

# STATUTORY ACCOUNTS 2017



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# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## BALANCE SHEET - ASSETS

In thousands of Euros	Note	Gross	Amort. Deprec.	31/12/2017	31/12/2016
<b>INTANGIBLE ASSETS</b>	4.1				
Software, patents		19 105	13 038	6 067	7 120
Goodwill		168	-	168	168
Other intangible assets		882	-	882	540
<b>PROPERTY, PLANT AND EQUIPMENT</b>	4.1				
Land		882	-	882	882
Buildings		16 084	11 231	4 854	5 190
Machinery and equipment		26 455	21 430	5 025	4 714
Other PPE		4 123	3 617	506	650
Fixed assets in progress		1 064	-	1 064	492
<b>FINANCIAL ASSETS</b>	4.2				
Long-term investments		25 507	3 616	21 891	22 192
Receivables from investments		116 407	17 660	98 746	90 948
Other investments	4.3	14 422	-	14 422	14 729
Other financial assets		3 604	1 668	1 936	3 989
<b>NON-CURRENT ASSETS</b>		<b>228 702</b>	<b>72 259</b>	<b>156 443</b>	<b>151 614</b>
<b>INVENTORIES AND WORK IN PROGRESS</b>	5				
Raw materials		20 941	755	20 186	16 299
Work in progress		1 654	-	1 654	1 749
Finished goods		14 255	1 266	12 989	14 478
Trade goods		8 298	945	7 353	7 095
Advances paid to suppliers		840	-	840	749
<b>ACCOUNTS RECEIVABLE</b>					
Accounts receivable	6	123 577	28 328	95 249	103 575
Other receivables	7	16 800	220	16 579	12 867
<b>CASH AND CASH EQUIVALENT</b>					
Marketable securities		1 162	-	1 162	628
Cash at hand		9 215	-	9 215	6 634
<b>ACCRUALS</b>					
Prepaid expenses	8	1 290	-	1 290	845
<b>CURRENT ASSETS</b>		<b>198 031</b>	<b>31 514</b>	<b>166 517</b>	<b>164 919</b>
Unrealised foreign exchange losses	8	4 252	-	4 252	862
<b>TOTAL</b>		<b>430 985</b>	<b>103 772</b>	<b>327 212</b>	<b>317 395</b>



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## BALANCE SHEET - LIABILITIES AND EQUITY

In thousands of Euros	Note	31/12/2017	31/12/2016
Share capital	10	4 078	4 078
Additional paid-in-capital		91 720	94 305
Legal reserves		448	448
Other reserves		-	1 274
Retained earnings		395	6 020
<b>PROFIT (LOSS) FOR THE YEAR</b>		9 283	(2 977)
Regulated reserves		1 770	1 826
<b>SHAREHOLDERS' EQUITY</b>	<b>10</b>	<b>107 694</b>	<b>104 974</b>
Provisions for contingencies		11 871	4 445
Provisions for charges		3 991	3 796
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>12</b>	<b>15 861</b>	<b>8 241</b>
<b>LONG-TERM DEBT</b>		-	-
Bank borrowings	13	55 923	68 629
Miscellaneous loans and borrowings	13	125	450
Down payments received		1 400	715
<b>TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>	<b>14</b>	-	-
Trade payables		50 953	45 136
Tax and employee-related liabilities		7 776	7 559
Fixed asset creditors			
Other payables		76 309	61 060
<b>ACCRUALS</b>		-	-
Deferred revenue		533	825
<b>TOTAL LIABILITIES</b>		<b>193 019</b>	<b>184 374</b>
Unrealised foreign exchange gains	8	10 638	19 808
<b>TOTAL</b>		<b>327 213</b>	<b>317 397</b>

