



YOUR OPERATIONAL LEASING SOLUTION FOR SUSTAINABLE TRANSPORTATION

H1 2020 RESULTS

- **Growth in results:**
 - **EBITDA: +41% to €22.6 million**
 - **Positive net profit (Group share) of €2.5 million**
- **Good resilience of the business model in the context of Covid-19**

The consolidated financial statements for the period ended June 30, 2020 were approved by the Management Partners on September 8, 2020 and were submitted to the Supervisory Board today. They were subject to a limited review by the Statutory Auditors. Their report is currently being prepared.

ANALYSIS OF REVENUE FROM ACTIVITIES

Revenue from activities in the first half of 2020 increased by 2.3% to €81.3 million (€81.0 million at constant scope and currency¹), compared with €79.5 million in the first half of 2019.

This performance was primarily driven by an 11.2% increase in leasing revenue on owned equipment (€26.6 million) and by the sale of equipment for a total of €16.1 million versus €12.7 million in the first half of 2019.

Syndication fees and capital gains not linked to recurring activities came to €0.5 million, compared with €0.8 million a year earlier.

Revenue from activities (in € thousands)	Q1 2020	Q2 2020	H1 2020	Q1 2019	Q2 2019	H1 2019
Leasing revenue on owned equipment	13,305	13,253	26,558	11,641	12,243	23,884
Leasing revenue on managed equipment ⁽¹⁾	14,889	14,005	28,894	16,541	16,038	32,579
Ancillary services	4,708	4,593	9,301	4,594	4,876	9,470
Total leasing activity	32,902	31,851	64,753	32,776	33,157	65,933
Sales of owned equipment	5,872	7,217	13,089	3,271	6,925	10,196
Margins on sale of managed equipment	2,134	876	3,010	831	1,697	2,528
Total sales of equipment	8,006	8,093	16,099	4,102	8,622	12,724
Fees on syndication and other capital gains on disposals	247	232	479	389	449	838
Total revenue from activities	41,155	40,176	81,331	37,267	42,228	79,495

⁽¹⁾ The Group is in the process of analysing the accounting impacts of the IFRS-IC decision, but does not expect there to be a significant impact on the classification of subleases

¹ Based on a comparable structure and average exchange rates in H1 2019.

ANALYSIS OF CONTRIBUTION BY DIVISION

Revenue from activities (in € thousands)	Q1 2020	Q2 2020	H1 2020	Q1 2019	Q2 2019	H1 2019
Leasing revenue on owned equipment	9,182	9,140	18,322	8,536	9,240	17,776
Leasing revenue on managed equipment ⁽¹⁾	4,024	3,955	7,979	3,422	3,507	6,929
Ancillary services	1,645	2,138	3,783	1,437	2,141	3,578
Total leasing activity	14,851	15,233	30,084	13,395	14,888	28,283
Sales of owned equipment	939	662	1,601	88	61	149
Total sales of equipment	939	662	1,601	88	61	149
Fees on syndication	214	232	446			
Freight railcars	16,004	16,127	32,131	13,483	14,949	28,432
Leasing revenue on owned equipment	1,533	1,520	3,053	1,523	1,650	3,173
Ancillary services	1,349	544	1,893	1,317	1,243	2,560
Total leasing activity	2,882	2,064	4,946	2,840	2,893	5,733
Sales of owned equipment				42		42
Total sales of equipment				42		42
River barges	2,882	2,064	4,946	2,882	2,893	5,775
Leasing revenue on owned equipment	2,577	2,582	5,159	1,558	1,331	2,889
Leasing revenue on managed equipment ⁽¹⁾	10,865	10,050	20,915	13,119	12,531	25,650
Ancillary services	1,663	2,040	3,703	1,818	1,490	3,308
Total leasing activity	15,105	14,672	29,777	16,495	15,352	31,847
Sales of owned equipment	4,065	4,192	8,257	1,833	3,009	4,842
Margins on sales of managed equipment	2,134	876	3,010	831	1,697	2,528
Total sales of equipment	6,199	5,068	11,267	2,664	4,706	7,370
Fees on syndication and Other capital gains on disposals	18		18	389	(7)	382
Containers	21,322	19,740	41,062	19,548	20,051	39,599
Leasing revenue on owned equipment	13	11	24	24	22	46
Ancillary services	51	(129)	(78)	22	2	24
Total leasing activity	64	(118)	(54)	46	24	70
Sales of owned equipment	868	2,363	3,231	1,308	3,855	5,163
Total sales of equipment	868	2,363	3,231	1,308	3,855	5,163
Other capital gains on disposal	15		15		456	456
Miscellaneous and eliminations	947	2,245	3,192	1,354	4,335	5,689
Total revenue from activities	41,155	40,176	81,331	37,267	42,228	79,495

(1) The Group is in the process of analysing the accounting impacts of the IFRS-IC decision, but does not expect there to be a significant impact on the classification of subleases

Revenue from the Freight Railcars division reached €32.1 million, an increase of 13% from €28.4 million in the first half of 2019.

- Leasing revenue increased by 6.4% to €30.1 million over the period, thanks to an increase in lease rates which offset a slight drop in utilization rates (85.6% on average over the period).
- Sales of freight railcars and syndication margins both increased, with disposals to investors. Touax retains the management of this equipment.

Revenue from the River Barges division reached €4.9 million over the period, compared with €5.8 million in the first half of 2019, mainly attributable to a lower charter rate, while the average utilization rate over the period increased to 93.5%.

Revenue from the Containers division increased by 3.7% to €41.1 million over the first half of 2020.

