



# MANAGEMENT REPORT 2018

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# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## GENERAL COMMENTS

### *Définitions*

In this annual financial report, except where otherwise indicated:

- The terms the "**Company**" or "**HAULOTTE GROUP**" refer to **HAULOTTE GROUP** a French public limited company (*Société Anonyme*) with capital of €4,078,265.62 whose registered office is located at La Péronnière 42152 l'Horme, France, registered in Saint-Etienne (France) (RCS No. 332 822 485).
- The term "**Groupe**" refers to the Company and all companies consolidated by the latter.

### *Forward-looking statements*

This annual financial report also includes forward-looking information about the Group's objectives and development priorities. These forward-looking statements are sometimes identified by the use of the future or conditional tense or forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or variations thereof or other comparable terminology. It should be noted that the realisation of these objectives and development forecasts do not represent historical data and as such should not be interpreted as providing assurance that the facts and data presented will occur, that the assumptions will be confirmed and the objectives reached. These represent objectives that by nature might not be achieved and the information presented in this annual financial report may prove to be erroneous without the Group being subject, in any manner whatsoever, to an obligation to update these statements, subject to the applicable regulation at notably, the AMF (*Autorité des Marchés Financiers*) General Regulation.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## RESPONSIBILITY FOR THE FRENCH VERSION OF ANNUAL FINANCIAL REPORT

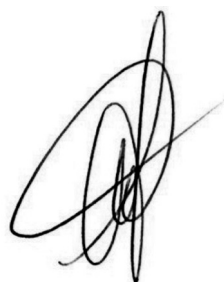
### ***Person making the responsibility statement***

In accordance with article L.451-1-2 of the French monetary and financial code, we inform you that the person responsible for the annual financial report is Mr. Alexandre Saubot, Deputy Chief Executive Officer of Haulotte Group.

Responsibility statement

L'Horme, 30 April 2019

*"I furthermore declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the operations of the Company and the group formed by the companies included in the consolidated financial statements, and that the management report for the period, included herewith presents business trends, the results and financial position of the company and consolidated operations and the description of the main risks and uncertainties".*



Alexandre Saubot

Deputy Chief Executive

# MANAGEMENT REPORT

**ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018**

**MANAGEMENT REPORT INCLUDING THE REPORT ON THE  
GROUP'S MANAGEMENT IN ACCORDANCE WITH ARTICLE  
L.233-26 OF THE FRENCH COMMERCIAL CODE**

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## TABLE DES MATIÈRES

<b>PART 1: Economic information</b>	<b>8</b>
1 - Review of operations and results for the year under review	8
2 - Progress made or difficulties encountered	8
3 - Presentation of parent company financial statements and significant accounting policies	
– Results of operations the Company	8
3.1 Presentation of statutory accounts	8
3.2 Changes in the presentation of the annual accounts or methods of valuation applied in prior years	9
3.3 Analysis of statutory results	9
4 - Comprehensive analysis of the Company's revenue, earnings and financial position, and notably debt with respect to the volume and complexity of business activity	9
5 - Analysis of key indicators of a financial and non-financial nature relating to the company's specific business, and in particular information relating to environmental questions and personnel	9
6 - Key risks and uncertainties - The company's exposure to risks concerning price, credit, liquidity and capital resources - Information on market risks	9
6.1 Description of key risks and uncertainties facing the Company is presented below	10
6.2 The company's exposure to risks concerning price, credit, liquidity and capital resources	10
7 - Use of financial instruments - Company financial risk management objectives and policy	11
8 - Foreseeable changes in the company's situation and outlook	11
9 - Important post-closing events	11
10 - Research and development of the Company	11
11 - Breakdown of trade payables and receivables of the Company by maturity	12
12 - The internal control and risk management procedures adopted by the company and in particular those relating to the preparation and processing of financial and accounting information	13
13 - Summary of dealings in the period ended in own shares by executives and parties mentioned in Article L.621-18-2 of the French monetary and financial code	18
14 - Presentation of the board of directors' annual review on regulated agreements remaining in force and its findings	18
15 - Information on dealings by the Company in its own shares	19
<b>PART 2: Information on subsidiaries and associates</b>	<b>20</b>
1 - Operations of subsidiaries and controlled companies	20
2 - Acquisitions of shareholdings or controlling interests	21
3 - Disposals of shareholdings related to adjustments of cross-shareholdings	21
4 - Own shares held through controlled companies	21
5 - List of existing branch offices	22
<b>PART 3: Information on holdings in the capital</b>	<b>22</b>
1 - Changes in the Company's share capital during the period	22
2 - Identity of holders of significant shareholdings	22
3 - Employee stock ownership	23
4 - Stock options to subscribe for new shares or purchase existing shares	24
5 - Information on the Company's share	24
<b>PART 4: Tax information</b>	<b>25</b>
1 - Sumptuary expenses and disallowed deductions	25
2 - Dividends distributed by the Company in the last three fiscal years	25

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

<b>PART 5: Group management report</b>	<b>26</b>
<b>1 - Presentation of the consolidated financial statements and significant accounting policies</b>	<b>26</b>
<b>2 - Changes in the presentation of the annual accounts or methods of valuation applied in prior years</b>	<b>26</b>
<b>3 - Review of operations and results of the Group for the year under review</b>	<b>26</b>
<b>4 - Comprehensive analysis of revenue, earnings and financial position of consolidated operations, and notably debt with respect to the volume and complexity of their business activity</b>	<b>27</b>
<b>5 - Description of the main risks and uncertainties for the company's subsidiaries</b>	<b>28</b>
<b>6 - The exposure of subsidiaries to risk concerning price, credit, liquidity and capital resources</b>	<b>28</b>
6.1 Credit risk	28
6.2 Liquidity risk	29
<b>7 - Information about the use of financial instruments by the company when this is relevant for the measurement of its assets, liabilities, financial position and profits or losses</b>	<b>29</b>
7.1 Exchange rate risk	29
7.2 Interest rate risk	30
<b>8 - Foreseeable changes in the Group's situation and outlook</b>	<b>30</b>
<b>9 - Significant events between the closing date and the date of publication of the consolidated financial statements</b>	<b>30</b>
<b>10 - Research and development of the Group</b>	<b>30</b>
<b>Appendix 1 – Five-year financial summary</b>	<b>31</b>
<b>Appendix 2 - Board of directors' report on corporate governance</b>	<b>32</b>
<b>1 - Corporate governance</b>	<b>32</b>
1.1 Composition of the Board of Directors and the diversity policy applied to its members	32
1.1.1 Choice of the Middelnext Corporate Governance Code	32
1.1.2 Composition of the Board of Directors	32
1.1.3 Application of the principle of balanced gender representation on the Board of Directors	34
1.1.4 Independent Directors	34
1.1.5 Terms of office	35
1.1.6 Conduct of business rules	35
1.1.7 Review of known conflicts of interest	35
1.1.8 Choice of members of the Board of Directors	36
1.1.9 Mission of the Board of Directors	36
1.1.10 Evaluating the Board's work and practices	36
1.1.11 Creation of committees	36
1.1.11.1 Audit Committee	37
1.1.11.2 Composition	37
1.1.11.3 Number of audit committee meetings in the period ended 31 December 2018	37
1.2 Conditions of preparation and organisation of the Board of Directors' work	37
1.2.1 Meeting convening procedures	38
1.2.2 Procedures for remitting documents and information required to make decisions	38
1.2.3 Report on the Board of Directors' activities in the period ended 31 December 2018	38
1.3 Restrictions imposed by the Board of Directors on the powers of the Chief Executive Officer	40
1.4 Shareholders' participation in the shareholders' meetings	40



# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

<b>2 - List of offices and functions exercised by each corporate officer for the period ended 31 December 2018</b> .....	<b>41</b>
<b>3 - Compensation of officers paid in the period ended 31 December 2018 (article L.225-37-3 of the French commercial code)</b> .....	<b>42</b>
<b>4 - Compensation of executive officers and proposed resolutions (articles L.225-37-2 et L.225-100 du Code de commerce)</b> .....	<b>48</b>
4.1 Approval of the compensation policy for the Chair-CEO and Deputy CEO for the period ending 31 December 2019 (7 <sup>th</sup> resolution) .....	<b>48</b>
4.2 Approval of the components of compensation paid or granted to the Chair-CEO and Deputy CEO for the period ended 31 December 2018 .....	<b>48</b>
<b>5 - Agreements covered by article L.225-37-4 2° of the French commercial code</b> .....	<b>51</b>
<b>6 - Items having a potential impact in the event of public offerings</b> .....	<b>51</b>
6.1 Shareholder base .....	<b>51</b>
6.2 Restrictions under the Articles of Association on the exercise of voting rights and the transfer of shares or the provisions reported to the Company in compliance with article L.233-11 of the French commercial code .....	<b>51</b>
6.3 List of direct or indirect shareholdings in the Company's capital of which it has knowledge by virtue of articles L.233-7 and L.233-12 of the French commercial code .....	<b>52</b>
6.4 Holders of all shares conferring special control rights and a description thereof .....	<b>52</b>
6.5 Powers of the Board of Directors, in particular for the issuance or repurchasing of shares .....	<b>52</b>
6.6 Agreements entered into by the Company which are modified or terminated in the event of a change of control of the Company .....	<b>52</b>
<b>7 - Summary of delegations of authority in force granted by the general meeting of the shareholders to the Board of Directors for capital increases in compliance with articles L. 225-129-1 L. 225-129-2 and L.225-129-2</b> .....	<b>53</b>
<b>Appendix 3 - Special report on the restricted stock unit awards presented to the ordinary and extraordinary general meeting of 28 may 2019 (information required under article L.225-197-4 of the french commercial code)</b> .....	<b>59</b>

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## PART 1: ECONOMIC INFORMATION

### 1 - REVIEW OF OPERATIONS AND RESULTS FOR THE YEAR UNDER REVIEW

**HAULOTTE GROUP** is among the worldwide leaders in the market for self-propelled aerial work platforms both as a manufacturer of the main equipment categories (telescopic booms, articulating booms, scissor lifts, vertical masts) and as a global distributor.

Revenue for the Company grew 14 % in 2018.

Growth remained largely driven by Europe, bolstered by positive trends in most markets and the continuing strength of demand by large rental companies.

In North America, overall revenue was also up, with sales of telehandlers remaining robust throughout the period.

The recovery which began in 2017 in all markets in Latin America (with the exception of Argentina) remained on track in 2018 contributing to growth for this region.

The fiscal year ended 31 December 2018 submitted for approval to the ordinary general meeting is the company's thirty-fourth year of operations since the Company's creation.

### 2 - PROGRESS MADE OR DIFFICULTIES ENCOUNTERED

Revenue growth in 2018 was not sufficient to enable the company to reach its target for maintaining the level of current operating income. Adverse effects from the client and geographical mix combined with higher component costs and fixed costs linked to the implementation of the new strategic plan were not offset by the strength of sales volumes.

### 3 - PRESENTATION OF PARENT COMPANY FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES – RESULTS OF OPERATIONS THE COMPANY

#### 3.1 Presentation of statutory accounts

Highlights of the statutory accounts of **HAULOTTE GROUP** SA for the financial year ended 31 December 2018 are presented below: (€ thousands)

FINANCIAL HIGHLIGHTS (€ '000s)	Fiscal 2018	Fiscal 2017	Change %
Revenue	279,519	244,466	+14,34%
Operating profit	(10,363)	(108)	-N/A
Net financial income (expense)	2,556	15,928	-83,95%
Extraordinary profit (loss)	(1,464)	(9,339)	+84,32%
Net profit (loss)	(6,362)	9,283	-168,53%

Please refer to the notes to the annual financial statements for all additional explanations.



# MANAGEMENT REPORT

**ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018**

## **3.2 Changes in the presentation of the annual accounts or methods of valuation applied in prior years**

We inform you that the annual financial statements were prepared according to the same presentation and methods were used in prior periods. Changes in accounting methods are presented in the summary of significant accounting policies in Note 2 to the separate annual financial statements.

## **3.3 Analysis of statutory results**

Revenue for **HAULOTTE GROUP** SA in 2018 rose 40% from one year earlier.

On that basis, the operating margin decline in relation to 2017, and despite the increase in sales, the net margin decrease. This adverse performance in large part reflects the recognition of additional provisions for receivables from subsidiaries.

Committed fixed costs rose significantly in 2018, particularly at the level of general and administrative expenses with the portion is charged back to our subsidiaries having increased (example: costs associated with our new ERP M3), but also factory overheads and selling expenses.

The level of fees received by our foreign plans was up significantly in response to increased volumes.

Net financial income includes the impact of the reversal of provisions set aside for current account balances of our subsidiaries whose financial situations have improved and favourable currency effects.

In light of the above, results for the year represented a net loss of €6.4 million.

As required by article R.225-102 of the French commercial code, this report includes a table summarising the results of the Company over the last five years.