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## INCOME STATEMENT

In thousands of Euros	Note	31/12/2017	31/12/2016
<b>NET SALES</b>	<b>15</b>	<b>244 466</b>	<b>215 588</b>
Change in inventories of finished goods and work in progress		(1 458)	3 254
Capitalised production		7	58
Operating grants		5	0
Reversal of depreciation and provisions, expenses reclassifications		6 757	3 323
Other income		14 286	10 829
<b>OPERATING INCOME</b>		<b>264 064</b>	<b>233 052</b>
Purchase of trade goods		26 161	27 525
Change in inventories (trade goods)		(207)	(676)
Purchase of raw materials and other supplies		140 369	118 783
Change in inventories (raw materials and other supplies)		(3 310)	208
Other purchases and external charges		47 282	47 151
Taxes other than on corporate income		2 781	2 775
Wages and salaries		25 641	25 213
Social charges		12 335	12 005
Depreciation and amortisation of fixed assets		4 008	4 111
Increase in provisions for current assets		1 656	4 561
Provisions for contingencies and commitments		2 509	1 374
Other expenses		4 946	380
<b>OPERATING EXPENSES</b>		<b>264 172</b>	<b>243 411</b>
<b>OPERATING PROFIT (LOSS)</b>		<b>(108)</b>	<b>(10 358)</b>
Dividends received from subsidiaries		634	532
Interest income		1 646	2 112
Reversals of provisions		41 392	8 116
Currency gains		3 379	5 177
Net proceeds from the disposal of marketable securities		-	-
<b>FINANCIAL INCOME</b>		<b>47 050</b>	<b>15 937</b>
Allowances for depreciation and reserves		6 449	2 398
Interest expenses		21 481	2 713
Currency losses		3 192	5 853
Net expenses from the disposal of marketable securities		1	-
<b>FINANCIAL EXPENSES</b>		<b>31 123</b>	<b>10 965</b>
<b>NET FINANCIAL PROFIT (LOSS)</b>	<b>16.1</b>	<b>15 928</b>	<b>4 972</b>
<b>PRE-TAX PROFIT BEFORE EXTRAORDINARY ITEMS</b>		<b>15 819</b>	<b>(5 386)</b>
Extraordinary income sundry business operations		560	382
Extraordinary income on transactions		285	118
Reversal of provisions, expenses reclassifications		639	540
<b>EXTRAORDINARY INCOME</b>		<b>1 485</b>	<b>1 041</b>
Extraordinary expenses sundry business operations		478	196
Extraordinary expenses on transactions		6 293	276
Depreciation and provisions		4 052	495
<b>EXTRAORDINARY EXPENSES</b>		<b>10 824</b>	<b>967</b>
<b>EXTRAORDINARY PROFIT (LOSS)</b>	<b>16.2</b>	<b>(9 339)</b>	<b>73</b>
Corporate income tax	17	(2 802)	(2 336)
<b>NET PROFIT (LOSS)</b>		<b>9 283</b>	<b>(2 977)</b>

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Figures are expressed as thousands of euros.

## NOTE 1 - SIGNIFICANT EVENTS

In December 2017, our subsidiary Haulotte Cantabria, a Spanish company that has been dormant for a number of years, was wound up.

## 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.

The Company applied the new ANC regulation for financial instruments (No.°2015-05). This new regulation does not have a material effect on the financial statements of Haulotte Group SA. The Company has used in the period, swaps and forward currency sales accounted for on the basis of isolated open positions. Gains and income from the settlement of positions are recognized under financial income. The Company did not have any financial instruments at the end of the reporting period. Following the adoption of this new regulation, allowances for and reversals of provisions for foreign exchange losses on trade receivables and payables are now recognized under operating income and expenses.

### 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.

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.

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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:

	Depreciation period
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'.

### • **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.

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## • *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),
- 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.



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## 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 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.

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

Following the adoption of ANC regulation No.°2015-05 of 2 July 2015 and applicable as from 1 January 2017, allowances for and reversals of provisions for foreign exchange losses on trade receivables and payables are recognized under operating income and expenses.

## 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.

### • **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.

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## • **Pension**

Haulotte Group SA records provisions for retirement severance payments 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.

### • **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 (except those relating to commercial receivable and debt), interest income and expenses on current accounts and financial costs associated with borrowing.

## 2.11 Extraordinary income

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.

