

Annual Report 2017





Trailer Services
TRAILERMADE SOLUTIONS

Annual report 2017



Contents



Our company

Introduction	5
We are TIP Trailer Services	6
Our services	8
Where we operate	10
Our values	13
Our vision, mission and strategy	14
TIP 2020 and related key performance indicators	16
Other key performance indicators and highlights	20
Our investment case	25

Review of the year

Review of the year	26
CEO review	30
Senior leadership team and executive management teams	34
Financial review	52
Commercial and operational review	64
People	74
Corporate responsibility	84

Governance, risk and other items

Corporate governance	92
Managing our risk	109
Viability statement	122
Supplementary information	123
Our history	124
Eleven year financial summary	126
Glossary	127
Potential impact of new lease accounting	130

Consolidated financial statements

Contents	144
Financial statements	146
General notes	152
Specific notes	169
Independent auditor's assurance report	230

Our company

Introduction

Forward looking statements

Our annual report contains certain forward-looking statements, estimates and projections which are subject to significant risks, uncertainties and assumptions concerning both business and external economic factors and as such are difficult to predict. Actual results will vary from the anticipated results and such variations may be material. The information has been provided in good faith using information available up to the date this report was approved by the Board. TIP Trailer Services, its directors and senior leadership team give no assurances that these expectations will prove to be correct. Except as required by law or regulation, TIP Trailer Services, its directors and senior leadership team undertakes no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Materiality

This report aims to provide a fair, balanced and understandable assessment of our business model, strategy, performance and prospects in relation to material financial, economic, social, environmental and governance issues.

The material focus areas were determined considering the following:

- > Matters that are critical to achieving our strategic objectives
- > Key risks identified through our risk management processes
- > Feedback from key stakeholders during the course of the year

Reporting improvements

We are committed to ensuring that our annual report is of a high quality, easy to understand and transparent. This year we took the opportunity to provide additional strategic insight while simplifying other aspects of our annual report. We have:

- > Added a new key performance indicator section where we report on progress and performance versus our TIP 2020 strategy
- > Expanded our financial review to include discussion and information about our approach to capital allocation
- > Re-designed the presentation of our individual company financial statements to be consistent with our consolidated financial statements
- > We reviewed our governance framework against the updated 2016 Dutch Corporate Governance Code, following the Code's provisions so far as is appropriate and practicable
- > The focus of the Management Discussion and Analysis sections ('MD&A') is on the underlying EBITDA and operating profit excluding exceptional items and amortisation, which provides the best basis for evaluating the operating and financial performance of our company

We are TIP Trailer Services

TIP Trailer Services is one of Europe and Canada's leading equipment service providers. We specialise in trailer leasing, rental, maintenance and repair, as well as other value added services and provide these to transportation and logistics customers across Europe and Canada. Headquartered in Amsterdam, we service our customers from 84 locations spread over 17 countries in Europe and Canada.

With approximately 64,000 units in our fleet, TIP Trailer Services is considered an industry leader with one of the largest and most diverse trailer fleets in Europe and Canada. In addition to maintaining our own fleet, we also provide maintenance and repair and other value added services for circa 45,000 equivalent units.

Our pan-European and Canadian reach enables us to assure our customers of convenience and

flexibility, as we have the capabilities to serve them wherever and whenever they need us. Furthermore, our business scale allows us to provide customers with competitive offerings.

With more than 49 years of experience, we are experts in providing all services that a customer will require during the life cycle of a trailer, making us a one-stop shop for all our customers' equipment needs.

Our services include everything from specifying and sourcing of equipment to financing, daily operations, maintenance and repair, as well as the buying and selling of used assets. Our customers therefore need only to deal with one service partner, simplifying their fleet management and enabling them to focus on their core business activities.



Our services

Leasing and rental

We have approximately 64,000 units in our fleet available for leasing or rental.

Leasing: we lease a wide range of equipment with flexible financing options, including long-term lease solutions and innovative sale and leaseback structures that add true value.

Rental: we offer short-term rental solutions that deliver total flexibility to our customers enabling them to maximise the utilisation of their fleet. Short-term rental solutions are for an initial term of up to 12 months, sourced from the existing fleet and always includes maintenance services.

Damage protection: a suite of services that can be tailor made to protect our customers' business against the cost of accidental damage, fire, theft or total loss caused to leased and rented equipment.

Maintenance and repair

We have a proud history of maintaining trailers for more than 49 years. This proven experience provides a solid base with extensive expertise for our maintenance and repair services.

Our extensive pan-European and Canadian workshop and supplier network provides our customers with a comprehensive range of maintenance and repair services, reducing unplanned downtime while ensuring compliance and the safety of their equipment.

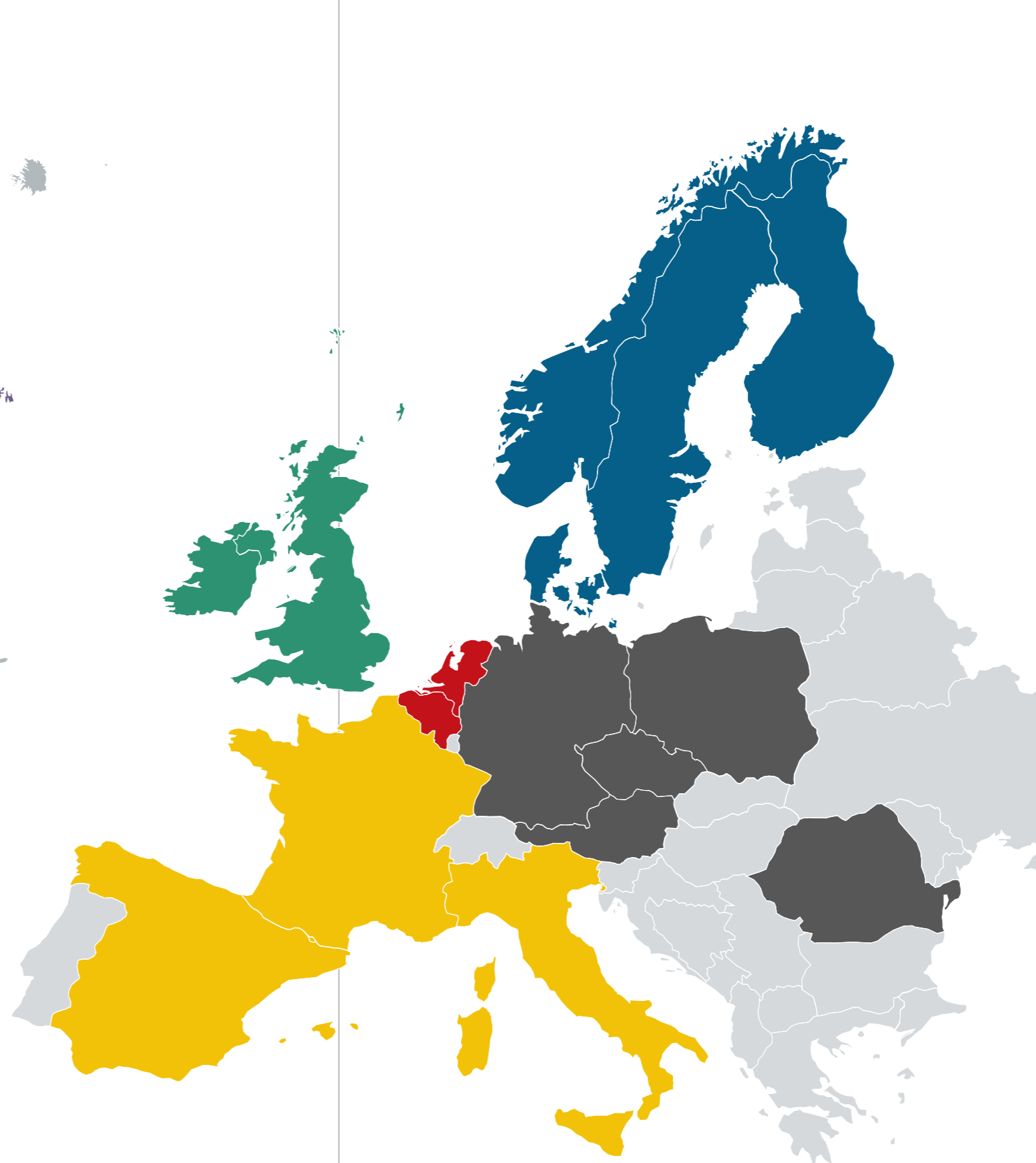
All of our maintenance and repair services are offered on a contracted or non-contracted basis. This allows our customers to choose a solution that best suits their needs.

Used assets

We offer a comprehensive range of high quality 2nd hand trailers from our own fleet, as well as from 3rd party fleets across Europe and Canada. Our Remarketing team looks after the international sale of used equipment. We provide high specification trailers including the latest models and a full service history.