## **4 - COMPREHENSIVE ANALYSIS OF THE COMPANY'S REVENUE, EARNINGS AND FINANCIAL POSITION, AND NOTABLY DEBT WITH RESPECT TO THE VOLUME AND COMPLEXITY OF BUSINESS ACTIVITY**

Readers are invited to refer to *paragraphs 1, 2 and 3 above and 16.2 and 7 below*.

## **5 - ANALYSIS OF KEY INDICATORS OF A FINANCIAL AND NON-FINANCIAL NATURE RELATING TO THE COMPANY'S SPECIFIC BUSINESS, AND IN PARTICULAR INFORMATION RELATING TO ENVIRONMENTAL QUESTIONS AND PERSONNEL**

Readers are invited to refer above to *paragraphs 1, 2 and 3 and section 5 below in this report*.

## **6 - KEY RISKS AND UNCERTAINTIES - THE COMPANY'S EXPOSURE TO RISKS CONCERNING PRICE, CREDIT, LIQUIDITY AND CAPITAL RESOURCES - INFORMATION ON MARKET RISKS**

In accordance with the provisions of article L225-100-1 of the French commercial code, a description of key risks and uncertainties facing the Company is presented below.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## 6.1 Description of key risks and uncertainties facing the Company is presented below

Because the company outsources a significant share of its production, the sourcing capacities of its suppliers constitute a primary risk. To prevent risks of supply chain disruptions, the strategy widely adopted for a number of years for diversifying suppliers must be pursued. For several years the credit situation of suppliers considered to represent a higher risk has been monitored and specific measures have been taken to ensure that the industrial model remains constantly in sync with market demand.

The market risk is the second significant risk factor. On that basis, visibility has improved though caution continues to be necessary, against the backdrop of a global environment marked by continuing uncertainties.

Another significant risk is the sensitivity of sales to credit restrictions in financial markets. **HAULOTTE GROUP** proposes financing solutions to its customers either through a financing entity or, for a non-significant percentage of sales, direct financing, by maintaining receivable risks at a reasonable level.

## 6.2 The company's exposure to risks concerning price, credit, liquidity and capital resources

The major share of the company's sales is generated through its distribution subsidiaries. Despite fierce competition, these subsidiaries have successfully maintained the level of sale prices for new products.

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 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.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

As the current contractual deadline is 30/09/2019, discussions are underway to implement a new agreement before this date.

Based on the stage of progress of negotiations with the current banking pool, there is no doubt that a new credit facility will be implemented which will cover the Group's financing needs for the next five years. The signature of this future syndicated loan agreement is expected before September 2019.

### **7 - USE OF FINANCIAL INSTRUMENTS - COMPANY FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY**

The company has recourse to forward currency sales (mainly in USD and GBP).

The Company does not systematically hedge interest rate and foreign exchange risk.

However, transactions are carried out according to market opportunities. In such cases, they are destined to cover existing assets or liabilities rather than for speculative purposes.

### **8 - FORESEEABLE CHANGES IN THE COMPANY'S SITUATION AND OUTLOOK**

Based on the current level of the order book, at its highest level since 2007, and commercial activity which remains robust, growth in sales of approximately 8% is expected in 2019.

An improvement in the machine mix and eight more favourable environment for sales prices is also expected in 2019.

Finally, we are expecting net financial income of approximately €11 million, including, on the one hand, dividends to be received and, on the other hand, the reversal of provisions for the impairment of current account balances link to the improved financial situation of our subsidiaries driven by business growth.

In light of these factors, net income is expected to be clearly positive in 2019.

### **9 - IMPORTANT POST-CLOSING EVENTS**

No material event with a potential significant impact on the assessment of the situation of the company has occurred or was known to exist after the end of the reporting period.

### **10 - RESEARCH AND DEVELOPMENT OF THE COMPANY**

The Company's research and development efforts continued in 2018.

Noteworthy events in 2018 include the launch of the first electric boom lift of the Pulseo range, the HA20 LE.

At the same time, the Group has expanded its research focusing on optimising operator safety.

The medium-term objective of these efforts in R&D is to accelerate the roll-out of new machines or renew our existing product ranges in the years ahead.

Research and development expenditures amounted to €12,279,000 in 2018.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## 11 - BREAKDOWN OF TRADE PAYABLES AND RECEIVABLES OF THE COMPANY BY MATURITY

In compliance with the provisions of articles L.441-6-1 paragraph 1 of the French commercial code, an aged trial breakdown of trade receivables and payables is provided below for the fiscal year ended 31 December 2018.

Trade payable	Statutory information on receivables and payables (Article D.441 I.-1 of the French commercial code*): Invoices received unpaid at the end of the reporting period in arrears			
	1 to 30 days	31 to 60 days	> 60 days	Total
<b>(A) Portion in arrears</b>				
Number of invoices concerned	29	43	158	230
Total amount of invoices concerned including VAT	216 486	7 573	267 124	491 183
% of total amount of purchases ex-VAT of the period	0,08%	0,00%	0,10%	262 586 790
<b>(B) Invoices excluded from (A) relating to disputed payables</b>				
Number of disputed supplier invoices		1 330		
Total number of subsidiary invoices involving a current account-related payables		250		
Amount of disputed invoices		3 832 695		
Amount of subsidiary invoices involving a current account-related payable		2 346 364		
Accounts receivable	Statutory information on receivables and payables (Article D.441 I.-1 of the French commercial code*): Invoices issued and unpaid at the end of the reporting period in arrears			
	1 to 30 days	31 to 60 days	> 60 days	Total
<b>(A) Portion in arrears</b>				
Number of invoices concerned	80	68	203	351
Total amount of invoices concerned including VAT	2 222 073	1 163 114	1 549 006	4 934 192
% of revenue ex-VAT of the period	0,79%	0,42%	0,55%	279 519 048
<b>(B) Invoices excluded from (A) relating to disputed receivables and subsidiaries</b>				
Number of disputed customer invoices		271		
Total number of subsidiary invoices involving a current account-related receivable		5 326		
Amount of disputed customer invoices		3 392 342		
Amount of subsidiary invoices involving a current account-related receivable		60 417 498		

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## **12 - THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES ADOPTED BY THE COMPANY AND IN PARTICULAR THOSE RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION**

### **A. Objectives of the Company in the areas of internal control and risk management procedures**

The purpose of the internal control procedures in force in the company is to ensure that management and operating practices, and also employee behaviour, adhere to the framework defined by the guidelines given to the businesses of the company by the governing bodies, applicable laws and regulations, and the values, standards and internal rules of the company.

ensure that the accounting, financial and management information provided to the Company's governing bodies provides a fair presentation of the operations and situation of the Company and its subsidiaries.

One of the objectives of internal control is to prevent and manage the risks resulting from the business operations of the company and its subsidiaries and the risk of error or fraud, in particular in the accounting and financial areas (operating, financial, compliance or other risks).

As with any control system, it is not possible to provide an absolute guarantee that these risks have been completely eliminated.

### **B. Summary of procedures in place**

#### **a) General organisation for the internal control and risk management procedures at the Company level**

Each department at the headquarters and in the subsidiaries is responsible for implementing and monitoring internal control procedures.

These internal control procedures are placed under the responsibility of the Group's Finance Department and Secretariat General who draws up the procedures, promotes their application and ensures their consistency and proper functioning. A core body of written internal procedures is available for consultation on the Company's intranet.

Accordingly, the different participants in the internal control process within the Company include:

- The Finance and Information Systems Department (with the Consolidation and Reporting, Financial Control, Credit Management, Internal Audit departments and the Digital & Information Department),
- the Secretariat General with the legal department and the human resources department),
- the Industrial Division (with the quality department).

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## b) Presentation of summarised internal control and risk management procedures adopted by the Company

### The Finance Department:

#### • Internal audit

After completing a risk mapping initiative, the Group's executive committee created an internal audit department tasked with the following missions:

- reducing business-related risks,
- implementing procedures for reporting incidents recorded to Management,
- raising awareness of Haulotte entities and departments about the importance of respecting procedures,
- obtaining action plans from entities audited to comply with procedures,
- ensuring the implementation of the action plans proposed by the audited entities and the achievement of the expected outcome,
- improving and adapting procedures by taking into account observations made during audit assignments.

#### • The Financial Control department:

It includes two units:

- an industrial financial control unit represented at each production site and for R&D, purchasing and quality functions by a dedicated team at the headquarters;
- a management control unit for the distribution subsidiaries, ensuring financial oversight for the Group's different distribution and service subsidiaries with the zones' financial controllers. In addition, the regional financial controller is the intermediary between the Group and the controller for each subsidiary of its region. This division ensures the financial control functions for the support and equipment rental business functions.

These teams contribute to implementing internal control procedures by:

- ensuring the security of assets, notably through inventory procedures,
- ensuring and assisting in the dissemination of the Group's accounting and management rules,
- ensuring that expenditures are incurred in accordance with the budget defined at the beginning of each period and within the framework of the rules for incurring expenses and delegations of authority defined by the Group.



# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

### • The Cash Management department:

It manages the following areas:

- cash management,
- management of banking relations and bank balancing transactions, management of multi-currency cash positions,
- credit management.
- The department ensures that the principles defined for managing customer credit risk are correctly applied and controls the exposure of the Group's main customers. To this purpose, it monitors the evolution of accounts receivable for all subsidiaries, controls the levels of outstanding balances and reconciles the cash budget with outstanding trade receivables of subsidiaries,
- organises the collection, monitors outstanding financing amounts and consolidates all Group financial commitments.

### • The Consolidation and Reporting department:

The Department is responsible for producing the consolidated annual and interim financial accounts, and the corresponding financial communication as well as monthly reporting.

This department assists the local financial managers with the implementation of reporting procedures and the reporting of financial information in compliance with IFRS accounting rules. and it visits subsidiaries to ensure they that the reporting procedures are correctly applied.

### • The Group Accounting department:

It is responsible for the accounting for Haulotte Group SA. It is also responsible for coordinating and managing the tax policy at Group level.

- The finance department draws up **written procedures** covering the main subjects and financial flows within the Group. These procedures are disseminated to all financial contacts of the headquarters and subsidiaries and updated on a regular basis.

### The Digital & Information Department (DID):

In 2017, the DID implemented a Single sign-on (SSO) system for which the first applications included mail, Sharepoint Online, Skype, Foerderis and proxy-web.

The DID is also continuing to define the security policies largely focusing on protecting access to systems and restricting access to identify named individuals and ensure the security of printing and information exchanges: an IT system security plan, a new IT charter, and communications initiatives on best practices targeting users are currently being developed.

The DID continues to actively participate in the working group for combating fraud and scamming (management of fraudulent emails, "fake president" frauds, etc.). On that basis, many scamming attempts were prevented in 2017.

# MANAGEMENT REPORT

**ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018**

## **The Secretariat General:**

### **• The Group Legal Department**

Given the importance of the issues handled by the legal team, the Company has decided, a few years ago, to reinforce its role by creating a full-fledged Legal Department in line with the company's other activities.

The Legal department continues to participate in "Safety Committees" meetings held on a regular basis (every two months, and more if required). These meetings bring together all parties concerned by the efficient management of technical and legal monitoring of incidents and accidents known to the Group and in which, the presence of one of our products was noted.

The Legal department participates in "intellectual property committee" meetings also attended by the industrial division, the secretariat general, the marketing department and the intellectual property manager of the Group. These periodic meetings provide a mechanism for monitoring filings and intellectual property disputes for the entire Group. They also serve as a means to notify different participants of the existence of prior rights.

In addition, the Legal department continues to organise periodic training initiatives to raise awareness among teams about legal issues (commercial relations, contractual obligations, intellectual property, etc.).

Several internal communications actions are implemented by the Legal department, in collaboration with the financial, communications and DID teams, in order to inform and alert staff about the risks of and the measures to combat social engineering fraud.

The Legal department collaborates with all departments concerned with legal matters and provides its support to the Internal Audit department.

In addition, the Legal department regularly participates in meetings organized by Middenext offering a forum for exchange and discussing legislative and regulatory developments concerning listed companies and in consequence new obligations of the Company. It also participates in working meetings organized by the trade associations of its industry sector (FIM, CISMA).

**• The Human Resources department** with a corporate department and correspondents at each manufacturing site:

- The Security charter seeking to improve the safety of employees in their day-to-day activities, introduced in France was then expanded to other countries where the Group operates, in order to strengthen controls in this area. With this objective, the "Safety Challenges" were renewed.
- The Recruitment procedure in place continues to be applied.
- This department ensures the promotion of the Management Group Procedure, a set of essential Group rules in HR, Finance, Legal Affairs and Insurance areas.
- In the area of risk management, country and people review procedures have been implemented. The purpose of these reviews is to promote exchanges between teams of the headquarters and subsidiaries as well as the production sites and also to provide insight on employee morale and relations between employees and management.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

- The purpose of the country review is to provide a presentation of each subsidiary covering namely their organisation, operating procedures and key performance indicators for different departments.
- The "people review" provides an opportunity for carrying out a review by means of exchanges with +1 and +2 reporting levels with the Human Resources departments for each of their staff.
- To benefit from an even more comprehensive view of available resources, the HR department uses a forward-looking employment and skills management tool covering all Group employees. The first step entailing its deployment in France was carried out in 2017 with international deployment planned for in the English speaking sites in 2018. For 2019, the deployment of this management tool is planned on Spanish speaking sites.