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## **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	31/12/2016	Increase	Decrease	31/12/2017
Intangible assets <sup>(1)</sup>	18 541	731	-	19 272
Intangible assets in progress	540	716	373	882
Land	882	-	-	882
Building	2 848	-	-	2 848
General installations	12 939	304	7	13 236
Machinery and equipment	25 186	1 536	267	26 455
Other PPE	3 906	219	2	4 123
Fixed assets in progress	492	1 046	474	1 063
<b>TOTAL</b>	<b>65 334</b>	<b>4 551</b>	<b>1 123</b>	<b>68 761</b>

#### Accumulated depreciation and impairment

In thousands of Euros	31/12/2016	Increase	Decrease	31/12/2017
Intangible assets	11 254	1 784		13 038
Land				
Building	1 169	67	-	1 236
General installations	9 428	571	4	9 995
Machinery and equipment	20 472	1 225	267	21 430
Other PPE	3 256	362	1	3 617
<b>TOTAL</b>	<b>45 578</b>	<b>4 008</b>	<b>271</b>	<b>49 315</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.

Research and development expenditure, recorded in operating expenses, totalled 11,438 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	31/12/2016	Increase	Decrease	31/12/2017
Equity investments <sup>(5)</sup>	31 196	551	6 240	25 507
Current accounts & loans to subsidiaries <sup>(5)</sup>	142 801	13 934	40 327	116 408
Treasury shares <sup>(1)</sup>	14 729	3 693	4 000	14 422
Other financial assets	3 989	615	1 001	3 603
<b>TOTAL GROSS VALUE</b>	<b>192 715</b>	<b>18 792</b>	<b>51 567</b>	<b>159 940</b>

In thousands of Euros	31/12/2016	Allowances	Reversals	31/12/2017
Provisions on Equity investments <sup>(2) (5)</sup>	9 004	851	6 240	3 616
Provisions on Current accounts & loans <sup>(3) (5)</sup>	51 852	727	34 919	17 661
Provisions on Treasury shares				
Provisions on Other financial assets <sup>(4)</sup>		1 668		1 668
<b>TOTAL PROVISIONS</b>	<b>60 856</b>	<b>3 246</b>	<b>41 158</b>	<b>22 944</b>

<b>TOTAL NET VALUE</b>	<b>131 859</b>			<b>136 996</b>
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<sup>(1)</sup> The number of treasury shares owned at year end 2017 is 1 777 898.

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

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

<sup>(4)</sup> A provision was booked following a risk of recoverability on a long term loan for €1.7 million.

<sup>(5)</sup> In December 2017, our subsidiary Haulotte Cantabria, a Spanish company that had been dormant for a number of years, was wound up.

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## 4.3 Changes in treasury shares

Type		2017	2016
Liquidity agreement	Number of shares purchased	248 048	213 858
	Purchase price of shares (€)	3 692 601	2 920 697
	Average price per share (€)	14,89	13,66
	Number of shares sold	282 380	215 931
	Original value of shares sold (€)	3 999 745	3 121 264
	Sale price of shares sold (€)	4 262 090	2 999 290
	Net gain / (loss) (€)	262 346	(121 974)
	Number of shares cancelled	-	-
	Number of shares at December 31	79 493	113 825
	Original value of shares at December 31 (€)	1 238 349	1 545 492
Buyback authorisation	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
Global	Number of shares at December 31	1 777 898	1 812 230
	Initial value of shares at December 31(€)	14 421 900	14 729 043
	Provision for treasury shares at December 31* (€)	-	-
	Closing price of shares at December 31 (€)	16,13	14,06

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

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## 4.4 List of subsidiaries and affiliates

