services, sales of rental equipment recognized as fixed assets, etc.).

- Impact of changes in scope of consolidation

This cash flow statement line corresponds to net cash flows related to purchases of shares in consolidated companies (purchase cost of the shares less cash acquired).

Consolidated Statement of Changes in Equity

(In € millions)	Share capital	Additional paid-in capital	Consolidated reserves	Net income for the period	Exchange differences	Equity attributable to owners of the parent
Formation of Kapla in 2017	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
At December 31, 2017	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Change in share capital of the parent company	5.1	484.9	0.0	0.0	0.0	490.0
Other movements	0.0	0.0	(1.7)	0.0	0.0	(1.7)
Net income for the period	0.0	0.0	0.0	20.5	0.0	20.5
Dividends paid by the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Exchange differences	0.0	0.0	0.0	0.0	0.0	0.0
At December 31, 2018	**5.1**	**484.9**	**(1.7)**	**20.5**	**0.0**	**508.8**

3 Consolidation Principles and Methods

On February 15, 2018, the Dentressangle Group acquired control of the Kiloutou Group via Kapla Holding SAS. Using the proceeds from a capital increase and external financing, Kapla Holding purchased all of the shares in Financière Kilinvest, Sapak, FK5 and FK6 for a total of €675,932 thousand, giving Kapla Holding full control of Financière Kilinvest, the company that holds all of the shares in Kiloutou SAS.

In order to simplify the overall legal structure, Financière Kilinvest, Sapak, FK5 and FK6 were then merged into Kapla Holding.

The Dentressangle Group publishes individual and consolidated financial statements at the level of its parent company, Dentressangle SAS. These consolidated financial statements cover the activities of the sub-group controlled by Kapla Holding SAS (referred to as the "Kapla Holding Group", or "the Group").

This is the first set of consolidated financial statements issued by the Kapla Holding Group. As Kapla Holding was formed in November 2017, it had no business activities and held no ownership interests at December 31, 2017.

3.1 General Information

The notes to the consolidated financial statements are presented in millions of euros.

The consolidated financial statements for the year ended December 31, 2018 show the following:

- Total assets: €1,929.6 million.
- Net income for the period attributable to owners of the parent: €20.5 million.

3.2 Applicable Accounting Principles

The consolidated financial statements for the year ended December 31, 2018 were drawn up based on French accounting standards CRC 99-02 and ANC 2015-07 of November 23, 2015.

3.3 Significant Events of the Year

During 2018, the Kapla Holding Group acquired control of the following companies, which have been consolidated as from the dates stated below:

- Butsch & Meier GmbH and Butsch & Meier Freiburg GmbH (Germany), June 2018.
- Seralfe (Spain), July 2018.
- GL Verleih NRW GmbH (Germany), July 2018.
- Elevo SARL (Italy), August 2018.
- Michaud Location (France), October 2018.

The Spanish company UNAM—which was accounted for by the equity method—was deconsolidated during the year, following the sale on December 10, 2018 of the entire 34% interest that Kapla Holding owned in that company.

Also in 2018, the following companies were merged into Kiloutou SAS:

- Le Gai Matelot Location (France)
- Urbasign
- Most Location
- MBCC
- Alain Location

- Nacelle42
- Dariche

In addition, in Spain, Alvecon was merged into Kiloutou España; in Italy, Euronol was merged into Cofiloc; and in Poland, GAM Polska was merged into Kiloutou Polska.

Lastly, Aquiloc and Tora transferred a portion of their assets to Kiloutou Module during the year.

As all of these transactions were carried out between companies that are wholly owned by the Group, they did not have any impact on the consolidated financial statements.

3.4 Basis of Consolidation

3.4.1 *Consolidation Methods*

All of the Group's companies are fully consolidated.

All material transactions between Group companies are eliminated on consolidation as well as unrealized gains on intercompany transactions (capital gains, dividends, etc.).

3.4.2 *Fair Value Adjustments, Goodwill and Other Intangible Assets*

The identifiable assets and liabilities of acquired companies are measured at fair value on first-time consolidation.

Fair value adjustments are recognized where necessary, along with the corresponding deferred taxes. Any goodwill, badwill, fair value adjustments or transaction costs related to shares purchased prior to the date on which control is acquired are eliminated on consolidation as they are not considered to be identifiable assets or liabilities.

Any difference between (i) the acquisition cost of the shares of a newly consolidated company (including net-of-tax transaction costs) and (ii) the acquisition-date fair value of the identifiable assets and liabilities acquired, is recognized under "Goodwill" in the consolidated balance sheet.

Following the transposition of Directive 2013/34/EU of the European Parliament into French law by Government Order no. 2015-900 and Decree no. 2015-903 of July 23, 2015, goodwill recognized on the acquisition of consolidated companies is not amortized as the activities to which the goodwill relates do not have any foreseeable limit.

The intangible assets identified by the Group correspond to the value of (i) a trademark, and (ii) customer relationships, in view of the recurring revenue generated with customers.

The value of the trademark concerned was measured using the relief-from-royalty method (by capitalizing future royalties to infinity based on the assumption of a 1.5% annual growth rate and an 8.1% discount rate).

Customer relationships have been recognized as intangible assets in view of the highly recurring nature of revenue identified for certain business units. Based on the business unit analyses used by Group management, customer relationship intangible assets have been identified for the following business units: (i) general rentals in France, (ii) specialist rentals in France, and (iii) general rentals in Poland, Italy and Germany.

The intangible assets recognized for these customer relationships will be amortized on a straight-line basis over a period of ten years, with the recognition of corresponding deferred taxes.

Property, plant and equipment are measured at fair value. Only real estate assets are revalued, with the revaluations based on values provided by real estate valuation experts, which are updated where necessary to take into account changes in the local property markets in the countries where the assets are located. Revalued assets are depreciated on a straight-line basis over a period of 20 years for real estate owned outright or between 10 and 15 years for real estate assets built on land held through ground leases.

Goodwill and intangible assets are tested for impairment once a year. No impairment losses were recognized for these assets at December 31, 2018 in view of the facts that (i) the date on which the Group acquired control of the companies concerned was so recent, and (ii) the companies' results were in line with expectations.

3.4.3 *Fiscal Year-End*

All Group companies had a December 31, 2018 fiscal year-end. The fiscal year for Michaud—which was consolidated for the first time in 2018—was shortened to nine months (including three months as a consolidated Group company), in order to align its fiscal year-end with that of the Group (i.e., December 31, 2018).

3.4.4 *Foreign Currency Translation*

Income and expense items of subsidiaries located outside the euro zone are translated at average exchange rates for the year.

Balance sheet items are translated at the closing rate at the balance sheet date and all resulting exchange differences are recognized in a separate line in equity.

Summary of accounting options used by the Kapla Holding Group in its consolidated financial statements:

- Recognition of a provision for all retirement benefit obligations.
- Capitalization of assets held under finance leases.
- Amortization of debt issuance costs over the life of the corresponding debt.
- Recognition in consolidated net income of exchange differences recorded in the individual financial statements of Group companies.
- Expensing of business incorporation, start-up and transformation costs.

4 Summary of Significant Accounting Policies

4.1 Changes in Accounting Policies or Measurement Methods

4.1.1 *Changes in Accounting Policies*

There were no changes in the Group's accounting policies in 2018.

4.1.2 *Changes in Estimates and Assumptions*

There were no changes in the estimates or assumptions used by the Group in 2018.

4.1.3 *Error Corrections*

No error corrections were made in 2018.

4.2 Property, Plant and Equipment and Intangible Assets

4.2.1 *Measurement Methods*

- Property, plant and equipment and intangible assets are measured at their acquisition cost, excluding any related borrowing costs.
- Intangible assets primarily include:
- software, which is measured at acquisition cost;
- leasehold rights;
- goodwill;
- trademarks;
- customer relationships;

- Property, plant and equipment mainly include:
- land and buildings;
- rental equipment;
- vehicles and office and IT equipment.
- Finance leases

In accordance with the recommended method under French generally accepted accounting principles (French GAAP), the Group capitalizes assets held under finance leases.

These assets are capitalized when:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lease contains a bargain purchase option;
- the lease covers the majority of the economic life of the asset, irrespective of whether ownership is transferred to the lessee by the end of the lease term;
- the present value of the minimum lease payments at the inception of the lease is equal to, or greater than, substantially all of the fair value of the leased asset.

The Group's finance leases mainly concern rental equipment, land and buildings.

- The leased assets are capitalized and are depreciated in the same way as the Group's other property, plant and equipment.
- The aggregate amount of the lease payments is accounted for in the same way as the repayment of a conventional loan taken out to finance the assets concerned. Consequently, lease payments recorded in the individual financial statements of Group companies are eliminated on consolidation through the recognition of interest expense and the repayment of the finance lease liability over the term of the lease.
- Under French GAAP, capitalization of assets held under finance leases is only permitted in consolidated financial statements and not in individual company financial statements.

4.2.2 *Methods Used to Calculate Depreciation, Amortization and Impairment*

The amortization of intangible assets (excluding market share and trademarks) and the depreciation of property, plant and equipment are calculated using the straight-line method, based on the estimated useful lives of the assets concerned. The amortizable/depreciable amount corresponds to the asset's acquisition cost, as defined above, less any residual value.

If any indication of impairment is identified, an impairment loss is recognized where the fair value of an asset is lower than its carrying amount.

The useful lives of the Group's main assets are as follows:

• software	1 to 5 years
• buildings	20 years
• leasehold improvements, fixtures and fittings	4 to 10 years
• lifting equipment	3 to 9 years
• earth-moving equipment	3 to 9 years
• other equipment	3 to 10 years
• vehicles	3 to 5 years
• office and IT equipment	3 to 6 years
• furniture	3 to 10 years

4.3 Inventories

4.3.1 *Measurement Method*

Spare parts and consumables are measured based on the latest known prices, including incidental expenses.

4.3.2 *Methods Used to Calculate Impairment Provisions for Each Inventory Category*

Provisions for impairment of inventories are determined based on turnover forecasts for each category of inventory.

4.4 Receivables and Payables

Receivables and payables are recognized at nominal value.

Subsequent to initial recognition, a provision for impairment is recognized for receivables if their fair value is lower than their carrying amount.

In accordance with French GAAP, any exchange differences are recognized in consolidated net income.

4.5 Debt Issuance Costs

Debt issuance costs were recognized by the Kapla Holding Group when Dentressangle acquired control of the Kilinvest (Kiloutou) Group. These costs—which represented an initial amount of €18.1 million—are being amortized proportionately to the amount of the repayments. At December 31, 2018, the unamortized amount of these debt issuance costs was €15.8 million.

4.6 Restoration Provisions for Assets Used Under Operating Leases

These provisions are recorded to cover the costs habitually required in order to restore equipment used under operating leases when it is returned to the lessors at the end of the lease.

The restoration costs are determined based on statistical data that is updated annually, and the provision is recognized over the life of the lease.

4.7 Untaxed Provisions

In accordance with French GAAP, untaxed provisions are recognized in equity in an amount net of deferred taxes.

4.8 Retirement Benefit Obligations

In accordance with French GAAP, retirement benefit obligations are recorded as a provision in the consolidated financial statements.

The projected benefit obligation is measured by an independent actuary and is validated by the Statutory Auditors. It is calculated using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement.

The benefit obligations are determined based on salaries, payroll tax rates, estimated retirement ages, and the probability that the employees concerned will still be with the Group at their retirement date. The Group applies a 2% rate for future salary increases and uses the INSEE 2012-2016 mortality table. Staff turnover rates are calculated by age bracket. The probability of employees leaving the Group before retirement varies between 8.8% for employees over 50 and 24.8% for those aged between 20 and 24. The discount rate used is 1.60%.

4.9 Financial Instruments

When Dentressangle acquired control of the Kilinvest (Kiloutou) Group, as part of the asset and liability fair value measurement process, interest rate swaps were measured based on a mark-to-market valuation at December 31, 2018. This valuation led to the recognition of a liability in the opening balance sheet, part of which has been written back to the income statement based on the remaining terms of the swaps concerned.

4.10 Deferred Taxes

Deferred taxes are recognized using the liability method, taking into account:

- All temporary differences (arising both in the individual financial statements and directly in the consolidated financial statements) between the carrying amount of an asset or liability and its tax base.
- Tax losses, when their utilization is considered highly probable.
- Taxes related to restatements, adjustments and eliminations made on consolidation.

The income tax rates used for calculating deferred taxes are 25.82% for the French companies, 19% for the Polish companies, 25% for the Spanish subsidiaries, 24% for the Italian companies, and 26% for the German entities.

4.11 Earnings Per Share

In accordance with the method recommended in Opinion 27 issued by the French Institute of Chartered Accountants (OEC), earnings per share are calculated by dividing net income for the period attributable to owners of the parent by the number of Kapla Holding SAS shares in issue.

For the year ended December 31, 2018, earnings per share amounted to €0.04.

5 Scope of Consolidation

At December 31, 2018, the Kapla Holding Group comprised the following consolidated companies:

Company	Country	Number of shares held	% control	Consolidation method	Registered office	SIREN business registration no.
KAPLA HOLDING	**France**	**505,293,378**	**100.00%**	**Parent**	**30 bis rue Saint-Hélène, 69002 Lyon**	**833372774**
KILOUTOU SAS	France	4,176,622	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	317686061
SCI 100 RN 10 COIGNIERES	France	9,999	99.96%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	401667043
SCI DEFENSE COLOMBES	France	2,529	99.95%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	381959394
SCI SEMPERE	France	1,999	99.99%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	341931384
LOCA RECEPTION	France	1,000	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	493440416
AKMO	France	10,000	100.00%	FC	Rue Jean Pierre Timbaud, Villeneuve-Le-Roi	385401245
KILOUTOU MODULE	France	22,729	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	453700106
AQUILOC	France	65,595	100.00%	FC	23 avenue de la Grange Noire—Espace Phare—33700 Mérignac	381417591
ALOUTOUT	France	500	100.00%	FC	13 avenue Louis Lumière—17180 Périgny	309359487
KILOUTOU ENERGIE	France	11,174	100.00%	FC	20 bis René Bars—40250 Mugron	301351029
TORA LOCATION	France	500	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	452025687
AIXOMAT	France	50,000	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	422599373
LANDRAU CEB	France	15,000	100.00%	FC	Route de Briollay—49480 Saint Sylvain d'Anjou à Verrières en Anjou	489494021
KIL MODULE TOULOUSE	France	10,000	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	834923922
MICHAUD LOCATION	France	40,987	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	503172249
KILOUTOU POLSKA	Poland	244,000	100.00%	FC	ul. Rokicińska 142, 92-412 Łódź	410479
KILOUTOU ESPAÑA	Spain	30,000	100.00%	FC	Poligono Industrial, nave 32–31191 Cordovilla—Navarra	A60383379
CTC DE MAQUINARIA	Spain	14,841	100.00%	FC	Polígono Malpica Alfinden Calle Nogal, 63 50171 La Puebla de Alfinden, Zaragoza	A50132497
OSCA	Spain	9,018	100.00%	FC	Polígono Sepes Calle Ganadería, Parcela 15, Nave 7 22006 Huesca, Zaragoza	B22226211
SERALFE	Spain	1,000	100.00%	FC	Parque Empresarial Andalucia, calle Sierra de Cazorla, 8, Pinto (Madrid)	A80087455
STARLIFT GMBH	Germany	1	100.00%	FC	Am Knick 11, 22113 Oststeinbek	HRB 3496 RE
KILOUTOU GMBH	Germany	25,000	100.00%	FC	Am Knick 11, 22113 Oststeinbek	HRB 15774 HL
BUTSCH MEIER BADEN	Germany	2	100.00%	FC	Dr Rudolf Eberle Strasse 21, 76534 Baden-Baden	HRB 201683
BUTSCH MEIER FREIBURG	Germany	2	100.00%	FC	Robert Bosch Strasse 9, 79331 Teningen	HRB 701571
GL VERLEIH NRW	Germany	2	100.00%	FC	Hugo Junkers Strasse 12d, 50739 Köln, AG Köln	HRB62301
COFILOC	Italy	500,000	100.00%	FC	Via Postumia Ovest 101 (TV), 31048 San Biagio di Callalta	ITRI.1152330260
KILOUTOU ITALIA	Italy	10,000	100.00%	FC	Piazzale di Porta Lodovica 2 Cap, 20136 MILANO (MI)	ITRI.9975240962
ELEVO	Italy	10,000	100.00%	FC	Via Nigarzola 10 Cap, 24040 Lallio (BG)	TRI.03026380166

NB: Loca Reception, Kiloutou Module and Kiloutou Energie previously traded under the names Top Loc Reception, Sogims and CAL, respectively.

6 Pro Forma Information

Illustrative pro forma financial information

The condensed consolidated illustrative pro forma income statement for the year ended December 31, 2018 (the "illustrative pro forma income statement") and the other pro forma financial information provided below (together, "the illustrative pro forma financial information") are designed to show the impact of the acquisition of control of the Financière Kilinvest group (the "Kiloutou Group"), its financing and concomitant refinancing (together the "transactions"), as if these transactions had taken place on January 1, 2018, i.e., at an earlier date than when they actually happened.

On February 15, 2018, when Kapla Holding acquired control of the Kiloutou Group, all of the Group's debt was refinanced. This entailed:

- Repaying and redeeming all of the Kiloutou Group's bank and bond debt, except for finance leases.
- Setting up new financing: a €670 million term loan bond, €165 million worth of convertible bonds, and a €120 million revolving credit facility. These financing arrangements are described in Note 7.1.4.3 below.

The pro forma financial information has been prepared in accordance with (i) the accounting rules and methods described above and (ii) the basis of preparation set out below. The pro forma adjustments made were based on available information and certain assumptions that Kapla Holding's management considers reasonable.

This illustrative information presents a hypothetical situation, in which the transactions are assumed to have taken place on January 1, 2018. The pro forma figures presented do not necessarily reflect what Kapla Holding's position would have been at December 31, 2018 if the transactions had actually taken place on January 1, 2018.

Illustrative pro forma income statement

		Pro forma adjustments Jan. 1, 2018 to Feb. 14, 2018			
(In € millions)	**2018 (12 months)– Historical data[1]**	**Consolidation of the Kiloutou Group at Jan 1, 2018[2]**	**Amortization of intangible assets[3]**	**[Normative effect] of financial expenses[4]**	**2018 (12 months)– Illustrative pro forma[5]**
TOTAL REVENUE	**618.2**	**70.6**	**0.0**	**0.0**	**688.8**
EQUIPMENT AND LOGISTICS COSTS	235.0	30.7	0.0	0.0	265.8
GROSS PROFIT	**383.2**	**39.9**	**0.0**	**0.0**	**423.0**
PAYROLL COSTS	187.8	26.0	0.0	0.0	213.7
ADVERTISING COSTS	5.1	0.7	0.0	0.0	5.8
OVERHEADS	52.0	6.8	0.0	0.0	58.8
RENTAL COSTS	43.3	6.2	0.0	0.0	49.5
NET EXPENSE FOR DOUBTFUL RECEIVABLES	5.0	0.5	0.0	0.0	5.5
FINANCIAL EXPENSES RELATED TO DEBT	38.4	(0.5)	0.0	4.0	42.0
OTHER OPERATING INCOME AND EXPENSES, NET	0.1	0.0	0.0	0.0	0.1
NET INCOME FROM ORDINARY ACTIVITIES	**51.4**	**0.1**	**0.0**	**(4.0)**	**47.4**
EXTRAORDINARY INCOME (−) AND EXPENSES (+)	4.5	0.0	0.0	0.0	4.5
INCOME TAX	13.5	0.0	(0.5)	(1.0)	12.0
AMOR.F FAIR VALUE ADJUSTMENTS TO INTANGIBLE ASSETS	12.9	0.0	1.8	0.0	14.8
NET INCOME FOR THE PERIOD BEFORE MINORITY INTERESTS	20.5	0.1	(1.4)	(3.0)	16.2
Net income for the period attributable to minority interests	0.0	0.0	0.0		0.0
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**20.5**	**0.1**	**(1.4)**	**(3.0)**	**16.2**
EBITDA	**211.7**	**14.9**	**0.0**	**0.0**	**226.7**

(1) The information presented in the first column entitled "2018 (12 months)—Historical data" corresponds to Kapla Holding's unadjusted historical financial information for the year ended December 31, 2018.

(2) The information presented in the second column corresponds to the Kiloutou Group's unadjusted historical financial information for the period from January 1, 2018 to February 14, 2018, and was prepared:

(a.) based on the Kiloutou Group's accounts, primarily those used to prepare the certified or audited consolidated financial statements for the year ended December 31, 2018 of Kiloutou, Kiloutou Polska, Aquiloc, Starlift, Cofiloc and Akmo;

(b.) after harmonization of accounting rules and methods.

(3) The adjustment presented in the third column corresponds to the pro forma adjustment, for the period from January 1, 2018 to February 14, 2018, for the amortization of amortizable assets remeasured in connection with acquisitions (customer relationships, see Note 7.1.1.2), including the tax effect.

(4) The adjustment presented in the fourth column corresponds to the pro forma adjustment, for the period from January 1, 2018 to February 14, 2018, for financial expenses relating to the borrowings set up for refinancing the Group at February 15, 2018, including the tax effect.

(5) The information presented in the final column entitled "2018 (12 months)—Illustrative pro forma" corresponds to pro forma financial information including all of the adjustments reflecting the acquisition of control of the Kiloutou Group as from January 1, 2018, i.e., for a full fiscal year.

Excluding the adjustment for financial expenses for the period from January 1, 2018 to February 14, 2019 as described in point (4) above, pro forma consolidated net income amounted to €19.2 million.

Illustrative pro forma statement of cash flows

		Pro forma adjustments Jan. 1, 2018 to Feb. 14, 2018			
(In € millions)	**2018 (12 months)– Historical data[1]**	**Consolidation of the Kiloutou Group at Jan. 1, 2018[2]**	**Amortization of intangible assets[3]**	**[Normative effect] of financial expenses[4]**	**2018 (12 months)– Illustrative pro forma[5]**
Net income for the period attributable to owners of the parent	**20.5**	**0.1**	**(1.4)**	**(3.0)**	**16.2**
Net income for the period attributable to minority interests	0.0	0.0			0.0
Depreciation, amortization and provisions (Note 7.2.3)	118.2	14.6			132.8
Amortization of fair value adjustements to intangible assets (Note 7.1.1.2)	12.9	(0.0)	1.8		14.8
Interest expense (Note 7.2.4)	42.1	0.3		4.0	46.4
Income tax (Note 7.1.4.2)	13.5	0.0	(0.5)	(1.0)	12.0
Extraordinary income and expense (Note 7.2.6)	4.5	0.0			4.5
EBITDA	**211.7**	**14.9**	**—**	**—**	**226.7**
Change in working capital (excl. changes in deferred taxes)	(40.1)	30.4			(9.7)
Extraordinary expenses paid	(4.5)	0.0			(4.5)
Financial expenses paid	(50.3)	0.0			(50.3)
Income tax & CICE tax paid	(7.4)	(0.0)			(7.4)
CVAE tax paid	(6.5)	—			(6.5)
Net book value of fixed assets and disposals of real-estate assets	4.5	(0.0)			4.5
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**107.5**	**45.3**	**—**	**—**	**152.8**
CAPEX	(178.9)	(47.9)			(226.8)
o/w investments in equity	*(64.8)*	*(47.9)*			*(112.7)*
o/w investments in finance leases	*(114.1)*	—			*(114.1)*
Change in amounts due to suppliers of fixed assets	0.6	—			0.6
Cash flows from financial fixed assets	(0.1)	0.0			(0.1)
Net proceeds from disposals of fixed assets	0.1	(0.0)			0.1
Impact of changes in scope of consolidation	(648.5)	10.7		—	637.8
NET CASH USED IN INVESTING ACTIVITIES (B)	**(826.9)**	**(37.2)**	**—**	**—**	**(864.1)**
Capital increase	427.7	—			427.7
Increase in borrowings from financial institutions	734.0	—			734.0
Movements in intercompany current accounts	—	—			—
Increase in other borrowings	158.3	0.0			158.3
Proceeds from new finance leases	114.6	(0.0)			114.6
Dividends paid	—	—			—

Decrease in debt	(631.7)	(0.0)			(631.7)
Decrease in finance lease liabilities	(56.6)	(8.1)			(64.6)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**746.3**	**(8.1)**	**—**	**—**	**738.2**
Effect of exchange rate changes on cash and cash equivalents	(0.1)				(0.1)
Net increase in cash and cash equivalents	**27.0**	**0.0**	**—**	**—**	**27.0**
Cash and cash equivalents at beginning of year	—				—
Cash and cash equivalents at end of year	26.8				26.8

(1) The information presented in the first column "2018 (12 months)—Historical data" corresponds to Kapla Holding's unadjusted historical financial information for the year ended December 31, 2018.