### **Industrial Division:**

**The Quality function** of the Group includes a Chief Quality Officer, a corporate quality manager, four quality project engineers and a quality and environment system coordinator.

Each industrial division (production site) has its own quality department coordinated by the quality manager of the site (division) with several functions represented : customer quality (aftermarket service), product quality assurance, the quality process for painting and assembling, suppliers and an environmental coordinator.

The quality department has reinforced the "customer satisfaction" approach through:

- The deployment and standardisation of the process approach within the company.
- Implementation of a continuous improvement approach through projects relating to enhancing reliability and ageing equipment.
- Tools for eliminating risks at the level of all projects to improve the reliability of our manufactured products.
- A procedure for monitoring and selecting suppliers and the continuation of a new " Supplier Risk Management" function.

### **c) Risks associated with producing financial and accounting information**

The Consolidation department is responsible for producing the interim and annual consolidated financial statements, under the oversight of the Group Finance Department and Executive Management.

This Department ensures the quality of the monthly accounting closings for the different Group companies, managed, according to the case, by local accounting departments or chartered accountants for small size subsidiaries, and their restatement according to applicable IFRSs.

The consistent application of Group accounting principles is ensured by the Consolidation department that is responsible for monitoring changes in standards.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

The most important accounting principles, and namely those which may have a material impact on the Group's accounts, are documented and distributed to all subsidiaries. These concern standards for recognising financing transactions, revenue recognition, the impairment or non-collection of trade receivables, provisions for inventories, rules for the depreciation and amortisation of fixed assets.

In accordance with local regulations, financial and accounting information is verified by local auditors. The Group's joint-auditors review the consolidated financial statements with the assistance of local auditors or undertake their own audit assignments if necessary.

In the last phase, financial and accounting information is approved by the Board of Directors for the first six-month period and annually, after being presented to the Board of Directors convened in the capacity of Audit Committee.

The Board of Directors also fulfils the functions of the Audit Committee. It ensures the efficacy of the internal control and risk management systems for financial areas, in addition to monitoring the process for producing financial information. It reports on its mission to the Board of Directors.

The entire process for producing and processing financial and accounting information described above contributes to managing and limiting risks in this area.

### 13 - SUMMARY OF DEALINGS IN THE PERIOD ENDED IN OWN SHARES BY EXECUTIVES AND PARTIES MENTIONED IN ARTICLE L.621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

In accordance with article L.621-18-2 of the French monetary and financial code and articles 222-23 and 223-26 of the General Regulation of the Autorité des marchés financiers, the Company was informed of the following transactions covered by article 19 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse for the period ended 31 December 2018:

Parties concerned	Type of transaction	Number of transactions	Month of transaction	Volume	Average price (€)	Total transaction amount (€)
Patrick Murris	Acquisition	2	July 2018	1 900	13.3	25 270
Patrick Murris	Acquisition	1	July 2018	4 000	14.16	56 640
Patrick Murris	Acquisition	1	March 2018	1 500	16.1970	24,295.5

### 14 - PRESENTATION OF THE BOARD OF DIRECTORS' ANNUAL REVIEW ON REGULATED AGREEMENTS REMAINING IN FORCE AND ITS FINDINGS

In accordance with proposition No. 27 of AMF recommendation 2012-05, we hereby inform you of the conclusions of the Board of Directors' meeting of 12 March 2019 on its annual review of regulated agreements covered by article L.225-38 of the French commercial code in accordance with article L.225-40-1 of said code.

The Board of Directors reviewed these regulated agreements at its meeting of 12 March 2019. After determining that these agreements continued to meet the criteria providing the basis for their initial authorisation, this authorisation was unanimously maintained by the Board.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## 15 - INFORMATION ON DEALINGS BY THE COMPANY IN ITS OWN SHARES

The Company's ordinary and extraordinary meeting of 29 May 2018 granted the authority to the Board of Directors, which it may in turn delegate in accordance with applicable laws, for a period of eighteen months, as from the date of the general meeting, to acquire or have acquired shares of the Company in accordance with the provisions of articles L.225-209 et seq. of the French commercial code.

In accordance with article L.225-211, paragraph 2 of the French commercial code, we inform you that in the fiscal year ended 31 December 2018, information on trading by the Company in its shares is provided below:

Number of shares purchased in fiscal 2018	334,048
Average purchase price of own shares in fiscal 2018	14.33
Execution fees	N/A
Number of shares sold in fiscal 2015	275,379
Average sale price of own shares in fiscal 2015	14.81
Number of shares cancelled in fiscal 2015	0
Number of treasury shares recorded in the name of the Company at 31 December 2018	1,836,567
Percentage of treasury shares held at 31 December 2018	5.85%
Net carrying value of treasury shares at 31 December 2018	14,690,359
Nominal value of treasury shares at 31 December 2018	238,754
Nominal value of treasury shares at 31 December 2018 (price of €8.83 on this date)	16,216,887

The breakdown according to the purpose for the use of own shares at 31 December 2018 was as follows:

Purposes of share buy-backs	Number of shares
Ensuring the liquidity of the Company's shares through a liquidity agreement entered into with an investment services provider, that complies with a code of conduct recognised by the French financial market regulator, the AMF ( <i>Autorité des Marchés Financiers</i> )	143 702
Meeting the obligations resulting from stock option programs or other share grants to employees or directors or executives of the Company or affiliated companies	0
Meeting the obligations arising from debt securities exchangeable into ownership interest	0
Holding the shares for subsequent remittance to be tendered in payment or exchange in connection with possible acquisitions, spin-offs or contributions in accordance with market practices admitted by the AMF	1 629 558
Cancelling all or part of the shares thus acquired	68 847
<b>TOTAL</b>	<b>1 842 107</b>

No shares of the Company were reallocated for other purposes or objectives.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## PART 2: INFORMATION ON SUBSIDIARIES AND ASSOCIATES

### 1 - OPERATIONS OF SUBSIDIARIES AND CONTROLLED COMPANIES

In accordance with the provisions of article L.233-6 paragraph 2 of the French commercial code, we hereby report to you on the operations and results of the Company and the subsidiaries that it controls by business division:

At year-end, HAULOTTE GROUP exercised controlling interests in 37 subsidiaries. The results of these subsidiaries are summarised below (€ thousands):

Subsidiary	Percentage of holding	2018 revenue in € '000s	2018 revenue in € '000s	2018 net profit (loss) in € '000s	2017 net profit (loss) in € '000s
Haulotte France Sarl.	99,99%	88 590	75 571	2 662	1 340
Haulotte Services France Sarl	100% par HAULOTTE France SARL	-	-	-	-
Telescopelle SAS	100%	114	104	60	55
Haulotte Access Equipment Manufacturing (changzhou) co. Ltd	100%	41 713	26 478	3 373	1 929
Haulotte Argentina SA	100%	8 296	11 650	(1 544)	143
Haulotte Arges SRL	100%	134 827	107 507	10 157	11 335
Haulotte Australia Pty Ltd	100%	42 342	38 833	1 354	1 859
Haulotte Do Brazil Ltda	99,98%	6 575	4 443	(5 243)	(1 658)
Haulotte Hubarbeitsbunnen GmbH	100%	65 704	44 809	1 225	1 607
Haulotte Iberica S.L	98,71%	32 652	34 156	5 325	2 689
Haulotte Italia S.R.L.	99%	32 001	29 369	1 387	794
Haulotte Mexico SA de CV <sup>(2)</sup>	99,99%	10 085	9 067	(354)	626
Haulotte Middle East Fze	100%	13 307	10 940	881	994
Haulotte Netherlands B.V	100%	17 601	13 285	307	381
Haulotte Polska Sp Zoo	100%	17 766	13 617	1 055	1 157
Haulotte Scandinavia AB	100%	22 321	27 242	(72)	796
Haulotte Singapore Ltd	100%	17 931	18 683	760	980
Haulotte Trading (Shanghai) Co Ltd	100%	15 182	8 489	(2 963)	(737)
Haulotte UK Ltd	100%	17 967	16 008	445	344
Haulotte US Inc	100%	56 904	54 103	2 794	(3 445)
Haulotte Vostok OOO	100%	27 115	18 685	(251)	440
Horizon High Reach Limited	100%	6 525	8 175	(2 246)	1 399
Levanor Maquinaria de Elevacion SA	91%	-	-	(12)	(21)



# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Mundielevacao, Aluger e Transporte de Plataformas Lda	90% par LEVANOR	-	-	6	21
N.D.U maquinaria y plataformas elevadoras, S.L	100% par HAULOTTE IBERICA SL	-	-	-	(0)
Equipro / Bil-Jax <sup>(1)</sup>	100% par HAULOTTE US Inc.	54 793	57 544	(2 303)	(472)
Haulotte Chile SPA	100%	-	-	-	-
Horizon High Reach Chile SPA	100%	8 710	5 910	(628)	902
Haulotte India Private Ltd	99,99%	5	9	22	29
Acarlar Dis Ticaret Ve Makina Sanayi A.s.	100%	4 249	23 943	849	2 278
Haulotte Digital Support Center	95%	15	-	(511)	-

<sup>(1)</sup> Including the following companies: BIL-Jax Inc, Equipro Inc., Bil-Jax Service Inc, Seaway Scaffold and Equipment Inc. and Scaffold Design and Erection Inc.

<sup>(2)</sup> Including Haulotte Service SA of CV.

## 2 - ACQUISITIONS OF SHAREHOLDINGS OR CONTROLLING INTERESTS

In accordance with articles L.233-6 paragraph 1 and L.247-1, I-1° of the French commercial code, we hereby inform you that the Company has not acquired any holdings in the period ended in any other company having its registered office in France representing more than one twentieth, one tenth, one fifth, one third, one half or two thirds of the capital or voting rights of the company or acquiring a controlling interest in such company, must notify the Company.

In addition, we inform you that, the Company engaged in the following transactions outside the scope of the aforementioned articles:

- Purchase of 50% of the shares of Acarlar on 8 October 2018, increasing Haulotte Group's interest to 100% (consult the press release published on 9 October 2018 on the Company's website for details).
- Disposal of NOVE srl le 21 on June 18 (consult the press release published on 21 June 2018 on the Company's website for details).

## 3 - DISPOSALS OF SHAREHOLDINGS RELATED TO ADJUSTMENTS OF CROSS-SHAREHOLDINGS

In accordance with article R.233-19, paragraph 2 of the French commercial code, we inform you that the Company has not divested any shares for the purpose of eliminating cross-shareholdings prohibited by articles L.233-29 and L.233-30 of the French commercial code.

## 4 - OWN SHARES HELD THROUGH CONTROLLED COMPANIES

In accordance with article L.233-13 of the French commercial code, we inform you that no company directly or indirectly controlled by the Company holds own shares.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## 5 - LIST OF EXISTING BRANCH OFFICES

In compliance with article L.232-1, II of the French commercial code, the list of branch offices as of today is disclosed below:

Address	City
Quartier Serve Bourdon	Lorette (42)
Rue d'Harfleur	Le Creusot (71)
104 rue de Courcelles	Reims (51)

## PART 3: INFORMATION ON HOLDINGS IN THE CAPITAL

### 1 - CHANGES IN THE COMPANY'S SHARE CAPITAL DURING THE PERIOD

None.

### 2 - IDENTITY OF HOLDERS OF SIGNIFICANT SHAREHOLDINGS

In accordance with the provisions of article L 233-13 of the French commercial code and based on the information and notifications received pursuant to articles 233-7 and L 233-12 of the French Commercial Code, the identity of shareholders directly or indirectly owning over 5%, 10%, 15%, 20%, 25%, 30%, 33%, 50%, 66%, 90% or 95% of the share capital or voting rights on the closing date, i.e. on 31 December 2018, and modifications that might have been made in the period, are disclosed below:

Thresholds	Name of the shareholder	Percentage of holding	
		Capital	Voting rights
5% to 10%			
10% to 15%			
15% to 20%			
20% to 25%			
25% to 33% 1/3			
33% 1/3 to 50%			
50% to 66% 2/3	SOLEM SAS <sup>(1)</sup>	54.40%	70.08%
66% 2/3 to 90%			
90% to 95%			
More than 95%			

<sup>(1)</sup> Based on a share capital made up of 31,371,274 shares representing theoretical 48,707,069 voting rights.

"By letter dated 15 January 2018, Norges Bank Investment Management (Bankplassen 2, P.O Box 1179 Sentrum – NO-0107 Oslo), reported having crossed above the disclosure thresholds provided for under the Articles of Association of 2% of the capital of Haulotte Group on 12 January 2018, and holding in consequence 316,210 shares of the Company, representing 2.03 % of its share capital."

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

"By letter received 7 February 2018, Moneta Asset Management (36 rue Marbeuf, 75008 Paris), acting on behalf of the funds under its management, reported having crossed below, the threshold of 4% of Haulotte Group's capital on 24 January 2018 and 3% of the voting rights on 15 January 2018. On that basis, on 7 February 2018, it held on behalf of these funds 1,047,958 Haulotte Group shares, representing an equivalent number of voting rights, or 3.34% of the share capital and 2.50% of the voting rights of this company.

