

# STATUTORY ACCOUNTS 2016



**Haulotte** 

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## BALANCE SHEET - ASSETS

| In thousands of Euros                   | Note | Gross          | Amort.<br>Deprec. | 31/12/2016     | 31/12/2015     |
|---|------|----------------|-------------------|----------------|----------------|
| <b>INTANGIBLE ASSETS</b>                | 4.1  |                |                   |                |                |
| Software, patents                       |      | 18 374         | 11 254            | 7 120          | 7 326          |
| Goodwill                                |      | 168            |                   | 168            | 168            |
| Other intangible assets                 |      | 540            |                   | 540            | 1 226          |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>    | 4.1  |                |                   |                |                |
| Land                                    |      | 882            |                   | 882            | 882            |
| Buildings                               |      | 15 787         | 10 597            | 5 190          | 5 421          |
| Machinery and equipment                 |      | 25 186         | 20 472            | 4 714          | 3 930          |
| Other PPE                               |      | 3 906          | 3 256             | 650            | 600            |
| Fixed assets in progress                |      | 492            |                   | 492            | 895            |
| <b>FINANCIAL ASSETS</b>                 | 4.2  |                |                   |                |                |
| Long-term investments                   |      | 31 196         | 9 004             | 22 192         | 21 774         |
| Receivables from investments            |      | 142 800        | 51 852            | 90 948         | 95 245         |
| Other investments                       | 4.3  | 14 729         |                   | 14 729         | 14 930         |
| Other financial assets                  |      | 3 989          |                   | 3 989          | 3 342          |
| <b>NON-CURRENT ASSETS</b>               |      | <b>258 049</b> | <b>106 434</b>    | <b>151 615</b> | <b>155 739</b> |
| <b>INVENTORIES AND WORK IN PROGRESS</b> | 5    |                |                   |                |                |
| Raw materials                           |      | 17 631         | 1 332             | 16 299         | 17 384         |
| Work in progress                        |      | 1 749          |                   | 1 749          | 4 490          |
| Finished goods                          |      | 15 618         | 1 140             | 14 478         | 8 361          |
| Trade goods                             |      | 8 091          | 996               | 7 095          | 6 829          |
| Advances paid to suppliers              |      | 749            |                   | 749            | 3 613          |
| <b>ACCOUNTS RECEIVABLE</b>              |      |                |                   |                |                |
| Accounts receivable                     | 6    | 134 612        | 31 037            | 103 575        | 101 997        |
| Other receivables                       | 7    | 13 088         | 220               | 12 867         | 14 328         |
| <b>CASH AND CASH EQUIVALENT</b>         |      |                |                   |                |                |
| Marketable securities                   |      | 628            |                   | 628            | 531            |
| Cash at hand                            |      | 6 634          |                   | 6 634          | 16 187         |
| <b>ACCRUALS</b>                         |      |                |                   |                |                |
| Prepaid expenses                        | 8    | 845            |                   | 845            | 509            |
| <b>CURRENT ASSETS</b>                   |      | <b>199 645</b> | <b>34 726</b>     | <b>164 919</b> | <b>174 228</b> |
| Unrealised foreign exchange losses      | 8    | 862            |                   | 862            | 1 505          |
| <b>TOTAL</b>                            |      | <b>458 557</b> | <b>141 160</b>    | <b>317 397</b> | <b>331 472</b> |

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FISCAL YEAR ENDED 31 DECEMBER 2016

## BALANCE SHEET - LIABILITIES AND EQUITY

| In thousands of Euros                                   | Note      | 31/12/2016     | 31/12/2015     |
|---|-----------|----------------|----------------|
| Share capital   | 10        | 4 078          | 4 064          |
| Additional paid-in-capital                              |           | 94 305         | 92 814         |
| Legal reserves  |           | 448            | 448            |
| Other reserves  |           | 1 274          | 1 274          |
| Retained earnings                                       |           | 6 020          | 10 888         |
| <b>PROFIT (LOSS) FOR THE YEAR</b>                       |           | (2 977)        | 1 612          |
| Regulated reserves                                      |           | 1 826          | 1 908          |
| <b>SHAREHOLDERS' EQUITY</b>                             | <b>10</b> | <b>104 974</b> | <b>113 008</b> |
| Provisions for contingencies                            |           | 4 445          | 5 378          |
| Provisions for charges                                  |           | 3 796          | 3 205          |
| <b>COMMITMENTS AND CONTINGENCIES</b>                    | <b>12</b> | <b>8 241</b>   | <b>8 583</b>   |
| <b>LONG-TERM DEBT</b>                                   |           |                |                |
| Bank borrowings   | 13        | 68 629         | 69 191         |
| Miscellaneous loans and borrowings                      | 13        | 450            | 750            |
| Down payments received                                  |           | 715            | 151            |
| <b>TRADE PAYABLES<br/>AND OTHER CURRENT LIABILITIES</b> | <b>14</b> |                |                |
| Trade payables  |           | 45 136         | 61 533         |
| Tax and employee-related liabilities                    |           | 7 559          | 7 490          |
| Fixed asset creditors                                   |           |                |                |
| Other payables  |           | 61 060         | 54 487         |
| <b>ACCRUALS</b>   |           |                |                |
| Deferred revenue  |           | 825            | 400            |
| <b>TOTAL LIABILITIES</b>                                |           | <b>184 374</b> | <b>194 002</b> |
| Unrealised foreign exchange gains                       | 8         | 19 808         | 15 878         |
| <b>TOTAL</b>  |           | <b>317 397</b> | <b>331 472</b> |



# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## INCOME STATEMENT

| In thousands of Euros   | Note        | 31/12/2016      | 31/12/2015     |
|---|-------------|-----------------|----------------|
| <b>NET SALES</b>  | <b>16</b>   | <b>215 588</b>  | <b>232 273</b> |
| Change in inventories of finished goods and work in progress        |             | 3 254           | (9 962)        |
| Capitalised production  |             | 58              | 721            |
| Operating grants  |             | 0               | 4              |
| Reversal of depreciation and provisions, expenses reclassifications |             | 3 323           | 5 361          |
| Other income  |             | 10 829          | 7 242          |
| <b>OPERATING INCOME</b>   |             | <b>233 052</b>  | <b>235 639</b> |
| Purchase of trade goods   |             | 27 525          | 28 404         |
| Change in inventories (trade goods)                                 |             | (676)           | (1 230)        |
| Purchase of raw materials and other supplies                        |             | 118 783         | 114 819        |
| Change in inventories (raw materials and other supplies)            |             | 208             | (5 968)        |
| Other purchases and external charges                                |             | 47 151          | 53 332         |
| Taxes other than on corporate income                                |             | 2 775           | 2 863          |
| Wages and salaries  |             | 25 213          | 23 931         |
| Social charges  |             | 12 005          | 11 390         |
| Depreciation and amortisation of fixed assets                       |             | 4 111           | 3 603          |
| Increase in provisions for current assets                           |             | 4 561           | 9 913          |
| Provisions for contingencies and commitments                        |             | 1 374           | 1 740          |
| Other expenses  |             | 380             | 582            |
| <b>OPERATING EXPENSES</b>   |             | <b>243 411</b>  | <b>243 379</b> |
| <b>OPERATING PROFIT (LOSS)</b>                                      |             | <b>(10 358)</b> | <b>(7 740)</b> |
| Dividends received from subsidiaries                                |             | 532             | 0              |
| Interest income   |             | 2 112           | 2 648          |
| Reversals of provisions   |             | 8 116           | 3 873          |
| Currency gains  |             | 5 177           | 15 923         |
| Net proceeds from the disposal of marketable securities             |             | 0               | 1              |
| <b>FINANCIAL INCOME</b>   |             | <b>15 937</b>   | <b>22 445</b>  |
| Allowances for depreciation and reserves                            |             | 2 398           | 5 900          |
| Interest expenses   |             | 2 713           | 2 844          |
| Currency losses   |             | 5 853           | 4 715          |
| Net expenses from the disposal of marketable securities             |             | 0               | 0              |
| <b>FINANCIAL EXPENSES</b>   |             | <b>10 965</b>   | <b>13 459</b>  |
| <b>NET FINANCIAL PROFIT (LOSS)</b>                                  | <b>18.1</b> | <b>4 972</b>    | <b>8 986</b>   |
| <b>PRE-TAX PROFIT BEFORE EXTRAORDINARY ITEMS</b>                    |             | <b>(5 386)</b>  | <b>1 246</b>   |
| Extraordinary income sundry business operations                     |             | 382             | 421            |
| Extraordinary income on transactions                                |             | 118             | 1 042          |
| Reversal of provisions, expenses reclassifications                  |             | 540             | 332            |
| <b>EXTRAORDINARY INCOME</b>   |             | <b>1 041</b>    | <b>1 795</b>   |
| Extraordinary expenses sundry business operations                   |             | 196             | 1 271          |
| Extraordinary expenses on transactions                              |             | 276             | 407            |
| Depreciation and provisions   |             | 495             | 217            |
| <b>EXTRAORDINARY EXPENSES</b>                                       |             | <b>967</b>      | <b>1 895</b>   |
| <b>EXTRAORDINARY PROFIT (LOSS)</b>                                  | <b>18.2</b> | <b>73</b>       | <b>(100)</b>   |
| Corporate income tax  | 19          | (2 336)         | (466)          |
| <b>NET PROFIT (LOSS)</b>  |             | <b>(2 977)</b>  | <b>1 612</b>   |