- The asset investment strategy conducted over the past two years has helped to boost growth in leasing revenue on owned equipment by 78.6% to €5.2 million (up 74.2% to €5.0 million at constant currency). As expected, leasing revenue from managed equipment declined slightly to €20.9 million (€20.4 million at constant currency) due to the temporary impact of the reduction in the fleet under management. The average utilization rate over the period was 95.6%, compared with 97.7% in the first half of 2019, which testifies to the resilience of the long-term leasing businesses despite the impact of the pandemic on global growth.
- Brisk momentum in the trading of new and used containers generated growth in container sales to €11.3 million at June 30, 2020, compared with €7.4 million in the first half of 2019.

Revenue from the sale of Modular Buildings in Africa, which is booked under “Miscellaneous”, came to €3.2 million for the period, with deliveries at a low level during the first half of the year because of the lockdowns implemented as a result of the health crisis.

ANALYSIS OF THE FIRST HALF RESULTS

Key figures (in € million)	06/2020	06/2019	12/2019
Revenue from activities	81.3	79.5	169.0
Of which Freight railcars	32.1	28.4	61.1
Of which River barges	4.9	5.8	11.8
Of which Containers	41.1	39.6	81.8
Of which Miscellaneous and eliminations	3.2	5.7	14.3
Gross operating margin – EBITDAR (1)	45.5	43.1	90.3
EBITDA (2)	22.6	16.1	36.9
Current operating income	10.8	5.6	15.1
Operating income	10.8	5.6	15.1
Profit before taxes	4.6	-1.0	0.7
Consolidated net profit (loss) (Group's share)	2.5	-2.5	-2.7
Including net income from continuing activities	2.5	-2.0	-2.0
Including net income from discontinued activities		-0.5	-0.7
Earnings per share (€)	0.35	-0.36	-0.39
Total non-current assets	347.6	330.2	325.2
Total assets	458.0	471.4	446.8
Total shareholders' equity	123.7	126.8	123.1
Net financial debt (3)	208.0	195.6	199.3
Operating cash flow of the retained operations (4)	0.6	4.1	8.3
Loan-to-value ratio	54%	55%	54%

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

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

(3) Including €155.8 million in non-recourse debt at June 30, 2020.

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

- Group **EBITDA** came to €22.6 million at June 30, 2020, an increase of 41% compared with the first half of 2019, thanks to growth in all activities.

EBITDA of the Freight Railcars division reached €14.0 million over the period, an increase of 36.0%, thanks to the combined effects of growth in revenue from activities and lower operating expenses.

EBITDA of the River Barges division came out at €1.9 million in the first half of 2020 versus €1.4 million in 2019.

EBITDA of the Containers activity increased from €3.8 million during the first half of 2019 to €6.3 million in the first half of 2020, attributable to strong sales momentum and lower payments to investors because of the growth in the fleet under management during the period.

EBITDA of the Modular Building Africa activity and corporate expenses were stable at €0.5 million after €0.6 million in the first half of 2019.

- **Current operating income** reached €10.8 million, an increase of 94%.
- **The Group share of net profit** came to €2.5 million in the first half of 2020, versus a loss of €2.5 million a year earlier.

FINANCIAL STRUCTURE

- The balance sheet shows a total of €458 million at June 30, 2020 compared with €447 million at December 31, 2019.
- Tangible assets (non-current assets excluding goodwill + inventories) stood at €378 million versus €364 million at December 31, 2019.
- Cash flow from operations amounted to €0.6 million, incorporating €27.8 million related to equipment purchases.
- Nominal gross debt stood at €245 million versus €239 million at December 31, 2019, while Group net debt came to €208 million versus €199 million at the end of 2019.
- At June 30, 2020, the Group's gearing and Loan-to-Value ratios were 1.68x and 54% respectively versus 1.62x and 54% at December 31, 2019.

POST CLOSING EVENTS

On August 10, 2020, Touax SCA announced that its subsidiary Touax Rail Limited had signed an agreement on a capital increase of €81.9 million with DIF Capital Partners to speed up the development of its long-term freight railcar leasing activities in Europe and Asia. Touax SCA will continue to be the majority shareholder, with 51% of the capital. Touax expects the transaction to be finalized by the end of September.

OUTLOOK

Touax returned to profit in the first half of 2020, validating its strategy to refocus on its three long-term equipment leasing businesses in sustainable transportation and demonstrating the resilience of its business model in the current environment dominated by Covid-19.

After growth of 1.5% in 2019, the European rail freight market is expected to show a contraction of 7% (*source: UIRR – growth in intermodal transport via rail*), followed by a rebound in 2021. Touax Rail plans to forge ahead with its development, drawing on its new financing sources in a market that offers investment opportunities in certain types of railcars and in the fleets of clients looking to outsource ownership and maintenance. Touax Rail also stands to benefit from government stimulus plans for rail freight in Europe and Asia.

River transportation should continue to benefit by the positive impact of the ecological transition.

After growth in the container trading business of 1.8% in 2019, a decline of 5.5% is forecast for 2020 followed by a recovery of 6.3% in 2021 (*source: Drewry*). A recovery was seen in Asia this summer, with an uptick in the leasing market for new containers, while the utilization rate of our global fleet returned to 96% in August.

From a structural and medium to long-term perspective, Europe's Green Deal, together with the various infrastructure sector recovery drives announced by governments and the tendency towards outsourcing should continue to underpin investment in our asset classes.

UPCOMING EVENTS

- September 9, 2020: SFAF webcast to present the 2020 interim financial statements
- September 11, 2020: Webcast to present the interim results
- November 13, 2020: Q3 2020 Revenue from activities

TOUAX Group leases out tangible assets (freight railcars, river barges and containers) on a daily basis worldwide, both on its own account and for investors. With nearly €1.1bn in assets under management, TOUAX is one of the leading European players in the leasing of such equipment.

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

For further information please visit: www.touax.com

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