"By letter dated 16 March 2018, Norges Bank Investment Management (Bankplassen 2, P.O. Box 1179 Sentrum - NO-0107 Oslo), reported having crossed above the disclosure thresholds of 3% of the capital of HAULOTTE GROUP on 15 March 2018, and held 1,011,449 shares, representing 3.22% of its share capital"

"By letter dated 28 March 2018, Norges Bank Investment Management (Bankplassen 2, P.O. Box 1179 Sentrum - NO-0107 Oslo), reported having crossed above the disclosure thresholds provided for under the Articles of Association of 4% of the capital of Haulotte Group on 27 March 2018, and holding in consequence 1,256,006 shares of the Company, representing 4.004 % of its share capital."

"By letter dated 28 May 2018, the Caisse des Dépôts (56 rue de Lille- 75356 Paris 07SP) reported having indirectly crossed the 1% through CDC Entreprises Valeurs Moyennes, on 24 May 2018 and on that basis to indirectly hold 315,739 shares and voting rights representing 1% of the share capital of Haulotte Group and 0.84% of the voting rights."

"By letter dated 5 June 2018, the Caisse des Dépôts (56 rue de Lille- 75356 Paris 07SP) reported having indirectly crossed the 1% through CDC Entreprises Valeurs Moyennes, on 1 June 2018 and on that basis to indirectly hold 504,591 shares and voting rights representing 1.60% of the share capital of Haulotte Group and 1.03% of the voting rights."

"By letter dated 27 June 2018, the Caisse des Dépôts (56 rue de Lille- 75356 Paris 07SP) reported having indirectly crossed the 2% through CDC Entreprises Valeurs Moyennes, on 25 June 2018 and on that basis to indirectly hold 634,245 shares and voting rights representing 2.02% of the share capital of Haulotte Group and 1.30% of the voting rights."

### 3 - EMPLOYEE STOCK OWNERSHIP

In accordance with provisions of article L.225-102 of the French commercial code, we hereby inform you that no shares making up the Company's share capital were held by employees of the Company or by personnel of affiliated companies within the meaning of article L.225-180 as part of an employee stock ownership plan provided for by articles L.443-1 to L.443-9 of the French labour code, and by employees and former employees in connection with a company savings plan (Plan d'Epargne d'Entreprise) governed by chapter III of the Law 88-1201 of 23 December 1988 on collective investment undertakings and the creation of debt investment funds. Also taken into account are registered shares held directly by employees in accordance with articles L.225-187 and L.225-196 of said Code according to the version previous to the entering into force of Law 2001-152 of 19 February 2001 on employee stock savings plans, article L.225-197-1 of this Code, article L.3324-10 of the French labour code, article 31-2 of Ordinance 2014-948 of 20 August 2014 on governance and equity transactions on companies with public participation and article 11 of the Privatisation Act 86-912 of 6 August 1986 in its version prior to its implementation by the aforementioned Ordinance 2014-948 of 20 August 2014.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## 4 - STOCK OPTIONS TO SUBSCRIBE FOR NEW SHARES OR PURCHASE EXISTING SHARES

We inform you that a restricted stock unit plan for ordinary shares was implemented by the Board of Directors on 13 March 2018 for the benefit of employees of the Company and Eligible Subsidiaries.

This plan concerns 70,000 shares awarded to seven employees, or 10,000 shares per beneficiary which represents 0.22% (rounded) of the share capital. Details of this award are provided in the special report attached hereto.

## 5 - INFORMATION ON THE COMPANY'S SHARE

At 31 December 2018, the Company's share capital was comprised of 31.371.274 shares. The market capitalisation at 31 December 2018 was €277 million.

Information on share price trends and trading activity for the period is provided below:

Date	High (price)	High (date)	Low (price)	Low (date)	Closing price	Ave- rage price (ope- ning)	Ave- rage price (clo- sing)	Trading volume	Capital (€m)	Number of trading sessions
jan. 2018	19.68	24/01/18	16.18	02/01/18	19.22	17.860	17.963	1,094,205	19.67	22
feb.. 2018	19.36	21/02/18	16.94	06/02/18	18.78	18.494	18.454	518,420	9.50	20
mar. 2018	19.4	14/03/18	15.64	22/03/18	16.74	17.341	17.302	1,018,159	17.36	21
apr. 2018	17.24	16/04/18	15.74	05/04/18	16.34	16.383	16.389	480,820	7.90	20
may 2018	17.14	10/05/18	15.94	24/05/18	16.26	16.567	16.565	480,120	7.86	22
jun. 2018	16.34	01/06/18	14.36	27/06/18	14.64	15.649	15.546	498,183	7.69	21
jul. 2018	14.74	02/07/18	12.44	27/07/18	12.86	13.718	13.633	236,056	3.22	22
aug. 2018	13.12	03/08/18	11.5	17/08/18	11.8	12.353	12.295	260,014	3.19	23
sep. 2018	12.68	12/09/18	11.6	28/09/18	11.72	12.107	12.026	650,890	7.88	20
oct. 2018	11.82	04/10/18	8.9	26/10/18	10.02	10.598	10.511	604,589	6.34	23
nov. 2018	10.48	02/11/18	8.93	22/11/18	9.75	9.670	9.677	243,199	2.35	22
dec. 2018	9.95	03/12/18	8	27/12/18	8.83	8.886	8.810	355,929	3.17	19

In the period ended, the **HAULOTTE GROUP** share traded between a range of a high of €19.68 (24 January 2018) and a low of €12.06 (27 December 2018).

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## PART 4: TAX INFORMATION

### 1 - SUMPTUARY EXPENSES AND DISALLOWED DEDUCTIONS

In compliance with the provisions of article 223 quater of the French general tax code, accounts of the period ended include non-deductible expenses according to article 39-4 of the French general tax code of 87,900 and the theoretical tax corresponding to an amount of €31.479 based on a 28% theoretical tax rate; with a corresponding tax totalling €31,479.

### 2 - DIVIDENDS DISTRIBUTED BY THE COMPANY IN THE LAST THREE FISCAL YEARS

As required by article 243 bis of the French general tax code, information on dividends paid for the last three fiscal years is disclosed below:

	<b>Dividends distributed (excluding treasury shares)</b>	<b>Distributed amount eligible for the 40 % tax basis reduction provided for under article 158 3 2 of the French general tax code</b>	<b>Distributed amount not eligible for the 40 % tax basis reduction provided for under article 158 3 2 of the French general tax code</b>
Fiscal year ended 31 December 2017	6,507,391,22,€	6,507,391,22,€	None
Fiscal year ended 31 December 2016	6,506,408,92,€	6,506,408,92,€	None
Fiscal year ended 31 December 2015	6,480,761,11,€	6,480,761,11,€	None

# MANAGEMENT REPORT

**ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018**

## **PART 5: GROUP MANAGEMENT REPORT**

In accordance with the provisions of articles L.233-16 and L.225-100-2 of the French commercial code, we hereby report to you on the management of the Group for the period ended 31 December 2018.

### **1 - PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES**

Companies included in the scope of consolidation are listed in paragraph 1 of section 2 of this report. The situation of these companies is described in paragraph 1 of part 1 and in the table contained in paragraph 1 of part 2 of this report.

The Group's financial statements at 31 December 2018 have been prepared in accordance with IFRSs as adopted by the European Union.

### **2 - CHANGES IN THE PRESENTATION OF THE ANNUAL ACCOUNTS OR METHODS OF VALUATION APPLIED IN PRIOR YEARS**

#### **Disposal of No.Ve.**

On 21 June 2018, the Group sold No.Ve., its subsidiary for its entire rental operations in Italy.

This disposal was considered as a discontinued operation within the meaning of IFRS 5 and the rental activity in Italy may be considered as a main economic area given that up until this date it was a Cash Generating Unit.

In compliance with the provisions of IFRS 5, items of the income statement and cash flow statement linked to this activity have been presented separately as a discontinued operation in the corresponding financial statements. These items thus restated are presented in notes 26 and 40.

#### **IAS 29 (Financial Reporting in Hyperinflationary Economies)**

Hyperinflation is applicable to Argentina as from 1 July 2018, with an effect on the accounts as from 1 January 2018.

IAS 29 requires that financial statements be restated according to the historical cost approach. This restatement consists in applying a general price index so that the financial statements are expressed in the measuring unit applicable on the balance sheet date.

This standard was applied by the Group for Haulotte Argentina S.A. and Horizon High Reach Limited. The impacts of this application are presented in the statement of changes in shareholders' equity and in note 31.

### **3 - REVIEW OF OPERATIONS AND RESULTS OF THE GROUP FOR THE YEAR UNDER REVIEW**

In an aerial work platform market which remains robust in all regions, growth in Group revenue was driven largely by Europe and equipment sales.

Higher volumes achieved in the period failed to offset the adverse effects of the client and geographical mix, higher component prices and fixed costs linked to the implementation of the new strategic plan.



# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## 4 - COMPREHENSIVE ANALYSIS OF REVENUE, EARNINGS AND FINANCIAL POSITION OF CONSOLIDATED OPERATIONS, AND NOTABLY DEBT WITH RESPECT TO THE VOLUME AND COMPLEXITY OF THEIR BUSINESS ACTIVITY

Group results for the period break down as follows:

In € millions	FY 2018	FY 2017
Revenue	555.9	499.4
Current operating income	33.6	41.1
Operating profit/(loss) from continuing operations	29.1	35.7
Pre-tax profit from continuing operations	25,3	21,0
<b>NET INCOME OF CONSOLIDATED COMPANIES</b>	<b>23,9</b>	<b>17,7</b>
Net profit attributable to owners of the Group	23,8	17,6
The results of which correspond to continuing operations	17,9	17,6
The results of which correspond to discontinued operations	5,9	-

Total revenue from continuing operations for 2018 rose to €555.9 million up from €499.4 million in 2017, representing growth of 14% at constant exchange rates from the prior year.

Annual sales in Europe grew +18%.

The Asia-Pacific region ended the period with +8% growth in sales (at constant exchange rates).

The Americas region was up 3 % (at constant exchange rate).

For the year, equipment sales (+16%) and services (+5%) achieved gains at constant exchange rates, versus a decline registered by the rental business (-7%).

Current operating income from continuing operations of the Group amounted to €33.6 million, compared to €41.1 million in 2017.

This change reflects several adverse effects in 2018, the most important being the client and geographical mix combined with higher component costs and fixed costs linked to the implementation of the new strategic plan were not offset by the increase strength of sales volumes.

In 2018, non-current items concerned mainly litigation costs (net of allowances and reversals for litigation contingencies) representing a charge of €4.2 million compared to €5.4 million in 2017.

Operating profit from continuing operations amounted to €29.1 million compared to €35.7 million the previous year.

At 31 December 2018, consolidated net income for the period was €28.3 million compared to €17.7 million in 2017.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Group net debt (including guarantees) increased in the period from €57.8 million at 31 December 2017 to €124.0 million at 31 December 2018. This debt is primarily carried by **HAULOTTE GROUP S.A.** with in particular the syndicated credit facility of the Group, of which €80.4 million had been drawn at 31 December. The Group is in the process of renegotiating with the current banking pool for a new credit facility based on comparable terms, with the amount to be defined. At 31 December 2018, the Group was in compliance with all its commitments with banks under the terms of its syndicated credit facility agreement.

### 5 - DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE COMPANY'S SUBSIDIARIES

The main material risks and uncertainties that could have a material impact on the Group identified at 31 December 2018 relate on the one hand to market risk and the foreign exchange environment in which the Group operates and, on the other hand, items relating to its liquidity situation.

In 2018, growth remained largely driven by Europe, bolstered by positive trends in most markets and the continuing strength of demand by large rental companies.

The Asia-Pacific region ended the year with gains in revenue on sales growth in China and Australia, and despite slower sales in the Middle East.

In North America, revenue was also up, with sales of telehandlers remaining robust throughout the period.

The recovery which began in 2017 in all markets in Latin America (with the exception of Argentina) remained on track in 2018 and allowed the Group to registered growth in this region.

The rental business which has experienced a decline in sales was impacted by the situation in Argentina.

The Group maintains its policy of a centralised management of foreign exchange and pays specific attention to the variation of foreign currencies on its main markets, as these could significantly affect its financial performance.

Based on the level of cash resources and credit lines open and available at 31 December 2018 compared with cash forecasts for the first few months of 2019, the Group's ability to cover its liquidity requirements remains intact. The instalments of the credit facility are payable on 30 September 2019 in the amount of €80.4million. For the other borrowings, amounts payable in 2019 amount total €5.5 million.

### 6 - THE EXPOSURE OF SUBSIDIARIES TO RISK CONCERNING PRICE, CREDIT, LIQUIDITY AND CAPITAL RESOURCES

The Group exposure is largely limited to credit and liquidity risk.

#### 6.1 Credit risk

Credit risk originates mainly from an exposure to customer credit, and in particular unsettled receivables and transactions in progress.