(2) The information presented in the second column corresponds to the Kiloutou Group's unadjusted historical financial information for the period from January 1, 2018 to February 14, 2018, and was prepared:

(a.) based on the Kiloutou Group's accounts, primarily those used to prepare the certified or audited consolidated financial statements for the year ended December 31, 2018 of Kiloutou, Kiloutou Polska, Aquiloc, Starlift, Cofiloc and Akmo;

(b.) after harmonization of accounting rules and methods.

(3) The adjustment presented in the third column corresponds to the pro forma adjustment, for the period from January 1, 2018 to February 14, 2018, for the amortization of amortizable assets remeasured in connection with acquisitions (customer relationships, see Note 7.1.1.2), including the tax effect.

(4) The adjustment presented in the fourth column corresponds to the pro forma adjustment, for the period from January 1, 2018 to February 14, 2018, for financial expenses relating to the borrowings set up for refinancing the Group at February 15, 2018, including the tax effect.

(5) The information presented in the final column entitled "2018 (12 months)—Illustrative pro forma" corresponds to pro forma financial information including all of the adjustments reflecting the acquisition of control of the Kiloutou Group as from January 1, 2018, i.e., for a full fiscal year.

Concerning the tax effect of the pro forma adjustments referred to above, no tax effect has been presented in the pro forma statement of cash flows in view of the timing difference between the recognition and payment of the tax.

Pro forma statement of changes in property, plant and equipment and depreciation

	Gross value						
Type of asset	**At Jan. 1, 2018**	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2018**
Land and buildings	**0.0**	**165.9**	**13.3**	**(1.6)**	**0.0**	**(0.0)**	**177.6**
Rental equipment	**0.0**	**1,036.3**	**203.2**	**(88.8)**	**0.0**	**0.1**	**1,150.8**
Other property, plant and equipment	**0.0**	**56.1**	**7.4**	**(2.2)**	**0.0**	**(0.2)**	**61.2**
Total	**0.0**	**1,258.3**	**224.0**	**(92.5)**	**0.0**	**(0.1)**	**1,389.7**

	Depreciation and impairment						
	At Jan. 1, 2018	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2018**
Land and buildings	**0.0**	**(88.4)**	**(6.7)**	**1.5**	**0.0**	**0.0**	**(93.6)**
Rental equipment	**0.0**	**(674.2)**	**(119.9)**	**84.7**	**0.0**	**(0.1)**	**(709.5)**
Other property, plant and equipment	**0.0**	**(44.4)**	**(4.2)**	**2.0**	**0.0**	**0.1**	**(46.5)**
Total	**0.0**	**(807.0)**	**(130.8)**	**88.2**	**0.0**	**0.0**	**(849.5)**

Pro forma statement of changes in debt

At Jan. 1, 2018	**Changes in scope of consolidation and other movements**	**Increase**	**Decrease**	**Change in accrued interest**	**Currency effect**	**At Dec. 31, 2018**

Bonds	0.0	331.9	157.3	(324.3)	13.0	0.0	178.0
Borrowings from financial institutions	0.0	479.1	849.1	(352.6)	0.9	0.1	976.6
Finance leases—residual value	0.0	20.1	0.0	(1.9)	0.0	0.0	18.2
Other borrowings other than from financial institutions	0.0	2.0	1.5	(0.6)	(0.0)	0.0	2.9
Total—illustrative pro forma	**0.0**	**833.1**	**1,008.0**	**(679.4)**	**13.9**	**0.1**	**1,175.7**
Impact of Kiloutou Group consolidation at Feb. 15, 2018	0.0	(8.1)	0.0	8.1	0.0	0.0	0.0
Total—Kapla Holding historic financial statements	**0.0**	**825.0**	**1,008.0**	**(671.4)**	**13.9**	**0.1**	**1,175.7**

Breakdown of revenue by country

		Pro forma adjustments	
Revenue contributions by country	**2018 (12 months)– Historical data**	**Consolidation of the Kiloutou Group at Jan. 1, 2018**	**2018 (12 months)– Illustrative pro forma**
General rentals—France	498.8	58.5	557.3
Specialist rentals—France	33.0	3.3	36.4
Poland	21.3	2.3	23.6
Germany	21.7	2.0	23.7
Italy	28.8	1.6	30.4
Spain	14.5	2.9	17.3
Total	**618.2**	**70.6**	**688.8**

Condensed global pro forma income statement including the pro forma full-year impact of the other acquisitions during the period, as if they had taken place on January 1, 2018

The condensed global pro forma income statement below includes the pro forma full-year impact of the other acquisitions during the period, as if they had taken place on January 1, 2018. It was prepared based on the pro forma income statement shown above. However, the information presented in the third column corresponds to the unadjusted historical financial information of the other acquired companies as described in Note 3.3, as extracted from those companies' accounts, after harmonization of accounting rules and methods.

This pro forma information presents a hypothetical situation, in which the acquisitions for the period are assumed to have taken place on January 1, 2018. The pro forma figures presented do not necessarily reflect what Kapla Holding's position would have been at December 31, 2018 if the transactions had actually taken place on January 1, 2018.

		Pro forma adjustments Jan. 1, 2018 to Feb. 14, 2018			
(In € millions)	**2018 (12 months)– Historical data[1]**	**Consolidation of the Kiloutou Group at Jan. 1, 2018[2]**	**Consolidation of other companies at Jan. 1, 2018[3]**	**Pro forma adjustments[4]**	**2018 (12 months)– Global pro forma[5]**
TOTAL REVENUE	**618.2**	**70.6**	**15.4**	**0.0**	**704.2**
EQUIPMENT AND LOGISTICS COSTS	235.0	30.7	8.0	0.0	273.8
GROSS PROFIT	**383.2**	**39.9**	**7.4**	**0.0**	**430.4**
PAYROLL COSTS	187.8	26.0	3.1	0.0	216.8
ADVERTISING COSTS	5.1	0.7	0.2	0.0	6.0
OVERHEADS	52.0	6.8	1.0	0.0	59.8

RENTAL COSTS.....	43.3	6.2	0.6	0.0	50.1
NET EXPENSE FOR DOUBTFUL RECEIVABLES.....	5.0	0.5	0.2	0.0	5.7
FINANCIAL EXPENSES RELATED TO DEBT	38.4	(0.5)	0.0	4.0	42.0
OTHER OPERATING INCOME AND EXPENSES, NET	0.1	0.0	0.0	0.0	0.1
NET INCOME FROM ORDINARY ACTIVITIES	**51.4**	**0.1**	**2.3**	**(4.0)**	**49.9**
EBITDA	**211.7**	**14.9**	**7.1**	**0.0**	**233.7**

(1) The information presented in the first column "2018 (12 months)—Historical data" corresponds to Kapla Holding's unadjusted historical financial information for the year ended December 31, 2018.

(2) The information presented in the second column corresponds to the Kiloutou Group's unadjusted historical financial information for the period from January 1, 2018 to February 14, 2018, and was prepared:

(a.) based on the Kiloutou Group's accounts, primarily those used to prepare the certified or audited consolidated financial statements for the year ended December 31, 2018 of Kiloutou, Kiloutou Polska, Aquiloc, Starlift, Cofiloc and Akmo;

(b.) after harmonization of accounting rules and methods.

(3) The information presented in the third column corresponds to the unadjusted historical financial information of the other companies acquired in 2018, for the period from January 1, 2018 until the date on which they were consolidated for the first time, after harmonization of accounting rules and methods.

(4) The adjustment presented in the fourth column corresponds to:

(a.) The pro forma adjustment, for the period from January 1, 2018 to February 14, 2018, for the amortization of amortizable assets remeasured in connection with acquisitions (customer relationships, see Note 7.1.1.2), including the tax effect.

(b.) The pro forma adjustment for the period from January 1, 2018 to February 14, 2018, for financial expenses relating to borrowings set up for refinancing the Group at February 15, 2018, including the tax effect.

(5) The information presented in the final column entitled "2018 (12 months)—Global pro forma" corresponds to pro forma financial information including all of the adjustments reflecting the acquisition of control of all the companies acquired in 2018, i.e., for a full fiscal year.

7 Notes to the Balance Sheet and Income Statement

7.1 Notes to the Consolidated Balance Sheet

Companies consolidated for the first time in 2018 are included in the column entitled "Changes in scope of consolidation" in the tables below.

7.1.1 *Fixed Assets*

7.1.1.1 Goodwill

Movements in goodwill in 2018 were as follows:

	Gross value						
CGU	**At Jan. 1, 2018**	**Kapla acquisition of control Feb. 15, 2018**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2018**
General rentals—France.....		434.0					434.0
Specialist rentals—France..		31.0					31.0
Poland.....		36.0					36.0
Italy		42.0					42.0

Germany		77.0					77.0
Specialist rentals—France			0.2				0.2
Germany			14.1				14.1
Spain			4.5				4.5
Italy			5.8				5.8
General rentals—France			2.3				2.3
Total	**0.0**	**620.0**	**26.9**	**0.0**	**0.0**	**0.0**	**646.9**

a Goodwill related to Kiloutou, Kiloutou Polska, Kiloutou Italia, Kiloutou GmbH and Kiloutou Module, amounting to an aggregate €620 million, was recognized when Dentressangle acquired control of the Kilinvest (Kiloutou) Group in February 2018.

b Goodwill related to Butsch Meier Baden, Butsch Meier Freiburg, Seralfe, GL Verleih NRW and Elevo was recognized on the Group's first-time consolidation of these companies.

c Goodwill related to Kiloutou Module Toulouse was recognized when the amount concerned was reclassified from "Business assets" to "Goodwill".

In accordance with the French reform on the recognition and amortization of goodwill, all of the goodwill recorded by the Group has been identified as having an indefinite useful life. In addition, the impairment test carried out at December 31, 2018 did not give rise to the recognition of any impairment losses on the Group's intangible assets.

7.1.1.2 Intangible assets

Movements in intangible assets in 2018 were as follows:

	Gross value						
	At Jan. 1, 2018	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2018**
Start-up costs	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0
R&D costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customer relationships	0.0	147.3	0.0	0.0	0.0	0.0	147.3
Trademarks	0.0	340.5	0.0	0.0	0.0	0.0	340.5
Concessions, patents & similar rights	0.0	15.2	2.1	(0.0)	0.4	(0.0)	17.6
Leasehold rights	0.0	2.3	0.0	0.0	0.0	0.0	2.3
Business bases	0.0	0.0	0.1	(0.0)	(0.1)	0.0	0.0
Merger loss	0.0	0.2	0.0	0.0	0.0	0.0	0.2
Advances and downpayments on intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	0.0	0.2	0.3	0.0	(0.0)	0.0	0.4
Intangible assets in progress	0.0	0.4	0.4	0.0	(0.4)	0.0	0.5
Total	**0.0**	**506.1**	**2.9**	**(0.1)**	**(0.1)**	**(0.0)**	**508.8**

	Amortization and impairment						
	At Jan. 1, 2018	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2018**
Start-up costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R&D costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trademarks	0.0	(0.5)	0.0	0.0	0.0	0.0	(0.5)
Concessions, patents & similar rights	0.0	(13.3)	(1.1)	0.0	0.0	0.0	(14.4)
Leasehold rights	0.0	(0.5)	0.0	0.0	0.0	0.0	(0.5)
Other intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible assets in progress	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of purchase rights under finance leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Business bases	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Customer relationships...	0.0	0.0	(12.9)	0.0	0.0	0.0	(14.7)
Merger loss.....	0.0	(1.8)	0.0	0.0	0.0	0.0	0.0
Other intangible assets....	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible assets in progress	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total.....	**0.0**	**(16.1)**	**(14.1)**	**0.0**	**0.0**	**0.0**	**(30.2)**

The "Trademarks" item mainly comprises the Kiloutou brand. This asset was measured during the process of identifying the fair values of assets and liabilities when Dentressangle acquired control of the Group. As this measurement was performed recently, there was no need to carry out an impairment test in 2018. Similarly, the "Customer relationships" item includes the fair values of customer relationships identified for Kiloutou, Kiloutou Module, Kiloutou Poland, Kiloutou Germany and Kiloutou Italy.

7.1.1.3 Property, plant and equipment

Movements in property, plant and equipment in 2018 were as follows:

	Gross value						
	At Jan. 1, 2018	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2018**
Land and buildings.....	**0.0**	**166.5**	**12.7**	**(1.6)**	**0.0**	**(0.0)**	**177.6**
Rental equipment	**0.0**	**1,082.8**	**156.7**	**(88.8)**	**0.0**	**0.1**	**1,150.8**
Other property, plant and equipment	**0.0**	**57.0**	**6.6**	**(2.2)**	**0.0**	**(0.2)**	**61.2**
Total.....	**0.0**	**1,306.2**	**176.1**	**(92.5)**	**0.0**	**(0.1)**	**1,389.7**

	Depreciation and impairment						
	At Jan. 1, 2018	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2018**
Land and buildings.....	**0.0**	**(89.2)**	**(5.9)**	**1.5**	**0.0**	**0.0**	**(93.6)**
Rental equipment	**0.0**	**(687.3)**	**(106.7)**	**84.7**	**0.0**	**(0.1)**	**(709.5)**
Other property, plant and equipment	**0.0**	**(45.0)**	**(3.7)**	**2.0**	**0.0**	**0.1**	**(46.5)**
Total.....	**0.0**	**(821.5)**	**(116.3)**	**88.2**	**0.0**	**0.0**	**(849.5)**

7.1.1.4 Financial fixed assets

This item comprises shares in non-consolidated companies as well as deposits, loans and guarantees paid.

	Gross value						
	At Jan. 1, 2018	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2018**
Shares in non-consolidated companies.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments accounted for by the equity method.....	0.0	0.2	0.0	(0.2)	0.0	0.0	0.0
Other long-term investment securities ..	0.0	0.1	0.0	0.0	(0.1)	0.0	0.0
Loans granted.....	0.0	0.2	0.0	(0.2)	0.1	0.0	0.1
Accrued interest on financial receivables...	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits & guarantees....	0.0	2.2	0.2	0.0	0.0	0.0	2.4
Total.....	**0.0**	**2.7**	**0.3**	**(0.4)**	**0.0**	**0.0**	**2.6**

	Amortization and impairment						
Provisions for impairment	**At Jan. 1, 2018**	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2018**
Equity investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provision for long-term investment securities ..	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Provisions for deposits and guarantees	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

7.1.2 *Other Assets*

7.1.2.1 Inventories and customer advances and prepayments

Movements in inventories in 2018 were as follows:

	Gross value					
	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Spare parts	0.0	3.3	(0.1)	0.0	0.0	3.3
Goods for resale	0.0	9.9	0.2	0.0	0.0	10.1
Real estate sites	0.0	0.0	1.4	0.0	0.0	1.4
Total	**0.0**	**13.3**	**1.5**	**0.0**	**0.0**	**14.8**

	Impairment					
	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Provisions for spare parts	0.0	(0.2)	(0.1)	0.0	0.0	(0.2)
Provisions for goods for resale	0.0	(2.5)	0.2	0.0	0.0	(2.3)
Total	**0.0**	**(2.7)**	**0.2**	**0.0**	**0.0**	**(2.5)**

Movements in customer advances and prepayments in 2018 were as follows:

	Gross value					
	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Advances and prepayments	0.0	0.4	0.1	0.0	0.0	0.5
Total	**0.0**	**0.4**	**0.1**	**0.0**	**0.0**	**0.5**

	Impairment					
	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Provisions for advances and prepayments	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

7.1.2.2 Trade receivables

Movements in trade receivables in 2018 were as follows:

	Gross value					
	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Trade receivables	0.0	161.0	17.7	(0.0)	0.3	179.0
Total	**0.0**	**161.0**	**17.7**	**(0.0)**	**0.3**	**179.0**

	Impairment

	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Provisions for trade receivables	0.0	(16.2)	(1.6)	0.0	0.0	(17.8)
Total	**0.0**	**(16.2)**	**(1.6)**	**0.0**	**0.0**	**(17.8)**

All trade receivables are due within one year.

7.1.2.3 Other receivables

Movements in other receivables in 2018 were as follows:

	Net value					
	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Amounts due from suppliers and other operating receivables	0.0	1.9	0.3	0.0	0.0	2.2
Other tax and payroll receivables	0.0	14.0	(4.8)	0.0	0.0	9.2
Current tax receivables (incl. group tax relief)	0.0	2.2	2.8	0.0	12.8	17.7
Deferred tax assets	0.0	5.5	(0.4)	0.0	2.9	8.0
Miscellaneous receivables	0.0	4.1	(4.0)	0.0	0.8	0.9
Total	**0.0**	**27.2**	**(5.7)**	**0.0**	**16.5**	**38.0**

Apart from deferred tax assets and the CICE tax receivable, all of the Group's "Other receivables" are due within one year.

No provisions for impairment were recognized for "Other receivables" at December 31, 2018.

7.1.2.4 Cash and cash equivalents

Movements in cash and cash equivalents in 2018 were as follows:

	Net value					
	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Marketable securities	0.0	2.4	(0.4)	0.0	0.0	2.0
Cash in bank and at hand	0.0	31.6	(6.7)	0.0	0.0	24.9
Total	**0.0**	**34.1**	**(7.1)**	**0.0**	**0.0**	**26.9**

7.1.2.5 Accruals and other assets

Movements in this item in 2018 were as follows:

	Net value					
	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Prepaid expenses	0.0	4.8	1.8	0.0	0.0	6.6
Debt issuance costs	0.0	0.0	15.8	0.0	0.0	15.8
Bond redemption premiums	0.0	0.0	0.0	0.0	0.0	0.0
Other deferred charges	0.0	0.0	0.0	0.0	0.0	0.0

Unrealized exchange losses	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**4.8**	**17.6**	**0.0**	**0.0**	**22.3**

Prepaid expenses primarily correspond to the invoicing in 2018 of property rentals for 2019 and unamortized debt issuance costs on borrowings taken out in 2018 when Dentressangle acquired control of the Group.

7.1.3 *Consolidated Equity*

Movements in consolidated equity (attributable to owners of the parent) in 2018 were as follows:

Consolidated statement of changes in equity

(In € millions)	Share capital	Additional paid-in capital	Consolidated reserves	Net income for the period	Exchange differences	Equity attributable to owners of the parent
Formation of Kapla in 2017	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
At December 31, 2017	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Change in share capital of the parent company	5.1	484.9	0.0	0.0	0.0	490.0
Other movements	0.0	0.0	(1.7)	0.0	0.0	(1.7)
Net income for the period	0.0	0.0	0.0	20.5	0.0	20.5
Dividends paid by the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Exchange differences	0.0	0.0	0.0	0.0	0.0	0.0
At December 31, 2018	**5.1**	**484.9**	**(1.7)**	**20.5**	**0.0**	**508.8**

- ***Share capital***

At December 31, 2018, Kapla Holding SAS's share capital amounted to €5,052,933.78 divided into 93,237,241 ordinary shares and 412,056,137 preferred shares with a par value of €0.01 each, all fully paid up.

In August 2018, a total of 4,797,376 ADPRC2 preferred shares were granted to a selected number of Group employees. These shares have a one-year vesting period.

- ***Additional paid-in capital***

Additional paid-in capital represents the net amount received, either in cash or in assets, in excess of the par value on issuance of the Company's shares.

Minority interests did not represent a material amount at December 31, 2018.

7.1.4 Other Items Recorded Under Liabilities

7.1.4.1 Provisions for contingencies and charges

Movements in provisions for contingencies and charges in 2018 were as follows:

	Net value						
	At Jan. 1, 2018	Changes in scope of consolidation	Additions	Reversals	Currency effect	Other movements	At Dec. 31, 2018
Provisions for restoring assets used under operating leases	**0.0**	**1.7**	**0.3**	**0.0**	**0.0**	**0.0**	**2.0**
Badwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.0	48.8	0.0	0.0	0.0	1.7	50.5

Provisions for retirement benefit obligations	0.0	6.4	0.8	(0.4)	0.0	(0.3)	6.5
Other provisions for contingencies and charges	0.0	5.6	0.0	(2.8)	0.0	0.0	2.8
Provisions for general contingencies and charges	**0.0**	**60.8**	**0.9**	**(3.2)**	**0.0**	**1.4**	**59.8**
Total provisions for contingencies and charges	**0.0**	**62.5**	**1.2**	**(3.2)**	**0.0**	**1.4**	**61.9**

a Provisions for restoring assets used under operating leases relate to utility vehicles and earth-moving vehicles.

b Deferred taxes mainly stem from fair value remeasurements of customer relationships, real estate and interest rate hedges. Detailed information on the Group's deferred taxes is provided below.

c Provisions for retirement benefit obligations

The entitlements used for calculating retirement benefit obligations are set in company-level agreements. Retirement is deemed to be taken at the employee's initiative.

d Other provisions for contingencies and charges

At December 31, 2018, this item mainly comprised provisions for covering employee tribunal risks and risks related to legal, tax and real estate disputes.

7.1.4.2 Income tax

- Income tax expense

Income tax expense	Year ended Dec. 31, 2018
Current taxes	(9.8)
Deferred taxes	(3.7)
Total	**(13.5)**

- Deferred taxes

Deferred taxes	Dec. 31, 2018
Deferred tax assets	8.0
Deferred tax liabilities	(50.5)
Total	**(42.5)**

Deferred tax assets and liabilities	Changes in scope of consolidation and mergers	Deferred tax benefit/(expense)	At Dec. 31, 2018
KILOUTOU SAS	(39.5)	(0.1)	(39.6)
LOCA RECEPTION	(0.5)	0.0	(0.5)
KILOUTOU POLSKA	(0.6)	(0.1)	(0.6)
AKMO	0.0	0.0	0.0
KILOUTOU MODULE	(1.4)	0.1	(1.3)
KILOUTOU ESPANA	(0.3)	0.0	(0.2)
AQUILOC	0.2	0.0	0.2
KILOUTOU GMBH	(2.5)	0.4	(2.1)
KILOUTOU ENERGIE	(0.9)	(0.4)	(1.3)
COFILOC	(1.1)	0.2	(0.9)
KAPLA HOLDING	7.5	(3.8)	3.8
Total	**(39.3)**	**(3.7)**	**(42.5)**

- Tax proof

The tax proof below sets out a reconciliation between the Group's actual income tax expense (based on an effective tax rate of 27%) and the theoretical tax expense calculated by applying the parent company's tax rate to consolidated net income for the period before tax.