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Figures are expressed as thousands of euros.

## NOTE 1 - SIGNIFICANT EVENTS

### • **Deployment of a Group ERP**

The deployment of our new ERP continued in 2016, notably with the last two French plants.

### • **Renegotiation of the syndicated credit facility**

In September 2014, the Group obtained a syndicated credit facility for 3.5 years, with an option for an additional 1.5 years, providing it a medium term refinancing facility for €18 million, a revolving credit facility for €52 million and an overdraft facility for €20 million. Haulotte Group wished to exercise this option for an extension and renegotiate certain provisions of this facility. These requests were accepted by the banks of the syndicate, resulting in the execution of a new amendment on 10 March 2017 integrating:

- The extension as initially provided for in the facility for the maturities of the revolving and the overdraft facilities at 30 September 2019;
- The extension of the refinancing facility becoming repayable in full on maturity at 30 September 2019;
- The floating rates remain indexed on Euribor for the refinancing and revolving facilities, and on Eonia for the overdraft facility;
- The ratios of the financing agreement remain unchanged, and will namely be measured every six months based on the selected aggregates derived from the consolidated financial statements for the half-year periods ended 30 June and 31 December of each year (Group EBITDA, shareholders' equity, net debt, etc.).
- In exchange for this syndicated credit facility, the undertakings of the banking pool remain unchanged.

## NOTE 2 - ACCOUNTING POLICIES

The company's annual financial statements have been prepared in accordance with the laws and regulations applicable in France and with regulation 2014-03 of France's national Accounting Standards Body (*Autorité des Normes Comptables*).

The accounting principles applied include:

- The conservatism principle
- The going concern concept
- The time period concept
- The consistency principle.

### 2.1 Intangible fixed assets

Intangible assets are recognised at their purchase price, excluding financial charges.

Software is depreciated on a straight-line basis over 3 to 7 years according to its useful life.

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Models and designs are depreciated over 5 years.

Goodwill is not subject to depreciation. An impairment is recorded when its value in use is less than the amount initially recognised. Under regulation 2015-06 of ANC, it was considered that this goodwill had an indefinite useful life.

Research and development expenditure is expensed in the period incurred.

## 2.2 Property, plant and equipment

Property, plant and equipment are recognised in the balance sheet at purchase cost (less discounts and all costs necessary to bring the asset to working condition for its intended use) or production cost. Finance costs are not included in the cost of fixed assets.

Basis for depreciation of fixed assets is their gross value (cost less residual value). Depreciation starts from the date the asset is ready to be commissioned. Depreciation is recorded over the useful life that reflects the consumption of future economic benefits associated with the asset that will flow to Haulotte Group SA.

When the asset's carrying value is greater than its estimated recoverable amount, an impairment is recorded for the difference.

Subsequent costs are recognised as separate assets and subject to different depreciation rates if the related assets have different useful lives. The carrying amount of the renewed or replaced part is derecognised, the new costs incurred being separately capitalised.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives as follows:

|                                     | <b>Depreciation period</b> |
|-------------------------------------|----------------------------|
| Plant buildings:                    |                            |
| - Main component                    | 40 years                   |
| - Other components                  | 10 to 30 years             |
| Building fixtures and improvements: |                            |
| - Main component                    | 10 to 40 years             |
| - Other components                  | 5 to 20 years              |
| Plant equipment                     | 5 to 20 years              |
| Other installations and equipment   | 3 to 20 years              |
| Transportation equipment            | 5 years                    |
| Computer and office equipment       | 3 to 10 years              |
| Office furniture                    | 3 to 10 years              |

The assets' residual value and useful lives are reviewed and adjusted, if appropriate, at each balance-sheet date.

The gains or losses on disposals of fixed assets are recognised within 'Extraordinary income/expenses on transactions'.

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FISCAL YEAR ENDED 31 DECEMBER 2016

## • **Regulated tax reserves**

Regulated reserves include in particular additional tax depreciation allowances calculated by utilising the most favourable tax option. This mainly concerns depreciation on residual values of equipment recorded as fixed assets.

## 2.3 Financial assets

### • **Equity Investments**

Investments are recognised in the balance sheet at historical cost, including transaction costs such as transfer rights, commissions and fees directly attributable to the acquisition of the securities. These expenses are included in the cost of securities and are subject to special accelerated depreciation over five years.

At year-end their balance sheet value is compared with their going concern value, determined with reference to the share in net equity owned and the earnings prospects. When applicable, a provision for impairment is recorded. When necessary (notably for subsidiaries with negative net equity), additional provisions are recognised first against intra-group assets (receivables, current accounts) and further as a provision for charges if necessary.

### • **Receivables from investments**

Receivables from investments relate to current account advances and loans granted to subsidiaries.

These items are recognised at face value. Current account balances in foreign currencies are translated into Euros at the year-end exchange rate. Gains arising on translation are recognised as 'unrealised foreign exchange gains' and recorded in the balance sheet. Losses arising on translation result in the recognition of a provision for foreign exchange losses and go therefore through the income statement.

Current accounts are subject to impairment in the cases described in the preceding paragraph. There is no translation adjustment recorded for the impaired portion of foreign currency current accounts.

### • **Treasury shares**

Treasury shares acquired in connection with the Group's share buy-back program are recorded as financial assets. They are recognised at purchase price. At the end of the year, their carrying value is determined on the basis of the average quoted price of the shares for the last month of the year. If the carrying value is lower than the purchase price, an impairment loss is recorded for the difference.

## 2.4 Inventories and work in progress

Inventories are stated at the lower of cost or net realisable value:

- Materials and supplies cost is determined using the average cost method based on the weighted average cost per unit,
- The cost of finished products and work in progress includes direct production costs and factory overhead (based on normal operating capacity),
- Traded goods inventories are recorded at purchase price (spare parts) or at their trade-in value (second-hand machines),



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- The net realisable value is the estimated selling price in the ordinary course of business less applicable expenses to recondition or sell the goods.