To mitigate this risk, the Group has implemented credit rating procedures (internal or independent) to evaluate the quality of the credit situation of its customers (new or existing) based on their financial situation, historical payment data at any other relevant factors.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Credit risk is also limited by the fact that in the event of a payment default by customers, **HAULOTTE GROUP** retains the possibility of recovering the goods representing the receivables. Provisions for receivables are determined according to this principle (and described in the consolidated financial statements).

### 6.2 Liquidity risk

**HAULOTTE GROUP** cash management is centralised. The corporate team manages current and budgeted financing needs for the parent company and subsidiaries.

All cash surpluses are invested in risk-free products at market conditions by the parent company comprised of money market funds and time deposit accounts.

### Status of the syndicated credit facility

As a reminder, a syndicated credit facility was obtained on September 30, 2014. At 31 December 2018, the Group was in compliance with all ratios. The instalments of the syndicated credit facility are now classified as short-term debt, and in parallel a new credit line is being negotiated with the current banking syndicate.

### Other financing

In 2018, Haulotte Group S.A. obtained a new loan from a banks outside the banking syndicate in the amounts of €8 million and €5 million repayable in five and seven years respectively.

## 7 - INFORMATION ABOUT THE USE OF FINANCIAL INSTRUMENTS BY THE COMPANY WHEN THIS IS RELEVANT FOR THE MEASUREMENT OF ITS ASSETS, LIABILITIES, FINANCIAL POSITION AND PROFITS OR LOSSES

Financial instruments used by the Group are destined to cover its foreign exchange and interest rate risks.

### 7.1 Exchange rate risk

A significant portion of Haulotte Group sales is in currencies other than the euro, and in particular the US dollar and the British pound. Sales are primarily in the functional currency of the subsidiaries of the Group, and as such do not generate transactional foreign exchange risk at their level.

The primary source of foreign exchange risks for **HAULOTTE GROUP** consequently results from intercompany invoicing flows when Group companies purchase products or services in a currency different from their functional currency (exports of manufacturing subsidiaries located in the euro area and exporting in the local currency of a sale subsidiary).

This exposure is managed by **HAULOTTE GROUP** SA. The transactional foreign exchange positions open in the balance sheet might be partially hedged in the main currencies through simple financial instruments (forward exchange purchases and sales against the euro).

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## 7.2 Interest rate risk

The Group uses in preference floating rate debt which provides greater flexibility. To hedge its interest rate risk, the Group seeks to take advantage of market opportunities based on interest rate trends. Interest rate risk is not systematically hedged.

For hedging market risks (interest rate and foreign exchange risks) **HAULOTTE GROUP** uses derivative instruments. These derivatives are destined to hedge the fair value of assets or liabilities recognised (fair value hedges) or future cash flows (cash flow hedges).

In compliance with the provisions of IAS 32 and IFRS 9, derivatives are measured at fair value. The fair value of these contracts are measured using valuation models provided by the banks from which these instruments were obtained, and may be considered as level 2 in IFRS 7 fair value (using valuation techniques "based on directly observable market inputs").

## 8 - FORESEEABLE CHANGES IN THE GROUP'S SITUATION AND OUTLOOK

Based on the current level of the order book, at its highest level since 2007, and commercial activity which remains robust, the Group should achieve growth in sales and current operating income (excluding foreign exchange gains and losses) of around 10% in 2019.

## 9 - SIGNIFICANT EVENTS BETWEEN THE CLOSING DATE AND THE DATE OF PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

No material event with a potential significant impact on the assessment of the situation of the Group has occurred or was known to exist after the end of the reporting period.

## 10 - RESEARCH AND DEVELOPMENT OF THE GROUP

Research and development have remained an important focus of Group efforts for several years. Innovation processes have been defined as one of the strategic processes of the Group.

The objective of this process is to propose new products or renew existing lines addressing the needs of its customers. Paragraph 10 of section 1 provides detailed information on the most important achievements of the period in this area. Research and development expenditures by the Group in the period amounted to €13 732,000.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## APPENDIX 1 – FIVE-YEAR FINANCIAL SUMMARY

Closing date	31/12/ 2018	31/12/ 2017	31/12/ 2016	30/12/ 2015	30/12/ 2014
Length of the fiscal year (months)	12	12	12	12	12
<b>SHARE CAPITAL AT YEAR-END</b>					
Common stock	4 078 266	4 078 266	4 078 266	4 063 765	4 057 837
Number of shares					
- ordinary shares	31 371 274	31 371 274	31 371 274	31 259 734	31 214 129
- treasury shares	1 836 567	1 777 898	1 812 230	1 814 303	1 837 823
- dividend-right shares	29 534 707	29 593 376	29 559 044	29 445 431	29 376 306
Maximum number of future shares to be created					
- from the conversion of bonds					
- from subscription rights					
<b>OPERATIONS AND RESULTS</b>					
Sales ex-VAT	279 519 047	244 466 351	215 588 260	232 272 603	216 876 915
Profit before income tax, profit-sharing depreciation and provisions	- 4 400 505	- 23 071 567	-3 993 457	13 371 335	6 706 352
Corporate income tax	- 2 908 722	- 2 802 161	-2 335 951	-466 047	658 279
Employee profit-sharing					
Allowances and Reversals of depreciation, amortisation and provisions, expense reclassifications	4 870 294	-29 551 919	1 319 162	12 224 854	3 866 118
Net income	- 6 362 077	9 282 513	-2 976 667	1 612 528	2 181 955
Distributed profit			6 506 409	6 480 761	6 465 923
<b>EARNINGS PER SHARE</b>					
Profit after income tax, profit-sharing, and before depreciation, amortisation and provisions	- 0,05	-0,65	-0,05	0,44	0,19
Profit after income tax, profit-sharing, depreciation, amortisation and provisions	- 0,20	0,30	-0,09	0,05	0,07
Distributed dividends	0,22	0,22	0,22	0,22	0,22
<b>PERSONNEL</b>					
Average number of employees for the fiscal year	643	618	598	578	569
Total payroll	27 776 208	25 641 354	25 212 616	23 930 881	22 768 996
Total benefits paid (social security, welfare benefits, etc.)	13 247 689	12 335 070	12 005 087	11 389 629	10 788 551

# MANAGEMENT REPORT

**ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018**

## **APPENDIX 2 - BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE**

Dear shareholders,

In accordance with the provisions of the last paragraph of article L.225-37 of the French commercial code, we hereby present in this report on corporate governance, the information mentioned in article L.225-37-2 of said code.

The terms of this report were prepared and adopted by the Board of Directors on 12 March 2019.

### **1 - CORPORATE GOVERNANCE**

In accordance with the provisions of article L.225-37-4, paragraph 5 to 9, of the French commercial code, we hereby report to you on:

- the preparation and organisation of the Board's work,
- limitations on the powers of the Chief Executive Officer (directeur général) that may exist,
- the reasons a diversity policy is not applied to members of the Board of Directors as well as information on how the Company seeks to achieve balanced representation of men and women on the Management Committee implemented by executive management for the purpose of regularly assisting the performance of its general missions and results in terms of gender diversity for the 10% category of senior positions,
- in the event that the provisions of the Middlednext Code of corporate governance to which the Company refers would have been set aside, the reasons for this, and,
- the special procedures the participation of shareholders in general meetings or the provisions of the articles of association providing for such procedures.

#### **1.1 Composition of the Board of Directors and the diversity policy applied to its members**

##### **1.1.1 Choice of the Middlednext Corporate Governance Code**

The Company has decided to refer to the Middlednext Code of December 2009 and revised in September 2016 as its reference for corporate governance in accordance with the provisions of article L.225-37-4, 8° of the French commercial code. The Company considered that this code was best adapted to its size and shareholder structure.

This code can be consulted at the Middlednext website ([www.middlednext.com](http://www.middlednext.com)).

In accordance with the Middlednext Code recommendation 19, the Board of Directors duly noted on 12 March 2019 the specific points to be watched listed therein.

##### **1.1.2 Composition of the Board of Directors**

The composition of the Company's Board of Directors includes the following eight directors, of which three are independent.



# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

We also remind you that in the period ended 31 December 2018, your Board of Directors submitted to the general meeting of 29 May 2018 two draft resolutions to appoint two new directors: Ms. Anne Danis-Fatome and Ms. Elodie Galko.

These draft resolutions, adopted by the general meeting, are in line with our approach seeking to identify new profiles and increase the percentage of women serving on the Board.

In addition, we also remind you that in the period ended 31 December 2018, a draft resolution to renew the directorship of Mr. Pierre Saubot was submitted and adopted by the general meeting.

Last name, first name, title or function of the directors	Year of first appointment	Expiration date of office in progress	Independent director	Audit Committee member
<b>Pierre Saubot</b> Chair of the Board of Directors - Chief Executive Officer	1989	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2023	No	-
Director	1985	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2023		
<b>Alexandre Saubot</b> Deputy Chief Executive Officer	1999	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021	No	-
Director	1999	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021		
<b>Elisa Savary</b> Director	1998	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021	No	Member
<b>Hadrien Saubot</b> Director	2004	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021	No	Member
<b>José Monfront</b> Director	2004	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021	No	Member

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

<b>Michel Bouton</b> Director	2001	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021	Yes	Member
<b>Anne Danis Fatôme</b> Director	2018	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2023	Yes	Member as from 12 March 2019
<b>Elodie Galko</b> Director	2018	At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2023	Yes	Member as from 12 March 2019

Following the entry into force of article L.225-37-4,6° of the French commercial code based on the wording of Order No. 2017-1180 of 19 July 2017 and Decree 2017-1265 of 9 August 2017 to which the Company has adhered, we remind you that this report is required to include a description of the diversity policy applied to members of the board of directors with respect to age, gender, qualifications and professional experience, as well as a description of the this policy's objectives, the procedures for its implementation and the results obtained. In the event the company does not apply such policy, it must then provide an explanation of the reasons for this.

On the date of this report, the Board of Directors has not considered it opportune to implement a diversity policy within the meaning of article L.225-37-4, 6° of the French commercial code, in light of the family composition, reduced size and current operations of the Board. However, it is noted that the Board of Directors has been committed over the last years to open up its membership to figures from the outside contributing a different perspective on the Board's decisions, in particular by appointing independent directors within the meaning of the Middlednext Code recommendation 3.

With respect to results in the area of gender diversity for 10% category of senior positions, women represented 7.36% in 2018.

### 1.1.3 Application of the principle of balanced gender representation on the Board of Directors

In compliance with article L.225-18-1 of the French commercial code, we inform you that the breakdown of directors by gender is as follows:

- Number of male directors: 5,
- Number of female directors: 3.

### 1.1.4 Independent Directors

The notion of independent member adopted is that provided by Recommendation 3 of the Middlednext Code, and namely:

- they must not have been during the last five years an employee or executive officer of the company or a company in its group,

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

- they must not have had any material business relationship with the company or its group for the last two years (as a client, supplier, competitor, service provider, creditor, banker, etc.),
- they must not be a reference shareholder of the company or hold a significant percentage of voting rights,
- they must not have a close relationship or close family ties with a corporate officer or a reference shareholder,
- they must not have been an auditor of the company in the course of the previous six years.

On 12 March 2019, the Board of Directors examined the situation of its membership with respect to these criteria of independence. On that basis three were considered to be independent under the definition of the MiddleNext code: Mr. Michel Bouton, Ms. Anne Danis-Fatôme and Ms. Elodie Galko

### 1.1.5 Terms of office

The term of office of members of the Board of Directors is set at six (6) years. This term was considered by the company to be in compliance with Recommendation 9 of the Middlednext Code. To date, the Company has not considered it useful to propose a modification to the articles of association providing for the staggered renewal of the terms of office of directors, in light of its size and membership.

### 1.1.6 Conduct of business rules

In accordance with Recommendation 1 of the Middlednext Code, each member of the Board of Directors is made aware of the obligations arising from his or her appointment and encouraged to adhere to the rules of conduct relating to his or her appointment. At the beginning of their term of office, each director signs the board's internal rules of procedure and undertakes notably to:

- comply with the provisions of statute relating to holding multiple offices,
- comply with applicable regulations,
- inform the Board in the event of conflict of interest arising after being appointed to the office,
- demonstrating diligence in attending meetings of the board and the general meeting,
- ensuring that they possess all necessary information for the agenda of the meetings of the Board before making any decision, and,
- respecting professional confidentiality.

On the date of this report, the Chair-CEO and the Deputy CEO have not accepted other directorships in listed companies, including foreign companies, outside the Group.

### 1.1.7 Review of known conflicts of interest

In accordance with article 4.3 of the Company's rules of procedure, each director is required to disclose any situation giving the appearance or which might give the appearance of a conflict of interest between the corporate interest and his or her direct or indirect personal interest or the interest of the shareholder or a group of shareholders he or she represents.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

In the event of such situation, the director concerned must:

- inform the Board of Directors as soon as he or she learns of this,
- draw all resulting conclusions regarding the exercise of his or her office. And on this basis, according to the case he or she must :
  - either refrain from participating in the vote of the corresponding deliberations,
  - or not attend the meeting of the board of directors as long as the conflict of interest lasts,
  - or, as an extreme measure, resign from his or her functions as director.