	Base	Tax	Rate
Net income of fully consolidated companies	20.5		
Income tax recognized	13.5		
Taxable base	34.0	9.5	28.00%
Permanent tax differences & Impact of different tax rates		4.0	11.73%
Income tax recognized		**13.5**	

Deferred taxes can be analyzed as follows by category:

Company	Temporary differences	Adjustments and eliminations	Fair value adjustments	Deferred tax assets recognized for tax losses	Total
KILOUTOU SAS	0.3	(6.7)	(33.1)	0.0	(39.6)
KILOUTOU GMBH	0.0	0.0	(2.1)	0.0	(2.1)
KILOUTOU MODULE	0.0	0.0	(1.3)	0.0	(1.3)
KILOUTOU ENERGIE	0.1	0.0	(0.9)	(0.5)	(1.3)
COFILOC	0.0	0.0	(0.9)	0.0	(0.9)
KILOUTOU POLSKA	0.0	0.1	(0.7)	0.0	(0.6)
LOCA RECEPTION	0.0	0.0	(0.5)	0.0	(0.5)
KILOUTOU ESPANA	0.0	0.0	(0.2)	0.0	(0.2)
AQUILOC	0.2	0.0	0.0	0.0	0.2
KAPLA HOLDING	0.0	3.8	0.0	0.0	3.8
Total	**0.6**	**(2.9)**	**(39.7)**	**(0.5)**	**(42.5)**

7.1.4.3 Bonds, borrowings from financial institutions and other borrowings

Movements in these items in 2018 were as follows:

	At Jan. 1, 2018	Changes in scope of consolidation and other movements	Increase	Decrease	Change in accrued interest	Currency effect	At Dec. 31, 2018
Convertible bonds	0.0	7.7	157.3	0.0	0.0	0.0	165.0
Accrued interest on convertible bonds	0.0	0.0	0.0	0.0	13.0	0.0	13.0
Other bonds	0.0	324.3	0.0	(324.3)	0.0	0.0	0.0
Bonds	**0.0**	**331.9**	**157.3**	**(324.3)**	**13.0**	**0.0**	**178.0**
Bank borrowings	0.0	278.6	734.6	(277.4)	0.9	0.0	736.7
Finance leases for equipment	0.0	179.4	114.5	(54.5)	0.0	0.0	239.4
Finance leases for real estate	0.0	0.5	0.0	(0.1)	0.0	0.0	0.4
Short-term bank borrowings	0.0	12.5	0.0	(12.5)	0.0	0.1	0.1
Borrowings from financial institutions	**0.0**	**471.0**	**849.1**	**(344.5)**	**0.9**	**0.1**	**976.6**
Finance leases—residual value	**0.0**	**20.1**	**0.0**	**(1.9)**	**0.0**	**0.0**	**18.2**
Employee profit sharing	0.0	1.9	0.1	(0.6)	(0.0)	0.0	1.3
Other	0.0	0.1	1.5	(0.1)	0.0	0.0	1.6
Other borrowings other than from financial institutions	**0.0**	**2.0**	**1.5**	**(0.6)**	**(0.0)**	**0.0**	**2.9**
Total	**0.0**	**825.0**	**1,008.0**	**(671.4)**	**13.9**	**0.1**	**1,175.7**

When Dentressangle acquired control of the Group, the bonds issued by the Financière Kilinvest holding company in 2011 were bought back from the bondholders for an aggregate €324.3 million. These bonds were subsequently canceled when the holding companies were merged into Kapla Holding.

In addition, also in connection with Dentressangle's acquisition of control, the following financing arrangements were set up on February 15, 2018:

- Issue of €165 million worth of bonds repayable at maturity on February 15, 2028. Interest on the bonds is capitalized on an annual basis. The conversion terms and conditions are set out in the bonds' indenture.
- A €670 million loan (Term Loan B) repayable at maturity on February 15, 2025.
- A €120 million loan (Revolving Credit Facility) with a 78-month term. At December 31, 2018, €34 million had been drawn down under this facility.

The principal amounts of finance leases entered into with specialized financial institutions have been recorded under "Borrowings from financial institutions" and the residual values of said leases have been included in "Other borrowings". The impact of recognizing these amounts under "Borrowings from financial institutions" and "Other borrowings"—which totaled €258.0 million at December 31, 2018—is set out in the borrowings table above.

The table below provides a maturity schedule of the Group's debt.

	Balance at Dec. 31, 2018	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Convertible bonds	178.0	0.0	0.0	178.0
Other bonds	0.0	0.0	0.0	0.0
Bonds	**178.0**	**0.0**	**0.0**	**178.0**
Other borrowings & financial liabilities	736.7	46.1	20.5	670.0
Finance leases for equipment	239.4	65.8	173.6	0.0
Finance leases for real estate	0.4	0.4	0.0	0.0
Short-term bank borrowings	0.1	0.1	0.0	0.0
Borrowings from financial institutions	**976.6**	**112.4**	**194.1**	**670.0**
Finance leases—residual value	**18.2**	**7.3**	**11.0**	**0.0**
Employee profit sharing	1.3	0.5	0.8	0.0
Other	1.6	1.6	0.0	0.0
Other borrowings other than from financial institutions	2.9	2.0	0.8	0.0
Total	**1,175.7**	**121.7**	**205.9**	**848.1**

At December 31, 2018, the Group had €86.0 million in undrawn credit facilities (including bank facilities and short-term credit lines).

7.1.4.4 Other items recorded under liabilities

Movements in these items in 2018 were as follows:

	At Jan. 1, 2018	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2018
Trade payables due to general suppliers	0.0	117.4	(32.6)	0.0	0.5	85.3
Due to suppliers of fixed assets	0.0	3.1	0.1	0.0	0.0	3.2
Trade payables	**0.0**	**120.5**	**(32.5)**	**0.0**	**0.5**	**88.5**
Other tax liabilities	0.0	65.3	4.1	0.0	1.1	70.5
Corporate income tax & tax consolidation payables	0.0	4.2	(1.3)	0.0	0.0	2.9
Tax and payroll liabilities	**0.0**	**69.6**	**2.8**	**0.0**	**1.1**	**73.5**
Amounts owed to customers & other operating payables	0.0	0.9	0.1	0.0	0.0	1.0
Customer advances and prepayments	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	21.0	1.6	0.0	(6.2)	16.4
Other payables	**0.0**	**21.9**	**1.7**	**0.0**	**(6.2)**	**17.5**

Total	**0.0**	**212.0**	**(28.0)**	**0.0**	**(4.6)**	**179.4**

All of these payables are due within one year.

The "Other" line in the above table includes the fair-value measurement of swaps carried out when Dentressangle acquired control of the Group.

7.1.4.5 Accruals and other liabilities

Movements in this item in 2018 were as follows:

	Net value					
	At Jan. 1, 2018	**Changes in scope of consolidation**	**Increase/ (Decrease)**	**Currency effect**	**Other movements**	**At Dec. 31, 2018**
Deferred income	0.0	3.6	0.3	0.0	0.0	3.9
Unrealized exchange gains	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**3.6**	**0.3**	**0.0**	**0.0**	**3.9**

Deferred income mainly corresponds to invoices issued in advance for equipment rentals, representing an aggregate amount of €3.9 million.

7.1.5 *Financial Instruments*

The Kapla Holding Group has put in place an active hedging strategy for its floating-rate bank borrowings.

Instrument	**Rate**	**Benchmark**	**Nominal amount (€m)**	**Start date**	**Expiration date**
Swap*	1.840%	EUR3M	10.0	1/2/2009	1/2/2019
Swap*	1.480%	EUR3M	10.0	4/1/2009	4/1/2019
Swap	2.097%	EUR1M	30.0	2/16/2013	2/16/2019
Swap**	0.905%	EUR3M	5.7	5/17/2013	5/17/2020
Swap	1.500%	EUR1M	20.0	4/17/2014	4/17/2019
Swap	0.199%	EUR1M	180.0	2/19/2018	1/17/2022
Swap	0.400%	EUR1M	20.0	4/17/2017	4/17/2019
Swap	0.450%	EUR1M	20.0	4/17/2017	4/17/2019
Swap	0.350%	EUR1M	10.0	4/18/2017	4/17/2019
Swap	0.600%	EUR1M	20.0	4/18/2017	4/17/2019
Swap	0.480%	EUR1M	20.0	4/18/2017	4/17/2019
Swap	0.350%	EUR1M	20.0	4/18/2017	4/17/2019
Swap	1.200%	EUR1M	50.0	4/18/2017	4/17/2019
Swap	2.290%	EUR1M	30.0	4/17/2018	4/17/2020
Swap	0.595%	EUR1M	95.0	4/17/2018	4/17/2020
Swap	0.910%	EUR1M	115.0	4/17/2018	4/17/2020
Swap	0.329%	EUR1M	50.0	4/17/2019	4/19/2022
Swap	0.248%	EUR1M	50.0	4/17/2019	4/18/2022
Swap	0.150%	EUR1M	50.0	4/17/2019	4/17/2022
Swap	0.662%	EUR1M	50.0	4/17/2020	4/17/2023
Swap	0.728%	EUR1M	50.0	4/17/2020	4/17/2023
Swap	0.753%	EUR1M	150.0	4/17/2020	4/17/2023
Swap	2.035%	EUR1M	30.0	8/16/2018	2/16/2019

* Cancelable swap

** Amortizable swap

7.1.6 *Off Balance-Sheet Commitments*

- **Guarantees given**

Issuing company	**Bank**	**Type of guarantee**	**Expiration date**	**Contractual amount (€K)**	**Guarantee amount (€K)**
KAPLA HOLDING	CANDF	Pledge of bank account	2/15/2025	790,000	704,000

KAPLA HOLDING.....	BNP	Pledge of bank account	2/15/2025	790,000	704,000
KAPLA HOLDING.....	SG	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	BECM	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	BNP	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	CIC NO	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	CANDF	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	CAIDF	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	LA BQ POSTALE	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	CDN	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	CEHDF	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	CIC SO	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	CMNE	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	LCL	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU.....	SG	Pledge of bank account	2/15/2025	790,000	704,000
KILOUTOU MODULE	CDN	Pledge of bank account	2/15/2025	790,000	704,000
AQUILOC	LCL	Pledge of bank account	2/15/2025	790,000	704,000
AQUILOC	CEAPC	Pledge of bank account	2/15/2025	790,000	704,000
AQUILOC	CIC SO	Pledge of bank account	2/15/2025	790,000	704,000
KAPLA HOLDING.....		Pledge of Kiloutou share account—100%	2/15/2025	790,000	704,000
KILOUTOU.....		Pledge of Aquiloc share account	2/15/2025	790,000	704,000
KILOUTOU.....		Pledge of Kiloutou Module share account (71.3% of the share capital)	2/15/2025	790,000	704,000
KAPLA HOLDING.....		Pledge of intercompany receivables (Kiloutou)	2/15/2025	790,000	704,000
KILOUTOU.....		Pledge of intercompany receivables (Kiloutou Polska, Kiloutou Italia, Kiloutou GmbH)	2/15/2025	790,000	704,000
KILOUTOU MODULE		Pledge of intercompany receivables	2/15/2025	790,000	704,000
AQUILOC		Pledge of intercompany receivables	2/15/2025	790,000	704,000
KILOUTOU.....		Pledge of industrial property rights held by Kiloutou	2/15/2025	790,000	704,000
KAPLA HOLDING.....	LA BQ POSTALE	Letter of strong intent	Revolving credit facility	2,500	2,500

- **Operating leases for equipment**

Future minimum lease payments under operating leases for equipment can be analyzed as follows:

	Amount outstanding at Dec. 31, 2018	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Outstanding lease payments	29.8	15.2	14.6	0.0

The contracts concerned correspond to the operating leases underlying all of the equipment that the Group rents to its customers as well as equipment rented by the Group for its business.

7.2 Notes to the Consolidated Income Statement

7.2.1 *Payroll Costs*

The Group's headcount in 2018 was as follows:

Year	Average FTE	Headcount at year end
2018.....	4,051	5,178

7.2.2 *Research and Development Costs*

Not applicable.

7.2.3 *Depreciation, Amortization, Impairment and Other Provisions*

Net additions to depreciation, amortization and provisions for impairment of fixed assets

	Year ended Dec. 31, 2017	Year ended Dec. 31, 2018
—Operating equipment	0	2.4
—Rental equipment	0	106.6
—Other	0	8.4
Total	**0**	**117.5**

Net additions to provisions for impairment of current assets and for contingencies and charges

	Year ended Dec. 31, 2017	Year ended Dec. 31, 2018
—**Recorded in operating expenses**	—	0.8
o/w provisions for restoration costs (excl from EBITDA)	—	0.3
o/w provisions for impairment of trade receivables	—	1.6
o/w provisions for impairment of inventories	—	(0.2)
o/w provision for retirement benefit obligations (excl from EBITDA)	—	0.4
o/w provision for stock options	—	
o/w other provisions	—	(1.4)
—**Recorded in financial expenses**	—	—
—**Recorded in extraordinary expenses (income tax provision and other)**	—	—
	—	
Total	**—**	**0.8**

The amount shown in the statement of cash flows for depreciation, amortization and provisions corresponds to (i) €117.5 million in depreciation and amortization plus (ii) the two provisions eliminated for the purposes of calculating EBITDA, equaling €0.3 million and € 0.4 million respectively, making a total of €118.2 million.

7.2.4 *Net Financial Income*

As the consolidated income statement is presented based on cost accounting principles, financial items have been allocated to the following lines:

	Year ended Dec. 31, 2017	Year ended Dec. 31, 2018
—Equipment costs	0.0	3.7
—Rental costs	0.0	0.0
—Other financial expenses	0.0	38.4
Total	**0.0**	**42.1**

7.2.5 *Other Income from Ordinary Activities, Excluding the Rental Business*

In the year ended December 31, 2018, income from ordinary activities other than the rental business was recorded under “Other operating income and expenses, net” within “Net income from ordinary activities”. Income and expenses arising on sales of rental equipment are directly recorded under gross profit in view of their recurring nature.

7.2.6 *Extraordinary Income and Expenses*

Extraordinary income and expenses recorded in 2018 broke down as follows:

—Transaction fees	€2.4m
—Penalties for redeeming the Kiloutou bonds in advance	€2.0m
—Reversal of a provision for BM LOC income tax (merged company)	€0.6m
—Other extraordinary expenses	€0.9m
—Reversal of an employee-related provision	€(0.6)m
—Other extraordinary provision reversals	€(0.8)m

7.2.7 *Net Income from Ordinary Activities and Extraordinary Income and Expenses*

- Net income from ordinary activities comprises all income and expenses related to operations carried out by the Group in the normal course of its business (rentals, services, sales of rental equipment recognized as fixed assets, etc.). This includes income and expenses that are recurring in nature as well as those arising from one-off decisions or transactions (i.e., items that are defined as unusual in terms of their frequency, nature or amount).

- Extraordinary income and expenses include significant income and expenses relating to restructurings and exceptional transactions.

8 Other Information

8.1 Segment Reporting

8.1.1 Sales by Nature

	Year ended Dec. 31, 2017	%	Year ended Dec. 31, 2018	%
REVENUE FROM RENTALS		0.0%	440.0	71.2%
REVENUE FROM SUB-RENTALS		0.0%	17.0	2.7%
REVENUE FROM EQUIPMENT BREAKDOWN WARRANTIES		0.0%	27.6	4.5%
SALES OF CONSUMABLES		0.0%	48.6	7.9%
TRANSPORT AND DELIVERIES		0.0%	67.4	10.9%
CLEANING AND REPAIRS		0.0%	16.7	2.7%
OTHER SERVICES AND MISCELLANEOUS REBATES		0.0%	(1.5)	(0.3)%
REVENUE FROM TRAINING		0.0%	2.5	0.4%
Total		**0.0%**	**618.2**	**100.0%**

The Group's main business activity is equipment rentals and sales of related services.

8.1.2 Sales by Geographic Region

Sales contributions by country	Year ended Dec. 31, 2017	%	Year ended Dec. 31, 2018	%
General rentals—France		0.0%	498.8	80.7%
Specialist rentals—France		0.0%	33.0	5.3%
Poland		0.0%	21.3	3.4%
Germany		0.0%	21.7	3.5%
Italy		0.0%	28.8	4.7%
Spain		0.0%	14.5	2.3%
Total		**0.0%**	**618.2**	**100.0%**

8.2 Other Disclosures

Events after the reporting period

Since December 31, 2018, the Kapla Group has acquired control of the following companies:

- M+S Arbeitsbühnen GmbH (Germany), consolidated for the first time on July 1, 2019

- Pertus 116. GmbH, a dormant company renamed Kiloutou Bridge

- Pertus 117. GmbH, a dormant company renamed Kiloutou Newco

- Franche Comté Matériels (France), consolidated for the first time on October 1, 2019

- Sticar S.p.a. (Italy), consolidated for the first time on November 1, 2019

Between January 1, 2019 and September 30, 2019, the Kapla Group carried out the following company mergers:

- SCI Sempere, Aloutout and Aquiloc were merged into Kiloutou SAS
- Kiloutou Module Toulouse, Akmo and Landrau C.E.B. were merged into Kiloutou Module
- GL Verleih NRW was merged into Starlift
- Butsch & Meier Freiburg was merged into Butsch & Meier GmbH
- Seralfe, Alquileres y Reparaciones Osca and CTC de Maquinaria were merged into Kiloutou España

As these mergers were between companies that are wholly owned by the Group, they did not have any impact on the consolidated financial statements.

In February 2019, the Group carried out a €150 million tap issue on Term Loan B, which matures in February 2025.

Transactions with related parties

The Group's related parties correspond to shareholders (both individuals and legal entities) and holders of convertible bonds.

	Shareholder current accounts	Convertible bonds	Interest on convertible bonds	Trade payables	Interest on convertible bonds	Management fees
	Balance sheet	Balance sheet	Balance sheet	Balance sheet	Income statement	Income statement
Related-party transactions	0.0	165.0	13.0	0.1	13.0	0.1

Executive compensation

This information is not disclosed as it would result in the disclosure of an individual amount.

Covenant contained in the loan agreement signed on February 15, 2018

This loan agreement includes a covenant based on a leverage ratio which the Group must not exceed.

The leverage ratio corresponds to consolidated net debt divided by pro forma EBITDA, calculated on a rolling twelve-month basis, and is tested quarterly. This covenant was respected both during 2018 and at December 31, 2018.

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CS 75039
59705 Marcq en Baroeul, France

Deloitte & Associés
67 rue de Luxembourg
59777 Euralille, France

Financière Kilinvest
SAS
Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2017
Kilinvest SAS
1 rue des Précurseurs – CS 20449 – 59664 Villeneuve d'Ascq Cedex, France
This report contains 36 pages

KPMG SA
36 rue Eugène Jacquet
CS 75039
59705 Marcq en Baroeul, France

Deloitte & Associés
67 rue de Luxembourg
59777 Euralille, France

Financière Kilinvest SAS

Registered office: 1 rue des Précurseurs – CS 20449 – 59664 Villenueve d'Ascq Cedex, France Share capital: €1,245,516

Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us, we have audited the accompanying consolidated financial statements of Financière Kilinvest for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2017 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments

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 bring to your attention the following matters.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Goodwill, which represented a net amount of €383,209 thousand in the balance sheet at December 31, 2017, was tested for impairment in accordance with the principles described in Note 3.4.2 "Fair Value Adjustments, Goodwill and Other Intangible Assets" and 7.1.1.1 "Goodwill".

We examined the methods used to implement these tests and verified that the notes to the consolidated financial statements provide appropriate disclosures.

Verification of the information pertaining to the Group presented in the management report

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Chairman's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of 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 expects to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Chairman.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

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 of 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 taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;

- obtain an understanding of the internal control procedures 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;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain 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 Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Marcq en Baroeul, April 6, 2018
KPMG
Eric Delabarre
Partner

Lille, April 6, 2018
Deloitte & Associés
Jean-Yves Morisset
Partner

FINANCIERE KILINVEST

Consolidated Financial Statements

for the Year Ended December 31, 2017

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1 Consolidated Balance Sheet

	Dec. 31, 2017			Dec. 31, 2016
	GROSS	DEPR/AMT/PROV	NET	NET
ASSETS				
Goodwill	**418,377**	**(35,168)**	**383,209**	**333,436**
Intangible assets	**176,446**	**(14,187)**	**162,259**	**160,999**
o/w trademarks	158,170	(470)	157,700	157,700
o/w market share	0	0	0	0
o/w software and other	15,677	(13,222)	2,455	1,056
o/w leasehold rights	2,599	(495)	2,104	2,243
Property, plant and equipment	**1,203,012**	**(786,101)**	**416,911**	**361,749**
o/w land and buildings	156,907	(90,730)	66,177	63,796
o/w rental equipment	993,060	(653,108)	339,951	288,876
o/w other	53,045	(42,263)	10,782	9,077
Other financial fixed assets	**3,201**	**0**	**3,201**	**2,961**
Investments accounted for by the equity method	**260**	**0**	**260**	**0**
TOTAL FIXED ASSETS	**1,801,296**	**(835,456)**	**965,840**	**859,146**
Inventories & work in progress	**12,923**	**(2,622)**	**10,301**	**9,541**
Customer advances and prepayments	**380**	**0**	**380**	**425**
Trade receivables	**153,554**	**(15,083)**	**138,471**	**117,882**
Other receivables	**21,586**	**0**	**21,586**	**20,040**
Marketable securities	**2,249**	**(40)**	**2,209**	**9**
Cash in bank and at hand	**30,555**	**0**	**30,555**	**7,865**
Accruals and other assets	**4,492**	**0**	**4,492**	**4,827**
TOTAL CURRENT ASSETS	**225,741**	**(17,746)**	**207,995**	**160,588**
TOTAL ASSETS	**2,027,036**	**(853,201)**	**1,173,835**	**1,019,735**

	Dec. 31, 2017	Dec. 31, 2016
	NET	NET
EQUITY AND LIABILITIES		
Share capital	1,246	1,246
Additional paid-in capital	125,697	125,697
Reserves & retained earnings	(38,829)	(40,644)
Net income attributable to owners of the parent	**20,694**	**1,816**
Exchange differences	(375)	(714)
Equity attributable to owners of the parent	**108,433**	**87,400**
Minority interests	2	2
TOTAL EQUITY	**108,435**	**87,402**
Provisions for restoring assets used under operating leases	1,702	1,596
Provisions for general contingencies and charges	17,729	15,727
Provisions for contingencies and charges	**19,431**	**17,322**
Bonds	**413,008**	**386,235**
o/w convertible bonds	383,008	356,149
o/w other bonds	30,000	30,086
Borrowings from financial institutions	**452,144**	**385,741**
o/w bank borrowings	264,055	220,227
o/w finance leases for equipment	175,093	150,138
o/w finance leases for real estate	541	641
o/w short-term bank borrowings	12,454	14,735
Other borrowings	**19,539**	**18,994**
Finance leases—residual value	19,539	18,994
Other borrowings other than from financial institutions	**2,013**	**2,551**
o/w employee profit sharing	1,873	2,410
o/w deposits and guarantees	141	141
Trade payables	**78,727**	**55,007**
o/w due to general suppliers	75,619	48,927
o/w due to suppliers of fixed assets	3,108	6,080
Tax and payroll liabilities	**69,099**	**55,293**
Other payables	**8,035**	**7,746**

o/w intercompany current accounts	0	0
o/w miscellaneous payables	8,035	7,746
Accruals and other liabilities	**3,404**	**3,443**
TOTAL LIABILITIES	**1,045,969**	**915,011**
TOTAL EQUITY AND LIABILITIES	**1,173,835**	**1,019,735**
Rental equipment recognized on the balance sheet	*993,060*	*835,885*
Rental equipment (operating leases)	*45,764*	*52,128*
Total	***1,038,823***	***888,012***

2 Consolidated Income Statement

(in € thousands)	Year ended Dec. 31, 2017		Year ended Dec. 31, 2016	
REVENUE FROM RENTALS	427,785	70.49%	373,753	70.24%
REVENUE FROM SERVICES AND SUB-LEASES	179,086	29.51%	158,329	29.76%
TOTAL REVENUE	**606,871**	**100.00%**	**532,082**	**100.00%**
NET (GAINS)/LOSSES ON EQUIPMENT SALES/RETIREMENTS	(17,213)	(2.84)%	(19,775)	(3.72)%
MAINTENANCE COSTS	45,959	7.57%	43,135	8.11%
HOLDING COSTS	115,356	19.01%	106,755	20.06%
LOGISTICS COSTS	38,946	6.42%	33,533	6.30%
OTHER COSTS	50,876	8.38%	48,356	9.09%
TOTAL EQUIPMENT AND LOGISTICS COSTS	**233,924**	**38.55%**	**212,005**	**39.84%**
GROSS PROFIT	**372,947**	**61.45%**	**320,078**	**60.16%**
GROSS SALARIES AND PAID VACATION PROVISIONS	122,477	20.18%	111,793	21.01%
PAYROLL TAXES AND TRAINING LEVY	46,163	7.61%	42,395	7.97%
PERFORMANCE BONUSES	17,528	2.89%	13,963	2.62%
OTHER EXPENSES	12,621	2.08%	9,641	1.81%
TOTAL PAYROLL COSTS	**198,791**	**32.76%**	**177,792**	**33.41%**
ADVERTISING COSTS	**4,716**	**0.78%**	**4,785**	**0.90%**
OVERHEADS	**46,269**	**7.62%**	**41,295**	**7.76%**
RENTAL COSTS	**45,999**	**7.58%**	**44,765**	**8.41%**
NET EXPENSE FOR DOUBTFUL RECEIVABLES	**4,064**	**0.67%**	**3,249**	**0.61%**
FINANCIAL EXPENSES	**42,655**	**7.03%**	**39,996**	**7.52%**
OTHER OPERATING INCOME AND EXPENSES, NET	**41**	**0.01%**	**(360)**	**(0.07)%**
NET INCOME FROM ORDINARY ACTIVITIES	**30,411**	**5.01%**	**8,555**	**1.61%**
EXTRAORDINARY INCOME (−) AND EXPENSES (+)	**2,531**	**0.42%**	**5,383**	**1.01%**
INCOME TAX	**7,551**	**1.24%**	**1,224**	**0.23%**
GOODWILL IMPAIRMENT	**(365)**	**(0.06)%**	**132**	**0.02%**
NET INCOME FOR THE PERIOD BEFORE MINORITY INTERESTS	**20,695**	**3.41%**	**1,816**	**0.34%**
Net income for the period attributable to minority interests	0	0.00%	0	0.00%
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**20,694**	**3.41%**	**1,816**	**0.34%**
EBITDA	**185,897**	**30.63%**	**150,531**	**28.29%**
REPORTED EBITDA	**191,669**	**31.58%**	**156,090**	**29.34%**
Earnings per share (in €)	**0.17**		**0.01**	
Diluted earnings per share (in €)	**0.17**		**0.01**	

3 Consolidation Principles and Methods

The consolidated financial statements for the year ended December 31, 2017 were drawn up based on French generally accepted accounting principles ("French GAAP").