Impairment is recognised when the net realisable value corresponding to the estimated selling price in the ordinary course of business less applicable expenses to recondition or sell the goods, is less than the carrying value of inventories defined above.

## 2.5 Receivables and payables

Receivables and payables are recognised at their face value.

A provision for impairment is recorded when their collection value, determined on a case-by-case basis, is estimated to be lower than the carrying value.

As soon as there are indications of a real and serious collection risk, a provision for impairment is recorded.

## 2.6 Translation of transactions in foreign currency

Transactions in foreign currencies are translated at the exchange rate on the transaction date. At the end of the period, receivables and payables balances that have not been hedged are translated at the closing rate. The resulting translation differences for payables and receivables in foreign currency at the end of the period are recognised in the balance sheet under the cumulative translation adjustment. For unrealised foreign exchange losses a provision for contingencies is recorded.

Hedged receivables are translated at the hedge rate.

For receivables for which impairment has been recorded, only the remaining balance is translated at the year-end exchange rate.

## 2.7 Marketable securities

Marketable securities are initially recognised at their purchase price excluding incidentals. Carrying value of the securities is measured based on quoted values at the closing date. An impairment is recorded when this quoted value is lower than purchase price.

## 2.8 Provisions

When a contingent liability is identified, for which no reliable estimation can be determined, there is no provision recognized. If applicable, a description of the identified risk is included in a dedicated paragraph within the notes relating to provisions for contingencies and charges (Note 12) or contingent liabilities.

In general a provision is recorded when:

- the Group has a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
- the obligation has been reliably estimated.

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## • **Warranty provision**

Accordingly, Haulotte Group grants clients a manufacturer's warranty. The estimated cost of warranties on products already sold is covered by a provision statistically calculated on the basis of historical data. The warranty period is generally two years. When necessary, a provision is recognised on a case-by-case basis to cover specific warranty risks identified.

## • **Litigations**

Other provisions are also recorded in accordance with the above principles to cover risks related to litigations, site closures (when applicable) or any other event meeting the definition of a liability. The amount recognised as a provision represents the best estimate of the expenditure required to settle the obligation.

All material lawsuits involving the company were reviewed at year-end, and based on the advice of legal counsel, the appropriate provisions were recorded, when necessary, to cover the estimated risks corresponding to a net out flow of resources.

## • **Pensions**

Haulotte Group SA records provisions for pensions indemnities and other post-employment obligations as well as long-service awards. Haulotte Group SA only had defined benefit plans. The corresponding obligation is measured using the projected unit credit method with end-of-career wages. The calculation of this obligation takes into account the provisions of the laws and collective bargaining agreements and actuarial assumptions concerning notably staff turnover, mortality tables, salary increases and inflation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the income statement in the period incurred.

## 2.9 Operating profit

### • **Revenue recognition**

"Net sales" includes the goods and services sales comprising notably:

- Equipment sales to the distribution and renting subsidiaries of the group
- Direct sales to certain customers
- Spare parts sales
- Provision of services.

Sales of goods are recorded net of value added tax at the date of transfer of risks and benefits of ownership.

Revenues related to services are recognised over the period during which the services are rendered.

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## • Operating expenses

Operating expenses include notably material costs, production costs and overheads.

## 2.10 Financial income

Financial income consists primarily of changes in provisions on investments and on intercompany current accounts, exchange gains and losses, interest income and expenses on current accounts and financial costs associated with borrowing.

## 2.11 Extraordinary profit (loss)

Items that are exceptional in nature or that do not occur in the normal course of business are recognised under extraordinary profit or loss. In accordance with the French National Accounting Code (*Plan Comptable Général*), extraordinary profit or loss also includes allowances and reversals of special tax depreciation provisions.

## 2.12 Competitiveness and Employment Tax Credit

The Tax Credit for Competitiveness and Employment (CICE), applied to eligible salaries paid during the calendar year, is recorded as a decrease in operating expenses. In accordance with the method recommended by France's national Accounting Standards Body (*Autorité des Normes Comptables*), the resulting gain is credited to the account 649 - Staff costs - in order to be charged over the outstanding company tax, in respect of current or future fiscal years.

## NOTE 3 - POST-CLOSING EVENTS

No post-closing event occurred which may have a significant impact on the financial statements

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## NOTE 4 - FIXED ASSETS

### 4.1 Property, plant and equipment & intangible assets

#### Gross amounts

| In thousands of Euros                | 31/12/2015    | Increase     | Decrease     | 31/12/2016    |
|--------------------------------------|---------------|--------------|--------------|---------------|
| Intangible assets <sup>(1) (2)</sup> | 16 786        | 1 755        |              | 18 541        |
| Intangible assets in progress        | 1 226         | 251          | 937          | 540           |
| Land                                 | 882           | -            | -            | 882           |
| Building                             | 2 848         | -            | -            | 2 848         |
| General installations                | 12 432        | 507          | -            | 12 939        |
| Machinery and equipment              | 23 399        | 1 787        | -            | 25 186        |
| Other PPE                            | 3 451         | 460          | 5            | 3 906         |
| Fixed assets in progress             | 894           | 451          | 853          | 492           |
| <b>TOTAL</b>                         | <b>61 918</b> | <b>5 211</b> | <b>1 795</b> | <b>65 334</b> |

#### Accumulated depreciation and impairment

| In thousands of Euros   | 31/12/2015    | Increase     | Decrease | 31/12/2016    |
|-------------------------|---------------|--------------|----------|---------------|
| Intangible assets       | 9 292         | 1 962        |          | 11 254        |
| Land                    |               |              |          |               |
| Building                | 1 103         | 66           | -        | 1 169         |
| General installations   | 8 756         | 672          | -        | 9 428         |
| Machinery and equipment | 19 469        | 1 003        | -        | 20 472        |
| Other PPE               | 2 852         | 409          | 5        | 3 256         |
| <b>TOTAL</b>            | <b>41 472</b> | <b>4 111</b> | <b>5</b> | <b>45 578</b> |

<sup>(1)</sup> The intangible assets concern primarily software. They also include goodwill of 168 thousand €. The goodwill originated from the creation of Haulotte S.A. in 1995. No depreciation or impairment has been recorded.

<sup>(2)</sup> The significant increase in intangible assets in progress is due to the development of a new ERP and its deployment this year to some plants.

Research and development expenditure, recorded in operating expenses, totalled 12,468 thousand € for the fiscal year.

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## 4.2 Financial assets

Financial assets break down as follows on a cost basis:

| In thousands of Euros                    | 31/12/2015     | Increase      | Decrease      | 31/12/2016     |
|--|----------------|---------------|---------------|----------------|
| Equity investments                       | 30 416         | 780           |               | 31 196         |
| Current accounts & loans to subsidiaries | 152 535        | 9 072         | 18 806        | 142 801        |
| Treasury shares <sup>(1)</sup>           | 14 930         | 2 920         | 3 121         | 14 729         |
| Other financial assets                   | 3 342          | 1 262         | 615           | 3 989          |
| <b>TOTAL GROSS VALUE</b>                 | <b>201 223</b> | <b>14 034</b> | <b>22 542</b> | <b>192 715</b> |

| In thousands of Euros                                 | 31/12/2015    | Allowances   | Reversals    | 31/12/2016    |
|---|---------------|--------------|--------------|---------------|
| Provisions on Equity investments <sup>(2)</sup>       | 8 641         | 780          | 417          | 9 004         |
| Provisions on Current accounts & loans <sup>(3)</sup> | 57 289        | 756          | 6 193        | 51 852        |
| Provisions on Treasury shares                         |               |              |              |               |
| Provisions on Other financial assets                  |               |              |              |               |
| <b>TOTAL PROVISIONS</b>                               | <b>65 930</b> | <b>1 536</b> | <b>6 610</b> | <b>60 856</b> |

|                        |                |  |  |                |
|------------------------|----------------|--|--|----------------|
| <b>TOTAL NET VALUE</b> | <b>135 293</b> |  |  | <b>131 859</b> |
|------------------------|----------------|--|--|----------------|

<sup>(1)</sup> The number of treasury shares owned at year end 2016 is 1 812 230.