Where we operate



Canada	
<hr/>	
Canada	
Branches:	5
Workshops:	4
Combined EAuM:	9k

UK and Ireland	
<hr/>	
UK and Ireland	
Branches:	15
Workshops:	18
Combined EAuM:	27k

Mediterranean	
<hr/>	
France, Italy and Spain	
Branches:	21
Workshops:	18
Combined EAuM:	21k

Nordics	
<hr/>	
Denmark, Norway, Sweden and Finland	
Branches:	11
Workshops:	14
Combined EAuM:	13k

Central Europe	
<hr/>	
Germany, Austria, Poland, Czech Republic and Romania	
Branches:	18
Workshops:	15
Combined EAuM:	18k

Benelux	
<hr/>	
The Netherlands and Belgium	
Branches:	6
Workshops:	15
Combined EAuM:	21k

Our values

Integrity

...underpins the way we do business

Integrity, honesty and ethical behaviour are at the core of our business. Being trustworthy and honourable is the basis of the way we do business.

Experts

...in our industry and profession

Using our proven industry knowledge and professionalism, we are committed to applying our expertise to further develop the most economical solutions for our customers.

Environmentally and socially responsible

...towards people and our planet

We are committed to minimising the impact of our operations on the environment and to promoting social responsibility that benefits the communities in which we live and work. We care about people and our planet.

Committed to delivering

...excellence as standard

We deliver what we promise and add value that goes beyond what is expected. We achieve excellence through thinking ahead and shaping our future.

Accountable

...for our decisions, actions and results

In all our dealings we are focused on delivering what we promise to our shareholders, customers, suppliers and colleagues. We take full responsibility for our decisions, actions and results.

Innovation and change

...drive us shaping our future

We see the bigger picture, employing people with vision, who embrace new ideas and have a clear picture of the future. By challenging the norm we can anticipate our customers' changing needs with new innovative products and services.

Respectful and open

...towards each other and in our approach to business

We embrace different cultures, communities and points of view with humility; building open and long term relationships externally and within our company, through clear communication.

Passionate

...about our company and what we do

We are practical and committed to making things happen. We drive progress with pride, high energy and tenacity, together with a sense of urgency.

Our vision, mission and strategy

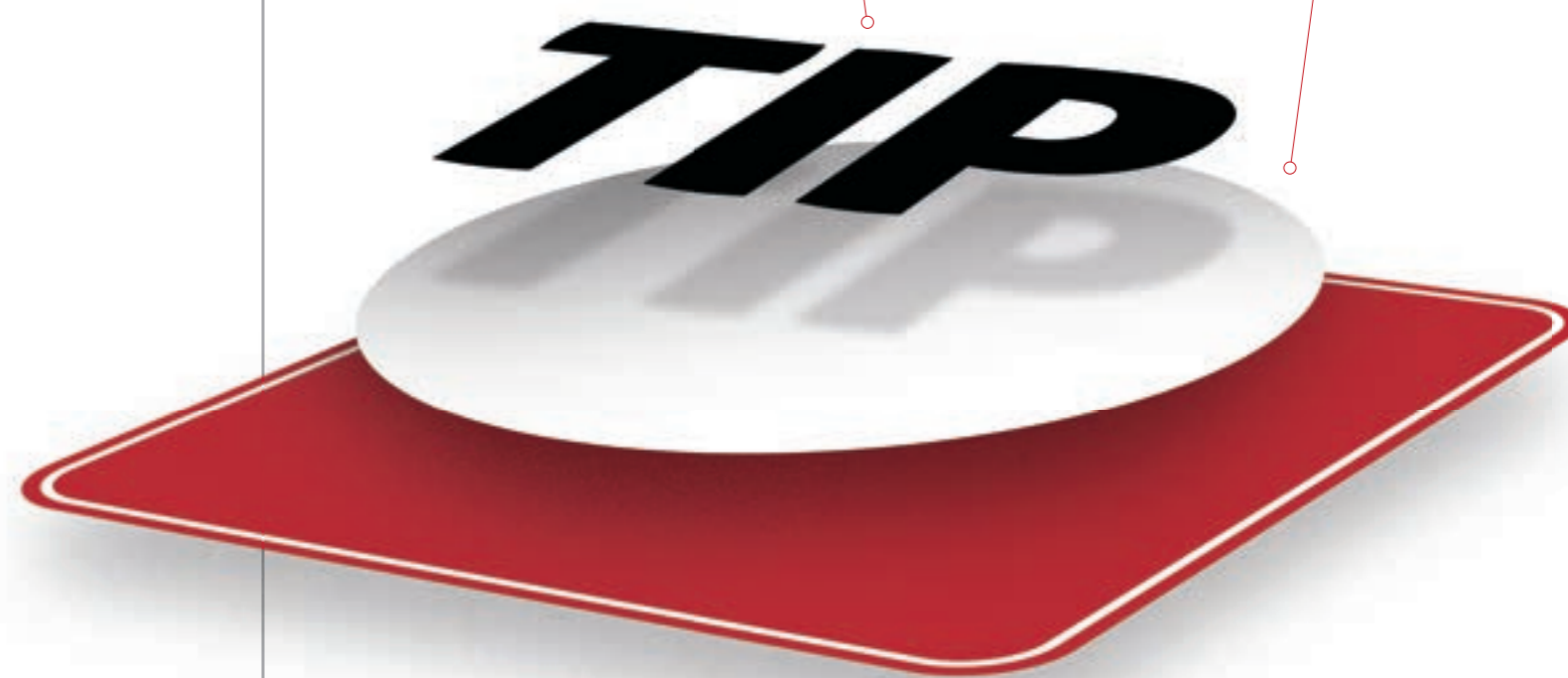


Our vision

To be the trusted advisor and provider of choice for companies active in the transport and logistics industry. To deliver integrated solutions to our customers around the management of trailer equipment throughout its life cycle.

Our mission

We provide the most complete and innovative solutions for trailer equipment covering the full life cycle and thereby deliver value for our customers.



Our strategy

Our focus is to strengthen our leadership position within the transportation and logistics industry by continuously improving our service offerings, diversifying our portfolio and further expanding our network, in order to continuously deliver value to our customers around the world.

TIP 2020 and related key performance indicators



To achieve our strategy and to reach €1 billion revenue by 2020, we have developed a number of key focus areas which will underpin this strategy. These form the cornerstones of 'TIP 2020':

1. Our growth ambition

Revenue: Doubling our revenue by 2020 using 4 key growth levers:

- A) Organic growth in our existing markets
- B) Inorganic growth in our existing markets
- C) Inorganic growth in new markets
- D) Organic growth in new markets

KPI: 20% annual revenue growth

Profit: We need to leverage our scale while controlling our costs to drive improved margins and profits.

KPIs: 55%, 40%, 10% contribution, EBITDA and operating margins respectively by 2020.

2. Customer centricity

In everything we do, we need to consider the benefits for our customers. They are critical to achieve our growth strategy. We can only grow if our customers are staying with us and even better, are willing to grow alongside us. Our leading position in the industry combined with our network, will enable us to serve and satisfy their needs.

KPI: Revenue from top 10 customers >20%

3. Our people

Without our people we will not be able to reach our goals. We have a unique combination of highly experienced people who are willing to share their knowledge, combined with energetic new people who are given the room to explore new ideas and take initiatives. We wish to nurture and further develop both. This starts with giving our leaders the tools and skills to get the most out of their teams and give all of our employees the possibility to further grow and develop themselves.

KPIs: Staff attrition and accident rates below 10% and 1% respectively

4. Our assets

The largest part of our current fleet consists of standard trailer equipment (curtainsiders, vans and swap bodies). These trailer types will continue to be the largest share of our equipment but we want to diversify our fleet further. We have the skills, expertise and capabilities to focus on other types of equipment and we can distinguish ourselves from our competition while creating higher added value for our customers. We aim to diversify into other various road transportation equipment types such as walking floor trailers, car carriers, drawbars, waste tankers, fuel tankers, electric vehicles, trucks and rigids.

KPI: 15% of our fleet will be specialised equipment

6. Our footprint

We will continue to grow our footprint in Europe and Canada. We also need to expand outside Europe and Canada in both developed but also developing higher growth markets. We aim to be a global player.