Financière Kilinvest's parent company, Sapak, prepares consolidated financial statements for its entire group. These consolidated financial statements cover the activities of the sub-group controlled by Financière Kilinvest SAS (referred to as the "Financière Kilinvest Group" or "the Group").

3.1 General Information

The notes to the consolidated financial statements are presented in thousands of euros.

The consolidated financial statements for the year ended December 31, 2017 show the following:

- Total assets: €1,173,835 thousand.
- Net income for the period attributable to owners of the parent: €20,694 thousand.

3.2 Applicable Accounting Principles

The consolidated financial statements for the year ended December 31, 2017 were drawn up in accordance with French accounting standards CRC 99-02 and ANC 2015-07 of November 23, 2015.

3.3 Significant Events of the Year

In November 2017, an agreement was signed between the shareholders of Financière Kilinvest, the Dentressangle family and the HLD holding company, which provided for HLDI (a Dentressangle Initiatives subsidiary) and HLDE to acquire control of the Group in early 2018.

During 2017, the Group acquired control of the following companies:

- Tora Location (France), in May.
- Cofiloc and Euronol (Italy), in July.
- CTC de Maquinaria, Alquileres y Reparaciones Osca, Unión de Alquiladores de Maquinaria (Spain), in October.
- Aixomat (France), in October.
- GAM Polska (Poland), in November.
- Landrau (France), consolidated for the first time at December 31, 2017.

For the purpose of simplifying the Group's legal structure, during 2017 the following internal restructurings were carried out:

- Tytanium was merged into Kiloutou Polska.

As this merger was between two companies that are wholly owned by the Group, it did not have any impact on the consolidated financial statements.

3.4 Basis of Consolidation

3.4.1 *Consolidation Methods*

All of the Group's companies are either fully consolidated or accounted for by the equity method.

All material transactions between Group companies are eliminated on consolidation as well as unrealized gains on intercompany transactions (capital gains, dividends, etc.).

3.4.2 *Fair Value Adjustments, Goodwill and Other Intangible Assets*

The identifiable assets and liabilities of acquired companies are measured at fair value on first-time consolidation.

The deferred taxes arising on the fair value adjustments are recognized and are in turn adjusted where necessary.

Any difference between (i) the acquisition cost of the shares of a newly consolidated company (including net-of-tax transaction costs) and (ii) the acquisition-date fair value of the identifiable assets and liabilities acquired, is recognized under "Goodwill" in the consolidated balance sheet.

Until December 31, 2015, goodwill was amortized on a straight-line basis over a period specific to each acquisition (not exceeding 20 years). Following the transposition of Directive 2013/34/EU of the European Parliament into French law by Government Order no. 2015-900 and Decree no. 2015-903 of July 23, 2015, goodwill recognized on the acquisition of consolidated companies is no longer amortized as the activities to which the goodwill relates do not have any foreseeable limit.

Business assets acquired by the Group are treated in the same way as goodwill and accounted for as described above.

Trademarks and market share have been recognized as assets in the Group's financial statements. When a trademark cannot be sold independently from the concerned company's business, no deferred taxes have been recognized on the trademark's measurement. Further information on these assets is provided in Note 7.1.1.2.

At January 1, 2016, market share recognized separately within intangible assets was reclassified to goodwill.

Goodwill and other intangible assets are tested for impairment once a year. There was no indication that these assets were impaired at December 31, 2017 and therefore no impairment losses were recognized at that date.

3.4.3 *Fiscal Year-End*

All Group companies had a December 31, 2017 fiscal year-end.

3.4.4 *Foreign Currency Translation*

Income and expense items of subsidiaries located outside the euro zone are translated at average exchange rates for the year.

Balance sheet items are translated at the closing rate at the balance sheet date and all resulting exchange differences are recognized in a separate line in equity.

4 Summary of Significant Accounting Policies

4.1 Changes in Accounting Policies or Measurement Methods

4.1.1 *Changes in Accounting Policies*

There were no changes in the Group's accounting policies in 2017.

4.1.2 *Changes in Estimates and Assumptions*

There were no changes in the estimates or assumptions used by the Group in 2017.

4.1.3 *Error Corrections*

No error corrections were made in 2017.

4.2 Property, Plant and Equipment and Intangible Assets

4.2.1 *Measurement Methods*

Property, plant and equipment and intangible assets are measured at their acquisition cost, excluding any related borrowing costs.

- Intangible assets primarily include:
    - software, which is measured at acquisition cost;
    - leasehold rights;
    - goodwill;
    - trademarks;
    - market share.
- Property, plant and equipment mainly include:
    - land and buildings;
    - rental equipment;
    - vehicles and office and IT equipment.
- Finance leases

In accordance with the recommended method under French GAAP, the Group capitalizes assets held under finance leases.

These assets are capitalized when:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lease contains a bargain purchase option;
- the lease covers the majority of the economic life of the asset, irrespective of whether ownership is transferred to the lessee by the end of the lease term;
- the present value of the minimum lease payments at the inception of the lease is equal to, or greater than, substantially all of the fair value of the leased asset.

The Group’s finance leases mainly concern rental equipment, land and buildings.

- The leased assets are capitalized and are depreciated in the same way as the Group’s other property, plant and equipment.
- The aggregate amount of the lease payments is accounted for in the same way as the repayment of a conventional loan taken out to finance the assets concerned. Consequently, lease payments recorded in the individual financial statements of Group companies are eliminated on consolidation through the recognition of interest expense and the repayment of the finance lease liability over the term of the lease.
- Under French GAAP, capitalization of assets held under finance leases is only permitted in consolidated financial statements and not in individual company financial statements.

4.2.2 *Methods Used to Calculate Depreciation, Amortization and Impairment*

The amortization of intangible assets (excluding market share and trademarks) and the depreciation of property, plant and equipment are calculated using the straight-line method, based on the estimated useful lives of the assets

concerned. The amortizable/depreciable amount corresponds to the asset's acquisition cost, as defined above, less any residual value.

If any indication of impairment is identified, an impairment loss is recognized where the fair value of an asset is lower than its carrying amount.

The useful lives of the Group's main assets are as follows:

• software	1 to 5 years
• buildings	20 years
• leasehold improvements, fixtures and fittings	4 to 10 years
• lifting equipment	3 to 9 years
• earth-moving equipment	3 to 9 years
• other equipment	3 to 10 years
• vehicles	3 to 5 years
• office and IT equipment	3 to 6 years
• furniture	3 to 10 years

4.3 Inventories

4.3.1 ***Measurement Method***

Spare parts and consumables are measured based on the latest known prices, including incidental expenses.

4.3.2 ***Methods Used to Calculate Impairment Provisions for Each Inventory Category***

Provisions for impairment of inventories are determined based on turnover forecasts for each category of inventory.

4.4 Receivables and Payables

Receivables and payables are recognized at nominal value. Subsequent to initial recognition, a provision for impairment is recognized for receivables if their fair value is lower than their carrying amount.

In accordance with French GAAP, any exchange differences are recognized in consolidated net income.

4.5 Debt Issuance Costs

Debt issuance costs, representing an initial amount of €6.3 million, were recognized in the Group's consolidated financial statements. These costs were amortized in proportion to the amount of the debt repayments and were fully amortized at December 31, 2017.

4.6 Restoration Provisions for Assets Used Under Operating Leases

These provisions are recorded to cover the costs habitually required in order to restore equipment used under operating leases when it is returned to the lessors at the end of the lease.

The restoration costs are determined based on statistical data that is updated annually, and the provision is recognized over the life of the lease.

4.7 Untaxed Provisions

In accordance with French GAAP, untaxed provisions are recognized in equity in an amount net of deferred taxes.

4.8 Retirement Benefit Obligations

In accordance with French GAAP, retirement benefit obligations are recorded as a provision in the consolidated financial statements.

The projected benefit obligation is measured by an independent actuary and is validated by the Statutory Auditors. It is calculated using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement.

The actuarial calculations take into account assumptions related to both financial elements (discount rate, salary growth rate) and demographic factors (staff turnover rate, life expectancy, etc.).

4.9 Deferred Taxes

Deferred taxes are recognized, using the liability method, taking into account:

- All temporary differences (arising both in the individual financial statements and directly in the consolidated financial statements) between the carrying amount of an asset or liability and its tax base.
- Tax losses, when their utilization is considered highly probable.
- Taxes related to restatements, adjustments and eliminations made on consolidation.

The income tax rates used for calculating deferred taxes are 28.92% for the French companies, 19% for the Polish companies, 25% for Spanish subsidiaries, 24% for the Italian companies, and 26% for the German entities.

4.10 Earnings Per Share

In accordance with the method recommended in Opinion 27 issued by the French Institute of Chartered Accountants (OEC), earnings per share are calculated by dividing net income for the period attributable to owners of the parent by the number of Financière Kilinvest shares in issue.

For the year ended December 31, 2017, earnings per share amounted to €0.17.

5 Scope of Consolidation

At December 31, 2017, the Financière Kilinvest Group comprised the following consolidated companies:

Company	Country	% control	Consolidation method	Registered office	SIREN business registration no.
FINANCIERE KILINVEST	**France**	**100.00%**	**Parent**	**1 rue des Précurseurs—59664 Villeneuve d'Ascq**	**531095537**
KILOUTOU SAS	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	317686061
SCI 100 RN 10 COIGNIERES	France	99.99%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	401667043
SCI DEFENSE COLOMBES	France	99.96%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	381959394
SCI SEMPERE	France	99.95%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	341931384
GAI MATELOT LOCATION	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	403170822
LOCA RECEPTION	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	493440416
URBASIGN	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	398829069
MOST LOCATION	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	404073710
MBCC	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	440711281
ALAIN LOCATION	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	417999778
NACELLE 42	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	438028847
DARICHE LOCATION	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	414648451
AKMO	France	100.00%	FC	Rue Jean Pierre Timbaud, Villeneuve-Le-Roi	385401245
KILOUTOU MODULE	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	453700106
AQUILOC	France	100.00%	FC	23 avenue de la Grange Noire—Espace Phare—33700 Mérignac	381417591
ALOUTOUT	France	100.00%	FC	13 avenue Louis Lumière—17180 Périgny	309359487
KILOUTOU ENERGIE	France	100.00%	FC	20 bis René Bars—40250 Mugron	301351029
TORA LOCATION	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	452025687
AIXOMAT	France	100.00%	FC	1 rue des Précurseurs—59664 Villeneuve d'Ascq	422599373

LANDRAU CEB	France	100.00%	FC	Route de Briollay—49480 Saint Sylvain d'Anjou à Verrières en Anjou	489494021
KILOUTOU POLSKA	Poland	100.00%	FC	ul. Rokicińska 142, 92—412 Łódź	410479
TYTANIUM Rental	Poland	0.00%	Merged	ul. Rokicińska 142, 92—412 Łódź	362976
GAM POLSKA	Poland	100.00%	FC	ul. Młyńska 11 40-098 Katowice	289441
KILOUTOU ESPAÑA	Spain	100.00%	FC	35 Pol.Ind. Pla d'en Coll—Montcada I Reixach, Barcelona	A60383379
ALVECON	Spain	100.00%	FC	Poligono Industrial, nave 32—31191 Cordovilla—Navarra	B31185952
CTC DE MAQUINARIA	Spain	100.00%	FC	Polígono Malpica Alfinden Calle Nogal, 63 50171 La Puebla de Alfinden, Zaragoza	A50132497
OSCA	Spain	100.00%	FC	Polígono Sepes Calle Ganadería, Parcela 15, Nave 7 22006 Huesca, Zaragoza	B22226211
UNAM	Spain	30.63%	EM	Ciudad Del Transporte Edificio Somport, local 60-61 50820 San Juan de Mozarrifar	A99061616
STARLIFT GMBH	Germany	100.00%	FC	Am Knick 11, 22113 Oststeinbek	HRB 3496 RE
KILOUTOU GMBH	Germany	100.00%	FC	Am Knick 11, 22113 Oststeinbek	HRB 15774 HL
COFILOC	Italy	100.00%	FC	Via Postumia Ovest 101 (TV), 31048 San Biagio di Callalta	ITRI.1152330260
EURONOL	Italy	100.00%	FC	Viale del lavoro 21, 37036 San Martino Buon Albergo (VR)	ITRI.02463220232
KILOUTOU ITALIA	Italy	100.00%	FC	Via Monte Rosa 91, 20149 Milano (MI)	ITRI.9975240962

NB: Loca Reception, Kiloutou Module and Kiloutou Energie previously traded under the names Top Loc Reception, Sogims and CAL, respectively.

6 Pro Forma Information

Income Statement

The income statement below includes 12 months of operations for all of the companies included in the Group's scope of consolidation at December 31, 2017.

(in € thousands)	2017 12 months	
TOTAL REVENUE	**629,149**	*100.00%*
EQUIPMENT AND LOGISTICS COSTS	**242,772**	*38.59%*
GROSS PROFIT	**386,377**	*61.41%*
PAYROLL COSTS	**205,166**	*32.61%*
ADVERTISING COSTS	**4,978**	*0.79%*
OVERHEADS	**47,882**	*7.61%*
RENTAL COSTS	**47,163**	*7.50%*
NET EXPENSE FOR DOUBTFUL RECEIVABLES	**4,502**	*0.72%*
FINANCIAL EXPENSES RELATED TO DEBT	**42,891**	*6.82%*
OTHER OPERATING INCOME AND EXPENSES, NET	**164**	*0.03%*
NET INCOME FROM ORDINARY ACTIVITIES	**33,632**	*5.35%*
EBITDA	**193,581**	*30.77%*
REPORTED EBITDA	**199,363**	*31.69%*

7 Notes to the Balance Sheet and Income Statement

7.1 Notes to the Consolidated Balance Sheet

Companies consolidated for the first time in 2017 are included in the column entitled "Changes in scope of consolidation" in the tables below.

7.1.1 *Fixed Assets*

7.1.1.1 Goodwill

Movements in goodwill in 2017 were as follows:

		Gross value					
Company		At Jan. 1, 2017	Increase	Decrease	Other movements	Currency effect	At Dec. 31, 2017
KILINVEST (mergers)		287	0	0	0	0	287
KILOUTOU (mergers & business assets)		270,945	0	(78)	0	0	270,867
GAI MATELOT LOCATION		5,944	0	0	0	0	5,944
URBASIGN		5,579	0	0	0	0	5,579
KILOUTOU POLSKA		5,518	0	0	3,963	67	9,548
MOST LOCATION		9,486	0	0	0	0	9,486
ALAIN LOCATION		2,669	0	0	0	0	2,669
NACELLE 42		863	0	0	0	0	863
DARICHE LOCATION		439	0	0	0	0	439
TYTANIUM RENTAL		3,963	0	0	(3,963)	0	0
AKMO	*a*	3,546	217	0	0	0	3,763
KILOUTOU ESPANA		274	0	0	0	0	274
AQUILOC		24,728	0	0	0	0	24,728
STARLIFT GMBH	*b*	30,408	47	0	0	0	30,455
KILOUTOU ENERGIE		3,908	0	0	0	0	3,908
LANDRAU CEB	*c*	0	2,042	0	0	0	2,042
TORA LOCATION	*c*	0	5,953	0	0	0	5,953
COFILOC	*c*	0	28,101	0	0	0	28,101
EURONOL	*c*	0	8,176	0	0	0	8,176
CTC DE MAQUINARIA	*c*	0	3,284	0	0	0	3,284

AIXOMAT	*c*	0	1,297	0	0	0	1,297
GAM POLSKA	*c*	0	716	0	0	0	716
Total		**368,556**	**49,832**	**(78)**	**0**	**67**	**418,377**

	Impairment					
Company	**At Jan. 1, 2017**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2017**
KILINVEST (mergers)	(287)	0	0	0	0	(287)
KILOUTOU (mergers & business assets)	(17,395)	0	0	0	0	(17,395)
GAI MATELOT LOCATION	(4,582)	0	0	0	0	(4,582)
URBASIGN	(3,348)	0	0	0	0	(3,348)
KILOUTOU POLSKA	(2,310)	0	0	(1,002)	(48)	(3,360)
MOST LOCATION	(2,570)	0	0	0	0	(2,570)
ALAIN LOCATION	(1,557)	0	0	0	0	(1,557)
NACELLE 42	(648)	0	0	0	0	(648)
DARICHE LOCATION	(286)	0	0	0	0	(286)
TYTANIUM Rental	(1,002)	0	0	1,002	0	0
AKMO	(940)	0	0	0	0	(940)
KILOUTOU ESPANA	(194)	0	0	0	0	(194)
Total	**(35,120)**	**0**	**0**	**0**	**(48)**	**(35,168)**

a Goodwill related to Akmo was adjusted following an earnout payment.

b Goodwill related to Starlift was adjusted within the measurement period.

c Goodwill related to Landrau, Tora Location, Cofiloc, Euronol, CTC de Maquinaria, Aixomat and GAM Polska was recognized on the Group's first-time consolidation of these companies.

In accordance with the French reform on the recognition and amortization of goodwill, all of the goodwill recorded by the Group has been identified as having an indefinite useful life. In addition, the impairment test carried out at December 31, 2017 did not give rise to the recognition of any impairment losses on the Group's intangible assets.

7.1.1.2 Intangible assets

Movements in intangible assets in 2017 were as follows:

	Gross value						
	At Jan. 1, 2017	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2017**
Trademarks	158,153	0	0	0	0	16	158,170
Concessions, patents & similar rights	13,171	171	1,256	(13)	407	3	14,994
Leasehold rights	2,721	0	0	(122)	0	0	2,599
Other intangible assets	0	67	171	0	0	0	238
Intangible assets in progress	269	0	367	0	(191)	0	445
Total	**174,315**	**238**	**1,794**	**(135)**	**216**	**19**	**176,446**

	Amortization and impairment						
	At Jan. 1, 2017	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2017**
Trademarks	(453)	0	0	0	0	(16)	(470)
Concessions, patents & similar rights	(12,384)	(148)	(661)	13	(9)	0	(13,189)
Leasehold rights	(478)	0	(17)	0	0	0	(495)
Other intangible assets	0	(23)	(11)	0	0	0	(33)
Intangible assets in progress	0	0	0	0	0	0	0
Total	**(13,315)**	**(171)**	**(689)**	**13**	**(9)**	**(17)**	**(14,187)**

The “Trademarks” item mainly comprises the Kiloutou brand. This asset was measured at the date on which HLDI and HLDE acquired control of Financière Kilinvest. An impairment test was performed at end-December 2017, which did not give rise to the recognition of any impairment losses.

7.1.1.3 Property, plant and equipment

Movements in property, plant and equipment in 2017 were as follows:

	Gross value						
	At Jan. 1, 2017	Changes in scope of consolidation	Increase	Decrease	Other movements	Currency effect	At Dec. 31, 2017
Land & improvements	14,289	356	378	0	0	0	15,022
FL—Land & improvements	8,208	0	0	(624)	0	0	7,584
Buildings & fixtures	107,722	2,826	5,471	(1,513)	2,286	21	116,811
FL—Buildings & fixtures	16,205	0	0	(684)	0	0	15,521
Property, plant and equipment under construction—Buildings	2,295	848	1,155	0	(2,343)	13	1,969
Land and buildings	**148,719**	**4,030**	**7,003**	**(2,821)**	**(57)**	**34**	**156,907**
Rental equipment	439,656	61,908	46,733	(48,778)	321	1,135	500,976
FL—Rental equipment	396,228	40,073	77,911	(22,129)	0	0	492,084
Rental equipment	**835,885**	**101,981**	**124,644**	**(70,907)**	**321**	**1,135**	**993,060**
Plant & machinery	19,946	838	2,697	(458)	46	1	23,069
FL—Plant & machinery	434	222	0	(42)	0	0	614
Vehicles	5,553	1,880	210	(322)	6	25	7,353
FL—Vehicles	1,358	823	0	(70)	0	0	2,111
Other property, plant and equipment	17,703	1,132	1,358	(1,304)	247	16	19,152
FL—Other property, plant and equipment	110	125	99	(31)	0	0	303
Property, plant and equipment under construction—Other	585	328	151	0	(770)	0	296
Miscellaneous	302	(155)	0	0	0	0	147
Other property, plant and equipment	**45,992**	**5,192**	**4,515**	**(2,226)**	**(471)**	**43**	**53,045**
Total	**1,030,595**	**111,203**	**136,163**	**(75,955)**	**(207)**	**1,212**	**1,203,012**

	Depreciation and impairment						
	At Jan. 1, 2017	Changes in scope of consolidation	Increase	Decrease	Other movements	Currency effect	At Dec. 31, 2017
Land & improvements	(19)	(122)	0	0	0	0	(141)
FL—Land & improvements	0	0	0	0	0	0	0
Buildings & fixtures	(71,462)	(1,545)	(5,944)	1,502	0	(4)	(77,453)
FL—Buildings & fixtures	(13,442)	0	(197)	504	0	0	(13,136)
Property, plant and equipment under construction—Buildings	0	0	0	0	0	0	0
Land and buildings	**(84,923)**	**(1,667)**	**(6,141)**	**2,005**	**0**	**(4)**	**(90,730)**
Rental equipment	(328,284)	(45,298)	(42,608)	47,617	0	(369)	(368,941)
FL—Rental equipment	(218,725)	(30,346)	(55,630)	20,534	0	0	(284,167)
Rental equipment	**(547,009)**	**(75,643)**	**(98,238)**	**68,150**	**0**	**(369)**	**(653,108)**
Plant & machinery	(15,705)	(649)	(1,520)	434	0	0	(17,440)
FL—Plant & machinery	(400)	(201)	(30)	40	0	0	(592)
Vehicles	(4,512)	(1,584)	(472)	269	0	(13)	(6,313)
FL—Vehicles	(1,233)	(472)	(130)	60	0	0	(1,776)
Other property, plant and equipment	(15,004)	(804)	(1,397)	1,267	0	(9)	(15,947)

FL—Other property, plant and equipment	(60)	(50)	(49)	30	0	0	(129)
Property, plant and equipment under construction—Other	0	0	0	0	0	0	0
Miscellaneous.....	1	(66)	(1)	0	0	0	(66)
Other property, plant and equipment	**(36,915)**	**(3,826)**	**(3,600)**	**2,099**	**0**	**(22)**	**(42,263)**
Total.....	**(668,846)**	**(81,136)**	**(107,979)**	**72,254**	**0**	**(395)**	**(786,101)**

7.1.1.4 Financial fixed assets

This item comprises shares in non-consolidated companies as well as deposits, loans and guarantees paid.