<sup>(2)</sup> Additional provision has been recorded by Haulotte Group S.A. on equity investments of its subsidiary Haulotte Argentina.

<sup>(3)</sup> The decrease in subsidiaries current accounts provisions is mainly explained by reversals recorded on Haulotte US and Haulotte Australia.



# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## 4.3 Changes in treasury shares

| Type                         |   | 2016       | 2015       |
|------------------------------|---|------------|------------|
| <b>Liquidity agreement</b>   | Number of shares purchased                        | 213 858    | 174 104    |
|                              | Purchase price of shares (€)                      | 2 920 697  | 2 752 921  |
|                              | Average price per share (€)                       | 13,66      | 15,81      |
|                              | Number of shares sold                             | 215 931    | 197 624    |
|                              | Original value of shares sold (€)                 | 3 121 264  | 2 513 636  |
|                              | Sale price of shares sold (€)                     | 2 999 290  | 3 182 587  |
|                              | Net gain / (loss) (€)                             | (121 974)  | 668 951    |
|                              | Number of shares cancelled                        | 0          | 0          |
|                              | Number of shares at December 31                   | 113 825    | 115 898    |
|                              | Original value of shares at December 31 (€)       | 1 545 492  | 1 746 058  |
| <b>Buyback authorisation</b> | Number of shares purchased                        |            |            |
|                              | Purchase price of shares (€)                      |            |            |
|                              | Average price per share (€)                       |            |            |
|                              | Number of shares sold                             |            |            |
|                              | Number of shares cancelled                        |            |            |
|                              | Number of shares at December 31                   | 1 698 405  | 1 698 405  |
|                              | Original value of shares at December 31(€)        | 13 183 551 | 13 183 551 |
| <b>Global</b>                | Number of shares at December 31                   | 1 812 230  | 1 814 303  |
|                              | Initial value of shares at December 31(€)         | 14 729 043 | 14 929 609 |
|                              | Provision for treasury shares at December 31* (€) | -          | -          |
|                              | Closing price of shares at December 31 (€)        | 14,06      | 13,86      |

\* On the basis of the average price of shares for the last month.

# STATUTORY ACCOUNTS

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## 4.4 List of subsidiaries and affiliates

| Company<br>Registered office<br>In thousands of Euros                     | Share<br>capital<br>Shareholders'<br>equity <sup>(1)</sup> | Ownership<br>interest (%) | Reserves<br>and<br>retained<br>earnings | Gross<br>value Net<br>value of<br>shares | Advances | Dividends<br>received | Revenue <sup>(2)</sup><br>Net income |
|---|--|---------------------------|---|--|----------|-----------------------|--------------------------------------|
| Haulotte France Sarl<br>69 St-Priest - France                             | 1 046<br>6 980   | 99,99%                    | 4 881                                   | 3 804<br>3 804                           | (11 675) |                       | 59 849<br>1 053                      |
| Telescopelle SAS<br>L'Horme - France                                      | 37<br>808  | 100,00%                   | 716                                     | 37<br>37                                 | (799)    |                       | 104<br>55                            |
| Haulotte Access Equipment<br>Manufacturing (Changzhou) Co., Ltd.<br>China | 2 461<br>8 096   | 100,00%                   | 3 495                                   | 2 000<br>2 000                           |          |                       | 25 895<br>2 131                      |
| Haulotte Argentina SA<br>Argentina  | 53<br>(442)  | 99,96%                    | 0                                       | 1 074<br>0                               | 574      |                       | 8 694<br>(508)                       |
| Haulotte Arges SRL<br>Romania   | 860<br>39 918  | 100,00%                   | 29 857                                  | 1 100<br>1 100                           | 2 728    |                       | 89 820<br>9 299                      |
| Haulotte Australia Pty Ltd<br>Australia                                   | 0<br>(1 720)   | 100,00%                   | (3 228)                                 | 0<br>0                                   | 17 696   |                       | 31 136<br>1 478                      |
| Haulotte Cantabria SL<br>Spain  | 11 740<br>(13 205)   | 99,98%                    | (24 819)                                | 6 240<br>0                               | 18 681   |                       | (30)<br>(126)                        |
| Haulotte Do Brazil Ltda<br>Brazil   | 147<br>(24 148)  | 99,98%                    | (28 847)                                | 201<br>0                                 | 1 976    |                       | 5 715<br>4 044                       |
| Haulotte Hubarbeitsbunnen GmbH<br>Germany                                 | 26<br>16 819   | 100,00%                   | 15 623                                  | 26<br>26                                 | (15 503) |                       | 46 195<br>1 171                      |
| Haulotte Iberica SL<br>Spain  | 310<br>1 635   | 98,71%                    | 190                                     | 3<br>3                                   | 2 417    |                       | 21 760<br>(1 135)                    |
| Haulotte Italia Srl<br>Italy  | 100<br>10 323  | 99,00%                    | 9 850                                   | 10<br>10                                 | (6 886)  |                       | 22 204<br>373                        |
| Haulotte Mexico SA de CV<br>Mexico  | 1 364<br>503   | 99,99%                    | (1 275)                                 | 1 113<br>502                             | 5 708    |                       | 11 401<br>395                        |
| Haulotte Middle East FZE<br>United Arab Emirates                          | 258<br>11 566  | 100,00%                   | 10 567                                  | 199<br>199                               | 3 422    |                       | 11 934<br>706                        |
| Haulotte Netherlands BV<br>Netherlands                                    | 20<br>(890)  | 100,00%                   | (1 520)                                 | 20<br>0                                  | 374      |                       | 10 403<br>610                        |
| Haulotte Polska SP Z.O.O.<br>Poland                                       | 91<br>4 000  | 100,00%                   | 3 180                                   | 105<br>105                               | (5 144)  |                       | 11 966<br>737                        |
| Haulotte Scandinavia AB<br>Sweden   | 10<br>17 725   | 100,00%                   | 17 060                                  | 10<br>10                                 | (17 841) |                       | 22 262<br>660                        |
| Haulotte Singapore Ltd.<br>Singapore                                      | 0<br>3 000   | 100,00%                   | 2 064                                   | 0<br>0                                   | 1 899    |                       | 16 276<br>891                        |
| Haulotte Trading (Shanghai) co. Ltd.<br>China                             | 776<br>(3 142)   | 100,00%                   | (1 584)                                 | 550<br>0                                 |          |                       | 12 565<br>(2 325)                    |

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FISCAL YEAR ENDED 31 DECEMBER 2016

|   |                |         |          |                |        |                 |
|---|----------------|---------|----------|----------------|--------|-----------------|
| Haulotte UK Ltd<br>United Kingdom             | 1<br>(4 038)   | 100,00% | (3 948)  | 2<br>0         | 9 507  | 23 647<br>(95)  |
| Haulotte US Inc<br>United States              | 3<br>(21 688)  | 100,00% | (24 912) | 3<br>0         | 50 693 | 45 056<br>3 068 |
| Haulotte Vostok<br>Russia                     | 45<br>1 900    | 100,00% | 359      | 80<br>80       |        | 15 045<br>1 296 |
| Horizon High Reach Limited<br>Argentina       | 130<br>5 973   | 100,00% | 3 860    | 5 065<br>5 065 |        | 8 521<br>2 031  |
| Levanor Maquinaria de Elevacion S.A.<br>Spain | 100<br>786     | 91,00%  | 723      | 300<br>0       | 1 243  | 0<br>(37)       |
| NOVE S.R.L.<br>Italy                          | 989<br>817     | 100,00% | (178)    | 2 164<br>2 164 | 13 662 | 8 413<br>5      |
| Haulotte Chile<br>Chile                       | 0<br>0         | 100,00% | 0        | 0<br>0         |        | 0<br>0          |
| Horizon Chile<br>Chile                        | 0<br>(1 294)   | 100,00% | (2 313)  | 5<br>0         | 1 703  | 4 169<br>963    |
| Haulotte India<br>India                       | 70<br>133      | 99,99%  | 46       | 62<br>62       |        | 8<br>17         |
| Acarlar<br>Turkey                             | 1 001<br>3 502 | 50,00%  | -        | 7 024<br>7 024 | 532    | 21 495<br>1 921 |

<sup>(1)</sup> Including Capital and Net income.