KPI: 4 new countries by 2020

5. Our services

Grow our M&R services by:

- A) Attracting more non-contracted maintenance and repair business to our workshops
- B) Intensively target fleet owners to outsource their maintenance activities
- C) Offer new services in our workshops such as tyre fitting, reefer maintenance and other auxiliary activities

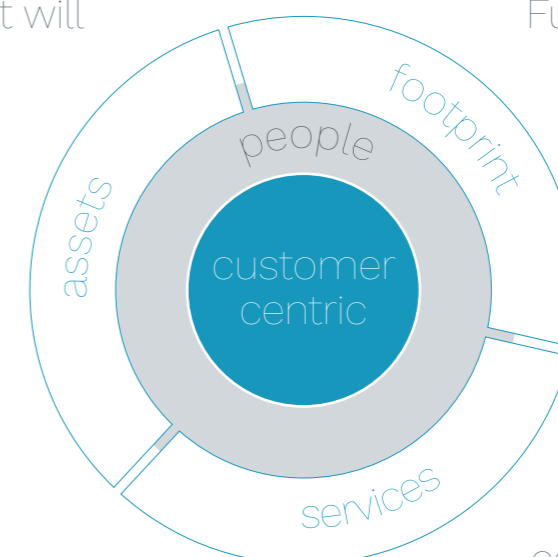
Other

- D) Digitisation of our services processes
- E) Drive new concepts related to the sharing economy and equipment pooling

KPIs: Reach 100 workshops by 2020, 20% of our revenue from M&R 3rd party with 23% contribution

Growing
our revenue
to €1b

> 15% of the fleet will be specialised equipment



Further expanding our footprint to 100 workshops

20% of our revenue coming from services

How we performed on our TIP 2020 key performance indicators¹

Last year we developed and reported on our 5 year strategy, TIP 2020. This year we are reporting on progress on the KPIs we set and which underpin that strategy. These targets are aligned to how the business operates and to TIP 2020. Definitions and descriptions of these KPIs can be found in the glossary.

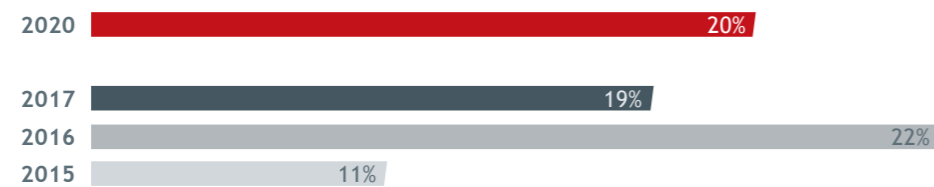
Management view

↑ Ahead → On plan ↓ Behind

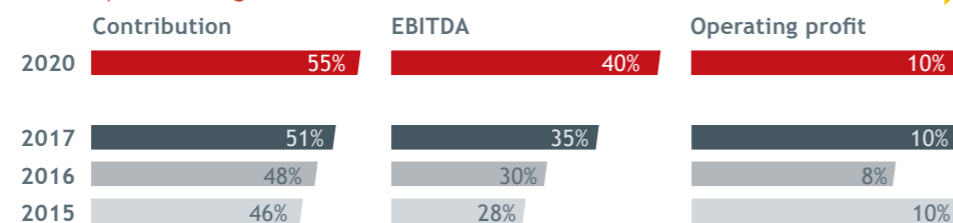
1. Our growth ambition

a) Revenue

Annual revenue growth at constant exchange rates



b) Profit margins



2. Customer centricity

Top 10 customers



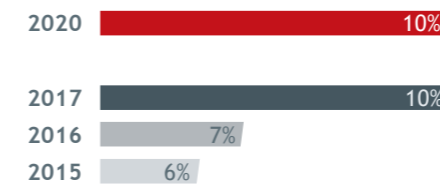
¹ Before one time indemnification and recovery in 2016.

Management view

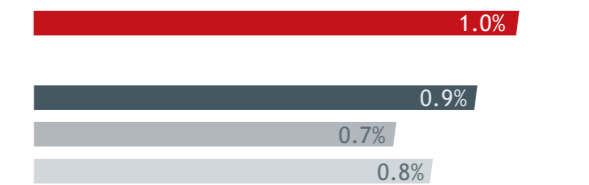
↑ Ahead → On plan ↓ Behind

3. Our people

Staff attrition

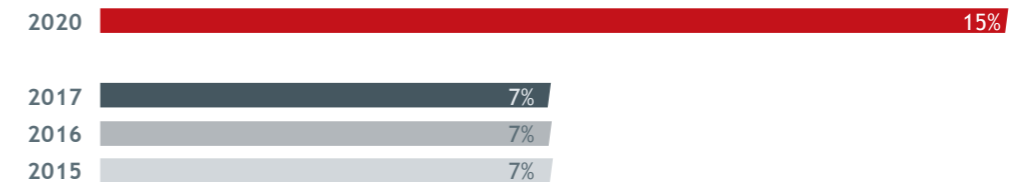


Accident rate



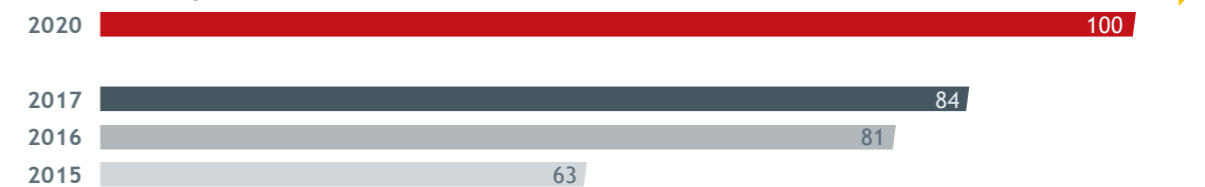
4. Our assets

Specialised equipment



5. Our services

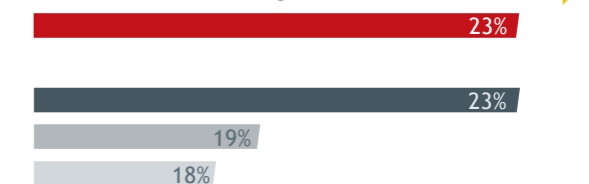
Workshops



M&R revenue (% of total)

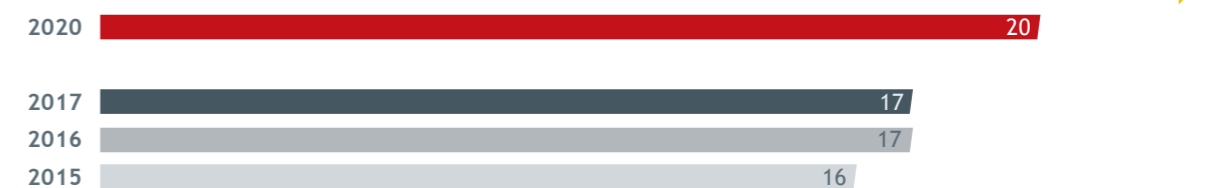


M&R contribution margin



6. Our footprint

Countries



Other key performance indicators and highlights



Revenue

€517m
€372m

EBITDA

€180m
€105m

ADR

€16.3
€18.1

Net operating assets

€879m
€581m

Fleet investment

€222m
€175m

Gearing ratio

53%
41%

Employees

1,663
1,352

Workshops

84
63

Branches

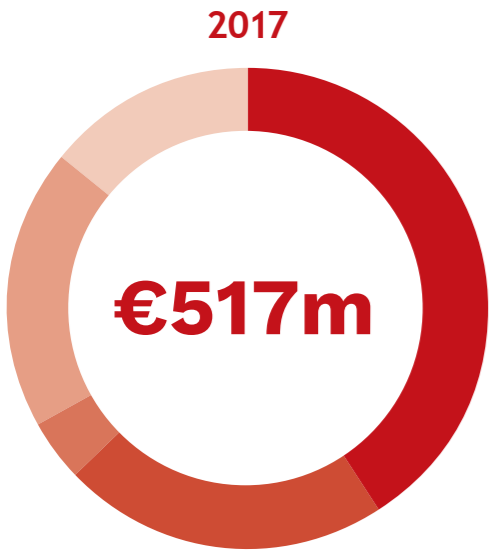
76
59

UTE%

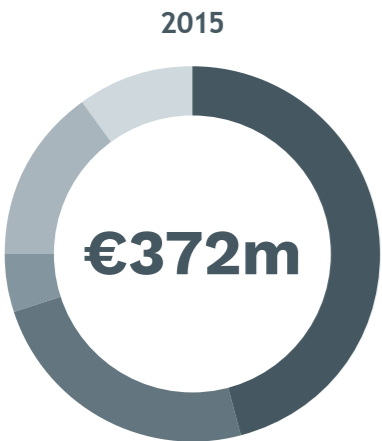
89%
84%

■ 2017 ■ 2015

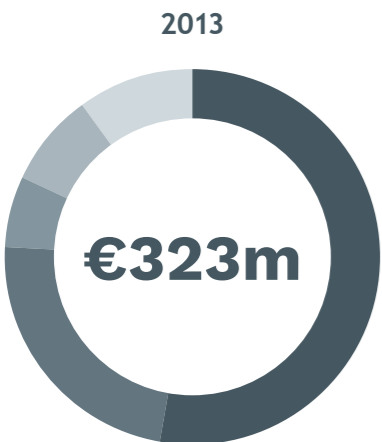
Revenue



- 42% Leasing
- 23% Rental
- 4% Damage protection
- 18% M&R 3rd party
- 13% Fleet sales and other



- 43% Leasing
- 25% Rental
- 5% Damage protection
- 17% M&R 3rd party
- 10% Fleet sales and other



- 51% Leasing
- 23% Rental
- 5% Damage protection
- 11% M&R 3rd party
- 10% Fleet sales and other