Company Registered office In thousands of Euros	Share capital Shareholders' equity <sup>(1)</sup>	Ownership interest (%)	Reserves and retained earnings	Gross value / Net value of shares	Advances	Dividends received	Revenue <sup>(2)</sup> Net income
Haulotte France Sarl 69 St-Priest - France	1 046 8 320	99,99%	5 913	3 804 3 804	(20 981)		75 571 1 340
Telescopelle SAS L'Horme - France	37 863	100,00%	771	37 37	(797)		104 55
Haulotte Access Equipment Manufacturing (Changzhou) Co., Ltd. China	2 308 9 448	100,00%	5 255	2 000 2 000			26 478 1 929
Haulotte Argentina SA Argentina	82 202	100,00%	0	1 624 202	574		11 650 143
Haulotte Arges SRL Romania	838 49 976	100,00%	38 021	1 100 1 100	(8 005)		107 507 11 335
Haulotte Australia Pty Ltd Australia	0 148	100,00%	(1 637)	0 0	21 697		38 833 1 859
Haulotte Do Brazil Ltda Brasil	127 (22 355)	99,98%	(20 978)	201 0	1 977		4 443 (1 658)
Haulotte Hubarbeitsbunnen GmbH Germany	26 18 426	100,00%	18 426	26 26	(15 694)		44 809 1 607
Haulotte Iberica SL Spain	310 5 546	98,71%	2 547	3 3	743		34 256 2 689
Haulotte Italia Srl Italy	100 11 122	99,00%	10 228	10 10	(6 798)		29 369 794
Haulotte Mexico SA de CV Mexico	847 (376)	99,99%	(1 812)	1 113 0	4 662		9 073 626
Haulotte Middle East FZE United Arab Emirates	226 11 080	100,00%	9 919	199 199	3 648		10 940 994
Haulotte Netherlands BV Netherlands	20 (510)	100,00%	(910)	20 0	(2 043)		13 285 381
Haulotte Polska SP Z.O.O. Poland	96 5 337	100,00%	4 062	105 105	(5 865)		13 617 1 157
Haulotte Scandinavia AB Sweden	10 17 845	100,00%	16 993	11 11	(15 759)		27 242 796
Haulotte Singapore Ltd. Singapore	0 3 560	100,00%	2 637	0 0	1 418		18 683 980
Haulotte Trading (Shanghai) co. Ltd. China	728 (3 690)	100,00%	(3 698)	550 0			8 489 (737)
Haulotte UK Ltd United Kingdom	1 (3 557)	100,00%	(3 898)	2 0	6 300		16 008 344
Haulotte US Inc United States	3 (9 920)	100,00%	(38 364)	3 0	51 926		54 103 (3 445)
Haulotte Vostok Russia	41 2 209	100,00%	1 750	80 80			18 685 440

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

Horizon High Reach Limited Argentina	97 5 632	100,00%	4 365	5 065 5 065		8 175 1 399
Levanor Maquinaria de Elevacion S.A. Spain	100 765	91,00%	686	300 0	1 268	0 (21)
NOVE S.R.L. Italy	989 820	100,00%	(169)	2 164 2 164	15 085	9 710 0
Haulotte Chile Chile	0 0	100,00%	0	0 0		0 0
Horizon Chile Chile	0 (345)	100,00%	(1 239)	5 0	236	5 910 902
Haulotte India India	64 157	99,99%	66	62 62		9 29
Acarlar Turkey	816 3 817	50,00%	-	7 024 7 024	634	23 943 2 278

<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 31/12/2017			Inventories at 31/12/2016		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials	20 941	(755)	20 186	17 631	(1 332)	16 299
Work in progress	1 654		1 654	1 749	-	1 749
Finished goods	14 255	(1 266)	12 989	15 618	(1 140)	14 478
Trade goods	8 298	(945)	7 353	8 091	(996)	7 095
<b>TOTAL</b>	<b>45 147</b>	<b>(2 966)</b>	<b>42 182</b>	<b>43 089</b>	<b>(3 468)</b>	<b>39 621</b>

The increase of raw materials is due to the business.



# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## NOTE 6 - TRADE RECEIVABLES

In thousands of Euros	31/12/2017	31/12/2016
Trade receivables	123 577	134 612
Provisions	(28 328)	(31 037)
<b>Net trade receivables</b>	<b>95 249</b>	<b>103 575</b>

The decrease of impairment concerns the reversal on bad debt of a main customer.

## NOTE 7 - MATURITY OF RECEIVABLES AND PAYABLES

The receivables are as follows:

In thousands of Euros	Total	<1 year	> 1 year < 5 years	> 5 years
Current accounts & loans to subsidiaries	116 407	55 404	0	61 003
Trade receivables	123 577	120 206	0	3 370
Other receivables	16 800	10 685	6 114	0

Other receivables mainly include corporate income tax and VAT.

## NOTE 8 - ACCRUALS

In thousands of Euros	31/12/2017	31/12/2016
<u>Prepaid expenses</u>	<b>1 290</b>	<b>845</b>
Operating expenses	1 290	845
Financial expenses		
<u>Deferred revenue</u>	<b>533</b>	<b>825</b>
<u>Unrealised foreign exchange losses</u>	<b>4 252</b>	<b>862</b>
On receivables	3 921	273
On payables	331	590
<u>Unrealised foreign exchange gains</u>	<b>10 638</b>	<b>19 808</b>
On receivables	10 045	19 388
On payables	593	420

The main prepaid expenses relate to trade shows, computer rights and variable fees on future billings.