<sup>(2)</sup> The Turnover shown for each subsidiary includes interest revenue on finance leases.

For foreign subsidiaries, figures presented are translated at the year-end closing exchange rate except for revenue and net income which are translated at the average exchange rate of the period.

## NOTE 5 - INVENTORIES

| In thousands of Euros | Inventories at 31/12/2016 |                |               | Inventories at 31/12/2015 |                |               |
|-----------------------|---------------------------|----------------|---------------|---------------------------|----------------|---------------|
|                       | Gross                     | Provisions     | Net           | Gross                     | Provisions     | Net           |
| Raw materials         | 17 631                    | (1 332)        | 16 299        | 17 839                    | (455)          | 17 384        |
| Work in progress      | 1 749                     |                | 1 749         | 4 490                     |                | 4 490         |
| Finished goods        | 15 618                    | (1 140)        | 14 478        | 9 126                     | (766)          | 8 360         |
| Trade goods           | 8 091                     | (996)          | 7 095         | 7 910                     | (1 082)        | 6 828         |
| <b>TOTAL</b>          | <b>43 089</b>             | <b>(3 468)</b> | <b>39 621</b> | <b>39 365</b>             | <b>(2 303)</b> | <b>37 062</b> |

The level of inventories increases because of some deliveries postponed for a significant customer.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## NOTE 6 - TRADE RECEIVABLES

| In thousands of Euros        | 31/12/2016     | 31/12/2015     |
|------------------------------|----------------|----------------|
| Trade receivables            | 134 612        | 131 491        |
| Provisions                   | (31 037)       | (29 494)       |
| <b>Net trade receivables</b> | <b>103 575</b> | <b>101 997</b> |

The increase in provisions is mainly due to the receivable versus our subsidiary Haulotte Shanghai

## NOTE 7 - MATURITY OF RECEIVABLES AND PAYABLES

The receivables are as follows:

| In thousands of Euros                    | Total   | <1 year | > 1 year<br>< 5 years | > 5 years |
|--|---------|---------|-----------------------|-----------|
| Current accounts & loans to subsidiaries | 142 801 | 88 959  |                       | 53 842    |
| Trade receivables                        | 134 612 | 104 151 |                       | 30 461    |
| Other receivables                        | 13 087  | 8 429   | 4 658                 |           |

Other receivables mainly include corporate income tax and VAT.

## NOTE 8 - ACCRUALS

| In thousands of Euros                     | 31/12/2016    | 31/12/2015    |
|---|---------------|---------------|
| <u>Prepaid expenses</u>                   | <b>845</b>    | <b>509</b>    |
| Operating expenses                        | 845           | 509           |
| Financial expenses                        |               |               |
| <u>Deferred revenue</u>                   | <b>825</b>    | <b>400</b>    |
| <u>Unrealised foreign exchange losses</u> | <b>862</b>    | <b>1 505</b>  |
| On receivables                            | 273           | 902           |
| On payables                               | 590           | 603           |
| <u>Unrealised foreign exchange gains</u>  | <b>19 808</b> | <b>15 878</b> |
| On receivables                            | 19 388        | 15 610        |
| On payables                               | 420           | 268           |

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## NOTE 9 - OTHER ACCRUED ASSETS AND LIABILITIES

### 9.1 Accrued liabilities

| In thousands of Euros             | 31/12/2016    | 31/12/2015    |
|-----------------------------------|---------------|---------------|
| Bank borrowings                   | 100           | 59            |
| Trade payables                    | 23 372        | 40 040        |
| Tax and employee-related payables | 4 875         | 3 799         |
| Other payables                    | 3 627         | 1 044         |
| <b>TOTAL</b>                      | <b>31 974</b> | <b>44 942</b> |

### 9.2 Accrued assets

| In thousands of Euros         | 31/12/2016   | 31/12/2015   |
|-------------------------------|--------------|--------------|
| Customer Accounts receivables | 1 419        | 4 438        |
| Other receivables             | 3 365        | 4 116        |
| Accrued interests             | 2            | 2            |
| <b>TOTAL</b>                  | <b>4 786</b> | <b>8 556</b> |

## NOTE 10 - SHAREHOLDERS' EQUITY

### Detail of share capital

| In €                   | 31/12/2015 | Increase | Decrease | 31/12/2016 |
|------------------------|------------|----------|----------|------------|
| Number of shares       | 31 259 734 | 111 540  |          | 31 371 274 |
| Nominal value in Euros | 0,13       | 0,13     |          | 0,13       |
| Share capital in Euros | 4 063 765  | 14 500   |          | 4 078 265  |

### Statement of changes in shareholders' equity (in thousands of Euros)

|   |                |
|---|----------------|
| <b>Shareholders' equity at 31/12/2015</b>                         | <b>113 008</b> |
| Capital increase  | 15             |
| Cancellation of treasury shares                                   |                |
| Increase in additional paid-in capital                            | 1 491          |
| Decrease of reserves following the elimination of treasury shares |                |
| Dividends distributed   | (6 481)        |
| Change in regulated reserves                                      | (83)           |
| Profit/(loss) for the period                                      | (2 977)        |
| <b>Shareholders' equity at 31/12/2016</b>                         | <b>104 973</b> |



# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## NOTE 11 - IDENTITY OF THE PARENT COMPANY CONSOLIDATING THE FINANCIAL STATEMENTS

| Company name - registered office      | Legal form | Capital | Capital of Haulotte Group SA owned |
|---------------------------------------|------------|---------|------------------------------------|
| SOLEM<br>93 Epinay sur Seine - France | S.A.S      | 477     | 54,40                              |

## NOTE 12 - COMMITMENTS AND CONTINGENCIES

| In thousands of Euros                  | 31/12/2015   | Allowances   | Provisions used in the period | Reversal of unused provisions | 31/12/2016   |
|--|--------------|--------------|-------------------------------|-------------------------------|--------------|
| Warranty provisions                    | 3 169        | 747          | 868                           | 304                           | 2 743        |
| Provisions for foreign exchange losses | 1 505        | 862          | 1 505                         |                               | 862          |
| Provision for pensions                 | 3 205        | 627          | 36                            |                               | 3 796        |
| Other contingencies and commitments    | 704          | 467          | -                             | 331                           | 840          |
| <b>TOTAL</b>                           | <b>8 583</b> | <b>2 703</b> | <b>2 409</b>                  | <b>635</b>                    | <b>8 241</b> |
| Recognised under operating profit      |              | 1 374        | 1 209                         |                               |              |
| Recognised under financial profit      |              | 862          | 1 505                         |                               |              |
| Recognised under extraordinary profit  |              | 467          | 331                           |                               |              |
| <b>TOTAL</b>                           |              | <b>2 703</b> | <b>3 045</b>                  |                               |              |

### Provisions for post-employment benefits

Retirement commitments are estimated according to the projected unit credit method using end-of-career wages according to the procedures described in paragraph 2.8, on the basis of the following assumptions:

- a mortality table INSEE 12-14 (vs 2015 INSEE 11-13)
- a staff turnover rate based on available Group historical data
- a salary increase rate based on the expected length of service, career development, the terms of collective bargaining agreements and the rate of long-term inflation representing a total rate of 2%
- a 1.5% discount rate (vs 2015 2.0%)
- a retirement age for employees born before 1 January 1950 of 62 for managers, 60 for clerical staff
- a retirement age for employees born after 1 January 1950 of 65 for managers, 63 for clerical staff

Concerning end-of-career severance benefits, the assumption retained is that of voluntary retirement that takes into account social security contributions (45 %). This method of calculation complies with the French Pension Reform Act of 21 August 2003 Loi Fillon, (amended by the law n°2010-1330 dated 9 November 2010 as published in the "Journal Officiel" dated 10 November 2010).