How we help our customers



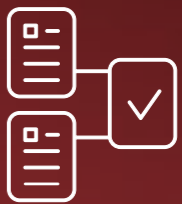
~2,000,000

Work orders handled



~270,000

Internal workshop events



~330,000

Supplier invoices
matched and paid

Our investment case



Attractive market fundamentals

- › Transportation volumes growing above GDP, European **road market share stable at 84%**
- › Limited expansion capacity and financing available for rail, sea, and air freight
- › Truck-trailer is the leading method of road transportation with European **trailer registrations stable**



Strategy

- › **Serving** leading international and national **companies**; optimising fleets across Europe and Canada
- › **Maintenance and repair** for customer-owned trailers and fleet management provides value added services
- › Fragmented markets offer **consolidation opportunities**



Competitive advantage

- › **Pan-European and Canadian scale and coverage** enables us to respond to demand shifts
- › **Focused** trailer service offerings ensure **unrivalled expertise**, with highly recognised brand
- › Our **diverse portfolio** offers customers a wide range of trailer types and service offerings



Operational model

- › **Pro-active life cycle management** identifies optimal timing for purchasing and remarketing of assets
- › High volumes to drive strategic sourcing
- › Unrivalled knowledge and **experience in remarketing used assets**



Premium customer profile

- › **Extensive customer relationships** with an average tenure of 20+ years for the top 20 customers
- › Customers in food retail and specialised road transport equipment provide resilience to cycles
- › **Broad customer diversification** with European top 10 representing less than 21% of revenue




Experienced management team

- › Management with 15+ years at TIP and 17+ in transportation and logistics
- › **Demonstrated track record** of delivering results through business cycles
- › Low attrition at key customer facing positions, 45% of sales force has been with TIP 5+ years



Review of the year



Review of the year

January 

Acquisition of

February 

New workshop in

Nantes



May 

Maintenance contracts with




June 

Maintenance contracts with




September  

New workshop in

Maasdijk

Refinancing of ABS facility

October 

Maintenance contracts with




 Workshop

 Major contract

 Acquisition

March 

Lease-in contracts with



and




April 

First electric MSU launched in France




July  

Lease-in and maintenance contracts with

Lecasud

and acquisition of

August 

Acquisition of



and

AGATHON

November 

Maintenance contracts with



and participated in EUREXPO

December 

Maintenance contracts with

Schenker Logisitcs S.A.U.

part of




CEO Review

“We had another year of strong execution, growing revenue by 19%, at constant exchange rates, achieving our goal of €500m revenue. We successfully leveraged our scale to improve our contribution and EBITDA margins by 3% and 5% respectively and grew our operating profit by 32%. We continue to retain and attract new customers while improving our operational delivery”

Dear stakeholders,

I am pleased to present the 2017 annual report for our company. 2017 was a year of growth, enhancing our geographical footprint and further establishing a foundation for future success. I would like to share some key highlights with you.

Strategy – achieved €500m revenue, update on TIP 2020

In 2014 we set ourselves the goal of reaching €500m revenue in 2017. I am delighted to report that our revenue has reached €517m surpassing that goal and delivering another significant milestone as this surpasses our former highest achieved revenue in 2007 of €503m.

Now we move to our next major milestone to achieve €1bn revenue by 2020 while substantially improving our profit margins. This is the common objective for all our people to rally around. Our TIP 2020 strategy remains focused on our customers’ needs and we continue to build on the 4 key pillars which support our success. Our **people** enable us to offer a broad range of **assets** according to the needs of our customers at the highest **service** standards supported by our extensive network and customer **platform**.

Leveraging our scale is a key factor to drive financial performance and during 2017 we made a number of significant changes as a result of our TIP 2020 strategic review, including:

- > To increase effectiveness and speed of decision making, we have introduced a focused executive management team (EMT) consisting of 6 senior business leaders and the senior leadership team (SLT) was reduced from 19 to 14 members
- > We similarly reduced the size and composition of our regional management teams to drive effectiveness and streamline decision making
- > The above changes, which principally affected support functions and not front line commercial and operations, will help us to drive revenue growth while improving our EBITDA and operating profit margins in future years. As a result of this restructuring we took a one time charge of €3m
- > We implemented a number of significant improvements to our branch, maintenance and workshop software to enhance productivity and improve customer service. We had, unfortunately, to take a provision of €3m for an onerous IT contract in relation to this digitization as one of the platforms we were developing software on was inappropriate and too expensive for further development. We will continue to invest in appropriate front end software developments to further increase operational, maintenance and workshop productivity

Revenue and financial performance highlights

With growing European and Canadian economies, we delivered a strong set of results with revenue increasing by 19%, at constant exchange rates, (2016: 22%) and EBITDA increasing by 37%, at constant exchange rates, (2016: 33%). We increased our total contribution margin by 3% to 51% and EBITDA margin by 5% to 35%. This was driven by our capex, workshop and acquisition investments, attracting new customers and retaining existing customers. Our operating profit increased by 32% at constant exchange rates (2016: increased by 1%).

Margins¹:

	Contribution	EBITDA	Operating profit
2017	51%	35%	10%
2016	48%	30%	8%
2015	46%	28%	10%

¹ 2016 numbers exclude one time indemnification and recovery

With the continued investment in our fleet, we substantially grew our leasing backlog by 10% to €584m (2016: €530m). Despite the continuing challenge in the interest rate pricing environment for leasing equipment after the substantial central bank rate reductions last year, we improved our leasing and rental contribution margin by 5% to 63%. Customers have continued to prefer full service maintenance leases as they look for efficiencies and outsourcing solutions for both their trailer equipment and maintenance and repair requirements.

We have continued to develop our 3rd party maintenance and repair offering both organically and through bolt-on acquisitions. Revenue has grown at a compounded annual growth rate of 28% over the past 5 years. During 2017 it grew by 12% (2016: 32%) supported by acquisitions, new workshops and the addition of new mobile service units. It was especially pleasing to see our maintenance and repair contribution margin improve by 4% to 23% (2016: 1%) as our prior years workshop investments have reached normal operating capacity levels.

Investments and acquisitions

We moderated our new investments in leasing and rental fleet to ~7,500 units (2016: ~8,800 units) during 2017 to protect margins, by selecting deals and customers where we could maintain those margins or provide additional services. Despite the availability of cheap central bank liquidity and funding for many customers and competitors, we still invested ~€222m (2016: €262m) in new fleet. In addition, we reduced the number of units acquired via acquisitions to ~600 units (2016: ~11,400 units). We simultaneously increased our focus on remarketing taking advantage of strong second hand equipment demand driven by improvements in the key Russian export market. We sold ~7,300 units (2016: ~6,500) for ~€45m (2016: ~€36m). As a result, our net operating assets grew moderately by 9% (2016: 39%) at year end.

We invested ~€6m (2016: €16m) to open 2 (2016: 10) new workshops. We added 1 (2016: 10) workshop through an acquisition. This further enhanced our maintenance and repair infrastructure and geographic presence. We also added 20 (2016: 36) mobile service units to support customer mobility and provide maintenance and repair services at our customers' own facilities.

During 2017 we closed 4 (2016: 10) acquisitions worth €9m (2016: €149m). These transactions included both lease portfolios and maintenance and repair businesses as we

looked to expand our geographical footprint, workshop infrastructure and acquire new leasing and rental customers. We are pleased to welcome ~22 (2016: 235) employees who joined the TIP family in 2017 through these acquisitions and look forward to learning from and with them while growing our businesses together.

In 2017, we continued to provide management support to Grayrentals Limited, an affiliate trailer leasing and rental business in the United Kingdom. We also provided during the year our leadership, project management, financing, separation and integration expertise in relation to the intended acquisition of UDC Finance Limited, New Zealand's leading asset finance business. At the end of 2017, the required local approvals for the acquisition were not obtained leading to cancellation of the transaction.

Financing

In 2017 we successfully expanded our financing programmes by €134m to support both capex and acquisitions. We reduced costs and further diversified our funding sources. We expanded our revolving credit facility, increasing its size from €600m to €700m while refinancing our asset backed securitisation facility and increasing it to €100m. Since we originally implemented our prior ABS programme in 2014, interest rates have declined and we were able to refinance on more attractive terms. In addition, we increased our lease facilities from €131m to €139m and term loans to €9m.

These financing programmes and the liquidity they provide put us in a strong position to continue to invest in capex, PP&E, bolt-on acquisitions and broaden our geographic presence.

Risk management

In 2017 we maintained robust risk management processes covering credit and asset risks as well as treasury, tax and operational risks. Our credit losses remained low at 0.1% (2016: 0.2%) and we increased the volume of used asset sales to ~7,300 (2016: ~6,500) units while improving price, demonstrating the strength of our remarketing network and our team's deep knowledge of the industry.

Outlook

Brexit, German and French elections and the Catalanian referendum all passed without significant turmoil in financial markets during 2017. Economists are generally predicting

that strong European and Canadian growth will continue during 2018. Brexit is resulting in lower capital investment demand for new equipment in the United Kingdom. However, we continue to see good demand for lease renewals and rental in that uncertain environment. We enter 2018 cautiously positive but ready to flex both our capex and acquisition investments to any sudden economic or market shifts. Overall, we anticipate that investment in road freight equipment will remain solid, benefiting our leasing and rental business.