	Gross value						
	At Jan. 1, 2017	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2017**
Shares in non-consolidated companies.....	8	0	0	0	0	0	8
Investments accounted for by the equity method.....	0	260	0	0	0	0	260
Other long-term investment securities.....	73	8	13	(1)	0	0	92
Loans granted.....	673	139	14	(41)	0	0	785
Accrued interest on financial receivables.....	114	1	14	0	0	0	130
Deposits & guarantees.....	2,094	114	52	(133)	57	2	2,186
Total.....	**2,962**	**522**	**93**	**(175)**	**57**	**2**	**3,461**

	Amortization and impairment						
Provisions for impairment	**At Jan. 1, 2017**	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2017**
Provision for long-term investment securities	0	0	0	0	0	0	0
Provisions for deposits and guarantees.....	0	0	0	0	0	0	0
Total.....	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Investments accounted for by the equity method correspond to the equity interest acquired in UNAM during the year.

7.1.2 *Other Assets*

7.1.2.1 Inventories and customer advances and prepayments

Movements in inventories in 2017 were as follows:

	Gross value					
	At Jan. 1, 2017	**Changes in scope of consolidation**	**Increase/ (Decrease)**	**Currency effect**	**Other movements**	**At Dec. 31, 2017**
Spare parts.....	2,066	804	132	1	0	3,003
Goods for resale	9,741	218	(48)	9	0	9,920
Total.....	**11,807**	**1,022**	**85**	**10**	**0**	**12,923**

	Impairment					
	At Jan. 1, 2017	**Changes in scope of consolidation**	**Increase/ (Decrease)**	**Currency effect**	**Other movements**	**At Dec. 31, 2017**
Provisions for spare parts.....	(48)	(22)	(52)	0	0	(122)

Provisions for goods for resale.....	(2,218)	(64)	(218)	0	0	(2,500)
Total.....	**(2,266)**	**(87)**	**(270)**	**0**	**0**	**(2,622)**

Movements in customer advances and prepayments in 2017 were as follows:

	Gross value					
	At Jan. 1, 2017	**Changes in scope of consolidation**	**Increase/ (Decrease)**	**Currency effect**	**Other movements**	**At Dec. 31, 2017**
Advances and prepayments	425	28	(15)	0	(57)	380
Total.....	**425**	**28**	**(15)**	**0**	**(57)**	**380**

7.1.2.2 Trade receivables

Movements in trade receivables in 2017 were as follows:

	Gross value					
	At Jan. 1, 2017	**Changes in scope of consolidation**	**Increase/ (Decrease)**	**Currency effect**	**Other movements**	**At Dec. 31, 2017**
Trade receivables.....	129,110	13,828	10,399	216	0	153,554
Total.....	**129,110**	**13,828**	**10,399**	**216**	**0**	**153,554**

	Impairment					
	At Jan. 1, 2017	**Changes in scope of consolidation**	**Increase/ (Decrease)**	**Currency effect**	**Other movements**	**At Dec. 31, 2017**
Provisions for trade receivables.....	(11,229)	(2,924)	(811)	(120)	0	(15,083)
Total.....	**(11,229)**	**(2,924)**	**(811)**	**(120)**	**0**	**(15,083)**

All trade receivables are due within one year.

7.1.2.3 Other receivables

Movements in other receivables in 2017 were as follows:

	Net value					
	At Jan. 1, 2017	**Changes in scope of consolidation**	**Increase/ (Decrease)**	**Currency effect**	**Other movements**	**At Dec. 31, 2017**
Amounts due from suppliers and other operating receivables....	1,731	160	16	0	0	1,907
Other tax and payroll receivables.....	4,105	654	(304)	2	0	4,458
Current tax receivables (incl. group tax relief)...	10,952	438	2,408	1	15	13,815
Deferred tax assets	2,564	241	(2,189)	9	0	625
Miscellaneous receivables	687	588	(494)	0	0	781
Total.....	**20,040**	**2,081**	**(563)**	**12**	**15**	**21,586**

Apart from deferred tax assets and the CICE tax receivable, all of the Group's "Other receivables" are due within one year.

No provisions for impairment were recognized for "Other receivables" at December 31, 2017.

7.1.2.4 Cash and cash equivalents

Movements in cash and cash equivalents in 2017 were as follows:

	Net value					
	At Jan. 1, 2017	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2017
Marketable securities.....	9	358	1,841	0	0	2,209
Cash in bank and at hand..	7,865	9,328	13,353	9	0	30,555
Total.....	**7,874**	**9,687**	**15,194**	**10**	**0**	**32,764**

7.1.2.5 Accruals and other assets

Movements in this item in 2017 were as follows:

	Net value					
	At Jan. 1, 2017	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2017
Prepaid expenses	4,827	414	(757)	8	0	4,492
Debt issuance costs.....	0	0	0	0	0	0
Total.....	**4,827**	**414**	**(757)**	**8**	**0**	**4,492**

Prepaid expenses primarily correspond to the invoicing in 2017 of property rentals for 2018.

7.1.3 Consolidated Equity

Movements in consolidated equity (attributable to owners of the parent) in 2017 were as follows:

(in € thousands)	Share capital	Additional paid-in capital	Consolidated reserves	Net income for the period	Exchange differences	Equity attributable to owners of the parent
At December 31, 2015	**1,246**	**125,697**	**(24,790)**	**(15,855)**	**(341)**	**85,957**
Change in share capital of the parent company	0	0	0	0	0	0
Appropriation of prior-period net income			(15,855)	15,855	0	0
Net income for the period.	0	0	0	1,816	0	1,816
Dividends paid by the parent company	0	0	0	0	0	0
Exchange differences	0	0	0	0	(373)	(373)
At December 31, 2016	**1,246**	**125,697**	**(40,644)**	**1,816**	**(714)**	**87,400**
Change in share capital of the parent company	0	0	0	0	0	0
Appropriation of prior-period net income			1,816	(1,816)	0	0
Net income for the period.	0	0	0	20,694	0	20,694
Dividends paid by the parent company	0	0	0	0	0	0
Exchange differences	0	0	0	0	339	339
At December 31, 2017	**1,246**	**125,697**	**(38,829)**	**20,694**	**(375)**	**108,433**

- ***Share capital***

At December 31, 2017, Financière Kilinvest's share capital amounted to €1,245,516.25, divided into 124,165,325 ordinary shares and 386,300 preferred shares with a par value of €0.01 each, all fully paid up.

- ***Additional paid-in capital***

Additional paid-in capital represents the net amount received, either in cash or in assets, in excess of the par value on issuance of the Company's shares.

Minority interests did not represent a material amount at December 31, 2017.

7.1.4 Other Items Recorded under Liabilities

7.1.4.1 Provisions for Contingencies and Charges

Movements in provisions for contingencies and charges in 2017 were as follows:

		Net value						
		At Jan. 1, 2017	Changes in scope of consolidation	Additions	Reversals	Currency effect	Other movements	At Dec. 31, 2017
Provisions for restoring assets used under operating leases	*a*	**1,596**	**0**	**1,047**	**(941)**	**0**	**0**	**1,702**
Badwill	*b*	2,039	0	0	(443)	0	0	1,596
Deferred tax liabilities	*c*	5,340	626	232	(741)	0	0	5,456
Provisions for retirement benefit obligations	*d*	2,640	2,367	509	(43)	0	0	5,473
Other provisions for contingencies and charges	*e*	5,708	10	1,280	(1,794)	0	0	5,204
Provisions for general contingencies and charges		**15,727**	**3,003**	**2,021**	**(3,021)**	**0**	**0**	**17,729**
Total provisions for contingencies and charges		**17,322**	**3,003**	**3,068**	**(3,962)**	**0**	**0**	**19,431**

a Provisions for restoring assets used under operating leases relate to utility vehicles and earth-moving vehicles.

b Badwill is being written back to the income statement in order to offset the weak results of the companies concerned. Consequently, the €1,975 thousand in badwill recognized for Alvecon is being written back over a five-year period, with a €395 thousand write-back recorded in 2017.

The badwill recognized when the Group acquired control of Kiloutou Polska is also being written back to the income statement over a period of five years

c Detailed information on the Group's deferred taxes is provided below.

d Provisions for retirement benefit obligations.

The entitlements used for calculating retirement benefit obligations are set in company-level agreements. Retirement is deemed to be taken at the employee's initiative. The benefit obligations are determined based on payroll tax rates and a mortality table. The discount rate used is 1.37%.

e Other provisions for contingencies and charges

At December 31, 2017, this item mainly comprised provisions for covering employee tribunal risks and risks related to legal, tax and real estate disputes.

7.1.4.2 Income tax

- Income tax expense

Income tax expense	Year ended Dec. 31, 2016	Year ended Dec. 31, 2017
Current taxes	(1,539)	(5,871)
Deferred taxes	315	(1,680)
Total	**(1,224)**	**(7,551)**

- Deferred taxes

Deferred taxes	Dec. 31, 2016	Dec. 31, 2017
Deferred tax assets	2,564	625
Deferred tax liabilities	(5,340)	(5,456)
Total	**(2,775)**	**(4,831)**

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Deferred tax assets and liabilities	At Jan. 1, 2017	Changes in scope of consolidation and mergers	Deferred tax benefit/(expense)	At Dec. 31, 2017
KILOUTOU SAS	(3,516)	0	(115)	(3,632)
SCI 100 RN 10 COIGNIERES	(22)	0	5	(17)
SCI DEFENSE COLOMBES	(322)	0	34	(288)
SCI SEMPERE	(212)	0	212	0
GAI MATELOT LOCATION	(1)	0	1	0
LOCA RECEPTION	(4)	0	16	12
URBASIGN	(226)	0	158	(68)
KILOUTOU POLSKA	118	60	(92)	86
MOST LOCATION	(257)	0	(3)	(260)
MBCC	14	0	(2)	12
ALAIN LOCATION	(170)	0	104	(66)
NACELLE 42	(81)	0	29	(52)
DARICHE LOCATION	(51)	0	19	(31)
TYTANIUM Rental	67	(67)	0	0
AKMO	(478)	0	140	(338)
KILOUTOU MODULE	1	0	0	1
KILOUTOU ESPANA	13	0	(13)	0
AQUILOC	256	0	6	262
ALOUTOUT	2	0	(1)	1
KILOUTOU ENERGIE	57	0	(3)	53
ALVECON	0	0	15	15
TORA LOCATION	0	(412)	(111)	(524)
COFILOC	0	106	(27)	79
EURONOL	0	(48)	3	(45)
AIXOMAT	0	(75)	33	(43)
CTC DE MAQUINARIA	0	0	(2)	(2)
LANDRAU CEB	0	(90)	0	(90)
GAM POLSKA	0	151	(47)	104
FINANCIERE KILINVEST	2,036	0	(2,036)	0
Total	**(2,775)**	**(376)**	**(1,680)**	**(4,831)**

- Tax proof

The tax proof below sets out a reconciliation between the Group's actual income tax expense (based on an effective tax rate of 27%) and the theoretical tax expense calculated by applying the parent company's tax rate to consolidated net income for the period before tax.

	Base	Tax	Rate
Net income of fully consolidated companies	20,695		
Income tax recognized	7,551		
Taxable base	28,246	9,725	34.43%
Permanent tax differences		(598)	(2.12%)
Unrecognized tax losses		283	1.00%
Consolidation entries with no tax impact		(246)	(0.87%)
Impact of different tax rates		(1,577)	(5.58%)
Tax credits		(36)	(0.13%)
Other		0	0.00%
Income tax recognized		**7,551**	

Deferred taxes can be analyzed as follows by category:

Company	Temporary differences	Adjustments and eliminations	Fair value adjustments	Deferred tax assets recognized for tax losses	Total
KILOUTOU SAS	3,506	(3,939)	(3,199)	0	(3,632)
SCI 100 RN 10 COIGNIERES	0	0	(17)	0	(17)
SCI DEFENSE COLOMBES	32	(114)	(207)	0	(288)
LOCA RECEPTION	13	(1)	0	0	12
URBASIGN	0	(68)	0	0	(68)
KILOUTOU POLSKA	(98)	184	0	0	86

MOST LOCATION	0	(260)	0	0	(260)
MBCC	0	0	0	12	12
ALAIN LOCATION	0	(66)	0	0	(66)
NACELLE 42	0	(52)	0	0	(52)
DARICHE LOCATION	0	(31)	0	0	(31)
AKMO	1	(340)	0	0	(338)
KILOUTOU MODULE	0	0	0	1	1
AQUILOC	227	35	0	0	262
ALOUTOUT	0	1	0	0	1
KILOUTOU ENERGIE	55	7	(9)	0	53
ALVECON	15	0	0	0	15
TORA LOCATION	0	(481)	0	(43)	(524)
COFILOC	0	79	0	0	79
EURONOL	0	(45)	0	0	(45)
AIXOMAT	0	(86)	0	44	(43)
CTC DE MAQUINARIA	(2)	0	0	0	(2)
LANDRAU CEB	0	(90)	0	0	(90)
GAM POLSKA	(46)	150	0	0	104
Total	**3,703**	**(5,116)**	**(3,432)**	**13**	**(4,831)**

7.1.4.3 Bonds, borrowings from financial institutions and other borrowings

Movements in these items in 2017 were as follows:

	At Jan. 1, 2017	Changes in scope of consolidation	Increase	Decrease	Change in accrued interest	Currency effect	At Dec. 31, 2017
Convertible bonds	338,385	0	0	(8,074)	33,576	0	363,888
Accrued interest on convertible bonds	17,763	0	0	0	1,357	0	19,120
Other bonds	30,086	0	0	0	(86)	0	30,000
Bonds	**386,235**	**0**	**0**	**(8,074)**	**34,847**	**0**	**413,008**
Bank borrowings	220,227	3,146	172,500	(131,807)	(11)	0	264,055
Finance leases for equipment	150,138	7,448	68,851	(51,372)	0	28	175,093
Finance leases for real estate	641	0	0	(100)	0	0	541
Short-term bank borrowings	14,735	81	0	(2,895)	0	533	12,454
Borrowings from financial institutions	**385,741**	**10,675**	**241,351**	**(186,174)**	**(11)**	**561**	**452,144**
Finance leases—residual value	**18,994**	**14**	**9,248**	**(8,717)**	**0**	**0**	**19,539**
Employee profit sharing	2,410	0	140	(635)	(42)	0	1,873
Other	141	5	31	(36)	0	0	141
Other borrowings other than from financial institutions	**2,551**	**5**	**171**	**(671)**	**(42)**	**0**	**2,013**
Total	**793,521**	**10,694**	**250,769**	**(203,635)**	**34,794**	**561**	**886,704**

In 2011, Financière Kilinvest carried out two convertible bond issues representing respective amounts of €172.6 million and €28.8 million. The characteristics of these two bond issues are as follows:

- Face value of €1 per bond.
- Conversion terms and conditions set out in the bonds' indenture.
- Redemption at maturity on December 31, 2019.
- Capitalized interest.
- Convertible bonds subordinate to bank borrowings.

On February 23, 2012, Financière Kilinvest carried out another bond issue, in an amount of €20.1 million, with the same terms and conditions as the bonds issued in 2011.

In February 2017, Financière Kilinvest bought back a portion (4,707,570) of the convertible bonds issued in 2011 for €8.1 million, representing the face value of the bonds plus capitalized interest and accrued interest.

In June 2016, Kiloutou carried out an issue of convertible bonds with an aggregate face value of €30 million and redeemable in 2022, in order to finance the acquisition of Starlift. This amount was on-lent to Kiloutou GmbH.

The principal amounts of finance leases entered into with specialized financial institutions have been recorded under "Borrowings from financial institutions" and the residual values of said leases have been included in "Other borrowings". The impact of recognizing these amounts under "Borrowings from financial institutions" and "Other borrowings"—which totaled €194.6 million at December 31, 2017—is set out in the borrowings table above.

The table below provides a maturity schedule of the Group's debt.

	Balance at Dec. 31, 2017	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Convertible bonds	383,008	0	383,008	0
Other bonds	30,000	0	30,000	0
Bonds	413,008	0	413,008	0
Other borrowings & financial liabilities	264,055	237,506	26,515	34
Finance leases for equipment	175,093	50,122	124,971	
Finance leases for real estate	541	104	393	44
Short-term bank borrowings	12,454	1,028	0	11,426
Borrowings from financial institutions	452,144	288,760	151,879	11,505
Finance leases—residual value	19,539	1,551	17,988	0
Employee profit sharing	1,873	492	1,380	0
Other	141	141	0	0
Other borrowings other than from financial institutions	2,013	633	1,380	0
Total	**886,704**	**290,944**	**584,256**	**11,505**

At December 31, 2017, the Group had €87.7 million in undrawn credit facilities (including bank facilities and short-term credit lines).

7.1.4.4 Other items recorded under liabilities

Movements in these items in 2017 were as follows:

	At Jan. 1, 2017	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2017
Trade payables due to general suppliers	48,927	7,305	19,361	15	11	75,619
Due to suppliers of fixed assets	6,080	0	(2,972)	0	0	3,108
Trade payables	**55,007**	**7,305**	**16,389**	**15**	**11**	**78,727**
Tax and payroll liabilities	54,618	3,588	7,741	21	0	65,968
Corporate income tax & tax consolidation payables	675	1,799	657	0	0	3,131
Total tax and payroll liabilities	**55,293**	**5,387**	**8,398**	**21**	**0**	**69,099**
Amounts owed to customers & other operating payables	905	151	(141)	3	0	917
Customer advances and prepayments	74	0	(42)	3	0	35
Other	6,767	598	(282)	0	0	7,083

Other payables	**7,746**	**749**	**(465)**	**6**	**0**	**8,035**
Total	**118,046**	**13,441**	**24,322**	**41**	**11**	**155,862**

All of these payables are due within one year.

7.1.4.5 Accruals and other liabilities

Movements in this item in 2017 were as follows:

	Net value					
	At Jan. 1, 2017	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2017
Deferred income	3,443	80	(130)	10	0	3,404
Unrealized exchange gains	0	0	0	0	0	0
Total	**3,443**	**80**	**(130)**	**10**	**0**	**3,404**

Deferred income mainly corresponds to invoices issued in advance for equipment rentals, representing an aggregate amount of €1.9 million.

7.1.5 *Financial Instruments*

The Financière Kilinvest Group has put in place an active hedging strategy for its floating-rate bank borrowings.

Instrument	Rate	Benchmark	Nominal amount	Start date	Expiration date
Swap*	1.840%	EUR3M	€10,000,000	1/2/2009	1/2/2019
Swap*	1.480%	EUR3M	€10,000,000	4/1/2009	4/1/2019
Swap	1.960%	EUR1M	€15,000,000	2/16/2013	2/16/2019
Swap	2.097%	EUR1M	€30,000,000	2/16/2013	2/16/2019
Swap	2.110%	EUR1M	€15,000,000	2/18/2013	2/16/2019
Swap	1.900%	EUR1M	€15,000,000	2/18/2013	6/18/2018
Swap**	0.905%	EUR3M	€5,700,000	5/17/2013	5/17/2020
Cap	1.480%	EUR1M	€10,000,000	7/1/2013	4/1/2018
Cap	1.840%	EUR1M	€10,000,000	7/1/2013	4/1/2018
Swap	1.500%	EUR1M	€20,000,000	4/17/2014	4/17/2019
Swap	0.400%	EUR1M	€20,000,000	4/17/2017	4/17/2019
Swap	0.450%	EUR1M	€20,000,000	4/17/2017	4/17/2019
Swap	0.600%	EUR1M	€20,000,000	4/18/2017	4/17/2019
Swap	0.480%	EUR1M	€20,000,000	4/18/2017	4/17/2019
Swap	0.350%	EUR1M	€10,000,000	4/18/2017	4/17/2019
Swap	0.350%	EUR1M	€20,000,000	4/18/2017	4/17/2019
Swap	0.199%	EUR1M	€180,000,000	2/19/2018	1/17/2022
Swaption	1.200%	EUR1M	€50,000,000	2/19/2018	4/17/2019
Swap	0.910%	EUR1M	€115,000,000	4/17/2018	4/17/2020
Swap	2.290%	EUR1M	€30,000,000	4/17/2018	4/17/2020
Swap	0.595%	EUR1M	€95,000,000	4/17/2018	4/17/2020
Swap	0.329%	EUR1M	€50,000,000	4/17/2019	4/19/2022
Swap	0.248%	EUR1M	€50,000,000	4/17/2019	4/18/2022
Swap	0.150%	EUR1M	€50,000,000	4/17/2019	4/17/2022
Swap	0.050%	EUR1M	€100,000,000	4/17/2019	4/17/2022
Swap	0.662%	EUR1M	€50,000,000	4/17/2020	4/17/2023
Swap	0.753%	EUR1M	€150,000,000	4/17/2020	4/17/2023
Swap	0.728%	EUR1M	€50,000,000	4/17/2020	4/17/2023

* Cancelable swap

** Amortizable swap

7.1.6 *Off Balance-Sheet Commitments*

- **Guarantees given**

Issuing company	Bank	Type of financing	Type of guarantee	Expiration date	Contractual amount (€K)	Guarantee amount (€K)
MOST LOCATION	CDN	CDN LOAN	Vehicle lien Pledge of equipment	7/9/2018	42	42
AKMO	BNP	LOAN	Senior-ranking pledge of AKMO business assets for €600,000	2/27/2020	298	600
KILOUTOU	BCMNE	BANK CREDIT FACILITY	Pledge of account to BCMNE	7/15/2018	15,000	15,000
TORA	CIC NO	BANK LOAN	Pledge of account to CIC NO Pledge of lease payments if asset leased	1/25/2018	38	38
TORA	CIC NO	BANK LOAN	Pledge of account to CIC NO Pledge of lease payments if asset leased	7/5/2018	28	28
TORA	SG	BANK LOAN	Vehicle lien	3/25/2020	223	223
LANDRAU CEB	CIC OUEST	BANK LOAN	Pledge of business assets	2/1/2018	100	100
LANDRAU CEB	CREDIT MARITIME	BANK LOAN	Pledge of business assets	4/1/2018	100	100
LANDRAU CEB	CREDIT MARITIME	BANK LOAN	Pledge of business assets	3/1/2022	70	70
LANDRAU CEB	HSBC	BANK LOAN	Pledge of business assets	4/1/2020	140	140

- **Commitments received**

Bank guarantees received by the Group's various companies amounted to €3,673 thousand at December 31, 2017.

- **Operating leases for equipment**

Future minimum lease payments under operating leases for equipment can be analyzed as follows:

(in € thousands)	Amount outstanding at Dec. 31, 2017	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Outstanding lease payments	34,360	15,990	18,228	141

The contracts concerned correspond to the operating leases underlying all of the equipment that the Group rents to its customers as well as equipment rented by the Group for its business.