At 31 December 2016, the provision was split between:

- 3 492 thousand € for pensions provisions
- 304 thousand € for long-service award provisions.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## NOTE 13 - BORROWINGS

### 13.1 Bank borrowings

| In K€                         | 31/12/2015    | Increase      | Decrease      | 31/12/2016    |
|-------------------------------|---------------|---------------|---------------|---------------|
| Syndicated loan               | 33 000        | 7 000         | 3 411         | 36 589        |
| Other loans                   | 17 477        | 5 000         | 1 809         | 20 668        |
| Overdraft on syndicated loans | 13 980        | -             | 5 831         | 8 149         |
| Other overdrafts              | 4 675         | -             | 1 552         | 3 123         |
| Accrued interests             | 58            | 48            | 7             | 99            |
| <b>TOTAL</b>                  | <b>69 191</b> | <b>12 048</b> | <b>12 610</b> | <b>68 628</b> |

#### • Syndicated credit facility

As indicated in note 1 on significant events, on 10 March 2017, Haulotte Group S.A. exercised the option to extend the syndicated credit facility obtained in September 2014.

Henceforth, the maturities are as follows:

- 30 September 2019 for the revolving credit facility for €52 million;
- 30 September 2019 for the overdraft facility for €20 million;
- 30 September 2019 for the refinancing facility for €14,589,000 as a bullet loan repayable in full on maturity

This syndicated credit facility was obtained at a floating rate indexed on Euribor for the refinancing and revolving facilities, and on Eonia for the overdraft facility.

Movements in the syndicated credit facilities in the 2016 financial period may be summarised as follows:

| In thousands of Euros | Loan Balance at 31/12/2015 | Net Change of the refinancing facility | Net Change of the revolving porting | Net Change of the bank overdraft | Loan Balance at 31/12/2016 | Balance available at 31/12/2016 for further drawing |
|-----------------------|----------------------------|--|-------------------------------------|----------------------------------|----------------------------|---|
| Refinancing           | 18 000                     | (3 411)                                |                                     |                                  | 14 589                     |   |
| Revolving             | 15 000                     |  | 7 000                               |                                  | 22 000                     | 30 000  |
| <b>SUB-TOTAL</b>      | <b>33 000</b>              | <b>(3 411)</b>                         | <b>7 000</b>                        |                                  | <b>36 589</b>              | <b>30 000</b>                                       |
| Bank overdraft        | 13 980                     |  |                                     | (5 831)                          | 8 149                      | 11 851  |
| Accrued interests     | 16                         |  |                                     | 4                                | 20                         |   |
| <b>TOTAL</b>          | <b>46 996</b>              | <b>(3 411)</b>                         | <b>7 000</b>                        | <b>(5 827)</b>                   | <b>44 758</b>              | <b>41 851</b>                                       |

The syndicated loan is secured by collateral, detailed in the note 23 "Off Balance Sheet commitments". On 31 December 2016, the bank ratios were respected.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## • Other loans

Haulotte Group S.A. also subscribed a new credit line in 2016 from a lender outside the banking syndicate for €5 million, maturing in 5 years.

### 13.2 Other loans and borrowings

| In thousands of Euros | 31/12/2015 | Increase | Decrease     | 31/12/2016 |
|-----------------------|------------|----------|--------------|------------|
| Other loans           | 750        | 0        | (300)        | 450        |
| Deposits              | 0          |          |              | 0          |
| <b>TOTAL</b>          | <b>750</b> | <b>0</b> | <b>(300)</b> | <b>450</b> |

### 13.3 Maturity of loans and borrowings

The maturity of borrowings and other financial debts at 31 December 2016 is as follows:

| In thousands of Euros                     | Total  | <1 year | > 1 year<br>< 5 years | > 5 years |
|---|--------|---------|-----------------------|-----------|
| Bank borrowings                           | 68 629 | 7 319   | 60 490                | 820       |
| <i>Of which syndicated loan</i>           | 36 589 |         | 36 589                |           |
| <i>Of which other borrowings</i>          | 20 668 | 4 096   | 15 752                | 820       |
| <i>Of which syndicated loan overdraft</i> | 8 149  |         | 8 149                 |           |
| <i>Of which other overdrafts</i>          | 3 123  | 3 123   |                       |           |
| <i>Of which accrued interests</i>         | 100    | 100     |                       |           |
| Miscellaneous financial liabilities       | 450    | 325     | 125                   |           |

## NOTE 14 - MATURITY OF CREDITORS

The maturity of creditors at 31 December 2016 is as follows:

| In thousands of Euros                | Total  | <1 year | > 1 year<br>< 5 years | > 5 years |
|--------------------------------------|--------|---------|-----------------------|-----------|
| Trade payables                       | 45 136 | 45 136  |                       |           |
| Tax and employee related liabilities | 7 559  | 7 559   |                       |           |
| Payables to fixed assets suppliers   | 0      |         |                       |           |
| Other liabilities                    | 61 060 | 61 060  |                       |           |
| <i>of which current accounts</i>     |        | 57 430  |                       |           |

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## NOTE 15 - SALES

| In thousands of Euros | France        | Export         | Total          |
|-----------------------|---------------|----------------|----------------|
| Sales of equipment    | 36 448        | 168 689        | 205 137        |
| Sales of services     | 1 841         | 8 611          | 10 452         |
| <b>TOTAL</b>          | <b>38 289</b> | <b>177 300</b> | <b>215 588</b> |

## NOTE 16 - RELATED PARTIES INCOME STATEMENT TRANSACTIONS

| In thousands of Euros | 31/12/2016 | 31/12/2015 |
|-----------------------|------------|------------|
| Operating income      | 185 369    | 154 480    |
| Operating expense     | 17 267     | 23 997     |
| Financial income      | 1 931      | 2 542      |
| Financial expense     | 1 097      | 946        |
| Extraordinary income  | 365        | 415        |

## NOTE 17 - FINANCIAL AND EXTRAORDINARY INCOME AND EXPENSE

### 17.1 Financial income

| In thousands of Euros  | Profit/(loss)<br>31/12/2016 | Profit/(loss)<br>31/12/2015 |
|--|-----------------------------|-----------------------------|
| Change in provisions for impairment of shares and advances to subsidiaries | 5 075                       | (1 170)                     |
| Dividends received from subsidiaries                                       | 532                         |                             |
| Interest on bank overdrafts and current account loans                      | 792                         | 1 596                       |
| Interest on borrowings and bank fees                                       | (1 574)                     | (1 898)                     |
| Foreign exchange : gains, losses, changes in provisions                    | (247)                       | 6 843                       |
| Details by currency:   |                             |                             |
| USD  | (1 038)                     |                             |
| GBP  | 1 534                       |                             |
| AUD  | (285)                       |                             |
| Others   | 36                          |                             |
|  | 247                         |                             |
| Income from marketable securities  | -                           | 1                           |
| Late payment interests and discounts                                       | 180                         | 106                         |
| Financial charges and incomes on Swaps                                     | 214                         | 3 508                       |
| <b>TOTAL</b>   | <b>4 972</b>                | <b>8 986</b>                |