The economic environment in emerging markets has little direct impact on our business and stable oil prices are generally positive for our customers.

We expect to further increase our volume of new leases during 2018. In addition, we anticipate a continued shift towards full service maintenance leases, as well as continued growth for our maintenance and repair service offerings. We continue to take advantage of the increasing demand for outsourcing maintenance and repair services through our strong and growing workshop geographic presence complemented by our pan-European roadside assistance platform and our extensive supplier network.

Word of thanks and our 50 year anniversary

I am enormously proud of the dedication of our employees who drive customer service excellence every day across all

areas of our business. On behalf of the senior leadership team, I would like to express our heartfelt gratitude to all our employees for their hard work, commitment and their willingness to embrace change; they make TIP Trailer Services a very special place to work.

2018 is a special year as we celebrate 50 years in business. During the past half century we have been dedicated to making a positive impact on the customers we serve, the people in our teams, our trusted partners, the industry for which we care passionately about and the communities and environments in which we live. We hope, and anticipate, that we will spend some time during 2018 celebrating with all stakeholders our half century of market leadership and innovation. We are looking forward to another successful 50 years ahead of us.

I would also like to congratulate our shareholder, HNA, on achieving number 170 position on the Fortune 500 list of largest companies in the world.

Today, together, we are bigger and stronger from where we were 4 years ago. Our accomplishments and achievements would not have been possible without the trust and support of our loyal customers, key suppliers, business partners, shareholders and our dedicated team.

With our commitment to delivering excellence, innovation and change, I am confident that we will achieve solid business results over the coming years.





Senior leadership and executive management teams

Deep industry and international experience

The senior leadership team (SLT) is composed of our executive management team (EMT), our regional and product Vice Presidents and the Chief Legal Officer and Company Secretary. The SLT provides strategic advice and inputs on commercial and operational matters, business processes, controls and overall strategy.

The EMT has responsibility for the day to day management of our company, the deployment of our strategy and policies, and the achievement of our objectives and results. Together with the Board, the EMT determines the values by which the company is run while ensuring compliance with all applicable regulations. The EMT and the Board are responsible for the integrity of our financial reporting and control environment.

Bob Fast

American

President and Chief Executive Officer

Bob was first appointed CEO in 2003. In 2009 he assumed the position of President and CEO of GE Equipment Services. He led the carve out and sale of TIP Trailer Services to HNA and was reappointed President and CEO of TIP Trailer Services when the transaction closed. Bob joined GE in 1982 and held leadership positions in a number of GE divisions including roles in Finance, Sales, Business Development, Marketing, Leasing, and General Management. He was appointed to the Board and as a member of the Holdings Management Board in 2014.

Main responsibilities: Strategy, business execution and compliance





Malachy Mc Enroe

Irish

Chief Financial Officer

Malachy was appointed CFO in 2013 on the completion of the acquisition by HNA. He had been CFO for GE Equipment Services since 2008. In this role he led the financing and deal structuring for the carve out and sale of TIP Trailer Services. Malachy joined TIP/GE in 1997 and has held various finance roles within the asset leasing, rental and services divisions, as well as with GE's Consumer Finance division. Prior to TIP/GE, he worked for various multinational companies in a number of different industries operating across Europe. He was appointed to the Board in 2014.

Main responsibilities: Financing, treasury, investor relations, credit risk, planning, financial reporting, accounting and tax

Yi (Brent) Zhang

Chinese

Deputy Chief Executive Officer

Brent was appointed Deputy CFO following HNA's acquisition of TIP Trailer Services in 2013. In 2017, he was promoted to Deputy CEO. Brent joined HNA Capital in 2011 in Beijing as Senior Manager in charge of Fund Management. From 2007 to 2010, Brent worked for CECIC Capital as a Managing Director. Before joining CECIC Capital, Brent, who started his career in 1998, served in different investment management and analyst roles for various companies operating across China. He was appointed to the Board in 2017 and also as a member of the Holdings Management Board in 2017.

Main responsibilities: Shareholder relationship management





Arjen Kraaij

Dutch

Chief Commercial Officer

Arjen joined TIP/GE in 1997 and over the years has held several commercial and general management roles, including Commercial Director for the Benelux Region, and General Manager for Eastern Europe. His previous role was leading the European Marketing and Services organisation, as well as the International and Strategic Accounts Group. Arjen was appointed Vice President Corporate Development in 2013 successfully leading the closure of 30+ acquisitions. He was appointed to his current role in 2017.

Main responsibilities: Commercial, marketing, M&A, fleet sourcing, asset management and remarketing

Paul Beadle

British

Chief Operating Officer

Paul joined TIP/GE as a trainee manager in 1986. He has extensive transportation and trailer services industry experience having worked through numerous operations positions including branch and regional management, culminating in his appointment as UK Operations Director in 2004. Paul assumed the position of European Operations Director for GE Equipment Services in 2006 and was appointed to the position of European Operations Director for TIP Trailer Services in 2013 on completion of the acquisition by HNA. In 2015, he was appointed Chief Operating Officer.

Main responsibilities: Operations, IT, EHS, integrations and non fleet sourcing



A portrait of Hiske Damhuis, a woman with long, wavy blonde hair, wearing a dark blue blazer over a light-colored top. She is smiling and looking directly at the camera. The background is a soft, out-of-focus grey.

Hiske Damhuis

Dutch

Chief Human Resources Officer

Hiske was appointed as HR Director when she joined TIP/GE in 2006. She was promoted to HR Director GE Equipment Services in 2009. Hiske was appointed Chief Human Resource Officer of TIP Trailer Services in 2013 on the completion of the acquisition by HNA. In addition to her role in TIP/GE she was a board member of the GE Pension fund in the Netherlands from 2010 until 2013. Prior to joining TIP/GE, Hiske worked for Nortel Networks as Senior HR Manager for the Benelux and Nordics.

Main responsibilities: People and employee communication



Oliver Bange German

Vice President Central
Europe Region

Oliver re-joined TIP Trailer Services in 2015 on his appointment as Vice President for the Central Europe Region. Oliver started his career at BTZ as Country Manager for Italy. He joined GE in 1998 and held various commercial roles in GE Capital. In 2004, he joined TIP as Tankers Director Continental Europe. Oliver left TIP in 2010 to join DKV Euro Service as European Director of Sales.



Jan Ihlau German

Chief Legal Officer and
Company Secretary

Jan was appointed Chief Legal Officer and Company Secretary for TIP Trailer Services in 2013 on the completion of the acquisition by HNA. He joined TIP/GE in 2003 as Legal Counsel for the TIP, Rail and Modular Space businesses of GE Equipment Services in Central Europe and was appointed General Counsel in 2010. He is an experienced General Counsel with more than 19 years of broad international legal leadership experience. Prior to joining TIP Trailer Services, Jan was a senior lawyer with a major German law firm, where he led their corporate and commercial law department. He was appointed to the Board in 2014.

Mark Crossland British

Vice President
Tankers UK

Mark joined TIP/GE in 1996 and has extensive transportation and tanker services industry experience. Over the years he has held several commercial and operational roles in the tanker part of TIP's business including serving as European Operations Director. He has led the development and growth of the UK Tanker business following the HNA acquisition of TIP and was promoted to Vice President Tankers UK in 2015.



Didier Felice French

Vice President
Mediterranean Region

Didier joined TIP Trailer Services in 2005 as General Manager for France. In 2009, he was appointed as European Business Development Director for TIP. In 2011, Didier assumed the role as Commercial Leader for the Mediterranean Region. In 2015 he was promoted to Vice President for the Mediterranean Region. Prior to joining TIP, Didier held several general management roles for various global IT companies. During this period, Didier developed a strong expertise in the outsourcing services industry.





Rick Kloepfer Canadian

Vice President
Canada

Rick joined TIP Trailer Services in 2016 as part of the Train Trailer Rentals acquisition in Canada. He served as President and Chief Operating Officer of Train Trailers Rentals since 2012 and was appointed Vice President for Canada following TIP's acquisition of Train Trailer Rentals. He originally joined West Van Trailers as General Manager in 2005 and led the subsequent acquisition and integration of Blue Star, West Van and Train to form the current Train Trailer Rentals business in Canada. He has over 24 years of equipment leasing and rental experience in the Canadian market.



Michael Furnival British

Vice President UK
and Ireland Region

With more than 28 years' experience in the transportation and trailer services industry, Michael initially joined TIP Trailer Services as a UK Area Sales Manager in 1988. He left to become Sales Director at Transrent in 2000. Michael re-joined TIP in 2007 as Sales Director for the UK and Ireland. He was promoted to his current position as Vice President for the UK and Ireland Region in 2015.