On 12 March 2019, in accordance with Middelnext Code Recommendation 2, the Company's Board of Directors reviewed the known conflicts of interests and no situation of a potential or proven conflict of interest was brought to its attention.

### 1.1.8 Choice of members of the Board of Directors

When each member of the Board of Directors is appointed or reappointed, information about their experience, expertise and the list of offices exercised is provided in the report presented by the Board of Directors to the general meeting presenting the draft resolutions submitted for your approval. This information is also made available online on the Company's website. The appointment or renewal of each member of the Board of Directors is subject to a specific resolution, in accordance with Recommendation 8 of the Middelnext Code.

### 1.1.9 Mission of the Board of Directors

In accordance with article 2 of the Board's rules of procedure, the board's missions, in addition to the powers recognized by the law and the articles of association, are as follows:

- Representing all shareholders,
- Issuing opinions about all decisions relating to the major strategic, economic, social, financial or technological priorities of the Company and ensure they are implemented by executive management,
- Considering a proposal calling for an audit or verification by the chairman or the audit committee,
- Reviewing the points to be watched of the Middelnext Code.

### 1.1.10 Evaluating the Board's work and practices

The Board of Directors has been studying for several years the interest of adopting and evaluation procedure in line with Recommendation 11 of the Middelnext Code on corporate governance in its version of September 2016.

Today, the Board of Directors has not yet ruled on whether or not to implement such a procedure in light of its operating procedures and membership. ; the questionnaire reviewed at the meeting of 14 March 2017 was not considered as conclusive with respect to the objectives pursued by the Board in this area.

### 1.1.11 Creation of committees

In accordance with Recommendation 6 of the Middelnext Code we hereby report to you on the Company's choice with respect to special committees.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

### 1.1.11.1 Audit Committee

On 9 March 2011 the Board of Directors decided to create an Audit Committee in accordance with article L.823-20,4° of the French commercial code for a limited period.

The functioning and the attributes of the Company's Audit Committee are described in article 6 of the Company's rules of procedures available for consultation on the Company's website.

### 1.1.11.2 Composition

On the date of this report, the Board of Directors, when it meets for the purpose of exercising the missions of Audit Committee, is comprised of the six following members:

- Mr. Michel Bouton, independent director, audit committee chair,
- José Monfront,
- Hadrien Saubot,
- Elisa Savary,
- Anne Danis Fatôme
- Elodie Galko.

Anne Danis Fatome and Elodie Galko accepted to be members of the audit committee of the Board of Directors as from 12 March 2019.

### 1.1.11.3 Number of audit committee meetings in the period ended 31 December 2018

The audit committee met three times with an average attendance rate of 58.33 %.

## 1.2 Conditions of preparation and organisation of the Board of Directors' work

Meetings are conducted and decisions voted according to the conditions of quorum and majority provided for by statute and the Company's articles of association.

In accordance with Recommendation°7 of the Middlednext Code, the Board of Directors has internal rules of procedures divided into the eight areas covered by this recommendation and available for consultation at the Company's website.

The internal rules of procedures initially adopted by the Board of Directors on 11 March 2009, and subsequently modified by the Board on 9 March 2011 and 20 January 2017, notably provide that except for transactions covered by articles L. 232-1 and L. 233-16 of the French commercial code, and as applicable, by the Company's articles of association, directors who take part in a meeting of the Board through videoconferencing or electronic methods that allow their identification and effective participation are deemed present for determining the quorum and majority.

The means adopted must be capable of permitting the identification of participants and guaranteeing their effective participation.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

### **1.2.1 Meeting convening procedures**

Directors are called to meetings according to the procedures authorised by article 13 of the Company's articles of association.

In accordance with article L.823-17 of the French commercial code, the statutory auditors were called to the Board meetings that reviewed and adopted the interim and also the annual accounts.

### **1.2.2 Procedures for remitting documents and information required to make decisions**

Board members have received prior to each meeting, all documents and information that is useful for making informed decisions and the performance of their duties.

### **1.2.3 Report on the Board of Directors' activities in the period ended 31 December 2018**

The minutes of each meeting are drawn up under the responsibility of the Chair of the Board of Directors and the Deputy CEO. These minutes are transcribed into the record after being signed by the chair of the meeting and one director.

During the period ended 31 December 2018, the Company's Board of Directors met four times on the dates indicated below.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Meeting dates	Number of directors present or represented	Rate of participation	Main items of business on the agenda
13 March 2018	5	83.33%	<p>Examination of the conclusions of the audit committee meeting of 7 March 2018.</p> <p>Review and approval of the separate parent company and consolidated financial statements for the period ended 31 December 2017.</p> <p>Proposals to the general meeting for the appropriation of net income for the period and the distribution of dividends to shareholders.</p> <p>Annual review of agreements covered by article L.225-38 et seq. of the French commercial code entered into an authorized in prior periods and remaining in force in the year ended.</p> <p>Adoption of the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits of any kind attributable to the Chair-CEO and the Deputy CEO.</p> <p>Review of the elements of compensation paid to or granted for the period ended 31 December 2017 to Messrs. Pierre Saubot and Alexandre Saubot on the basis of their offices.</p> <p>Annual meeting on the company' policy on workplace and wage equality in compliance with the provisions of article L.225-37-1 of the French commercial code.</p> <p>Review of the independence of directors ( R3 Middlednext).</p> <p>Review of the Middlednext "points to be watched" (R19 Middlednext).</p> <p>Review and adoption of the management report and the report on the management of the Board of Directors for the period ended 31 December 2017.</p> <p>Review and adoption of the report of the Board of Directors on corporate governance drawn up in accordance with the provisions of Article L.225-37, subsection 6 of the French commercial code .</p> <p>Review of the draft annual financial report for the period ended 31 December 2017 – Powers granted to the Chair-CEO and Deputy CEO.</p> <p>Preparation and convening of an ordinary and extraordinary general meeting – Review and adoption of the draft resolutions to be presented to the ordinary and extraordinary general meeting</p>



# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

18 April 2018	3	50%	Modification of the agenda of the annual general meeting of 29 May 2018. Addition of new resolutions
29 May 2018	4	50%	Implementation of the authorisation to be granted by the general meeting of 29 May 2018 to deal in the Company's shares in accordance with the provisions of article L.225-209 of the French commercial code
11 September 2018	7	87.50%	Review and adoption of the interim accounts established on 30 June 2018. Preparation of the interim report in compliance with article L.451-1-2 III of the French monetary and financial code

### 1.3 Restrictions imposed by the Board of Directors on the powers of the Chief Executive Officer

The powers of the chair and chief executive officer of the Company are not subject to any limits other than those imposed by law.

As such, he is vested with the broadest powers to act in all circumstances in the name of the Company. He exercises his powers within the limits of the corporate purpose and subject to the powers expressly granted to shareholders' meetings and the Board of Directors. He represents the Company in its dealings with third parties.

### 1.4 Shareholders' participation in the shareholders' meetings

In accordance with article L. 225-37 of the French commercial code, article 16 of the Company's articles of association provides special procedures for the participation of shareholders in general meetings (copies of the articles of association are available at the Company's registered office and the registrar of the commercial court).

# MANAGEMENT REPORT

**ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018**

## **2 - LIST OF OFFICES AND FUNCTIONS EXERCISED BY EACH CORPORATE OFFICER FOR THE PERIOD ENDED 31 DECEMBER 2018**

To comply with the provisions of article L.225-37-4, 1° of the French commercial code, a list of the offices and functions exercised in any company during the period ended 31 December 2018 by each corporate officer is provided below.

<b>Corporate offices concerning</b>	<b>Offices and functions exercised in the Company</b>	<b>Offices and functions exercised outside the Company</b>
Pierre Saubot	<ul style="list-style-type: none"> <li>• Chair of the board of directors</li> <li>• Chief Executive Officer</li> <li>• Director</li> </ul>	<ul style="list-style-type: none"> <li>• General Manager of Solem SAS</li> <li>• Managing Partner of Société Commerciale du Cinquau,</li> <li>• Co-Manager of SCI Lancelot</li> </ul>
Alexandre Saubot	<ul style="list-style-type: none"> <li>• Deputy Chief Executive Officer</li> <li>• Director</li> </ul>	<ul style="list-style-type: none"> <li>• Chair of the Board of Solem SAS,</li> <li>• Representative of Haulotte Group, Chair of Telescopelle SAS,</li> <li>• Managing Partner of Haulotte France SARL,</li> <li>• Managing Partner of Haulotte Services France SARL,</li> <li>• Co-Manager of SCI Lancelot,</li> <li>• Director of Haulotte Netherlands BV,</li> <li>• Director of Haulotte Iberica,</li> <li>• Director of Haulotte Scandinavia,</li> <li>• Director of Haulotte Italia,</li> <li>• Manager of Haulotte GmbH,</li> <li>• Director of Haulotte Polska,</li> <li>• Director of Haulotte UK,</li> <li>• Director of Haulotte Australia,</li> <li>• Chair of Haulotte US,</li> <li>• Director of Haulotte Singapore,</li> <li>• Director of Haulotte Arges,</li> <li>• Chair of Haulotte Trading (Shanghai) Co. Ltd,</li> <li>• Director of Haulotte Mexico,</li> <li>• Director of Haulotte Middle East,</li> <li>• Representative of Haulotte Group, sole director of Horizon High Reach Limited,</li> <li>• Director of Haulotte India,</li> <li>• Director of Levanor</li> <li>• Director of MundiElevacao</li> <li>• Chair of the Board of Directors of Haulotte Access Equipment Manufacturing (Changzhou),</li> <li>• Chair of the Board of Directors of Acarlar</li> </ul>
Elisa Savary	<ul style="list-style-type: none"> <li>• Director</li> </ul>	<ul style="list-style-type: none"> <li>• General Manager of Solem SAS<sup>1</sup></li> </ul>
Hadrien Saubot	<ul style="list-style-type: none"> <li>• Director</li> </ul>	<ul style="list-style-type: none"> <li>• General Manager of Solem SAS<sup>2</sup></li> </ul>

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

José Monfront	• Director	• Director of Haulotte Trading Shanghai co.Ltd. • Director of Haulotte India, • Director of Haulotte Access Equipment Manufacturing (Changzhou), Chair of JM Consulting
Michel Bouton	• Director	• Chair of Escal <sup>3</sup> • Chair of Sovibus <sup>4</sup>
Anne Danis Fatôme	• Director	• Member of the Haut Comité Juridique de la Place Financière de Paris (HCJP) <sup>5</sup>
Elodie Galko	• Director	• Regional director of a property development subsidiary of a civil engineering and construction group (Linkcity, Bouygues Constructions) <sup>6</sup> • Regional director of Duval group in Toulouse

<sup>(1)</sup> Resignation from the office of Chief Executive Officer of Solem SAS as from 1 January 2019

<sup>(2)</sup> Resignation from the office of Chief Executive Officer of Solem SAS as from 1 January 2019

<sup>(3)</sup> End of the term of office of the Chair of Escal: 12 July 2017.\*\*\*

<sup>(4)</sup> Date of the end of the term of office of the Chair SOVIBUS: 6 March 2017.\*\*\*

<sup>(5)</sup> End of the term of office of the Chair of HCJP: 30 June 2018.\*\*\*

<sup>(6)</sup> End of the term of office of the Regional Director of Linkcity: 3 September 2018.\*\*\*

### 3 - COMPENSATION OF OFFICERS PAID IN THE PERIOD ENDED 31 DECEMBER 2018 (ARTICLE L.225-37-3 OF THE FRENCH COMMERCIAL CODE)

For the purpose of complying with the provisions of article L.225-37-3 of the French commercial code, we hereby report to you, based on the information in our possession, on the total compensation and benefits of any nature paid by the Company in the period ended 31 December 2018, including grants of equity securities, debt securities or other securities giving access to the share capital or conferring an entitlement to debt securities of the Company or the companies mentioned in articles L. 228-13 and L. 228-93 of the French commercial code. The above compensation and benefits include those received by controlled companies within the meaning of article L. 233-16 of said code as well as the company controlling the Company.

We inform you that:

- all directors have a right upon presentation of expense vouchers to the reimbursement of travel and other expenses relating to the performance of their functions and incurred in the interest of the Company, and,
- the Company has made no commitment of any nature in favour of corporate officers corresponding to components of compensation, indemnities or other benefits due or likely to be due upon acceptance, termination or change of duties or after the discharge thereof, in particular pension commitments and other annuities.