# STATUTORY ACCOUNTS

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## 17.2 Extraordinary profit (loss)

| In thousands of Euros                          | Expense<br>31/12/2016 | Income<br>31/12/2016 | Expense<br>31/12/2015 | Income<br>31/12/2015 |
|--|-----------------------|----------------------|-----------------------|----------------------|
| Fines and penalties                            |                       |                      |                       |                      |
| Provisions for lawsuit contingencies           | 467                   | 331                  | 189                   | 111                  |
| Other extraordinary income (expense)           | 226                   | 382                  | 1 271                 | 421                  |
| Proceeds from the disposal of PPE              | 5                     | -                    | 156                   | 122                  |
| Proceeds from the disposal of financial assets | 240                   | 118                  | 250                   | 920                  |
| Exceptional depreciation expenses              |                       |                      |                       |                      |
| Excess tax depreciation                        | 28                    | 111                  | 28                    | 221                  |
| Transfer of charges                            |                       | 98                   |                       |                      |
| <b>TOTAL</b>                                   | <b>966</b>            | <b>1 040</b>         | <b>1 894</b>          | <b>1 795</b>         |

## NOTE 18 - BREAKDOWN OF TAX INCOME BETWEEN CURRENT INCOME AND EXTRAORDINARY PROFIT (LOSS)

| In thousands of Euros       | Pre-tax income | Corporate income tax | After tax income |
|-----------------------------|----------------|----------------------|------------------|
| Current income              | (5 386)        | 2 336                | (3 050)          |
| Extraordinary profit (loss) | 73             |                      | 73               |
| <b>TOTAL</b>                | <b>(5 313)</b> | <b>2 336</b>         | <b>(2 977)</b>   |

The breakdown of tax between current income and extraordinary income has been determined by applying the legal tax rate respectively to a current tax income and an extraordinary tax income.

The profit of tax comes mainly from the Tax Credit for the Research.

## NOTE 19 - COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

The Tax Credits for Competitiveness and Employment (CICE) from 2016 (630 thousand €) have been neither refunded, nor deducted from corporate income tax, and are still recorded as Other Receivables.

In accordance with article 244 quater C of the French general tax code, the French wage tax credit (crédit impôt pour la compétitivité et l'emploi or CICE) for 2015 was used by the company in 2016 to finance capital expenditures, research, training, recruitment, prospecting new markets, environmental and energy transition measures and for improving working capital requirements.



# STATUTORY ACCOUNTS

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## NOTE 20 - DEFERRED TAXES

| In thousands of Euros                                       | Basis         | Deferred tax |
|---|---------------|--------------|
| <b>Expenses recorded not deductible for tax purposes</b>    |               |              |
| Employee profit-sharing                                     |               |              |
| "Organic" tax   | 307           | 102          |
| Provision for inventory losses                              | 2 487         | 829          |
| Provision for trade receivable losses                       | 2 649         | 883          |
| Provision for pensions                                      | 3 492         | 1 164        |
| <b>Taxable income not recorded in the accounting income</b> | <b>19 808</b> | <b>6 602</b> |
| <b>NET DEFERRED TAXES</b>                                   | <b>28 743</b> | <b>9 580</b> |

Haulotte Group SA has accumulated losses for tax carry forwards amounting to K€ 45 005 :

- 28,851 thousand € acquired for the overall result 2011
- 24,549 thousand € acquired for the overall result 2012
- 1,792 thousand € acquired for the overall result 2013
- (6,170) thousand € used for the overall result 2014
- (3,654) thousand € used for the overall result 2015
- (363) thousand € used for the overall result 2016

## NOTE 21 - TAX CONSOLIDATION

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2016 the entities Haulotte France, Télescopelle and Haulotte Services.

Under this tax sharing agreement, the income tax of entities is incurred by subsidiaries as if they are not included in a tax group.

## NOTE 22 - FEES ALLOCATED TO DIRECTORS AND OFFICERS

Amount allocated to Board members expensed by the Company totalled €706 thousand in 2016 versus 674 thousand € in 2015.

This amount originates from funds invoiced by Solem S.A.S. for the services rendered on behalf of the Group by two executives. It includes expenses incurred by those executives on behalf of the Group.

In compliance with the agreement to provide general administrative and commercial assistance signed by Solem S.A.S. the cost of the services is subject to a 10% mark-up.

No loans or advances have been granted to directors and officers. There are no other pension obligations or related commitments in favour of former executives.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## NOTE 23 - OFF-BALANCE SHEET COMMITMENTS

### 23.1 Finance lease commitments

None.

### 23.2 Other commitments given

#### • Commitments to continue lease payments

These represent commitments by the Company to financial institutions guaranteeing lease payments in the event of customer default.

| In thousands of Euros | 31/12/2016    | 31/12/2015   |
|-----------------------|---------------|--------------|
| < 1 year              | 4 203         | 1 654        |
| 1 - 5 years           | 10 497        | 5 943        |
| > 5 years             |               |              |
| <b>TOTAL</b>          | <b>14 700</b> | <b>7 599</b> |

#### • Risk pool

Risk pool commitments relate to the sale of aerial work platforms to financial institutions who lease Haulotte Group SA lifts to their end customers and for which Haulotte Group SA has given a guarantee limited to a certain percentage of the sales volume generated by such institutions.

Of which 733 thousand € given to Haulotte UK (share of lease payments outstanding by end customers) and 8,000 thousand € given to DE LAGE LANDEN LEASING (contribution to a risk pool).

| In thousands of Euros | 31/12/2016   | 31/12/2015   |
|-----------------------|--------------|--------------|
| < 1 year              | 2 642        | 1 436        |
| 1 - 5 years           | 6 091        | 3 376        |
| > 5 years             |              |              |
| <b>TOTAL</b>          | <b>8 733</b> | <b>4 812</b> |

#### • Repurchase commitments given to institutions providing financing to customers

This concerns commitments given by the company to financial institutions to substitute for customers who do not exercise their purchase option.

Of which 189 thousand € given to Haulotte France.

Of which 22 thousand € given to Haulotte Iberica.

| In thousands of Euros | 31/12/2016 | 31/12/2015 |
|-----------------------|------------|------------|
| < 1 year              | 118        | 144        |
| 1 - 5 years           | 92         | 178        |
| > 5 years             | 1          | 20         |
| <b>TOTAL</b>          | <b>211</b> | <b>342</b> |

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## • Other commitments

This concerns commitments given by the company to suppliers (Total 10 thousand €).

| In thousands of Euros | 31/12/2016 |
|-----------------------|------------|
| < 1 year              | 10         |
| <b>TOTAL</b>          | <b>10</b>  |

## • Commitments given to GE Capital for the benefit of Haulotte US for US\$5 million

In connection with product financing agreements executed in 2014, Haulotte Group SA is the first call guarantor in the event of default by Haulotte US INC., for up to US\$5 million, in favour of different GE Group companies (General Electric Capital Corporation US, GE Commercial Distribution Finance Corporation US, GE Canada Equipment Financing G.P.). This commitment will expire on 19 December 2021.