7.2 Notes to the Consolidated Income Statement

7.2.1 *Payroll Costs*

The Group's headcount in 2017 was as follows:

Year	Average FTE	Headcount at year end
2016	3,954	4,305
2017	4,188	4,717

7.2.2 *Research and Development Costs*

Not applicable.

7.2.3 *Depreciation, Amortization, Impairment and Other Provisions*

Net additions to depreciation, amortization and provisions for impairment of fixed assets

	Year ended Dec. 31, 2016	Year ended Dec. 31, 2017
—Operating equipment	1,691	1,980
—Rental equipment	88,069	98,366
—Other	7,531	8,321
Total	**97,291**	**108,668**

Net additions to provisions for impairment of current assets and for contingencies and charges

	Year ended Dec. 31, 2016	Year ended Dec. 31, 2017
—Recorded in operating expenses	**1,215**	**1,076**
o/w provisions for restoration costs	6	106
o/w provisions for impairment of trade receivables	467	811
o/w provisions for impairment of inventories	435	270
o/w provision for retirement benefit obligations	459	466
o/w provision for stock options	—	—
o/w other provisions	795	576
—Recorded in financial expenses	—	—
—Recorded in extraordinary expenses (income tax provision and other)	—	—
Total	**1,215**	**1,076**

7.2.4 *Net Financial Income*

As the consolidated income statement is presented based on cost accounting principles, financial items have been allocated to the following lines:

	Year ended Dec. 31, 2016	Year ended Dec. 31, 2017
—Equipment costs	4,197	3,575
—Rental costs	16	15
—Other financial expenses	39,996	42,655
Total	**44,209**	**46,245**

7.2.5 *Other Income from Ordinary Activities, Excluding the Rental Business*

In the year ended December 31, 2017, income from ordinary activities other than the rental business was recorded under "Other operating income and expenses, net" within "Net income from ordinary activities". Income and expenses arising on sales of rental equipment are directly recorded under gross profit in view of their recurring nature.

7.2.6 *Extraordinary Income and Expenses*

Extraordinary income and expenses recorded in 2017 broke down as follows:

—Professional fees for refinancing (financial, legal and strategic audits)	€2,091k
—Other one-off professional fees	€269k
—Other extraordinary expenses	€104k
—"Image modernization" project	€67k

7.2.7 *Net Income from Ordinary Activities and Extraordinary Income and Expenses*

- Net income from ordinary activities comprises all income and expenses related to operations carried out by the Group in the normal course of its business (rentals, services, sales of rental equipment recognized as fixed assets, etc.). This includes income and expenses that are recurring in nature as well as those arising from one-off decisions or transactions (i.e., items that are defined as unusual in terms of their frequency, nature or amount).

- Extraordinary income and expenses include significant income and expenses relating to restructurings and exceptional transactions.

8 Other Information

8.1 Segment Reporting

8.1.1 Sales by Nature

	Year ended Dec. 31, 2016	%	Year ended Dec. 31, 2017	%
REVENUE FROM RENTALS	373,753	70.2%	427,785	70.5%
REVENUE FROM SUB-RENTALS	19,805	3.7%	20,850	3.4%
REVENUE FROM EQUIPMENT BREAKDOWN WARRANTIES	19,094	3.6%	24,947	4.1%
SALES OF CONSUMABLES	49,125	9.2%	51,917	8.6%
TRANSPORT AND DELIVERIES	58,430	11.0%	66,026	10.9%
CLEANING AND REPAIRS	12,733	2.4%	15,075	2.5%
OTHER SERVICES AND MISCELLANEOUS REBATES	(2,887)	(0.5)%	(2,260)	(0.4)%
REVENUE FROM TRAINING	2,030	0.4%	2,530	0.4%
Total	**532,082**	**100.0%**	**606,871**	**100.0%**

The Group's main business activity is equipment rentals and sales of related services.

8.1.2 Sales by Geographic Region

Sales contributions by country	Year ended Dec. 31, 2016	%	Year ended Dec. 31, 2017	%
France	501,946	94.3%	551,590	90.9%
Poland	14,675	2.8%	17,774	2.9%
Germany	13,479	2.5%	15,323	2.5%
Italy	0	0.0%	13,395	2.2%
Spain	1,981	0.4%	8,789	1.4%
Total	**532,082**	**100.0%**	**606,871**	**100.0%**

8.2 Other Disclosures

Events after the reporting period

None

Transactions with related parties

Some of the convertible bonds described in Note 7.1.4.3 above are held by related parties. Interest expensed on these convertible bonds in 2017 amounted to €34.9 million.

9 Statement of Cash Flows

(in € thousands)	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016
Net income for the period attributable to owners of the parent	**20,694**	**1,816**
Net income for the period attributable to minority interests	0	0
Depreciation, amortization and provisions	109,240	97,744
Goodwill impairment	(365)	132
Interest expense	11,312	11,036
Interest on bonds	34,933	33,173
Income tax	7,551	1,224
Other	2,531	5,408
EBITDA	**185,897**	**150,531**
Change in working capital (excl. changes in deferred taxes)	**16,847**	**(3,706)**
Increase/decrease in inventories	*185*	*(435)*
Increase/decrease in trade receivables	*(9,589)*	*(9,746)*
Increase/decrease in trade payables	*19,361*	*5,025*
Other movements	*6,890*	*1,450*
Extraordinary expenses paid	**(2,531)**	**(5,408)**
Financial expenses paid	**(11,466)**	**(11,364)**
Income tax & CICE tax paid	**(7,622)**	**(6,516)**
Net book value of fixed assets and disposals of real-estate assets	**3,740**	**3,718**
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**184,865**	**127,256**
CAPEX	**(137,960)**	**(161,316)**
o/w investments in equity	*(59,950)*	*(54,386)*
o/w investments in finance leases	*(78,010)*	*(106,931)*
Change in amounts due to suppliers of fixed assets	**320**	**1,363**
Cash flows from financial fixed assets	**95**	**255**
Net proceeds from disposals of fixed assets	**101**	**739**
Impact of changes in scope of consolidation	**(70,242)**	**(95,862)**
NET CASH USED IN INVESTING ACTIVITIES (B)	**(207,686)**	**(254,822)**
Capital increase	0	0
Increase in borrowings from financial institutions	172,500	140,000
Increase in other borrowings	57	30,000
Proceeds from new finance leases	78,098	106,931
Dividends paid	0	0
Decrease in debt	(139,898)	(95,252)
Decrease in finance lease liabilities	(60,188)	(48,222)
NET CASH GENERATED FROM FINANCING ACTIVITES (C)	**50,569**	**133,457**
Net increase in cash and cash equivalents	27,748	5,892
Effect of exchange rate changes on cash and cash equivalents	(577)	250
Cash and cash equivalents at beginning of year	(6,861)	(13,002)
Cash and cash equivalents at end of year	**20,310**	**(6,861)**

Movements in intercompany current accounts are presented in cash flows from financing activities.

- Cash and cash equivalents break down as follows:

	At Dec. 31, 2016	At Dec. 31, 2017
Marketable securities	9	2,209
Cash in bank and at hand	7,865	30,555
Short-term bank loans and overdrafts	(14,735)	(12,454)
Total	**(6,861)**	**20,310**

- Cash flows related to finance leases

When a finance lease is entered into, the corresponding cash flows are included in cash flows from both investing activities and financing activities.

Detailed information about the Group's investments and financing is provided in Notes 7.1.1.3 and 7.1.4.3 above, respectively.

The portion of lease payments under finance leases that corresponds to financial expenses is included in cash flows from operating activities.

The portion of lease payments that corresponds to the repayment of the principal amount of finance leases is included in cash flows from financing activities (under "Decrease in finance lease liabilities").

- EBITDA

EBITDA corresponds to net income for the period before depreciation, amortization and provisions for impairment and contingencies and charges, financial income and expenses, extraordinary income and expenses, and income tax.

Consequently, after elimination of the above items, it corresponds to the Group's revenue from operations carried out in the normal course of its business (rentals, services, sales of rental equipment recognized as fixed assets, etc.).

Reported EBITDA equals EBITDA plus the CVAE tax contribution.

- Impact of changes in scope of consolidation

This cash flow statement line corresponds to net cash flows related to purchases of shares in consolidated companies (purchase cost of the shares less cash acquired).

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Financière Kilinvest
SAS
Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2016
Financière Kilinvest SAS
340 avenue de la Marne, 59700 Marcq en Baroeul, France
This report contains 35 pages

Financière Kilinvest SAS

Registered office: 340 avenue de la Marne, 59700 Marcq en Baroeul, France

Share capital: €1,245,516

Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2016

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the engagement entrusted to us by your General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Financière Kilinvest SAS;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements were approved by the Chairman. It is our responsibility to express an opinion on the consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the transposition of the new European accounting directive into French law, set out in Notes 3.4.2 and 4.1.2 to the consolidated financial statements, particularly (i) the discontinuation of goodwill amortization as of 2016, as the activities to which it relates do not have a foreseeable limit, and (ii) the reclassification of market share to goodwill.

2 Justification of assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters.

Goodwill, which represented a net amount of €333,436 thousand in the balance sheet at December 31, 2016, was tested for impairment in accordance with the methods described in Notes 3.4.2 "Fair Value Adjustments, Goodwill and Other Intangible Assets", 7.1.1.1 "Goodwill" and 7.1.1.2 "Intangible assets" to the consolidated financial statements.

We examined the methods used to implement these tests and verified that the notes to the consolidated financial statements provide appropriate disclosures.

The assessments were made as part of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first section of this report.

3 Specific verification

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Marcq en Baroeul, March 9, 2017	Lille, March 9, 2017
KPMG Audit Nord	Deloitte & Associés
Eric Delebarre	Jean-Yves Morisset
Partner	*Partner*

FINANCIERE KILINVEST

Consolidated Financial Statements

for the Year Ended December 31, 2016

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1 Consolidated Balance Sheet

	Dec. 31, 2016			Dec. 31, 2015
	GROSS	DEPR/AMT/PROV	NET	NET
ASSETS				
Goodwill	**368,556**	**(35,120)**	**333,436**	**58,855**
Intangible assets	**174,315**	**(13,315)**	**160,999**	**376,576**
o/w trademarks	158,153	(453)	157,700	157,778
o/w market share	0	0	0	215,944
o/w software and other	13,440	(12,384)	1,056	673
o/w leasehold rights	2,721	(478)	2,243	2,181
Property, plant and equipment	**1,030,595**	**(668,846)**	**361,749**	**261,519**
o/w land and buildings	148,719	(84,923)	63,796	53,635
o/w rental equipment	835,885	(547,009)	288,876	201,297
o/w other	45,992	(36,915)	9,077	6,587
Other financial fixed assets	**2,962**	**0**	**2,961**	**2,972**
Investments accounted for by the equity method	**0**	**0**	**0**	**0**
TOTAL FIXED ASSETS	**1,576,427**	**(717,281)**	**859,146**	**699,922**
Inventories & work in progress	**11,807**	**(2,266)**	**9,541**	**8,294**
Customer advances and prepayments	**425**	**0**	**425**	**823**
Trade receivables	**129,110**	**(11,229)**	**117,882**	**94,390**
Other receivables	**20,040**	**0**	**20,040**	**11,035**
Marketable securities	**9**	**0**	**9**	**119**
Cash in bank and at hand	**7,865**	**0**	**7,865**	**2,026**
Accruals and other assets	**4,827**	**0**	**4,827**	**4,719**
TOTAL CURRENT ASSETS	**174,083**	**(13,495)**	**160,588**	**121,406**
TOTAL ASSETS	**1,750,510**	**(730,776)**	**1,019,735**	**821,328**

	Dec. 31, 2016	Dec. 31, 2015
	NET	NET
EQUITY AND LIABILITIES		
Share capital	1,246	1,246
Additional paid-in capital	125,697	125,697
Reserves & retained earnings	(40,644)	(24,790)
Net income/(loss) attributable to owners of the parent	**1,816**	**(15,855)**
Exchange differences	(714)	(341)
Equity attributable to owners of the parent	**87,400**	**85,957**
Minority interests	**2**	**2**
TOTAL EQUITY	**87,402**	**85,959**
Provisions for restoring assets used under operating leases	1,596	1,602
Provisions for general contingencies and charges	15,727	10,062
Provisions for contingencies and charges	**17,322**	**11,664**
Bonds	**386,235**	**331,089**
o/w convertible bonds	356,149	331,089
o/w other bonds	30,086	0
Borrowings from financial institutions	**385,741**	**272,321**
o/w bank borrowings	220,227	161,134
o/w finance leases for equipment	150,138	95,304
o/w finance leases for real estate	641	737
o/w short-term bank borrowings	14,735	15,147
Other borrowings	**18,994**	**15,002**
Finance leases—residual value	18,994	15,002
Other borrowings other than from financial institutions	**2,551**	**3,111**
o/w employee profit sharing	2,410	2,955
o/w deposits and guarantees	141	156
Trade payables	**55,007**	**43,294**
o/w due to general suppliers	48,927	39,049
o/w due to suppliers of fixed assets	6,080	4,246
Tax and payroll liabilities	**55,293**	**50,238**
Other payables	**7,746**	**5,680**

o/w intercompany current accounts	0	0
o/w miscellaneous payables	7,746	5,680
Accruals and other liabilities	**3,443**	**2,969**
TOTAL LIABILITIES	**915,011**	**723,705**
TOTAL EQUITY AND LIABILITIES	**1,019,735**	**821,328**
Rental equipment recognized on the balance sheet	*835,885*	*665,991*
Rental equipment (operating leases)	*52,128*	*50,905*
Total	***888,012***	***716,896***

2 Consolidated Income Statement

(in € thousands)	Year ended Dec. 31, 2016		Year ended Dec. 31, 2015	
REVENUE FROM RENTALS	373,753	70.24%	321,769	69.71%
REVENUE FROM SERVICES AND SUB-LEASES	158,329	29.76%	139,811	30.29%
TOTAL REVENUE	**532,082**	**100.00%**	**461,580**	**100.00%**
NET (GAINS)/LOSSES ON EQUIPMENT SALES/RETIREMENTS	(19,775)	(3.72)%	(13,816)	(2.99)%
MAINTENANCE COSTS	43,135	8.11%	38,437	8.33%
HOLDING COSTS	106,755	20.06%	89,689	19.43%
LOGISTICS COSTS	33,533	6.30%	28,178	6.10%
OTHER COSTS	48,356	9.09%	44,075	9.55%
TOTAL EQUIPMENT AND LOGISTICS COSTS	**212,005**	**39.84%**	**186,563**	**40.42%**
GROSS PROFIT	**320,078**	**60.16%**	**275,017**	**59.58%**
GROSS SALARIES AND PAID VACATION PROVISIONS	111,793	21.01%	97,390	21.10%
PAYROLL TAXES AND TRAINING LEVY	42,395	7.97%	35,913	7.78%
PERFORMANCE BONUSES	13,963	2.62%	10,127	2.19%
OTHER EXPENSES	9,641	1.81%	9,909	2.15%
TOTAL PAYROLL COSTS	**177,792**	**33.41%**	**153,339**	**33.22%**
ADVERTISING COSTS	**4,785**	**0.90%**	**4,503**	**0.98%**
OVERHEADS	**41,295**	**7.76%**	**37,287**	**8.08%**
RENTAL COSTS	**44,765**	**8.41%**	**41,696**	**9.03%**
NET EXPENSE FOR DOUBTFUL RECEIVABLES	**3,249**	**0.61%**	**3,151**	**0.68%**
FINANCIAL EXPENSES	**39,996**	**7.52%**	**35,130**	**7.61%**
OTHER OPERATING INCOME AND EXPENSES, NET	**(360)**	**(0.07)%**	**(554)**	**(0.12)%**
NET INCOME FROM ORDINARY ACTIVITIES	**8,555**	**1.61%**	**465**	**0.10%**
EXTRAORDINARY INCOME (−) AND EXPENSES (+)	**5,383**	**1.01%**	**(326)**	**(0.07)%**
INCOME TAX	**1,224**	**0.23%**	**3,573**	**0.77%**
GOODWILL IMPAIRMENT	**132**	**0.02%**	**13,073**	**2.83%**
NET INCOME/(LOSS) FOR THE PERIOD BEFORE MINORITY INTERESTS	**1,816**	**0.34%**	**(15,855)**	**(3.43)%**
Net income for the period attributable to minority interests	0	0.00%	0	0.00%
NET INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,816**	**0.34%**	**(15,855)**	**(3.43)%**
EBITDA	**150,531**	**28.29%**	**120,028**	**26.00%**
Earnings/(loss) per share (in €)	**0.01**		**(0.13)**	
Diluted earnings/(loss) per share (in €)	**0.01**		**(0.13)**	

3 Consolidation Principles and Methods

The consolidated financial statements for the year ended December 31, 2016 were drawn up based on French generally accepted accounting principles ("French GAAP").

Financière Kilinvest's parent company, Sapak, prepares consolidated financial statements for its entire group. These consolidated financial statements cover the activities of the sub-group controlled by Financière Kilinvest SAS (referred to as the "Financière Kilinvest Group" or "the Group").

3.1 General Information

The notes to the consolidated financial statements are presented in thousands of euros.

The consolidated financial statements for the year ended December 31, 2016 show the following:

- Total assets: €1,019,735 thousand.
- Net income for the period attributable to owners of the parent: €1,816 thousand.

3.2 Applicable Accounting Principles

The consolidated financial statements for the year ended December 31, 2016 were drawn up in accordance with accounting standards CRC 99-02 and ANC 2015-07 of November 23, 2015.

3.3 Significant Events of the Year

During 2016, the Group acquired control of the following companies:

- Aquiloc/Aloutout/ICIMAT (France), in January.
- Starlift GmbH (Germany), in April, whose shares were acquired by Kiloutou GmbH (formed in March 2016).
- C.A.L.—Compagnie Atlantique de Location (France), in October.
- Alvecon (Spain), which was consolidated for the first time at December 31, 2016.

For the purpose of simplifying the Group's legal structure, during 2016 the following internal restructurings were carried out:

- In January, EWPA Majster was merged into its parent, Kiloutou Polska.
- In September, Icimat was merged into its parent, Aquiloc, with retroactive effect from January 1, 2016.

As these mergers were between companies that are wholly owned by the Group, they did not have any impact on the consolidated financial statements.

3.4 Basis of Consolidation

3.4.1 *Consolidation Methods*

All of the Group's companies are either fully consolidated or accounted for by the equity method.

All material transactions between Group companies are eliminated on consolidation as well as unrealized gains on intercompany transactions (capital gains, dividends, etc.).

3.4.2 *Fair Value Adjustments, Goodwill and Other Intangible Assets*

The identifiable assets and liabilities of acquired companies are measured at fair value on first-time consolidation.

The deferred taxes arising on the fair value adjustments are recognized and are in turn adjusted where necessary.

Any difference between (i) the acquisition cost of the shares of a newly consolidated company (including net-of-tax transaction costs) and (ii) the acquisition-date fair value of the identifiable assets and liabilities acquired, is recognized under "Goodwill" in the consolidated balance sheet.

Until December 31, 2015, goodwill was amortized on a straight-line basis over a period specific to each acquisition (not exceeding 20 years). Following the transposition of Directive 2013/34/EU of the European Parliament into French law by Government Order no. 2015-900 and Decree no. 2015-903 of July 23, 2015, goodwill recognized on the acquisition of consolidated companies is no longer amortized as the activities to which the goodwill relates do not have any foreseeable limit.

Business assets acquired by the Group are treated in the same way as goodwill and accounted for as described above.

Trademarks and market share have been recognized as assets in the Group's financial statements. When a trademark cannot be sold independently from the concerned company's business, no deferred taxes have been recognized on the trademark's measurement. Further information on these assets is provided in Note 7.1.1.2.

At January 1, 2016, market share recognized separately within intangible assets was reclassified to goodwill.

Goodwill and other intangible assets are tested for impairment once a year. There was no indication that these assets were impaired at December 31, 2016 and therefore no impairment losses were recognized at that date.

3.4.3 *Fiscal Year-End*

All Group companies had a December 31, 2016 fiscal year-end.

3.4.4 *Foreign Currency Translation*

Income and expense items of subsidiaries located outside the euro zone are translated at average exchange rates for the year.

Balance sheet items are translated at the closing rate at the balance sheet date and all resulting exchange differences are recognized in a separate line in equity.

4 Summary of Significant Accounting Policies

4.1 Changes in Accounting Policies or Measurement Methods

4.1.1 *Changes in Accounting Policies*

There were no changes in the Group's accounting policies in 2016.

4.1.2 *Changes in Estimates and Assumptions*

Apart from the effect of the transposition into French law of the new European Accounting Directive, as described in Note 3.4.2 above, there were no changes in the estimates or assumptions used by the Group in 2016.

4.1.3 *Error Corrections*

No error corrections were made in 2016.

4.2 Property, Plant and Equipment and Intangible Assets

4.2.1 *Measurement Methods*

- Property, plant and equipment and intangible assets are measured at their acquisition cost, excluding any related borrowing costs.

- Intangible assets primarily include:

- software, which is measured at acquisition cost;

- leasehold rights;
- goodwill;
- trademarks;
- market share.
- Property, plant and equipment mainly include:
- land and buildings;
- rental equipment;
- vehicles and office and IT equipment.
- Finance leases

In accordance with the recommended method under French GAAP, the Group capitalizes assets held under finance leases.

These assets are capitalized when:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lease contains a bargain purchase option;
- the lease covers the majority of the economic life of the asset, irrespective of whether ownership is transferred to the lessee by the end of the lease term;
- the present value of the minimum lease payments at the inception of the lease is equal to, or greater than, substantially all of the fair value of the leased asset.

The Group's finance leases mainly concern rental equipment, land and buildings.

- The leased assets are capitalized and are depreciated in the same way as the Group's other property, plant and equipment.
- The aggregate amount of the lease payments is accounted for in the same way as the repayment of a conventional loan taken out to finance the assets concerned. Consequently, lease payments recorded in the individual financial statements of Group companies are eliminated on consolidation through the recognition of interest expense and the repayment of the finance lease liability over the term of the lease.
- Under French GAAP, capitalization of assets held under finance leases is only permitted in consolidated financial statements and not in individual company financial statements.

4.2.2 *Methods Used to Calculate Depreciation, Amortization and Impairment*

The amortization of intangible assets (excluding market share and trademarks) and the depreciation of property, plant and equipment are calculated using the straight-line method, based on the estimated useful lives of the assets concerned. The amortizable/depreciable amount corresponds to the asset's acquisition cost, as defined above, less any residual value.

If any indication of impairment is identified, an impairment loss is recognized where the fair value of an asset is lower than its carrying amount.

The useful lives of the Group's main assets are as follows:

- software 1 to 5 years
- buildings 20 years
- leasehold improvements, fixtures and fittings 4 to 10 years
- lifting equipment 3 to 9 years

• earth-moving equipment	3 to 9 years
• other equipment	3 to 10 years
• vehicles	3 to 5 years
• office and IT equipment	3 to 6 years
• furniture	3 to 10 years

4.3 Inventories

4.3.1 ***Measurement Method***

Spare parts and consumables are measured based on the latest known prices, including incidental expenses.

4.3.2 ***Methods Used to Calculate Impairment Provisions for Each Inventory Category***

Provisions for impairment of inventories are determined based on turnover forecasts for each category of inventory.

4.4 Receivables and Payables

Receivables and payables are recognized at nominal value.

Subsequent to initial recognition, a provision for impairment is recognized for receivables if their fair value is lower than their carrying amount.

In accordance with French GAAP, any exchange differences are recognized in consolidated net income.

4.5 Debt Issuance Costs

Debt issuance costs, representing an initial amount of €6.3 million, were recognized in the Group's consolidated financial statements. These costs were amortized in proportion to the amount of the debt repayments and were fully amortized at December 31, 2016.

4.6 Restoration Provisions for Assets Used Under Operating Leases

These provisions are recorded to cover the costs habitually incurred in restoring equipment used under operating leases when it is returned to the lessors at the end of the lease.