Rogier Laan Dutch

Vice President
Benelux Region

Rogier joined TIP/GE in 1989. He held various international commercial and general management roles within TIP, Key Lease and GE in the Netherlands, Spain and Italy, culminating in his appointment as the Director of Pan-European Accounts in 2003. Rogier was appointed European Commercial Director for TIP Trailer Services in 2009. In 2015 he was promoted to Vice President for the Benelux Region. Prior to working for TIP, he worked as a financial controller for the Dutch local government authorities, Gelco and Citicorp.



Christian Petersen Danish

Vice President
Nordic Region

Christian re-joined TIP Trailer Services as Commercial Leader for the Nordic Region in 2014 and was promoted to Vice President for the Nordic Region in 2015. Prior to re-joining TIP, he was General Manager for Northern and Eastern Europe for UTC Fire and Security Products EMEA from 2008 to 2014. Christian originally joined TIP in 2003 as Sales Director for the Nordic Region.



Financial review

Financial information and alternative performance measures

The financial information in this section, and throughout this annual report, is derived from the consolidated financial statements including comparative information for the years 2015 and 2016 as included in this annual report. Comparative information for 2014 is derived from the consolidated financial statements as included in our annual report 2016. For the basis of comparatives for 2013 please refer to the glossary section of this report. The focus is on the underlying EBITDA and operating profit excluding exceptional items and amortisation, which provides the best basis for

evaluating the operating and financial performance of our company.

We have adopted various alternative performance measures ('APMs') to provide additional useful information on the underlying trends, performance and position of the Group. The APMs are not defined by International Financial Reporting Standards ('IFRS') and therefore may not be directly comparable with other companies' APMs, but are defined within this annual report and summarised in the glossary.

2017 financial highlights and key components of performance

Financial highlights				
€m	2015	2016 ¹	2017	% change
Leasing	161	184	217	+18%
Rental	92	98	118	+20%
Damage protection	17	20	20	-
Leasing and rental	270	302	355	+18%
M&R 3rd party	64	84	94	+12%
Fleet sales	28	36	45	+25%
Other	10	19	23	+21%
Total revenue	372	441	517	+17%
Contribution (excl: credit losses)	174	213	263	+24%
Credit losses	(1)	(1)	(1)	-
Contribution	173	212	262	+24%
Contribution %	46%	48%	51%	+3%
Operating expenses	(68)	(78)	(82)	+5%
EBITDA	105	134	180	+34%
EBITDA %	28%	30%	35%	+5%
Operating profit	38	37	49	+32%
Operating profit %	10%	8%	10%	+2%
Net operating assets	581	807	879	+9%
Capital efficiency	21%	19%	21%	+2%

The reported revenue, contribution, operating expenses, credit losses and EBITDA have been affected by movements in exchange rates during the year principally due to £ decline vs €. Please refer to table below which outlines the impact of exchange movements, acquisitions and organic growth on our key performance components for 2017.

Key components of performance					
€m	Revenue	Contribution	Operating expenses	EBITDA	Operating profit
2016	448	221	78	143	46
One time indemnification and recovery	(7)	(9)	-	(9)	(9)
2016 before one time indemnification and recovery	441	212	78	134	37
Exchange effects	(8)	(4)	(1)	(3)	-
2016 at 2017 rates	433	208	77	131	37
Incremental impact in 2017 of:					
2016/2017 acquisitions	52	31	4	27	7
Organic growth	32	23	1	22	5
2017	517	262	82	180	49
% Total reported change ¹	17%	24%	5%	34%	32%
% Total 2016 at 2017 rates	19%	26%	6%	37%	32%
% Organic change	7%	11%	1%	17%	14%

¹ Excludes one time indemnification and recovery

Group revenue for the year increased by 17% (19% at constant exchange rates) to €517m (2016: €441m) with double digit growth in 5 of our 6 revenue components.

Leasing and rental revenue increased by 18% and maintenance and repair (M&R 3rd party) revenue increased by 12% compared to 2016 as we supplemented organic growth with bolt-on acquisitions of both leasing portfolios and workshops. We invested €222m (2016: €262m) in our fleet and a further €6m (2016: €16m), principally in workshops, to broaden our platform and support future growth.

We sold over 7,300 used trailers, a volume ~12% higher compared to prior year, despite weaknesses in a number of key industry export markets: Russia, Ukraine and the Middle East. The increased volume of used trailer sales has principally been driven by an increase in manufacturer trade-ins.

We increased contribution by 24% (26% at constant exchange rates) to €262m (2016: €212m). This was driven by strong overall revenue growth with improved contribution percentages versus prior year for leasing and rental, M&R 3rd party and fleet sales. This reflects our strong and continuous emphasis on cost control.

Operating expenses increased by €4m. €3m of this increase was driven by additional employee benefit expenses, rental and other facilities costs associated with acquisitions during this year and the full year impact of prior year acquisitions. The remaining €1m increase was largely driven by commercial and operation resources required to support revenue growth. The high quality of our customer portfolio and our thorough due diligence and vetting processes resulted in credit losses of €1m versus an income of €1m in the prior year (driven by a €2m recovery from an inactive distressed customer).

Our EBITDA increased by 34% (37% at constant exchange rates) to €180m (2016: €134m). The increase in EBITDA was driven by our investments in new fleet, contract renewals and acquisitions while managing our operating expenses efficiently. Our investment in acquisitions contributed to €27m of the improvement in EBITDA. These acquisitions, combined with new investments in fleet, will have an additional positive impact in 2018. Net operating assets increased by 9% to €879m (2016: €807m) principally driven by fleet purchases, workshop investments and acquisitions.

Excluding the one-time indemnification and recovery benefit in 2016 of €9m from an inactive distressed customer, operating profit increased by 32% (32% at constant exchange rates).

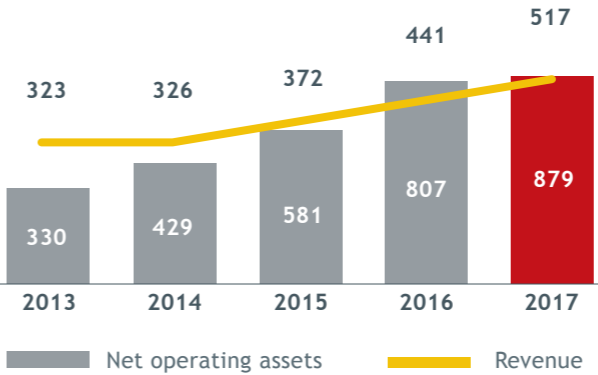
Robust long-term cash flow model and performance

We generally purchase new fleet when new leasing contracts with customers have been secured. When economic and market activities are slow, we have demonstrated the flexibility of our business model by appropriately reducing and deferring fleet purchases and generating substantial cash flow, as shown in the table below:

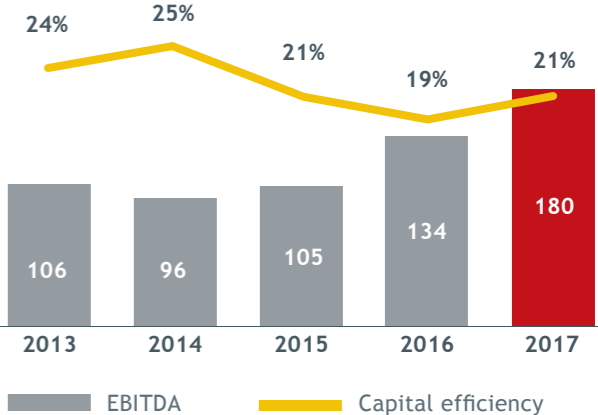
€m	2009-2013	2014-2017
EBITDA (excluding gain on fleet sales)	711	493
Fleet purchases	(110)	(782)
Acquisitions	-	(219)
Fleet sales	214	136
Other net capex	(8)	(48)
Net capex	96	(913)
EBITDA - net capex	807	(420)

During the years 2009 to 2013, we reduced net operating assets by 69% while successfully restricted the decline in revenue to 19% through a combination of lease renewals, fleet sales and a 75% growth in 3rd party maintenance and repair revenue. Since 2014 we have refocused on growth through fleet purchases, workshop investments and acquisitions. As a result, in 2017 our revenue grew by €76m (2016: €69m) and net operating assets grew by €72m (2016: €226m). During the years 2014-2017, we invested €913m in net capex including acquisitions, resulting in revenue increase by 59% and net operating assets doubling during this period.

Net operating assets and revenues (€m)



EBITDA (€m) and capital efficiency (%)



Our capital efficiency increased to 21% in 2017 (2016: 19%). At 21% it is higher than before the global financial crisis (2007 and 2008: 17% and 18% respectively) due to a more balanced business portfolio mix (leasing and rental, 3rd party maintenance and repair). Our capital efficiency also benefits from ongoing rigorous management of our cost base, and by effective deployment of our assets.

We have a very disciplined and robust administrative and other operating expenses (‘overhead’) model, divided into 2 key components:

Regional operating expenses are mainly comprised of compensation and benefits and 3rd party services, which are focused on customer service delivery. These costs are primarily related to our regional General Management, Commercial, Operations, Remarketing, Risk and Collections functions.