The deferred revenue relates to machines and spare parts.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## NOTE 9 - OTHER ACCRUED ASSETS AND LIABILITIES

### 9.1 Accrued liabilities

In thousands of Euros	31/12/2017	31/12/2016
Bank borrowings	43	100
Trade payables	24 541	23 372
Tax and employee-related payables	4 934	4 875
Other payables	710	3 627
<b>TOTAL</b>	<b>30 226</b>	<b>31 974</b>

### 9.2 Accrued assets

In thousands of Euros	31/12/2017	31/12/2016
Customer Accounts receivables	3 187	1 419
Other receivables	4 638	3 365
Accrued interests	-	2
<b>TOTAL</b>	<b>7 824</b>	<b>4 786</b>

## NOTE 10 - SHAREHOLDERS' EQUITY

### Detail of share capital

In €	31/12/2016	Increase	Decrease	31/12/2017
Number of shares	31 371 274			31 371 274
Nominal value in Euros	0,13			0,13
Share capital in Euros	4 078 265			4 078 265

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

<b>Shareholders' equity at 31/12/2016</b>	<b>104 974</b>
Dividends distributed	(6 506)
Change in regulated reserves	(56)
Profit/(loss) for the period	9 283
<b>Shareholders' equity at 31/12/2017</b>	<b>107 694</b>

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## 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 93 Epinay sur Seine - France	S.A.S	477	54,40

## NOTE 12 - COMMITMENTS AND CONTINGENCIES

In thousands of Euros	31/12/2016	Allowances	Provisions used in the period	Reversal of unused provisions	31/12/2017
Warranty provisions	2 743	1 141	536	71	3 276
Provisions for foreign exchange losses	862	3 152	233		3 781
Provision for foreign exchange losses on commercial receivables and payables	-	1 100	629		471
Provision for pensions	3 796	268	73		3 991
Other contingencies and commitments	840	4 024	54	468	4 343
<b>TOTAL</b>	<b>8 241</b>	<b>9 685</b>	<b>1 526</b>	<b>539</b>	<b>15 861</b>
Recognised under operating profit		2 509	1 310		
Recognised under financial profit		3 152	233		
Recognised under extraordinary profit		4 024	522		
<b>TOTAL</b>		<b>9 685</b>	<b>2 065</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. 2016 INSEE 12-14),
- 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. 2016 1.5%),
- 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 2017, the provision was split between

- 3 671 thousand € for pensions provisions,
- 320 thousand € for long-service award provisions.

The increase of other contingencies and commitment relates to a probable call in bank guarantee on a defaulting customer.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## NOTE 13 - BORROWINGS

### 13.1 Bank borrowings

In K€	31/12/2016	Increase	Decrease	31/12/2017
Syndicated loan	36 589	23 000	30 000	29 589
Other loans	20 668	17 160	14 942	22 886
Overdraft on syndicated loans	8 149		6 555	1 594
Other overdrafts	3 123		1 311	1 812
Accrued interests	99	18	76	42
<b>TOTAL</b>	<b>68 628</b>	<b>40 178</b>	<b>52 884</b>	<b>55 922</b>

#### • Syndicated credit facility

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 2017 financial period may be summarised as follows:

In thousands of Euros	31 /12/2016	Net Change of the refinancing facility	Net Change of the revolving porting	Net Change of the bank overdraft	Loan Balance at 31/12/ 2017	Balance available at 31/12/2017 for further drawing
Refinancing	14 589				14 589	
Revolving	22 000		(7 000)	-	15 000	37 000
<b>SUB-TOTAL</b>	<b>36 589</b>	<b>-</b>	<b>(7 000)</b>	<b>-</b>	<b>29 589</b>	<b>37 000</b>
Bank overdraft	8 149			(6 555)	1 594	18 406
Accrued interests	20			(14)	6	
<b>TOTAL</b>	<b>44 758</b>	<b>-</b>	<b>(7 000)</b>	<b>(6 569)</b>	<b>31 189</b>	<b>55 406</b>

The syndicated loan is secured by collateral, detailed in the note 23 "Off Balance Sheet commitments". On 31 December 2017, the bank ratios were respected.



# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## • Other loans

Haulotte Group S.A. also subscribed a new credit line in 2017 from a lender outside the banking syndicate for €5 million, maturing in 5 years.

Moreover, Haulotte Group SA reimburses in advance a part of its credit lines from a lender outside the banking syndicate in order to put in place new credit lines at better conditions.

## 13.2 Other loans and borrowings

In thousands of Euros	31/12/2016	Increase	Decrease	31/12/2017
Other loans	450	0	325	125
Deposits	0			0
<b>TOTAL</b>	<b>450</b>	<b>0</b>	<b>325</b>	<b>125</b>

## 13.3 Maturity of loans and borrowings

The maturity of borrowings and other financial debts at 31 December 2017 is as follows:

In thousands of Euros	Total	<1 year	> 1 year < 5 years	> 5 years
Bank borrowings	56 048	6 107	45 131	4 810
<i>Of which syndicated loan</i>	29 589	-	29 589	-
<i>Of which other borrowings</i>	22 885	4 152	13 923	4 810
<i>Of which syndicated loan overdraft</i>	1 594		1 594	
<i>Of which other overdrafts</i>	1 812	1 812		
<i>Of which accrued interests</i>	43	43		
Miscellaneous financial liabilities	125	100	25	

## NOTE 14 - MATURITY OF CREDITORS

The maturity of creditors at 31 December 2017 is as follows:

In thousands of Euros	Total	<1 year	> 1 year < 5 years	> 5 years
Trade payables	50 953	50 953		
Tax and employee related liabilities	7 776	7 776		
Payables to fixed assets suppliers	0			
Other liabilities	76 309	76 309		
<i>of which current accounts</i>		75 591		

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## NOTE 15 - SALES

In thousands of Euros	France	Export	Total
Sales of equipment	57 143	176 016	233 159
Sales of services	1 735	9 572	11 307
<b>TOTAL</b>	<b>58 878</b>	<b>185 588</b>	<b>244 466</b>

## NOTE 16 - FINANCIAL AND EXTRAORDINARY INCOME AND EXPENSE

### 16.1 Net financial expense

In thousands of Euros	31/12/2017	31/12/2016
Change in provisions for impairment of shares and advances to subsidiaries	37 861	5 075
Dividends received from subsidiaries	634	532
Interest on bank overdrafts and current account loans	210	792
Interest on borrowings and bank fees	(1 525)	(1 574)
Foreign exchange : gains, losses, changes in provisions	(3 312)	(247)
Details by currency:		
USD	(919)	
GBP	(1 216)	
AUD	(1 017)	
Autres	(160)	
	(3 312)	
Income from marketable securities	(1)	-
Loss on receivables from investments	(18 705)	
Late payment interests and discounts	186	180
Financial charges and incomes on Swaps	581	214
<b>TOTAL</b>	<b>15 928</b>	<b>4 972</b>

\*following the liquidation of our dormant subsidiary Haulotte Cantabria.

### 16.2 Extraordinary profit (loss)

In thousands of Euros	Expense 31/12/2017	Income 31/12/2017	Expense 31/12/2016	Income 31/12/2016
Fines and penalties	2			
Provisions for lawsuit contingencies	4 024	522	467	331
Other extraordinary income (expense)	476	560	226	382
Proceeds from the disposal of PPE	38	7	5	-
Proceeds from the disposal of financial assets*	6 240			
Proceeds from investment securities	16	278	240	118
Exceptional depreciation expenses	-	-	-	-
Excess tax depreciation	28	84	28	111
Transfer of charges	-	34	-	98
<b>TOTAL</b>	<b>10 824</b>	<b>1 485</b>	<b>966</b>	<b>1 040</b>

\*following the liquidation of our dormant subsidiary Haulotte Cantabria.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## NOTE 17 - 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	15 819	2 802	18 621
Extraordinary profit (loss)	(9 339)	-	(9 339)
<b>TOTAL</b>	<b>6 480</b>	<b>2 802</b>	<b>9 282</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 18 - COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

The Tax Credits for Competitiveness and Employment (CICE) from 2017 (775 thousand €) have been neither refunded, nor deduced 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) was used by the company to finance capital expenditures, research, training, recruitment, prospecting new markets, environmental and energy transition measures and for improving working capital requirements. In 2017, the related profit was booked but has not been cashed. The one of 2016 hasn't been cashed.