## • Commitments granted to the banking syndicate as collateral to the syndicated loan

All security interests previously granted to the banking syndicate in connection with the previous syndicated credit facility were lifted in full when it was repaid on 30 September 2014. In exchange for the new syndicated credit facility, the following commitments were granted to the new banking syndicate:

- a pledge of the Haulotte Group S.A. business
- a pledge of Haulotte France securities held by Haulotte Group S.A., or 99.99% of the share capital
- a pledge of the current account balance between Haulotte Group S.A. and Haulotte US in the amount of US\$50 million
- a pledge of the current account balance between Haulotte Group S.A. and Haulotte Australia in the amount of AUD 10 million

The bank borrowings amount to 36,589 thousand € at 31/12/2016 vs 33,000 thousand € at 31/12/2015 (See note 13).

## NOTE 24 - RECEIVED COMMITMENTS

| In thousands of Euros  | 31/12/2016 | 31/12/2015 |
|--|------------|------------|
| Commitment received from Télescopelle as a beneficiary of a debt waiver with a repayment clause  | 1 450      | 1 450      |
| Commitment received by Nove as a beneficiary of a debt waiver with a repayment clause for €1,500,000 until 31/12/2016 (used for 15K€ in 2015 and 365 K€ in 2016) | 0          | 1 485      |
| Commitment received by Nove as a beneficiary of a debt waiver with a repayment clause for €1,600,000 until 31/12/2017  | 1 600      | 1 600      |

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## NOTE 25 - AVERAGE HEADCOUNTS

|                               | 31/12/2016 | 31/12/2015 |
|-------------------------------|------------|------------|
| Managers                      | 230        | 217        |
| Office employees, technicians | 164        | 147        |
| Workers                       | 204        | 214        |
| <b>TOTAL</b>                  | <b>598</b> | <b>578</b> |

## NOTE 26 - INDIVIDUAL TRAINING BENEFITS

The French law of 5 March 2014 replaced the previous system in France for accumulating individual rights to training (*droit individuel à la formation* or DIF) by the so-called "personal training account" (*compte personnel de formation* or CPF) as from 1 January 2015. This new system gives employees with a permanent employment contract in the private sector a right to training, corresponding to 24 hours per year for the first five years, then 12 hours per year for a period of full-time work, capped at 150 hours).

To facilitate the transition between these two systems, the balance of hours accumulated up until 31 December 2014 under the previous system may be carried over to the new system and used up until 1 January 2021, representing for Haulotte Group SA a total of 54,158 hours.

## NOTE 27 - FOREIGN EXCHANGE RISKS EXPOSURE

The Company is mainly exposed to foreign exchange risks with receivables in US dollars, Australian dollars and pound sterling. A portion of this exposure is hedged by forward purchases of the relevant currencies and by a specific hedging instrument in US dollars.

### Significant receivables (net of provisions), payables and commitments in foreign currency not hedged

| Foreign exchange exposure<br>In thousands of Euros  | Currencies |       |        |         |       |
|---|------------|-------|--------|---------|-------|
|   | AUD        | SEK   | GBP    | USD     | PLN   |
| <b>BALANCE SHEET</b>                                |            |       |        |         |       |
| Receivables <sup>(1)</sup>                          | 22 230     | 76    | 12 829 | 123 229 | 660   |
| of which Group receivables                          | 22 224     |       | 11 099 | 108 262 |       |
| of which non-Group receivables                      | 6          | 76    | 1 730  | 14 967  | 660   |
| Payables <sup>(2)</sup>                             | 51         | 6 985 | 14     | 5 414   | 4 999 |
| of which Group payables                             | 51         | 6 985 | 14     | 3 386   | 4 999 |
| of which non-Group payables                         |            |       |        | 2 028   |       |
| <b>OFF-BALANCE SHEET COMMITMENTS <sup>(3)</sup></b> |            |       |        |         |       |
| Non-group commitments given                         |            |       |        |         |       |
| Group commitments given                             |            |       | 3 939  |         |       |

<sup>(1)</sup> Financial receivables, trade receivables

<sup>(2)</sup> Borrowings, trade payables, others

<sup>(3)</sup> This concerns commitments to cover lease payments and risk pools mentioned in section 24.2.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## Significant receivables, payables and commitments in foreign currency that are hedged

| Foreign exchange exposure<br>In thousands of Euros | Currencies |     |     |       |     |
|--|------------|-----|-----|-------|-----|
|  | AUD        | AED | GBP | USD   | DZD |
| <b>BALANCE SHEET</b>                               |            |     |     |       |     |
| Receivables <sup>(1)</sup>                         |            |     |     | 3 363 |     |
| <i>of which Group receivables</i>                  |            |     |     | 3 363 |     |
| <i>of which non-Group receivables</i>              |            |     |     |       |     |

<sup>(1)</sup> Financial receivables, trade receivables

Receivables in US dollars are hedged at an exchange rate of 1,1895 €

## NOTE 28 - CASH FLOW STATEMENT

| In thousands of Euros                               | 2016            | 2015            |
|---|-----------------|-----------------|
| Net income  | (2 977)         | 1 613           |
| Depreciation and change in provisions               | (1 389)         | 3 653           |
| Gains and losses from disposal of fixed assets      | 127             | (635)           |
| <b>Gross cash flow from operations</b>              | <b>(4 239)</b>  | <b>4 631</b>    |
| Change in operating working capital                 | (8 893)         | (3 814)         |
| <b>Net cash flow from operating activities</b>      | <b>(13 132)</b> | <b>817</b>      |
| Purchases of fixed assets                           | (7 131)         | (8 582)         |
| Change in receivables from investments              | 14 286          | 25 078          |
| Proceeds from the sales of fixed assets, net of tax | 3 614           | 4 008           |
| Changes in payables on fixed assets                 |                 |                 |
| <b>Net cash flow from investing activities</b>      | <b>10 769</b>   | <b>20 504</b>   |
| Loan issues   | 12 048          | 16 424          |
| Repayment of borrowings and others                  | (6 776)         | (32 985)        |
| Cash capital increases                              | 0               | 0               |
| Dividends paid to shareholders                      | (4 975)         | (5 691)         |
| <b>Net cash flows from financing activities</b>     | <b>297</b>      | <b>(22 252)</b> |
| <b>Net change in cash and cash equivalents</b>      | <b>(2 067)</b>  | <b>(931)</b>    |
| <b>Opening cash and cash equivalents</b>            | <b>(1 971)</b>  | <b>(1 040)</b>  |
| <b>Other changes</b>                                |                 |                 |
| <b>Closing cash and cash equivalents</b>            | <b>(4 039)</b>  | <b>(1 971)</b>  |



# STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

## PricewaterhouseCoopers Audit

20 rue Garibaldi  
69451 Lyon cedex 06

## BM&A

11, rue de Laborde  
75008 Paris

## Haulotte Group SA

La Péronnière  
BP9  
42152 L'Horme

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

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 assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of Haulotte Group SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; 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 sample 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

# STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED 31 DECEMBER 2016

## II. JUSTIFICATION OF OUR 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 matter:

Shares in subsidiaries, receivables from investments and trade receivables have been valued in accordance with the methods described in Notes 2.3 and 2.5 to the financial statements. Our work consisted in reviewing the approach used by the Company and assessing the reasonableness of the resulting estimates.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, in respect of the accuracy and fair presentation of this information, we have the following observation to make: the Company has not provided the required information concerning one of the non-executive corporate officers

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

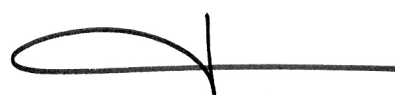
Lyon, April 21, 2017  
The statutory auditors

PricewaterhouseCoopers Audit

BM&A



Natacha Pélisson



Alexis Thura