The tables presented below were prepared in reference to the corporate governance code issued by Middenext in September 2016 and validated by the AMF as a reference code. Any heading not included in the following tables in relation to the table templates proposed by the MiddleNext Code corporate governance is considered as not applicable.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

**Table 1: Summary of compensation for each executive officer**

<b>Pierre Saubot</b> <b>Chair and chief executive officer</b>	<b>Fiscal year ended 31 December 2017</b> Amounts paid (Gross base compensation before tax)	<b>Fiscal year ended 31 December 2018</b> Amounts paid (Gross base compensation before tax)
Fixed annual compensation paid by Solem <sup>7</sup> for the office of chief executive officer exercised within this company	€86,632	€88,374
Variable annual compensation paid by Solem <sup>8</sup> for the office of chief executive officer exercised within this company	€1,500	€3,000
<b>TOTAL</b>	<b>€88,132</b>	<b>€91,374</b>

<b>Alexandre Saubot</b> <b>Deputy chief executive officer</b>	<b>Fiscal year ended 31 December 2017</b> Amounts paid (Gross base compensation before tax)	<b>Fiscal year ended 31 December 2018</b> Amounts paid (Gross base compensation before tax)
Fixed annual compensation paid by Solem <sup>9</sup> for the office of chair exercised within this company	€326,521	€333,060
Variable annual compensation paid by Solem <sup>6</sup> for the office of chair exercised within this company	€82,000	€95,000
<b>TOTAL</b>	<b>€408,521</b>	<b>€428,060</b>

**Table 2: Attendance fees and other compensation received by non-executive corporate officers (Table 3)**

<b>Elisa Savary</b> <b>Director</b>	<b>Fiscal year ended 31 December 2017</b> Amounts paid (Gross base compensation before tax)	<b>Fiscal year ended 31 December 2018</b> Amounts paid (Gross base compensation before tax)
Fixed annual compensation paid by Solem <sup>5</sup> for the office of chief executive officer exercised within this company	€55,978	€55,978
Variable annual compensation <sup>6</sup> paid by Solem <sup>6</sup> for the office of chief executive officer exercised within this company	€3,500	€2,000
<b>TOTAL</b>	<b>€59,478</b>	<b>€57,978</b>

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

<b>Hadrien Saubot Director</b>	<b>Fiscal year ended 31 December 2017</b> Amounts paid (Gross base compensation before tax)	<b>Fiscal year ended 31 December 2018</b> Amounts paid (Gross base compensation before tax)
Fixed annual compensation paid by Solem <sup>5</sup> for the office of chief executive officer exercised within this company	€55,978	€55,978
Variable annual compensation <sup>6</sup> paid by Solem <sup>6</sup> for the office of chief executive officer exercised within this company	€9,000	€1,000
<b>TOTAL</b>	<b>€64,978</b>	<b>€56,978</b>
<b>José Monfront Director</b>	<b>Fiscal year ended 31 December 2017</b> Amounts paid (Gross base compensation before tax)	<b>Fiscal year ended 31 December 2018</b> Amounts paid (Gross base compensation before tax)
None <sup>9</sup>	None	None
<b>TOTAL</b>	<b>None</b>	<b>None</b>
<b>Michel Bouton Director</b>	<b>Fiscal year ended 31 December 2017</b> Amounts paid (Gross base compensation before tax)	<b>Fiscal year ended 31 December 2018</b> Amounts paid (Gross base compensation before tax)
None	None	None
<b>TOTAL</b>	<b>None</b>	<b>None</b>
<b>Anne Danis Fatôme Director</b>	<b>Fiscal year ended 31 December 2018</b> Amounts paid (Gross base compensation before tax)	
None	None	
<b>TOTAL</b>	<b>None</b>	
<b>Elodie Galko Director</b>	<b>Fiscal year ended 31 December 2018</b> Amounts paid (Gross base compensation before tax)	
None	None	
<b>TOTAL</b>	<b>None</b>	

<sup>(7)</sup> Solem, a simplified French joint stock company (*société par actions simplifiée*) with share capital of €476,735.25 having its registered office at 187, route de Saint Leu in Epinay-sur-Seine (93806) and registered in Bobigny (RCS No. 332 978 162), the controlling company of Haulotte Group as understood under article L.233-16 of the French commercial code.

<sup>(8)</sup> The criteria used to calculate the amount of variable annual compensation to be paid is set each year by Solem in reference to the quality and improvements in the results of Haulotte Group, notably as established in the consolidated financial statements of Solem, for the prior financial.

<sup>(9)</sup> We invite you to refer to the special report of the Company's auditors providing detailed information on the components of compensation paid to JM Consulting, of which Mr. José Monfront is chair.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

**Table 3: Other indemnities or benefits granted to corporate officers**

The following table provides details on the compensation and benefits of company officers:

Executive Officers	Employment Contract		Supplemental retirement scheme		Compensation or benefits due or likely to be due upon termination or change of duties		Payments relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Pierre SAUBOT</b> <b>Chair and Chief Executive Officer</b> Beginning of the renewed term of office: 13/03/2018 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2023		X		X		X		X
<b>Director</b> Beginning of the renewed term of office: 29.05.2018 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2023								

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Executive Officers	Employment Contract		Supplemental retirement scheme		Compensation or benefits due or likely to be due upon termination or change of duties		Payments relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Alexandre SAUBOT</b> <b>Deputy Chief Executive Officer</b> Beginning of the renewed term of office: 13.03.2018 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021		X		X		X		X
<b>Director</b> Beginning of the renewed term of office: 24/05/2016 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021								
<b>Elisa SAVARY</b> <b>Director</b> Beginning of the renewed term of office: 24/05/2016 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021		X		X		X		X



# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Executive Officers	Employment Contract		Supplemental retirement scheme		Compensation or benefits due or likely to be due upon termination or change of duties		Payments relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Hadrien SAUBOT</b> <b>Director</b> Beginning of the renewed term of office: 24/05/2016 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021		X		X		X		X
<b>José MONFRONT</b> <b>Director</b> Beginning of the renewed term of office: 24/05/2016 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021		X		X		X		X
<b>Michel BOUTON</b> <b>Director</b> Beginning of the renewed term of office: 24/05/2016 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2021		X		X		X		X
<b>Anne DANIS FATÔME</b> Beginning of term of office: 29/05/2018 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2023		X		X		X		X

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

<b>Elodie GALKO</b> Beginning of term of office: 29/05/2018 End of appointment: At the close of the general meeting of shareholders called to approve the financial statements for the year ending on 31 December 2023							
		X		X		X	X

## 4 - COMPENSATION OF EXECUTIVE OFFICERS AND PROPOSED RESOLUTIONS (ARTICLES L.225-37-2 ET L.225-100 DU CODE DE COMMERCE)

### 4.1 Approval of the compensation policy for the Chair-CEO and Deputy CEO for the period ending 31 December 2019 (7<sup>th</sup> resolution)

The Board of Directors, noting that no compensation or benefits of any nature within the meaning of articles L.225-37-2 and R.225-29-1 of the French commercial code had been paid by the Company to the Chair-CEO and the Deputy CEO on the basis of their offices within the Company, accordingly decided that it was not necessary to submit for approval to the shareholders general meeting the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits of any nature attributable to the latter on the basis of their offices for the period ending on 31 December 2019.

### 4.2 Approval of the components of compensation paid or granted to the Chair-CEO and Deputy CEO for the period ended 31 December 2018

In application of article L.225-100 of the French commercial code, in light of the vote of the general meeting of 29 May 2018 ruling on the compensation policy proposed for the period ended 31 December 2018, you are asked to approve the fixed, variable and special components of total compensation and benefits, paid or granted to Mr. Pierre Saubot on the basis of his office as Chair-CEO of the Company (9th resolution) and Mr. Alexandre Saubot on the basis of his office as Deputy CEO of the Company (10th resolution) for the period ended 31 December 2018 as presented below:

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

**Pierre Lambert, Chair-CEO**

<b>Approval of compensation granted for the year ended 31 December 2018</b> (Article R. 225-29-1 of the French Commercial Code)	<b>Amount</b>	<b>Comments</b>
Fixed annual remuneration	None	None
Variable annual remuneration	None	In the absence of annual and multi-year variable compensation and special compensation, attributed to Mr. Pierre Saubot on the basis of his office for the period ended 31 December 2018, we accordingly ask you to duly note the absence of any payment on this basis (8 <sup>th</sup> resolution)
Multi-year variable compensation	None	
Special compensation	None	
Attendance fees relating to the period of the office	None	None
Stock option awards	None	None
Free allocation of shares	None	None
Restricted stock unit awards	None	None
Compensation, indemnities or benefits due or likely to be due upon acceptance of the duties	None	None
Commitments mentioned in the first and sixth paragraphs of article L. 225-42-1 of the French commercial code	None	None
Components of compensation and benefits of any kind due or likely to be due in connection with agreements entered into, directly or through a third party, on the basis of his or her office, with Haulotte Group, any company controlled by it, within the meaning of article 233-16, any company that it controls, within the meaning of the same article, or any company placed under the same control as it, within the meaning of this article	None	None
Any other component of compensation attributable on the basis of the office	None	None
Benefits of any kind granted on the basis of the office	None	None

# MANAGEMENT REPORT

**ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018**

**Alexandre Saubot, Deputy Chief Executive Officer**

<b>Approval of compensation granted for the year ended 31 December 2018</b> (Article R. 225-29-1 of the French Commercial Code)	<b>Amount</b>	<b>Comments</b>
Fixed annual compensation	None	None
Annual variable compensation	None	In the absence of annual and multi-year variable compensation and special compensation, attributed to Mr. Alexandre Saubot on the basis of his office for the period ended 31 December 2018, we accordingly ask you to duly note the absence of any payment on this basis (9 <sup>th</sup> resolution)
Multi-year variable compensation	None	
Special compensation	None	
Attendance fees relating to the period of the office	None	None
Stock option awards	None	None
Restricted stock unit awards	None	None
Compensation, indemnities or benefits due or likely to be due upon acceptance of the duties	None	None
Commitments mentioned and the first and sixth paragraphs of article L. 225-42-1 of the French commercial code	None	None
Components of compensation and benefits of any kind due or likely to be due in connection with agreements entered into, directly or through a third party, on the basis of his or her office, with Haulotte Group, any company controlled by it, within the meaning of article 233-16, any company that it controls, within the meaning of the same article, or any company placed under the same control as it within the meaning of this article	None	None
Any other component of compensation for attributable on the basis of the office	None	None
Benefits of any kind granted on the basis of the office	None	None

# MANAGEMENT REPORT

**ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018**

## **5 - AGREEMENTS COVERED BY ARTICLE L.225-37-4 2° OF THE FRENCH COMMERCIAL CODE**

For the purpose of complying with the provisions of article L.225-37-4 2° of the French commercial code, we remind you that this report is required to mention, except for current agreements entered into in the ordinary course of business and on an arms' length basis, agreements entered into either directly or through a third party, between:

- on the one hand, one of the directors or shareholders possessing more than 10% of the voting rights of a company,
- and, on the other hand, another company, of which the above party owns, directly or indirectly, more than half the capital.

No agreements of this type were entered into in the period ended 31 December 2018.

## **6 - ITEMS HAVING A POTENTIAL IMPACT IN THE EVENT OF PUBLIC OFFERINGS**

In application of article L.225-37-5 of the French commercial code, we report to you on those items which we consider likely to have an impact in the case of a takeover bid or public exchange offer:

### **6.1 Shareholder base**

On 31 December 2018, the share capital and voting rights of the Company were majority-held by Solem<sup>5</sup> that is itself held by the Saubot family.

We invite you to refer to part 3 of the Board of Directors' management report to which this report is attached.

### **6.2 Restrictions under the Articles of Association on the exercise of voting rights and the transfer of shares or the provisions reported to the Company in compliance with article L.233-11 of the French commercial code**

Article 9 (Transfer and transmission of shares) of the Company's articles of association, provides that legal entities or natural persons that acquire or cease to hold a fraction equal to 1% of the share capital or the voting rights or any multiple thereof, must notify the company within fifteen days of crossing such thresholds.

Under its Articles of Association, if the company has not been thus notified, shares that exceed the fraction to be reported under this disclosure requirement shall be deprived of voting rights at the request of one or more shareholders holding 5% of the share capital (with such request recorded in the minutes of the General Meeting).

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## **6.3 List of direct or indirect shareholdings in the Company's capital of which it has knowledge by virtue of articles L.233-7 and L.233-12 of the French commercial code**

We invite you to refer to part 3 of the Board of Directors' management report to which this report is attached.

## **6.4 Holders of all shares conferring special control rights and a description thereof**

All shares of the Company confer upon shareholders a right to participate in shareholders' meetings under the conditions and subject to the provision provided for by law and regulations.

Shares shall confer a right to a percentage of the company's assets, the distribution of earnings and proceeds after liquidation, equal to the proportion of the share capital they represent.

In accordance with article 16 of the bylaws, a double voting right is granted to all fully paid-up shares in proportion to the capital they represent subject to proof that they have been registered for at least four (4) years in the name of the same shareholder.

This right is also granted pursuant to the capitalisation of reserves, earnings or additional paid-in capital to free registered shares granted on the basis of existing shares entitled to the same right.

## **6.5 Powers of the Board of Directors, in particular for the issuance or repurchasing of shares**

We invite you to refer to part 3 of the Board of Directors' management report to which this report is attached as well as the table summarizing the delegations of authority and powers granted to the Board of Directors by the shareholders' general meeting.