## NOTE 19 - DEFERRED TAXES

In thousands of Euros	Basis	Deferred tax
<b>Expenses recorded not deductible for tax purposes</b>		
Employee profit-sharing		
"Organic" tax	344	115
Provision for inventory losses	2 098	699
Provision for trade receivable losses	2 662	887
Provision for pensions	3 671	1 224
<b>Taxable income not recorded in the accounting income</b>	<b>10 638</b>	<b>3 546</b>
<b>NET DEFERRED TAXES</b>	<b>19 413</b>	<b>6 470</b>

Haulotte Group SA has accumulated losses for tax carry forwards amounting to K€ 47 004:

- 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,
- 1 999 thousand € acquired for the overall result 2017.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## NOTE 20 - TAX CONSOLIDATION

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2017 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 21 - FEES ALLOCATED TO DIRECTORS AND OFFICERS

Amount allocated to Board members expensed by the Company totalled €908 thousand in 2017 versus 706 thousand € in 2016.

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.

Moreover a part of the amount allocated relates a consulting service carried out by a Board member.

## NOTE 22 - OFF-BALANCE SHEET COMMITMENTS

### 22.1 Finance lease commitments

None.

### 22.2 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	31/12/2017	31/12/2016
< 1 year	4 527	4 203
1 - 5 years	10 935	10 497
> 5 years		
<b>TOTAL</b>	<b>15 462</b>	<b>14 700</b>



# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## • 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 344 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	31/12/2017	31/12/2016
< 1 year	2 654	2 642
1-5 years	5 690	6 091
> 5 years		
<b>TOTAL</b>	<b>8 344</b>	<b>8 733</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 100 thousand € given to Haulotte France:

In thousands of Euros	31/12/2017	31/12/2016
< 1 year	46	118
1 - 5 years	53	92
> 5 years	1	1
<b>TOTAL</b>	<b>100</b>	<b>211</b>

## • Other commitments

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

In thousands of Euros	31/12/2017
< 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.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

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

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 29,589 thousand € at 31/12/2017 vs. 36,589 thousand € at 31/12/2016 (See note 13).

## NOTE 23 - RECEIVED COMMITMENTS

In thousands of Euros	31/12/2017	31/12/2016
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 €1,600,000 until 31/12/2017 (used for € 519,000 in 2017)	-	1 600

## NOTE 24 - AVERAGE HEADCOUNTS

	31/12/2017	31/12/2016
Managers	239	230
Office employees, technicians	174	164
Workers	206	204
<b>TOTAL</b>	<b>618</b>	<b>598</b>

## NOTE 25 - 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.

# STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2017

## NOTE 26 - 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 In thousands of Euros	Currencies					
	AUD	SEK	GBP	USD	PLN	Others
<b>BALANCE SHEET</b>						
Receivables <sup>(1)</sup>	26 230	321	9 078	124 661	301	
<i>of which Group receivables</i>	25 246		6 148	115 485		
<i>of which non-Group receivables</i>	984	321	2 930	9 175	301	
Payables <sup>(2)</sup>	65	9 585	862	6 158	6 004	11
<i>of which Group payables</i>	65	9 585	862	4 398	6 004	-
<i>of which non-Group payables</i>		1		1 760		11
<b>OFF-BALANCE SHEET COMMITMENTS <sup>(3)</sup></b>						
Non-group commitments given						
Group commitments given			3 435			

<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 AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

**PricewaterhouseCoopers Audit**

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**Haulotte Group SA**

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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 of Haulotte Group SA,

## OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Haulotte Group SA for the year ended 31 December 2017.

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 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## 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 Auditor relating to the audit of the 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 1 January 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

# STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## ***Emphasis of matter***

Without qualifying our opinion, we draw your attention to the matter set out in Note 2 to the financial statements, which describes the impact of the first-time application of ANC (the French accounting standard setter) Regulation No. 2015-05 on financial instruments.