The restoration costs are determined based on statistical data that is updated annually, and the provision is recognized over the life of the lease.

4.7 Untaxed Provisions

In accordance with French GAAP, untaxed provisions are recognized in equity in an amount net of deferred taxes.

4.8 Retirement Benefit Obligations

In accordance with French GAAP, retirement benefit obligations are recorded as a provision in the consolidated financial statements.

The projected benefit obligation is measured by an independent actuary and is validated by the Statutory Auditors. It is calculated using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement.

The actuarial calculations take into account assumptions related to both financial elements (discount rate, salary growth rate) and demographic factors (staff turnover rate, life expectancy, etc.).

4.9 Deferred Taxes

Deferred taxes are recognized using the liability method, taking into account:

- All temporary differences (arising both in the individual financial statements and directly in the consolidated financial statements) between the carrying amount of an asset or liability and its tax base.

- Tax losses, when their utilization is considered highly probable.

- Taxes related to restatements, adjustments and eliminations made on consolidation.

The income tax rates used for calculating deferred taxes are 34.43% for the French companies, 19% for the Polish companies, 25% for the Spanish subsidiaries and 26% for the German entities. The rate used to calculate deferred taxes that are expected to be utilized in the short and medium term for members of the tax consolidation group was changed to 28.92% but this change did not have a material impact.

4.10 Earnings Per Share

In accordance with the method recommended in Opinion 27 issued by the French Institute of Chartered Accountants (OEC), earnings per share are calculated by dividing net income for the period attributable to owners of the parent by the number of Financière Kilinvest shares in issue.

For the year ended December 31, 2016, earnings per share amounted to €0.01.

5 Scope of Consolidation

At December 31, 2016, the Financière Kilinvest Group comprised the following consolidated companies:

Company	Country	Number of shares held	% control	Consolidation method	Registered office	SIREN business registration no.
FINANCIERE KILINVEST	**France**	**124,551,625**	**100.00%**	**Parent**	**340 avenue de la Marne, Marcq en Baroeul**	**531095537**
KILOUTOU SAS	France	4,176,622	100.00%	FC	70 avenue de Flandre, Marcq en Baroeul	317686061
SCI 100 RN 10 COIGNIERES	France	10,000	99.99%	FC	70 avenue de Flandre, Marcq en Baroeul	401667043
SCI DEFENSE COLOMBES	France	2,530	99.96%	FC	70 avenue de Flandre, Marcq en Baroeul	381959394
SCI SEMPERE	France	2,000	99.95%	FC	70 avenue de Flandre, Marcq en Baroeul	341931384
GAI MATELOT LOCATION	France	400,000	100.00%	FC	340 avenue de la Marne, Marcq en Baroeul	403170822
TOP LOC RECEPTION	France	1,000	100.00%	FC	340 avenue de la Marne, Marcq en Baroeul	493440416
URBASIGN	France	10,500	100.00%	FC	340 avenue de la Marne, Marcq en Baroeul	398829069
MOST LOCATION	France	1,300	100.00%	FC	340 avenue de la Marne, Marcq en Baroeul	404073710
MBCC	France	1,885,000	100.00%	FC	340 avenue de la Marne, Marcq en Baroeul	440711281
ALAIN LOCATION	France	500	100.00%	FC	8 Rue de la Saillerie, St Barthélémy d'Anjou	417999778
NACELLE 42	France	6,000	100.00%	FC	340 avenue de la Marne, Marcq en Baroeul	438028847
DARICHE LOCATION	France	316	100.00%	FC	22 avenue du Mal Leclerc, Chatillon en Michaille	414648451
AKMO	France	10,000	100.00%	FC	Rue Jean Pierre Timbaud, Villeneuve-Le-Roi	385401245
SOGIMS	France	10,000	100.00%	FC	Rue Jean Pierre Timbaud, Villeneuve-Le-Roi	453700106
AQUILOC	France	65,595	100.00%	FC	23 avenue de la Grange Noire—Espace Phare—33700 Mérignac	381417591
ALOUTOUT	France	500	100.00%	FC	13 avenue Louis Lumière—17180 Périgny	309359487
ICIMAT	France	1,000	100.00%	Merged		
C.A.L.—COMPAGNIE ATLANTIQUE DE LOCATION	France	11,174	100.00%	FC	20 bis René Bars—40250 Mugron	301351029
KILOUTOU POLSKA	Poland	244,000	100.00%	FC	Radzyminska, 322, Zabki	410479
EWPA Majster	Poland	2,320	100.00%	Merged	Przemyslowa 4, Komorniki	100498
TYTANIUM Rental	Poland	136,752	100.00%	FC	Rokicinska, 142, Lodz	362976
KILOUTOU ESPAÑA	Spain	30,000	100.00%	FC	35 Pol.Ind. Pla d'en Coll—Montcada I Reixach, Barcelona	A60383379
ALVECON	Spain	5,000	100.00%	FC	Poligono Industrial, nave 32 - 31191 Cordovilla—Navarra	B31185952
STARLIFT GMBH	Germany	1	100.00%	FC	Am Knick 11, 22113 Oststeinbek	HRB 3496 RE
KILOUTOU GMBH	Germany	25,000	100.00%	FC	Am Knick 11, 22113 Oststeinbek	HRB 15774 HL

6 Pro Forma Information

Income Statement

The income statement below includes 12 months of operations for all of the companies included in the Group's scope of consolidation at December 31, 2016.

(in € thousands)	2016 12 months	
TOTAL REVENUE	**541,919**	*100.00%*
EQUIPMENT AND LOGISTICS COSTS	**216,013**	*39.86%*
GROSS PROFIT	**325,906**	*60.14%*
PAYROLL COSTS	**181,589**	*33.51%*
ADVERTISING COSTS	**4,798**	*0.89%*
OVERHEADS	**42,092**	*7.77%*
RENTAL COSTS	**45,089**	*8.32%*
NET EXPENSE FOR DOUBTFUL RECEIVABLES	**3,336**	*0.62%*
FINANCIAL EXPENSES RELATED TO DEBT	**40,002**	*7.38%*
OTHER OPERATING INCOME AND EXPENSES, NET	**(360)**	*(0.07)%*
NET INCOME FROM ORDINARY ACTIVITIES	**9,333**	*1.72%*
EBITDA	**153,265**	*28.28%*

7 Notes to the Balance Sheet and Income Statement

7.1 Notes to the Consolidated Balance Sheet

Companies consolidated for the first time in 2016 are included in the column entitled "Changes in scope of consolidation" in the tables below.

7.1.1 *Fixed Assets*

7.1.1.1 Goodwill

Movements in goodwill in 2016 were as follows:

		Gross value					
Company		**At Jan. 1, 2016**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2016**
KILINVEST (mergers)		287	0	0	0	0	287
KILOUTOU (mergers & intangible business assets)	*a*	55,242	0	(241)	215,944	0	270,945
GAI MATELOT LOCATION		5,944	0	0	0	0	5,944
URBASIGN		5,579	0	0	0	0	5,579
KILOUTOU POLSKA	*b*	0	0	0	5,581	(64)	5,518
MOST LOCATION		9,486	0	0	0	0	9,486
ALAIN LOCATION		2,669	0	0	0	0	2,669
EWPA MAJSTER	*c*	5,581	0	0	(5,581)	0	0
NACELLE 42		863	0	0	0	0	863
DARICHE LOCATION		439	0	0	0	0	439
TYTANIUM RENTAL		3,963	0	0	0	0	3,963
AKMO	*d*	3,760	(214)	0	0	0	3,546
KILOUTOU ESPANA	*e*	259	14	0	0	0	274
AQUILOC	*f*	0	24,728	0	0	0	24,728
STARLIFT GMBH	*g*	0	30,408	0	0	0	30,408
C.A.L.—COMPAGNIE ATLANTIQUE DE LOCATION	*H*	0	3,908	0	0	0	3,908
Total		**94,072**	**58,844**	**(241)**	**215,944**	**(64)**	**368,556**

	Impairment

Company	At Jan. 1, 2016	Increase	Decrease	Other movements	Currency effect	At Dec. 31, 2016
KILINVEST (mergers)	(287)	0	0	0	0	(287)
KILOUTOU (mergers & intangible business assets)	(17,460)	0	64	0	0	(17,395)
GAI MATELOT LOCATION	(4,582)	0	0	0	0	(4,582)
URBASIGN	(3,348)	0	0	0	0	(3,348)
KILOUTOU POLSKA	0	0	0	(2,343)	33	(2,310)
MOST LOCATION	(2,570)	0	0	0	0	(2,570)
ALAIN LOCATION	(1,557)	0	0	0	0	(1,557)
EWPA Majster	(2,343)	0	0	2,343	0	0
NACELLE 42	(648)	0	0	0	0	(648)
DARICHE LOCATION	(286)	0	0	0	0	(286)
TYTANIUM Rental	(1,002)	0	0	0	0	(1,002)
AKMO	(940)	0	0	0	0	(940)
KILOUTOU ESPANA	(194)	0	0	0	0	(194)
Total	**(35,217)**	**0**	**64**	**0**	**33**	**(35,120)**

a The €215,944 thousand increase corresponds to the reclassification of Kiloutou SAS's market share to goodwill. This asset was measured when Financière Kilinvest acquired control of Kiloutou. An impairment test was performed at December 31, 2016, which did not give rise to the recognition of any impairment losses. The €241 thousand decrease corresponds to goodwill that was written off following the closure of two branches to which it was allocated.

b, c Following the merger between Kiloutou Polska and EWPA Majster, the goodwill related to EWPA Majster was transferred to Kiloutou Polska.

d The acquisition price for this company was reduced by €214 thousand following the exercise of the seller's warranty.

e The increase related to Kiloutou España corresponds to goodwill adjustments made within the measurement period for the company's acquisition.

f The increase related to Aquiloc corresponds to the goodwill recognized on the company's first-time consolidation.

g The increase related to Starlift GmbH corresponds to the goodwill recognized on the company's first-time consolidation.

h The increase related to CAL corresponds to the goodwill recognized on the company's first-time consolidation.

In accordance with the French reform on the recognition and amortization of goodwill, all of the goodwill recorded by the Group has been identified as having an indefinite useful life. In addition, the impairment test carried out at December 31, 2016 did not give rise to the recognition of any impairment losses on the Group's intangible assets.

7.1.1.2 Intangible assets

Movements in intangible assets in 2016 were as follows:

	Gross value						
	At Jan. 1, 2016	Changes in scope of consolidation	Increase	Decrease	Other movements	Currency effect	At Dec. 31, 2016
Market share	215,944	0	0	0	(215,944)	0	0
Trademarks	158,169	0	0	0	0	(16)	158,153
Concessions, patents & similar rights	12,470	169	550	(31)	15	(3)	13,171
Leasehold rights	2,641	80	0	0	0	0	2,721
Other intangible assets	12	0	0	0	(12)	0	0
Intangible assets in progress	15	0	258	0	(3)	0	269
Total	**389,251**	**249**	**808**	**(31)**	**(215,944)**	**(19)**	**174,315**

	Amortization and impairment						
	At Jan. 1, 2016	Changes in scope of consolidation	Increase	Decrease	Other movements	Currency effect	At Dec. 31, 2016
Market share	0	0	0	0	0	0	0
Trademarks	(391)	0	(76)	0	0	14	(453)
Concessions, patents & similar rights	(11,819)	(164)	(429)	31	(5)	1	(12,384)
Leasehold rights	(461)	0	(17)	0	0	0	(478)
Other intangible assets	(5)	0	0	0	5	0	0
Intangible assets in progress	0	0	0	0	0	0	0
Total	**(12,675)**	**(164)**	**(522)**	**31**	**0**	**15**	**(13,315)**

In accordance with the provisions relating to intangible assets in the new European Accounting Directive, market share has been reclassified to goodwill.

The "Trademarks" item mainly comprises the Kiloutou brand. This asset was measured at the date on which HLDI and HLDE acquired control of Financière Kilinvest. An impairment test was performed at end-December 2016, which did not give rise to the recognition of any impairment losses.

The Group elected to value each Group Cash Generating Unit (CGU) with twelve months of operations or more at the year-end, using two different methods:

- One valuation was carried out using the discounted cash flows (DCF) method, which is commonly used for impairment testing. The free cash flows applied were based on the 2017 budget extrapolated to 2022 using a growth rate of 3%. The perpetual growth rate used for the calculation was 1.5% and the weighted average cost of capital (WACC) was 6.12%.

- Three valuations were performed using the multiples method, which is generally used for calculating companies' enterprise value for acquisitions. The EBITDA used for these calculations was the Group's most recent EBITDA figure, i.e., that for the year ended December 31, 2016.

Out of these four valuations, the Group applied the discounted enterprise value that was the most realistic in view of the operating context. Based on the results of this impairment test, no impairment losses were recognized for the Group's intangible assets at December 31, 2016.

7.1.1.3 Property, plant and equipment

Movements in property, plant and equipment in 2016 were as follows:

	Gross value						
	At Jan. 1, 2016	Changes in scope of consolidation	Increase	Decrease	Other movements	Currency effect	At Dec. 31, 2016
Land & improvements	10,581	2,015	2,074	(381)	0	0	14,289
FL—Land & improvements	8,208	0	0	0	0	0	8,208
Buildings & fixtures	98,557	7,875	6,945	(6,208)	572	(19)	107,722
FL—Buildings & fixtures	16,205	0	0	0	0	0	16,205
Property, plant and equipment under construction—Buildings	736	0	2,131	0	(568)	(3)	2,295
Land and buildings	**134,286**	**9,890**	**11,150**	**(6,589)**	**4**	**(23)**	**148,719**
Rental equipment	347,336	110,255	37,934	(54,993)	(7)	(868)	439,656
FL—Rental equipment	318,655	136	106,931	(29,493)	0	0	396,228
Rental equipment	**665,991**	**110,390**	**144,865**	**(84,486)**	**(7)**	**(868)**	**835,885**
Plant & machinery	17,148	1,039	2,441	(692)	12	(2)	19,946
FL—Plant & machinery	479	0	0	(44)	0	0	434
Vehicles	1,002	4,843	94	(371)	8	(22)	5,553
FL—Vehicles	1,382	15	0	(39)	0	0	1,358
Other property, plant and equipment	15,235	1,496	1,184	(245)	45	(13)	17,703
FL—Other property, plant and equipment	150	0	0	(40)	0	0	110

Property, plant and equipment under construction—Other	167	9	474	0	(62)	(2)	585
Miscellaneous	10	(9)	301	0	0	(0)	302
Other property, plant and equipment.....	**35,574**	**7,392**	**4,494**	**(1,432)**	**3**	**(39)**	**45,992**
Total	**835,851**	**127,673**	**160,508**	**(92,506)**	**0**	**(930)**	**1,030,595**

	Depreciation and impairment						
	At Jan. 1, 2016	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2016**
Land & improvements..	0	0	(19)	0	0	0	(19)
FL—Land & improvements	0	0	0	0	0	0	0
Buildings & fixtures.....	(67,427)	(4,379)	(5,251)	5,592	0	5	(71,462)
FL—Buildings & fixtures.....	(13,224)	0	(218)	0	0	0	(13,442)
Property, plant and equipment under construction—Buildings.....	0	0	0	0	0	0	0
Land and buildings	**(80,651)**	**(4,379)**	**(5,488)**	**5,592**	**0**	**5**	**(84,923)**
Rental equipment	(265,322)	(75,809)	(41,078)	53,578	0	347	(328,284)
FL—Rental equipment.	(199,371)	67	(47,004)	27,584	0	0	(218,725)
Rental equipment	**(464,694)**	**(75,742)**	**(88,082)**	**81,162**	**0**	**347**	**(547,009)**
Plant & machinery	(14,369)	(881)	(1,110)	655	0	0	(15,705)
FL—Plant & machinery	(401)	0	(38)	38	0	0	(400)
Vehicles	(500)	(3,881)	(504)	362	0	11	(4,512)
FL—Vehicles.....	(1,101)	0	(169)	37	0	0	(1,233)
Other property, plant and equipment.....	(12,573)	(1,298)	(1,323)	181	0	8	(15,004)
FL—Other property, plant and equipment.	(45)	0	(55)	40	0	0	(60)
Property, plant and equipment under construction—Other	0	0	0	0	0	0	0
Miscellaneous	1	0	0	0	0	0	1
Other property, plant and equipment.....	**(28,987)**	**(6,061)**	**(3,199)**	**1,313**	**0**	**19**	**(36,915)**
Total	**(574,332)**	**(86,182)**	**(96,769)**	**88,067**	**0**	**371**	**(668,846)**

7.1.1.4 Financial fixed assets

This item comprises shares in non-consolidated companies as well as deposits, loans and guarantees paid.

	Gross value						
	At Jan. 1, 2016	**Changes in scope of consolidation**	**Increase**	**Decrease**	**Other movements**	**Currency effect**	**At Dec. 31, 2016**
Shares in non-consolidated companies.....	8	0	0	0	0	0	8
Other long-term investment securities ..	235	0	0	(163)	0	0	73
Loans granted.....	663	0	54	(44)	0	0	673
Accrued interest on financial receivables...	99	0	15	0	0	0	114
Deposits & guarantees....	2,007	190	44	(147)	0	0	2,094
Total.....	**3,012**	**190**	**114**	**(354)**	**0**	**0**	**2,962**

	Amortization and impairment

Provisions for impairment	At Jan. 1, 2016	Changes in scope of consolidation	Increase	Decrease	Other movements	Currency effect	At Dec. 31, 2016
Provision for long-term investment securities ..	0	0	0	0	0	0	0
Provisions for deposits and guarantees.....	(40)	0	0	40	0	0	0
Total.....	**(40)**	**0**	**0**	**40**	**0**	**0**	**0**

7.1.2 *Other Assets*

7.1.2.1 Inventories and customer advances and prepayments

Movements in inventories in 2016 were as follows:

	Gross value					
	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Spare parts.....	1,723	529	−183	(2)	0	2,066
Goods for resale	8,355	339	1,053	(6)	0	9,741
Total.....	**10,077**	**868**	**870**	**(8)**	**0**	**11,807**

	Impairment					
	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Provisions for spare parts	0	(48)	0	0	0	(48)
Provisions for goods for resale.....	(1,783)	0	(435)	0	0	(2,218)
Total.....	**(1,783)**	**(48)**	**(435)**	**0**	**0**	**(2,266)**

Movements in customer advances and prepayments in 2016 were as follows:

	Gross value					
	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Advances and prepayments.....	823	0	(397)	(2)	0	425
Total.....	**823**	**0**	**(397)**	**(2)**	**0**	**425**

7.1.2.2 Trade receivables

Movements in trade receivables in 2016 were as follows:

	Gross value					
	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Trade receivables.....	104,802	15,218	9,278	(187)	0	129,110
Total.....	**104,802**	**15,218**	**9,278**	**(187)**	**0**	**129,110**

	Impairment					
	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Provisions for trade receivables..	(10,412)	(1,385)	467	101	0	(11,229)
Total.....	**(10,412)**	**(1,385)**	**467**	**101**	**0**	**(11,229)**

All trade receivables are due within one year.

7.1.2.3 Other receivables

Movements in other receivables in 2016 were as follows:

	Net value					
	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Amounts due from suppliers and other operating receivables	869	74	788	0	0	1,731
Other tax and payroll receivables	3,068	1,197	(158)	(2)	0	4,105
Current tax receivables (incl. group tax relief)	5,684	287	4,983	0	(1)	10,952
Deferred tax assets	375	182	2,012	(6)	1	2,564
Miscellaneous receivables	1,039	59	(410)	0	0	687
Total	**11,035**	**1,799**	**7,215**	**(9)**	**0**	**20,040**

The sharp increase in tax receivables during the year was due to instalment payments of corporate income tax. The amount of these instalments is calculated based on taxable income for the previous year, whereas in 2016, the Group's taxable income was significantly affected by extraordinary expenses and tax deductions.

The considerable increase in current tax receivables was due to the recognition of deferred tax assets on Kilinvest's loss for the period. These deferred tax assets were recognized in view of the nature of the extraordinary expenses recorded in 2016, the budgeted level of revenue and net income for 2017 and the planned increase in the scope of the tax consolidation group in 2017.

Apart from deferred tax assets and, exceptionally in 2016, Kiloutou's CICE tax receivable, all of the Group's "Other receivables" are due within one year.

No provisions for impairment were recognized for "Other receivables" at December 31, 2016.

7.1.2.4 Cash and cash equivalents

Movements in cash and cash equivalents in 2016 were as follows:

	Net value					
	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Marketable securities	119	10	(117)	(3)	0	9
Cash in bank and at hand	2,026	6,579	(731)	(9)	0	7,865
Total	**2,145**	**6,589**	**(848)**	**(11)**	**0**	**7,874**

7.1.2.5 Accruals and other assets

Movements in this item in 2016 were as follows:

	Net value					
	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Prepaid expenses	4,657	53	123	(6)	0	4,827
Debt issuance costs...	62	0	(62)	0	0	0
Total.....	**4,719**	**53**	**61**	**(6)**	**0**	**4,827**

Prepaid expenses primarily correspond to the invoicing in 2016 of property rentals for 2017.

These prepaid rental payments amounted to €3.2 million at December 31, 2016.

7.1.3 *Consolidated Equity*

Movements in consolidated equity (attributable to owners of the parent) in 2016 were as follows:

(in € thousands)	Share capital	Additional paid-in capital	Consolidated reserves	Net income/(loss) for the period	Exchange differences	Equity attributable to owners of the parent
At December 31, 2014	**1,246**	**125,697**	**(11,262)**	**(13,527)**	**(366)**	**101,787**
Change in share capital of the parent company	0	0	0	0	0	0
Appropriation of prior-period net income/(loss)			(13,527)	13,527	0	0
Net income/(loss) for the period.....	0	0	0	(15,855)	0	(15,855)
Dividends paid by the parent company	0	0	0	0	0	0
Exchange differences	0	0	0	0	25	25
At December 31, 2015	**1,246**	**125,697**	**(24,790)**	**(15,855)**	**(341)**	**85,957**
Change in share capital of the parent company	0	0	0	0	0	0
Appropriation of prior-period net income/(loss)			(15,855)	15,855	0	0
Net income for the period.	0	0	0	1,816	0	1,816
Dividends paid by the parent company	0	0	0	0	0	0
Exchange differences	0	0	0	0	(373)	(373)
At December 31, 2016	**1,246**	**125,697**	**(40,644)**	**1,816**	**(714)**	**87,454**

- ***Share capital***

At December 31, 2016, Financière Kilinvest's share capital amounted to €1,245,516.25, divided into 124,165,325 ordinary shares and 386,300 preferred shares with a par value of €0.01 each, all fully paid up.

- ***Additional paid-in capital***

Additional paid-in capital represents the net amount received, either in cash or in assets, in excess of the par value on issuance of the Company's shares.

Minority interests did not represent a material amount at December 31, 2016.

7.1.4 Other Items Recorded Under Liabilities

7.1.4.1 Provisions for contingencies and charges

Movements in provisions for contingencies and charges in 2016 were as follows:

		Net value						
		At Jan. 1, 2016	Changes in scope of consolidation	Additions	Reversals	Currency effect	Other movements	At Dec. 31, 2016
Provisions for restoring assets used under operating leases	*a*	**1,602**	**0**	**938**	**(944)**	**0**	**0**	**1,596**
Badwill	*b*	108	1,975	0	(45)	0	0	2,039
Deferred tax liabilities	*c*	3,643	0	1,696	0	0	0	5,340
Provisions for retirement benefit obligations	*d*	1,952	229	459	0	0	0	2,640
Other provisions for contingencies and charges	*e*	4,358	64	2,203	(916)	(1)	0	5,708
Provisions for general contingencies and charges		**10,062**	**2,269**	**4,358**	**(961)**	**(1)**	**0**	**15,727**
Total provisions for contingencies and charges		**11,664**	**2,269**	**5,296**	**(1,905)**	**(1)**	**0**	**17,322**

a Provisions for restoring assets used under operating leases relate to utility vehicles and earth-moving vehicles.

b The acquisition of Alvecon generated €1,975 thousand in badwill. As Alvecon was consolidated in late 2016, the method to be used to write back this badwill to the income statement will be analyzed in 2017.