## **6.6 Agreements entered into by the Company which are modified or terminated in the event of a change of control of the Company**

Agreements have been entered into by the Company containing clauses in the event of a change in control, and notably in the case of contracts entered into with certain service providers or financial institutions.

# MANAGEMENT REPORT

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

## 7 - SUMMARY OF DELEGATIONS OF AUTHORITY IN FORCE GRANTED BY THE GENERAL MEETING OF THE SHAREHOLDERS TO THE BOARD OF DIRECTORS FOR CAPITAL INCREASES IN COMPLIANCE WITH ARTICLES L. 225-129-1 L. 225-129-2 AND L.225-129-2

To this report is attached, in accordance with the provisions of article L.225-37-4, 3° of the French commercial code, a table of delegations of authority in force granted by the general meeting of the shareholders relating to capital increases, in application of articles L.225-129-1 and L.225-129-2, and indicating the uses made thereof in the period.

Nature of the delegation of authority or powers granted to the Board of Directors by the Company in accordance with article L.225-129-1 and L.225-129-2 of the French commercial code	Shareholders meeting date	Length of validity Expiration	Maximum nominal amount of capital increases which may be carried out immediately and/or in the future (excluding issuances of debt securities)	Capital increase(s) carried out in the period ended 31 December 2018	Residual amounts at 31 December 2018
Grant of authority to the Board of Directors to increase the share capital by issuing ordinary shares or any securities giving access to the capital while maintaining the preferential subscription right	30/05/2017 9 <sup>th</sup> resolution	26 months 30/07/2019	<b>€1,223,479.69</b> (or the equivalent amount in the event of an issue in another currency), whereby it is specified that : - the maximum nominal amount of capital increases that may be carried out, immediately or in the future, under this delegation of authority shall be included under the overall ceiling set forth below in the nineteenth resolution of the combined general meeting of 29 May 2018, - this amount will be increased, as necessary, by the nominal amount of shares to be issued, to preserve, in accordance with the law, and, as necessary, applicable contractual provisions, the rights of holders of securities giving access to the company's capital,	None	Identical to the maximum nominal value



# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Grant of authority to the Board of Directors to increase the share capital by issuing ordinary shares or any securities giving access to the capital while cancelling the preferential subscription right and through a public offering	30/05/2017  10 <sup>th</sup> resolution	26 months  30/07/2019	<b>€815,653.12</b> (or the equivalent amount in the event of an issue in another currency), whereby it is specified that : - the maximum nominal amount of capital increases that may be carried out, immediately or in the future, under this delegation of authority shall be included under the overall ceiling set forth below in the nineteenth resolution of the combined general meeting of 29 May 2018, - these amounts may be increased, as necessary, by the nominal amount of ordinary shares to be issued, to preserve, in accordance with the law, and, as necessary, applicable contractual provisions providing for other cases for adjustments, the rights of holders of securities giving access to the company's capital	None	Identical to the maximum nominal value
Delegation of authority granted to the Board of Directors to increase the share capital through the issuance of ordinary shares or all securities giving access to the share capital, cancelling the pre-emptive subscription rights of shareholders, in connection with an offering for the benefit qualified investors or a restricted circle of investors as provided for in section II of Article L.411-2 of the French financial and monetary code (code monétaire et financier)	30/05/2017  11 <sup>th</sup> resolution	26 months  30/07/2019	<b>€815,653.12</b> nor in any case, exceed the limits provided for by applicable regulations on the issue date (by way of indication, on the date of the combined general meeting of 30 May 2017, the issue of equity securities carried out by an offering covered by article L.411-2 II of the French monetary and finance code is limited to 20 % of the share capital of the Company per 12-month period, where said capital is determined on the date of the decision by the Board of Directors to use this delegation of authority), whereby it is specified that: - these amounts may be increased, as necessary, by the additional amount of shares to be issued, to preserve, in accordance with the law, and, as necessary, applicable contractual provisions providing for other cases for adjustments, the rights of holders of securities giving access to shares, - the nominal amount of all capital increases that may be carried out shall be included under the overall ceiling set forth below in the nineteenth resolution of the combined general meeting of 29 May 2018	None	Identical to the maximum nominal value

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Authority given to the board of directors in accordance with article L.225-197-1 to L.225-197-6 of the French commercial code to award restricted stock (bonus shares) from existing or future shares for the benefit of employees and/or officers covered by article L.225-197-1, II of the French commercial code	30/05/2017 16 <sup>th</sup> resolution	38 months 30/07/2020	<b>0.5%</b> of the existing capital of the Company on the date of the grant decision	Board of Directors' meeting of 13/03/2018: The grant of a maximum number of 70,000 ordinary shares, representing 0.22% (rounded) of the Company's share capital to date, existing or to be issued, to employees of the Company or companies covered by article L.225-197-2 of the French commercial code	<b>0.28%</b> of the existing capital of the Company on the date of the grant decision (on the basis of unchanged share capital)
Authority granted to the Board of Directors to issue ordinary shares or securities conferring rights to the share capital of the Company in connection with public exchange offers initiated by the company, entailing the cancellation of shareholders' preferential subscription rights	29/05/2018 16 <sup>th</sup> resolution	26 months 29/07/2020	<b>€150,000</b> (or the equivalent amount in the event of an issue in another currency), whereby it is specified that : - the total nominal amount of capital increases that may be carried out, immediately or in the future, under this delegation of authority shall be included under the maximum authorised amount for capital increases under the overall ceiling set forth below in the nineteenth resolution, - these amounts may be increased, as necessary, by the additional shares to be issued, to preserve, in accordance with statute or regulations and, as necessary, applicable contractual provisions, the rights of holders of securities or other rights giving access to the share capital	None	Identical to the maximum nominal value

<sup>(10)</sup> We invite you to refer to the Board of Directors' special report on the award of restricted stock units presented to the ordinary and extraordinary general meeting of 28 May 2019 drawn up in application of article L.225-197-4 of the French commercial code.

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Delegation of authority to be granted to the Board of Directors to increase the share capital of the company within the limit of 10% of the capital as consideration for contributions in-kind of equity securities or other securities giving access to the share capital of third-party companies outside of a public exchange offer entailing the cancellation of shareholders' preferential subscription rights	29/05/2018 17 <sup>th</sup> resolution	26 months 29/07/2020	<b>€150,000</b> (or the equivalent amount in the event of an issue in another currency), whereby it is specified that: - the total nominal amount of capital increases that may be carried out, immediately or in the future, under this delegation of authority shall be included under the maximum authorised amount for capital increases under the overall ceiling set forth below in the nineteenth resolution, - these amounts may be increased, as necessary, by the additional shares to be issued, to preserve, in accordance with statute or regulations and, as necessary, applicable contractual provisions, the rights of holders of securities or other rights giving access to the share capital,	None	Identical to the maximum nominal value
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# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

<p>The total aggregate amount of capital increases carried out by virtue of (i) resolutions nine to eleven, thirteen and sixteenth resolutions adopted by the general meeting of 30 May 2017 and by virtue (ii) of the above sixteenth and seventeenth resolutions adopted by the General Meeting of 29 May 2018</p>	<p>29/05/2018 19<sup>th</sup> resolution</p>	<p>-</p>	<p>The total aggregate amount of capital increases that may be carried out by virtue of these delegations of authority granted under (i) resolutions nine to eleven, thirteen and sixteen*** adopted by the combined general meeting of 30 May 2017 and (ii) the above resolutions sixteen and seventeen adopted by the combined general meeting of 29 May 2018 is set at <b>€3,900,000</b> (or the equivalent thereof in another currency or monetary unit calculated in reference to multiple currencies on the issue date), whereby to this maximum amount will be added, as applicable, the additional amount of shares to be issued in order to preserve, in compliance with the law and, where appropriate, applicable contractual provisions, the rights of holders of securities and other rights giving access to shares,</p> <p>Total aggregate amount of debt securities that may be issued by virtue of the delegations granted above under the terms of (i) resolutions nine to eleven adopted by the combined general meeting of 30 May 2017 and (ii) the above resolutions sixteen and seventeen adopted by the combined general meeting of 29 May 2018 is set at <b>€2,855,000</b> (or the equivalent thereof in another currency or monetary unit calculated by reference to multiple currencies on the issue date), whereby this maximum amount will not apply to the amount of debt securities to be issued pursuant to a decision or authorisation by the board of directors in compliance with article L. 228-40 of the French commercial code.</p>	<p>None</p>	<p>Identical to the maximum nominal value</p>
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# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Delegation of powers to be granted to the board of directors to increase the share capital of the company through the capitalisation of reserves, retained earnings and additional paid-in capital	29/05/2018 20 <sup>th</sup> resolution	-	The total nominal amount of capital increases that may be carried immediately or in the future, may not exceed 1,500,000, to which may be added, as necessary, an additional amount to preserve, in accordance with statute or regulations and, as necessary, applicable contractual provisions, the rights of holders of securities or other rights conferring entitlement to shares, whereby it is specified that this maximum amount is set independently and separately from the maximum amount set forth above.	None	Identical to the maximum nominal value
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# MANAGEMENT REPORT

**ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018**

## **APPENDIX 3 - SPECIAL REPORT ON THE RESTRICTED STOCK UNIT AWARDS PRESENTED TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 28 MAY 2019 (INFORMATION REQUIRED UNDER ARTICLE L.225-197-4 OF THE FRENCH COMMERCIAL CODE)**

To the shareholders:

In accordance with the provisions of article L.225-197-4 of the French commercial code, we hereby present you the special report on the use made by your Board of Directors during the year of the authorization granted by resolution sixteen of the extraordinary general meeting of 30 May 2017, for a period of thirty-eight (38) months, to award without consideration, on one or more occasions, restricted stock units (RSUs) to employees of the Company, or selected categories thereof, and/or corporate officers meeting the conditions set by article L. 225-197-1, II of the French commercial code, as well as employees of French or foreign companies or economic interest groups in which the Company directly or indirectly holds at least 10% of the existing capital or voting rights or issue new shares a nominal amount within the limit of 0.5% of the Company's share capital on the date of the grant decision.

The different information required by regulation is reproduced below and was approved by the Board of Directors on 12 March 2019.

The Board of Directors decided on 13 March 2018 to use the delegation of authority granted to it by resolution sixteen of the extraordinary general meeting of 30 May 2017 to award shares (restricted stock units or RSUs) of the Company in accordance with the provisions of article L.225-197-1 et seq. of the French commercial code.

<b>Shareholders meeting date</b>	<b>30 May 2017 – 16<sup>th</sup> resolution</b>
Date of grant by the Board of Directors of conditional rights to receive existing or future shares of the Company	13 March 2018
Number of shares able to be awarded	70,000
Percentage of the capital (rounded) on the date of grant by the Board of Directors	0.24%
Number of RSUs awarded to corporate officers on the basis of their offices and functions exercised in the Company	0
Number granted to the ten employees of the Company or companies covered by article L.225-197-2 of the French commercial code who are not officers having received the highest number	70,000
Unit value of RSUs awarded based on the closing price of the Company's share on the grant date, i.e. 13 March 2018	19.12€

# MANAGEMENT REPORT

## ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED 31 DECEMBER 2018

Date when the shares are fully vested <sup>(1)</sup>	14 March 2021
End of the holding period <sup>(2)</sup>	0
Number of shares fully vested on the date of this report	N/A
Number of shares cancelled or lapsed on the date of this report	0
Number of shares able to be awarded on the date of this report	70 000

<sup>(1)</sup> The grant of contingent rights to receive existing shares or shares to be issued on the Company will become fully vested, for each of the beneficiaries, only on condition that on the vesting date, they fulfil the conditions imposed by the plan rules, and namely:

- that each beneficiary continues to be an employee of the Company or company covered by article L.225-197-2 of the French commercial code,
- that Haulotte group has met certain performance targets according to which the number of RSUs fully vested may be subject to adjustments.

As an exception to the above, the following is provided:

- in the case where a beneficiary is affected during the vesting period by a situation of disability corresponding to the second or third categories provided for in Article L.341-4 of the French Social Security Code, such beneficiary may request to receive delivery in advance of the restricted stock units awarded at any time from the date of disability. The RSUs will thereupon become freely transferable subject to certain provisions provided for in the plan rules,
- in the case where a beneficiary dies before the end of the vesting period, his or her heirs or beneficiaries may be entitled to receive the restricted stock units by requesting their grant in advance from the Company by registered letter with acknowledgement of receipt within a period of six (6) months from the date of the beneficiary's death.

<sup>(2)</sup> In accordance with the powers granted to it by the decision of the general meeting of 30 May 2017 as well as the provisions of article L.225-197-1 of the French commercial code, and in light of the vesting period set for three

<sup>(3)</sup> years, the Board of Directors of the Company has decided to cancel the holding period. The RSUs will thereupon become freely transferable, assignable and transmissible upon the end of the vesting period in accordance with, and subject to compliance with the provisions of the plan rules, of the Company's articles of association and applicable laws and regulations whose various provisions are destined to ensure the transparency and security of financial markets and notably those relating to insider misconduct or trading.