Centralised costs are comprised of centralised SLT related costs together with the costs of support functions which are principally centralised and run through Centres of Excellence for IT, Human Resources, Asset Management, Legal, Finance

Taxation

Our approach to tax is aligned with the SLT and the Board’s strategy. It applies to all taxes, both direct and indirect, in the countries where we operate. Our goal is to ensure that we pay the appropriate tax proportionate to our activities in each country. Our tax strategy is reviewed and revalidated periodically and would be adapted when needed in the light of factors such as material changes to our business strategy, business model or tax legislation. We endeavour to comply with the applicable tax legislation in the countries where we operate and utilise, where appropriate, available legislative reliefs.

Responsibility for tax risk and tax operations rests with our CFO while day-to-day responsibility is delegated to the Tax Director and our tax team. To ensure that we fully understand our tax obligations and keep up to date with changing legislation across the Group we engage advisers as required.

(covering Treasury, Accounting, Tax/VAT) and Operations (covering Fleet Sourcing, Indirect Sourcing, Accounts Payable, Billing, Integration and Business Intelligence).

This model allows us to avoid duplicating costs for support functions, leveraging our unique pan-European IT platform. In addition, this cost management model allows us to further utilise low cost countries (LCC) for support functions, particularly in IT, Finance and Operations. Using our platforms and partners in Poland and India provides additional flexibility to our overhead cost base. Centralised 3rd party supplier management allows us to effectively consolidate our purchasing power to achieve the best prices. From 2007 to 2017, we have achieved a reduction in overheads of 11% while revenue grew by 3% in the same period.

We seek to proactively engage with tax authorities. Where practical, we seek opportunities to meet with tax authorities to ensure that our business and tax positions are understood and we aim to file our tax obligations in a timely and accurate manner. The SLT receive regular status updates on all tax filing obligations.

During 2017 we continued to monitor developments in the OECD’s work on Base Erosion and Profit Shifting (‘BEPS’) and Country-By-Country Reporting (‘CBCR’). We do not expect our tax positions to be materially impacted by legislative changes arising from the BEPS and CBCR recommendations although related compliance cost may increase.

Below is the detail of taxation paid/collected over recent years:

Tax paid/(collected)					
€m	2013	2014	2015	2016	2017
VAT (based on contribution)	35	29	36	40	49
Payroll	20	23	28	33	35
Corporate	-	3	-	1	2
Other (principally real estate related)	1	1	1	1	1
Total	56	56	65	75	87
% of revenue	17%	17%	18%	17%	17%

Liquidity and financing

Following our acquisition by HNA at the end of 2013, we obtained equity funding totalling €513m. Prior to that, the business was funded directly by our former shareholder, GE.

During 2017 we continued to make solid progress on our debt financing programmes. Our objectives were to:

- > Further diversify our funding sources
- > Increase funding to support growth for fleet purchases, workshop investments and acquisitions
- > Secure competitive funding costs

We ended 2017 with total committed facilities primarily for fleet of €948m (2016: €814m), at average margins of 2.6% (2016: 2.7%) and with five diversified funding sources:

- > Revolving credit facility (RCF)
- > Asset backed securitisation (ABS)
- > Finance leases (FL)
- > Operating leases (OL)
- > Term loans (TL)



I. RCF:

We started the year with a RCF facility of €600m. In June, we successfully expanded this facility by a further €100m. Margins on this facility are ~2.7% (2016: ~2.7%).

This is a multicurrency facility which allows us to borrow in the major currencies in which we operate. There are minimum interest rate hedging requirements.

€537m of the RCF facility were drawn at the end of 2017 (2016: €479m).

There are 3 key financial covenants which apply to the facility. We fully complied with these during the year and in prior years:

Covenants	2017	2016	2015
Interest cover	2.0x	2.3x	3.0x
Solvency	24%	25%	29%
Loan to value	88%	84%	89%

II. ABS:

The ABS facility was originally concluded on 10 September 2014 and is a private financing transaction using a common Dutch law securitisation structure for operating leases which established a cross-border revolving securitisation facility.

We started the year with a committed senior facility of €80m with a margin of ~2.25%. In September we entered into a new committed facility of €100m with a margin of 1.70%, replacing the €80m facility. This new facility expires in March 2019 and can be further expanded to €160m in future years. The senior facility is a multicurrency facility which allows us to borrow in the major currencies in which we operate and requires interest rate hedges to be taken out to match the operating lease cash flow.

€77m of the ABS facility was drawn at the end of 2017 (2016: €69m). There are 2 financial covenants, interest cover and solvency, which apply to the new ABS facility as they do for the RCF. We complied with these during 2017.

III. FL:

At the end of 2017 we have finance lease facilities totalling €58m (2016: €59m) of which €41m (2016: €45m) were drawn. These principally arose as part of our 2016 acquisitions where the cost of early termination was high, and where we could obtain low rates during 2017. Interest rates on these leases are ~2.8% (2016: 2.9%).

IV. OL:

At the end of 2017 we have operating lease facilities for fleet totalling €81m (2016: €72m) of which €44m (2016: €46m) were drawn. These facilities are with various funders, manufacturers and operating lease providers principally in the United Kingdom, the Netherlands, Germany and France where, in some cases, we can share credit or asset risk for fleet.

In addition, we also make use of operating leases for PP&E assets such as land, buildings and motor vehicles. We ended 2017 with €67m (2016: €71m) of operating leases committed and drawn for PP&E.

In the section ‘Potential impact of new lease accounting’ we address how these operating leases are likely to affect our profit or loss, cash flow, balance sheet and related financial statement notes as well as funding covenants after the implementation of IFRS 16.

V. TL:

At the end of 2017 we have 5 term loan facilities totalling €9m (2016: €4m) fully drawn. Interest rates on these term loans are ~6.1% (2016: 10.0%). A term loan of €3m associated with our 2016 acquisition of Train Trailer Rentals Ltd in Canada is due for repayment in August 2018.

“On the back of excellent trading results in 2017, we took advantage of favourable financing markets to further expand our liquidity while reducing cost and diversifying our funding. These actions position us well for strong growth in the coming years, protect our balance sheet and provide flexibility”

*Malachy Mc Enroe, Chief Financial Officer,
TIP Trailer Services*

We ended the year with a strong liquidity position as shown below:

Liquidity overview					
€m	2014	2015	2016	2017	% change
Cash	38	38	17	19	+12%
Committed unused facilities:					
RCF	49	228	121	163	+35%
ABS	80	43	11	23	+109%
Finance leases	-	5	13	17	+31%
Operating leases	-	10	26	37	+42%
Term loan	-	-	-	-	-
Total	167	324	188	259	+38%
% change		+94%	(42%)	+38%	

The flexibility to increase our ABS facility by a further €60m provides additional liquidity to support our growth.

During 2017, we successfully implemented European wide daily cash pooling for substantially all our business. This further allows us to minimize cash, saving interest and freeing up capital for investment.

We believe that by reinvesting our EBITDA and fleet sales and by further expanding our financing programmes, we are in a strong position to continue to build our fleet base, expand our workshop networks and pursue advantageous acquisitions of both lease portfolios and workshops. We are also well positioned to take advantage of the continued improvements in the European and Canadian economies and markets.

Minimum contracted debt repayment commitments

The table below summarises the maturity of our debt facilities and off-balance sheet fleet operating leases facilities at 31 December 2017 by year of expiry.

Minimum contracted debt commitments					
€m	2018	2019	2020	2021	2022+
RCF	-	700	-	-	-
ABS	-	100	-	-	-
Finance leases	25	17	8	4	4
Operating leases	49	9	7	6	10
Term loan	4	2	1	1	1
Total	78	828	16	11	15

Interest rate and foreign exchange risk management

Both our RCF and ABS facilities are at floating rates and require minimum interest rate hedging. We continue to take a more conservative position than required under these facilities and we ended the year with the following profile of floating rate debt swapped to fixed on our principal borrowing facilities:

	2015		2016		2017	
	% hedged	Duration (years)	% hedged	Duration (years)	% hedged	Duration (years)
RCF	72%	3.3	83%	2.3	85%	2.0
ABS	86%	3.5	86%	4.5	85%	4.1
Weighted average	73%	3.3	83%	2.6	85%	2.3

In addition most of our terms loans, finance and operating leases have fixed term rates.

ABS facility also allows us to draw down in €'s, £'s, NOK's, SEK's and DKK's.

Our principal foreign currency risk is in £, CA\$, NOK and SEK as we have both assets and cash flow in those currencies. We substantially hedge this risk by borrowing in £'s, CA\$'s, NOK's and SEK's to fund our activities in the United Kingdom, Canada, Norway and Sweden respectively. Our RCF facility allows us to draw down in €'s, £'s, CA\$'s, NOK's and SEK's while our

We incurred a net loss of €1m related to our interest rate swaps driven by an increase in interest yield curves during the period. Our € interest rate swaps became ineffective for hedge accounting purposes during 2016 due to negative interest rates in the Euro area.