The badwill recognized when the Group acquired control of Kiloutou Polska is being written back to the income statement over a period of five years.

c Detailed information on the Group's deferred taxes is provided below.

d Provisions for retirement benefit obligations.

The entitlements used for calculating retirement benefit obligations are set in company-level agreements. Retirement is deemed to be taken at the employee's initiative. The benefit obligations are determined based on payroll tax rates and a mortality table. The discount rate used is 1.50%.

e Other provisions for contingencies and charges.

At December 31, 2016, this item comprised the following provisions (in € thousands):

Provisions for employee tribunal disputes	2,553
Restructuring provisions	592
Provisions for tax disputes	919
Provisions for electrical equipment design and construction (RCCE) risks	472
Provisions for real-estate disputes	388
Provisions for other contingencies	590
Provisions for other disputes	194
Total Other provisions for contingencies and charges	5,708

7.1.4.2 Income tax

- Income tax expense

Income tax expense	Year ended Dec. 31, 2015	Year ended Dec. 31, 2016
Current taxes	(4,813)	(1,539)
Deferred taxes	1,240	315
Total	**(3,573)**	**(1,224)**

- Deferred taxes

Deferred taxes	Dec. 31, 2015	Dec. 31, 2016
Deferred tax assets	375	2,564
Deferred tax liabilities	(3,643)	(5,340)
Total	**(3,268)**	**(2,775)**

Deferred tax assets and liabilities	At Jan. 1, 2016	Changes in scope of consolidation and mergers	Deferred tax benefit/(expense)	At Dec. 31, 2016
KILOUTOU SAS	(1,643)	0	(1,874)	(3,516)
SCI 100 RN 10 COIGNIERES	(23)	0	2	(22)
SCI DEFENSE COLOMBES	(311)	0	(11)	(322)
SCI SEMPERE	(223)	0	12	(212)
GAI MATELOT LOCATION	(38)	0	37	(1)
TOP LOC RECEPTION	(4)	0	0	(4)
URBASIGN	(359)	0	134	(226)
KILOUTOU POLSKA	10	76	33	118
MOST LOCATION	(267)	0	10	(257)
MBCC	14	0	0	14
ALAIN LOCATION	(261)	0	91	(170)
EWPA Majster	78	(78)	0	0
NACELLE 42	(87)	0	6	(81)
DARICHE LOCATION	(62)	0	11	(51)
TYTANIUM Rental	85	(3)	(15)	67
AKMO	(364)	0	(115)	(478)
SOGIMS	1	0	0	1
KILOUTOU ESPANA	0	0	13	13
AQUILOC	0	130	126	256
ALOUTOUT	0	2	0	2
C.A.L.—COMPAGNIE ATLANTIQUE DE LOCATION	0	50	6	57
FINANCIERE KILINVEST	189	0	1,848	2,036
Total	**(3,268)**	**177**	**315**	**(2,775)**

- Tax proof

The tax proof below sets out a reconciliation between the Group's actual income tax expense and the theoretical tax expense calculated by applying the parent company's tax rate to consolidated net income for the period before tax.

	Base	Tax	Rate
Net income of fully consolidated companies	1,816		
Income tax recognized	1,224		
Taxable base	3,040	1,047	34.43%
Permanent tax differences		873	28.73%
Unrecognized tax losses		233	7.68%
Consolidation entries with no tax impact		(203)	(6.67)%
Impact of different tax rates		(705)	(23.20)%
Tax credits		(21)	(0.70)%
Other			0.00%
Income tax recognized		**1,224**	

Deferred taxes can be analyzed as follows by category:

Company	Temporary differences	Adjustments and eliminations	Fair value adjustments	Deferred tax assets recognized for tax losses	Total
KILOUTOU SAS	3,578	(3,171)	(3,924)	0	(3,516)
SCI 100 RN 10 COIGNIERES	0	0	(22)	0	(22)
SCI DEFENSE COLOMBES	29	(99)	(252)	0	(322)
SCI SEMPERE	0	47	(259)	0	(212)
GAI MATELOT LOCATION	0	(1)	0	0	(1)
TOP LOC RECEPTION	4	(8)	0	0	(4)
URBASIGN	0	(226)	0	0	(226)
KILOUTOU POLSKA	0	118	0	0	118
MOST LOCATION	0	(257)	0	0	(257)
MBCC	0	0	0	14	14
ALAIN LOCATION	0	(170)	0	0	(170)
NACELLE 42	0	(81)	0	0	(81)
DARICHE LOCATION	0	(51)	0	0	(51)
TYTANIUM Rental	0	67	0	0	67
AKMO	1	(480)	0	0	(478)
SOGIMS	0	0	0	1	1
KILOUTOU ESPANA	0	0	0	13	13
AQUILOC	203	54	0	0	256
ALOUTOUT	0	2	0	0	2
C.A.L.—COMPAGNIE ATLANTIQUE DE LOCATION	65	2	(11)	0	57
FINANCIERE KILINVEST	0	0	0	2,036	2,036
Total	**3,881**	**(4,253)**	**(4,468)**	**2,064**	**(2,775)**

7.1.4.3 Bonds, borrowings from financial institutions and other borrowings

Movements in these items in 2016 were as follows:

	At Jan. 1, 2016	Changes in scope of consolidation	Increase	Decrease	Change in accrued interest	Currency effect	At Dec. 31, 2016
Convertible bonds	314,604	0	0	(7,506)	31,288	0	338,385
Accrued interest on convertible bonds	16,486	0	0	0	1,278	0	17,763
Other bonds	0	0	30,000	0	86	0	30,086
Bonds	**331,089**	**0**	**30,000**	**(7,506)**	**32,652**	**0**	**386,235**
Bank borrowings	161,134	6,701	140,000	(87,728)	121	0	220,227
Finance leases for equipment	95,304	(155)	101,763	(46,745)	0	(28)	150,138
Finance leases for real estate	737	0	0	(96)	0	0	641
Short-term bank borrowings	15,147	6,915	0	(7,065)	0	(262)	14,735
Borrowings from financial institutions	**272,321**	**13,460**	**241,763**	**(141,634)**	**121**	**(290)**	**385,741**
Finance leases—residual value	**15,002**	**205**	**5,168**	**(1,382)**	**0**	**0**	**18,994**
Employee profit sharing	2,955	41	397	(1,008)	26	0	2,410
Other	156	0	15	(30)	0	0	141

Other borrowings other than from financial institutions.....	**3,111**	**41**	**411**	**(1,038)**	**26**	**0**	**2,551**
Total.....	**621,523**	**13,707**	**277,342**	**(151,560)**	**32,799**	**(290)**	**793,521**

In 2011, Financière Kilinvest carried out two convertible bond issues representing respective amounts of €172.6 million and €28.8 million. The characteristics of these two bond issues are as follows:

- Face value of €1 per bond.
- Conversion terms and conditions set out in the bonds' indenture.
- Redemption at maturity on December 31, 2019.
- Capitalized interest.
- Convertible bonds subordinate to bank borrowings.

On February 23, 2012, Financière Kilinvest carried out another bond issue, in an amount of €20.1 million, with the same terms and conditions as the bonds issued in 2011.

In March 2016, Financière Kilinvest bought back a portion (4,814,561) of the convertible bonds issued in 2011 for €7.5 million, representing the face value of the bonds plus capitalized interest and accrued interest.

When Sapak acquired control of the Group on June 7, 2011, Kiloutou SAS's bank borrowings were refinanced in an amount of €76 million, and Financière Kilinvest took out a €170 million bank investment loan.

At December 31, 2016, the outstanding principal of this loan—which is classified as an investment loan—totaled €37.6 million

In June 2016, Kiloutou carried out an issue of convertible bonds with an aggregate face value of €30 million and redeemable in 2022, in order to finance the acquisition of Starlift. This amount was on-lent to Kiloutou GmbH.

The principal amounts of finance leases entered into with specialized financial institutions have been recorded under "Borrowings from financial institutions" and the residual values of said leases have been included in "Other borrowings".

The impact of recognizing these amounts under "Borrowings from financial institutions" and "Other borrowings"—which totaled €169.8 million at December 31, 2016—is set out in the borrowings table above.

The table below provides a maturity schedule of the Group's debt.

	Balance at Dec. 31, 2016	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Convertible bonds	356,149	0	356,149	0
Other bonds	30,086	86	0	30,000
Bonds	**386,235**	**86**	**356,149**	**30,000**
Other borrowings & financial liabilities	220,227	169,725	50,502	0
Finance leases for equipment	150,138	41,887	108,251	0
Finance leases for real estate	641	100	541	0
Short-term bank borrowings	14,735	14,735		
Borrowings from financial institutions	**385,741**	**226,447**	**159,294**	**0**
Finance leases—residual value	**18,994**	**8,790**	**10,203**	**1**
Employee profit sharing	2,410	564	1,846	0
Other	141	4	0	137
Other borrowings other than from financial institutions	**2,551**	**568**	**1,846**	**137**
Total	**793,521**	**235,890**	**527,492**	**30,138**

At December 31, 2016, the Group had €197.5 million in undrawn credit facilities (including bank facilities and short-term credit lines).

7.1.4.4 Other items recorded under liabilities

Movements in these items in 2016 were as follows:

	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Trade payables due to general suppliers	39,049	4,873	5,025	(20)	0	48,927
Due to suppliers of fixed assets	4,246	0	1,834	0	0	6,080
Trade payables	**43,294**	**4,873**	**6,859**	**(20)**	**0**	**55,007**
Tax and payroll liabilities	50,003	5,577	(942)	(20)	0	54,618
Corporate income tax & tax consolidation payables	235	434	6	0	0	675
Total tax and payroll liabilities	**50,238**	**6,011**	**(936)**	**(20)**	**0**	**55,293**
Amounts owed to customers & other operating payables	76	581	250	(2)	0	905
Customer advances and prepayments	55	16	4	(2)	0	74
Other	5,549	58	1,164	(3)	0	6,767
Other payables	**5,680**	**655**	**1,418**	**(7)**	**0**	**7,746**
Total	**99,212**	**11,540**	**7,341**	**(46)**	**0**	**118,046**

Amounts due to suppliers of fixed assets include €0.2 million due beyond one year.

All other payables are due within one year.

7.1.4.5 Accruals and other liabilities

Movements in this item in 2016 were as follows:

	Net value

	At Jan. 1, 2016	Changes in scope of consolidation	Increase/ (Decrease)	Currency effect	Other movements	At Dec. 31, 2016
Deferred income.....	2,969	60	420	(6)	0	3,443
Unrealized exchange gains	0	0	0	0	0	0
Total.....	**2,969**	**60**	**420**	**(6)**	**0**	**3,443**

Deferred income mainly corresponds to invoices issued in advance for equipment rentals, representing an aggregate amount of €1.8 million.

7.1.5 *Financial Instruments*

The Financière Kilinvest Group has put in place an active hedging strategy for its floating-rate bank borrowings.

Instrument	Rate	Benchmark	Nominal amount	Start date	Expiration date
Swap*.....	1.840%	EUR3M	€10,000,000	1/2/2009	1/2/2019
Swap*.....	1.480%	EUR3M	€10,000,000	4/1/2009	4/1/2019
Swap.....	1.960%	EUR1M	€15,000,000	2/16/2013	2/16/2019
Swap.....	2.097%	EUR1M	€30,000,000	2/16/2013	2/16/2019
Swap.....	2.110%	EUR1M	€15,000,000	2/18/2013	2/16/2019
Swap.....	1.900%	EUR1M	€15,000,000	2/18/2013	6/18/2018
Swap**.....	0.905%	EUR3M	€5,700,000	5/17/2013	5/17/2020
Cap	1.480%	EUR1M	€10,000,000	7/1/2013	4/1/2018
Cap	1.840%	EUR1M	€10,000,000	7/1/2013	4/1/2018
Swap.....	1.500%	EUR1M	€20,000,000	4/17/2014	4/17/2019
Swap.....	1.700%	EUR1M	€25,000,000	4/17/2014	4/17/2017
Swap.....	1.650%	EUR1M	€25,000,000	4/17/2014	4/17/2017
Swap.....	1.900%	EUR1M	€20,000,000	7/17/2014	7/17/2017
Swap.....	1.700%	EUR1M	€30,000,000	7/17/2014	7/17/2017
Swap.....	0.199%	EUR1M	€180,000,000	1/17/2017	1/17/2023
Swap.....	0.400%	EUR1M	€20,000,000	4/17/2017	4/17/2019
Swap.....	0.450%	EUR1M	€20,000,000	4/17/2017	4/17/2019
Swap.....	0.350%	EUR1M	€10,000,000	4/18/2017	4/17/2019
Swap.....	0.600%	EUR1M	€20,000,000	4/18/2017	4/17/2019
Swap.....	0.480%	EUR1M	€20,000,000	4/18/2017	4/17/2019
Swap.....	0.350%	EUR1M	€20,000,000	4/18/2017	4/17/2019
Swaption.....	1.200%	EUR1M	€50,000,000	4/18/2017	4/17/2019
Swap.....	2.290%	EUR1M	€30,000,000	4/17/2018	4/17/2020
Swap.....	0.595%	EUR1M	€95,000,000	4/17/2018	4/17/2020
Swap.....	0.910%	EUR1M	€115,000,000	4/17/2018	4/17/2020
Swap.....	0.329%	EUR1M	€50,000,000	4/17/2019	4/19/2022
Swap.....	0.248%	EUR1M	€50,000,000	4/17/2019	4/18/2022
Swap.....	0.150%	EUR1M	€50,000,000	4/17/2019	4/17/2022
Swap.....	0.050%	EUR1M	€100,000,000	4/17/2019	4/17/2022
Swap.....	0.662%	EUR1M	€50,000,000	4/17/2020	4/17/2023
Swap.....	0.728%	EUR1M	€50,000,000	4/17/2020	4/17/2023
Swap.....	0.753%	EUR1M	€150,000,000	4/17/2020	4/17/2023

* Cancelable swap

** Amortizable swap

7.1.6 *Off Balance-Sheet Commitments*

- **Guarantees given**

By way of a guarantee for the payment of a portion of the bank borrowings taken out in 2011 and still outstanding, which amounted to €37.6 million at December 31, 2016, the Group has given a commitment to sell Kiloutou's trade receivables. The amount of the receivables sold at December 31, 2016 was €97.4 million.

Kiloutou has pledged 14 businesses as a guarantee for the €30 million syndicated loan it took out in 2015. This loan was a renewal of a previous one, taken out with the same banking pool, with the same businesses pledged as a guarantee.

Kiloutou has pledged a bank account as a guarantee for a €10 million credit line taken out at end-2016, which was undrawn at December 31, 2016.

Kiloutou has pledged a bank account as a guarantee for a €15 million installment loan taken out during 2016.

Cash collateral of €75 thousand has been given for a loan taken out by Most Location in 2010, whose outstanding amount was €0.225 million at December 31, 2016.

Most Location has given a vehicle lien and pledged equipment as a guarantee for a €42 thousand loan taken out in 2013, whose outstanding amount was €14 thousand at December 31, 2016.

Akmo has given a senior-ranking pledge of its business assets, representing €600 thousand, as a guarantee for a €298 thousand loan taken out in 2011, whose outstanding amount was €198 thousand at December 31, 2016.

Akmo has given a junior-ranking pledge of its business assets, representing €81 thousand, as a guarantee for a €70 thousand loan taken out in 2013, whose outstanding amount was €27 thousand at December 31, 2016.

- **Commitments received**

Bank guarantees received by the Group's various companies amounted to €3,666 thousand at December 31, 2016.

- **Operating leases for equipment**

Future minimum lease payments under operating leases for equipment can be analyzed as follows:

(in € thousands)	Amount outstanding at Dec. 31, 2016	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Outstanding lease payments	39,486	16,978	21,592	916

The contracts concerned correspond to the operating leases underlying all of the equipment that the Group rents to its customers as well as equipment rented by the Group for its business.

7.2 Notes to the Consolidated Income Statement

7.2.1 *Payroll Costs*

The Group's headcount in 2016 was as follows:

Headcount by category	Average FTE	Headcount at year end
Managers	385	405
Other	3,580	3,946
Total	**3,965**	**4,351**

7.2.2 *Research and Development Costs*

Not applicable.

7.2.3 *Depreciation, Amortization, Impairment and Other Provisions*

Net additions to depreciation, amortization and provisions for impairment of fixed assets

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2016
—Operating equipment	1,403	1,691
—Rental equipment	70,084	88,069
—Other	6,826	7,531
Total	**78,313**	**97,291**

Net additions to provisions for impairment of current assets and for contingencies and charges

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2016
—**Recorded in operating expenses**	(898)	1,215
o/w provisions for restoration costs	(160)	(6)
o/w provisions for impairment of trade receivables	(778)	(467)
o/w provisions for impairment of inventories	251	435
o/w provision for retirement benefit obligations	209	459
o/w provision for stock options	0	0
o/w other provisions	(420)	795
—**Recorded in financial expenses**	0	0
—**Recorded in extraordinary expenses (income tax provision and other)**	0	0
Total	**(898)**	**1,215**

7.2.4 *Net Financial Income*

As the consolidated income statement is presented based on cost accounting principles, financial items have been allocated to the following lines:

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2016
—Equipment costs	5,678	4,197
—Rental costs	19	16
—Other financial expenses	35,130	39,996
Total	**40,827**	**44,209**

7.2.5 *Other Income from Ordinary Activities, Excluding the Rental Business*

In the year ended December 31, 2016, income from ordinary activities other than the rental business was recorded under "Other operating income and expenses, net" within "Net income from ordinary activities".

Income and expenses arising on sales of rental equipment are directly recorded under gross profit in view of their recurring nature.

7.2.6 *Extraordinary Income and Expenses*

Extraordinary income and expenses recorded in 2016 broke down as follows:

—Extraordinary professional fees	€328k
—Restructuring costs	€388k
—Losses on extraordinary sales	€104k
—"Image modernization" project	€4,771k

7.2.7 *Net Income from Ordinary Activities and Extraordinary Income and Expenses*

- Net income from ordinary activities comprises all income and expenses related to operations carried out by the Group in the normal course of its business (rentals, services, sales of rental equipment recognized as fixed assets, etc.). This includes income and expenses that are recurring in nature as well as those arising from one-off decisions or transactions (i.e., items that are defined as unusual in terms of their frequency, nature or amount).

- Extraordinary income and expenses include significant income and expenses relating to restructurings and exceptional transactions.

8 Other Information

8.1 Segment Reporting

8.1.1 Sales by Nature

	Year ended Dec. 31, 2015	%	Year ended Dec. 31, 2016	%
REVENUE FROM RENTALS	321,769	69.7%	373,753	70.2%
REVENUE FROM SUB-RENTALS	21,266	4.6%	19,805	3.7%
REVENUE FROM EQUIPMENT BREAKDOWN WARRANTIES	16,463	3.6%	19,094	3.6%
SALES OF CONSUMABLES	43,337	9.4%	49,125	9.2%
TRANSPORT AND DELIVERIES	49,360	10.7%	58,430	11.0%
CLEANING AND REPAIRS	11,374	2.5%	12,733	2.4%
OTHER SERVICES AND MISCELLANEOUS REBATES	(3,814)	(0.8)%	(2,887)	(0.5)%
REVENUE FROM TRAINING	1,824	0.4%	2,030	0.4%
Total	**461,580**	**100.0%**	**532,082**	**100.0%**

The Group's main business activity is equipment rentals and sales of related services.

8.1.2 Sales by Geographic Region

Sales contributions by country	Year ended Dec. 31, 2015	%	Year ended Dec. 31, 2016	%
France	445,577	96.5%	501,946	94.3%
Poland	14,804	3.2%	14,675	2.8%
Germany	0	0.0%	13,479	2.5%
Spain	1,198	0.3%	1,981	0.4%
Total	**461,580**	**100.0%**	**532,082**	**100.0%**

8.2 Other Disclosures

Events after the reporting period

None.

Transactions with related parties

Some of the convertible bonds described in Note 7.1.4.3 above are held by related parties. Interest expensed on these convertible bonds in 2016 amounted to €32.7 million.

9 Statement of Cash Flows

(in € thousands)	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Net income(/loss) for the period attributable to owners of the parent	**1,816**	**(15,855)**
Net income for the period attributable to minority interests	0	0
Depreciation, amortization and provisions	97,744	78,362
Goodwill impairment	132	13,073
Interest expense	11,036	10,634
Interest on bonds	33,173	30,194
Income tax	1,224	3,573
Other	5,408	48
EBITDA	**150,531**	**120,028**
Change in working capital (excl. changes in deferred taxes)	**(3,706)**	**(11,676)**
Increase/decrease in inventories	*(435)*	*(1,215)*
Increase/decrease in trade receivables	*(9,746)*	*2,524*
Increase/decrease in trade payables	*5,025*	*(8,952)*

Other movements	*1,450*	*(4,033)*
Extraordinary expenses paid	**(5,408)**	**(48)**
Financial expenses paid	**(11,364)**	**(10,331)**
Income tax & CICE tax paid	**(6,516)**	**(3,951)**
Net book value of fixed assets and disposals of real estate assets	**3,718**	**6,017**
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**127,256**	**100,039**
CAPEX	**(161,316)**	**(64,612)**
o/w investments in equity	*(54,386)*	*(34,006)*
o/w investments in finance leases	*(106,931)*	*(30,606)*
Change in amounts due to suppliers of fixed assets	**1,363**	**162**
Cash flows from (used by) financial fixed assets	**255**	**(170)**
Net proceeds from disposals of fixed assets	**739**	**136**
Impact of changes in scope of consolidation	**(95,862)**	**(4,449)**
NET CASH USED IN INVESTING ACTIVITIES (B)	**(254,822)**	**(68,932)**
Capital increase	0	0
Increase in borrowings from financial institutions	140,000	64,844
Increase in other borrowings	30,000	0
Proceeds from new finance leases	106,931	30,698
Dividends paid	0	0
Decrease in debt	(95,252)	(101,879)
Decrease in finance lease liabilities	(48,222)	(40,687)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITES (C)	**133,457**	**(47,024)**
Net increase in cash and cash equivalents	5,892	(15,918)
Effect of exchange rate changes on cash and cash equivalents	250	124
Cash and cash equivalents at beginning of year	(13,002)	2,792
Cash and cash equivalents at end of year	**(6,861)**	**(13,002)**

Movements in intercompany current accounts are presented in cash flows from financing activities.

- Cash and cash equivalents break down as follows:

	At Dec. 31, 2015	At Dec. 31, 2016
Marketable securities	119	9
Cash in bank and at hand	2,026	7,865
Short-term bank loans and overdrafts	(15,147)	(14,735)
Total	**(13,002)**	**(6,861)**

- Cash flows related to finance leases

When a finance lease is entered into, the corresponding cash flows are included both in cash flows from investing activities and financing activities.

Detailed information about the Group's investments and financing is provided in Notes 7.1.1.3 and 7.1.4.3 above, respectively.

The portion of lease payments under finance leases that corresponds to financial expenses is included in cash flows from operating activities.

The portion of lease payments that corresponds to the repayment of the principal amount of finance leases is included in cash flows from financing activities (under "Decrease in finance lease liabilities").

- EBITDA

EBITDA corresponds to net income for the period before depreciation, amortization and provisions for impairment and contingencies and charges, financial income and expenses, extraordinary income and expenses, and income tax.

Consequently, after elimination of the above items, it corresponds to the Group's revenue from operations carried out in the normal course of its business (rentals, services, sales of rental equipment recognized as fixed assets, etc.).

- Impact of changes in scope of consolidation

This cash flow statement line corresponds to net cash flows related to purchases of shares in consolidated companies (purchase cost of the shares less cash acquired).

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