## **JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS**

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 inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the 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 financial statements.

### **Measurement of equity investments, receivables from investments and trade receivables at Group level**

#### ***Description of risk***

Haulotte Group SA holds equity in Group companies and operates a manufacturing business. As part of its development, the Group carries out cash advances to finance its subsidiaries. In addition, it sells equipment to its sales subsidiaries and provides services to the Group as a whole.

Equity investments, receivables from investments and trade receivables at Group level recognised at 31 December 2017, representing some of the largest entries on the balance sheet. Equity investments are carried at cost and may be impaired based on their value in use. Receivables from investments and trade receivables at Group level are recognised at par value and may be written down on the basis of their recoverability.

As indicated in Note 2.3 to the financial statements, the value in use of shares in subsidiaries is estimated by management based on equity at the closing date and forecast earnings for the concerned entities. These same inputs are used to evaluate the recoverability of receivables from investments and trade receivables at Group level.

In order to estimate the value in use of equity investments, management is required to exercise judgement to decide which inputs to use for each investee. These inputs either correspond to historical data (equity) or forecast data (profitability outlook or the economic environment in the countries in which the investees operate).

The geographic location of certain subsidiaries and the competitive and economic environment in which they operate could lead to a drop in their business activity and therefore affect their operating income. Accordingly, due to the significant amounts at stake and the decisive impact of these measurements on the assessment of the financial situation, assets and liabilities of Haulotte Group SA, we deemed the correct measurement of equity investments, receivables from investments, trade receivables at Group level and provisions for contingencies to be a key audit matter.

# STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## ***How our audit addressed this risk***

Our audit work consisted primarily in verifying that the estimated values determined by management were based on an appropriate measurement method and underlying data and, depending on the investment:

For valuations based on historical data:

- verifying that the equity values used were consistent with the financial statements of the entities for which an audit or analytical procedures were performed and that any adjustments to equity were based on documentary evidence;

For valuations based on forecast data:

- obtaining the cash and operating cash flow projections for the activities of the entities concerned, as prepared by their operational management teams, and assessing their consistency with the forecast data taken from strategic plans drawn up by general management for each of their activities and approved, where applicable, by the Board of Directors;
- verifying the consistency of the assumptions used with the economic environment at the closing date and at the date on which the financial statements were prepared;

In addition to assessing the values in use of the investees, our work also consisted in:

- assessing the recoverability of receivables from investments in light of the analyses conducted of equity investments;
- verifying the recognition of provisions for contingencies where the Company is exposed to the losses of a subsidiary with negative equity.

## **VERIFICATION OF THE MANAGEMENT REPORT AND OF THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS**

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

## ***Information given in the management report with respect to the Company's financial position and the financial statements***

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 other documents provided to the shareholders with respect to the financial position and the financial statements.

## ***Report on corporate governance***

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other

# STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2017

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 it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L.225-37-5 of the French Commercial Code relating to items that the Company deems liable to have an impact in the event of a public cash or exchange offer, we verified the consistency of said information with the underlying documents provided to us. Based on this work, we have no matters to report with regard to this information.

### ***Other information***

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### ***Appointment of the Statutory Auditors***

We were appointed Statutory Auditors of Haulotte Group SA by the General Meetings held on 28 May 2015 for BM&A and on 2 October 1998 for PricewaterhouseCoopers Audit.

At 31 December 2017, BM&A and PricewaterhouseCoopers Audit were in the third year and the twentieth year of total uninterrupted engagement, which are the third year and the twentieth year since the Company's shares were admitted to trading on a regulated market, respectively.

## **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for preparing financial statements presenting 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 financial statements free of material misstatement, whether due to fraud or error.

In preparing the 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 Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.



# STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE FINANCIAL STATEMENTS

### ***Objective and audit approach***

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the 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 of users taken on the basis of these 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 management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 internal control 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 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 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 financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

# STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## **Report to the Audit Committee**

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

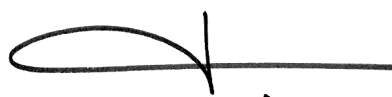
Lyon, 26 April 2018  
The Statutory Auditors

PricewaterhouseCoopers Audit



Natacha Pélisson

BM&A



Alexis Thura