Capital allocation

We remain disciplined in our capital allocation with the overriding objective of enhancing shareholder returns. Our capital allocation framework priorities are:

1. Capex for both replacement and growth
2. PP&E investment in existing facilities
3. Bolt-on acquisitions in existing markets
4. Greenfield branches/workshops in existing markets
5. Acquisitions in new markets
6. Other including IT related investments
7. Dividends where we do not see sufficient opportunities to grow/invest with appropriate returns

The below table outlines how we have allocated capital over the past 4 years against this framework (table shows gross investments):

€m	2014	2015	2016	2017
Capex	123	175	262	222
PP&E investment in existing facilities	8	8	16	6
Bolt-on acquisitions in existing markets	17	44	96	9
Greenfield branches/workshops in existing markets	-	-	-	-
Acquisitions in new markets	-	-	53	-
Other including IT related investment	-	9	-	3
Total	148	236	427	240

Cash flow and gearing

Our net cash outflow was €72m (2016: €220m) and was principally financed by an increase in debt from our RCF, ABS, FL and TL facilities. This, combined with our EBITDA cash flow, allowed us to invest €184m (2016: €240m) in net capital expenditures and €9m (2015: €149m) in acquisitions.

A summary of the Group's cash flow is shown below:

€m	2014	2015	2016	2017
EBITDA	96	105	143	180
Net capital expenditures	(106)	(167)	(240)	(184)
Acquisitions	(17)	(44)	(149)	(9)
Lease in cost	(5)	(7)	(11)	(13)
Net interest and taxation payments	(17)	(2)	(10)	(24)
Net working capital/other non-cash items	(1)	(30)	12	(22)
Net underlying cash generation	(50)	(145)	(255)	(72)
Debt issuance fees	(4)	(13)	-	-
Equity/HNA loan repayment	33	-	35	-
Net cash (outflow)/generated	(21)	(158)	(220)	(72)
Opening net debt	200	222	379	582
Net cash outflow/(generated)	21	158	220	72
Exchange differences	1	(1)	(17)	(9)
Closing net debt	222	379	582	645

The ongoing strong EBITDA cash flow, together with the diverse forms of financing in place, will enable us to continue to renew our fleet, capture leasing opportunities, expand our services business while executing additional bolt-on acquisitions.

We ended the year with a modest gearing ratio of 53% (2016: 51%).

Events after the reporting period and other significant items

On 9 February 2018 we signed an agreement for the acquisition of a leasing portfolio, workshop and parts retail business in Austria. We anticipate to close the deal in April 2018. The Group has not finalised the accounting treatment for this acquisition.





Trailer Services
TRAILERMADE SOLUTIONS

We manage more than

7,000
suppliers
in our network

Each year
we see more than

1,040,000
tyres
for inspection

We handle

86,000
roadside
incidents
per year

We spend

€84,400,000
on parts
annually

We manage work on

109,000
trailers
per year

Our managed fleet
covers

7,120,000,000
kilometers
per year

Commercial and operational review

Market, customers and operational model

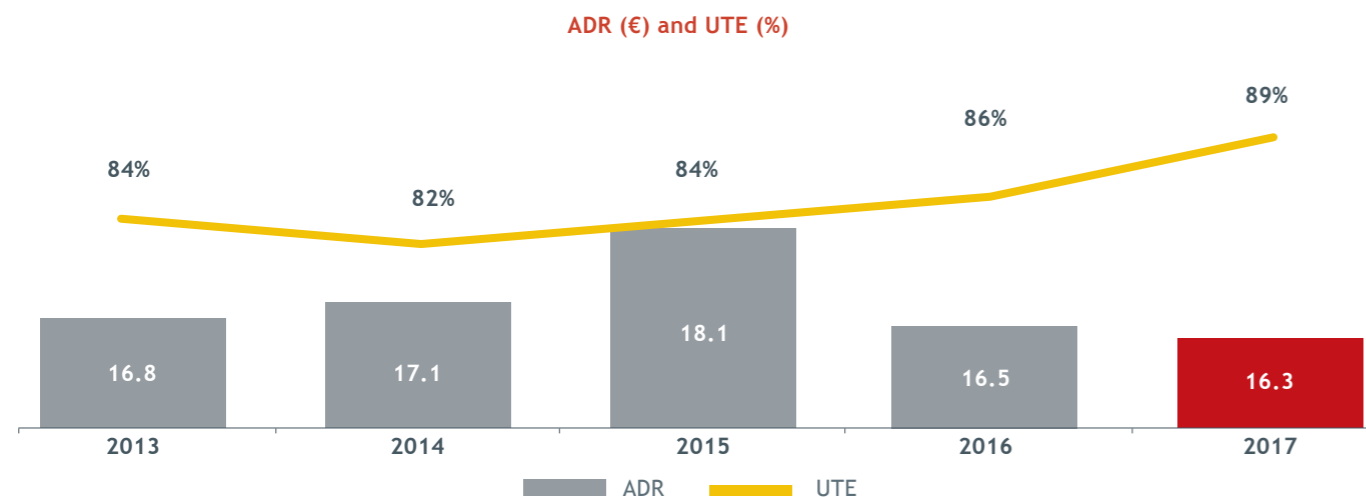
The European road freight market accounts for over 84% of the European freight market in terms of value. It grew at 2.0% compound annual growth rate (CAGR) from 2013 to 2017, and is forecasted to continue to grow at similar rates for the next 2 years.

In line with the trend in the road freight market, the European trailer market has seen steady growth over the past 5 years. During the current year new trailer registrations were similar to 2016, giving a CAGR of 10% from 2013 to 2017. The key growth drivers are replacement demand, which is dependent on the age and size of the existing trailer parc, and new demand which relies on investment growth.

With stable and improving growth in the European market and by supplementing our organic growth with acquisitions, we continue to benefit from our pan-European scale to sustain utilisation rates by transferring trailers across countries and taking advantage of demand and pricing conditions. Stable growth is also expected in the Canadian market. We continue to benefit from our scale and are well positioned for good organic growth going forward.

Furthermore we have a proven track record of maintaining average daily rates (ADRs) and utilisation (UTE) through a flexible and scalable operational business model.





The change in ADR over the past three years is explained as follows:

€	2015	2016	2017
Prior year	17.1	18.1	16.5
FX impact £, CA\$ vs €	0.4	(0.5)	(0.2)
Declining interest rates	(0.2)	(0.4)	(0.1)
Canada mix	-	(0.4)	(0.6)
Other/mix impact	0.8	(0.3)	0.7
Current year	18.1	16.5	16.3

Over the past years, an increasing number of our customers have chosen to maintain their fleet with us. We have seen this through an increased proportion of leases with a full service maintenance option (rising from 66% in 2007 to 82% in 2017). With growth in 3rd party maintenance and repair (up by 12% in 2017), our customers clearly see our expertise in managing their assets, maintenance and repair requirements. Our fleet maintenance and repair offering enables our customers to focus on their core business, to ensure compliance with regulatory standards, and provides predictability of maintenance costs.

We have a large customer base with strong relationships. The average tenure of our top twenty customers is more than twenty years. We are not significantly exposed to any single customer, benefiting from a diversified portfolio, with our top ten customers representing 20% of leasing and rental revenue and 25% of M&R revenue. Our maintenance and repair business has achieved significant penetration with 90% of our top fifty customers taking four or more of our services. Due to our experience and competencies we are able to deliver customer value from a wide range of services. Our service offerings are categorised into:

- > Leasing
- > Rental
- > Damage protection
- > 3rd party maintenance and repair

Our aim is to offer first class services to our customers and to become the trailer provider of choice and trusted advisor in the transportation and logistics industry. To do this we offer a great variety of services throughout the whole trailer asset life cycle ranging from high quality products and services at our workshops, to a full range of leasing and rental service offerings as well as complete outsourcing or fleet management solutions.

We have 4 pillars which are the foundation of our business model: Our **people** allow us to offer a broad range of **assets** according to the needs of our customers at the highest **service** standards supported by our extensive network and customer **platform**.

Pillar	Purpose	How
1.Assets	Having the right equipment, at the right locations, at the right time and in good condition for our customers	<ul style="list-style-type: none"> Diversified equipment portfolio Large volumes to drive strategic sourcing Proactive asset management Vast experience in different equipment types Strong sourcing capabilities Different financing capabilities Highly experienced Remarketing team
2. People	Create a passionate environment where industry expertise, innovation, talent, leadership and analytical skills come together to create winning solutions for our customers	<ul style="list-style-type: none"> Develop entrepreneurial leaders Trainee/talent development programmes Robust training curriculum and a learning culture Cross-functional teamwork Over 49 years of trailer experience and expertise Reward and recognition
3. Service	Ability to offer tailor made service levels to a vast variety of customers with different needs (from transactional to value-add)	<ul style="list-style-type: none"> Strong focus on new product development Telematics capabilities Service offering throughout the full asset life cycle Dedicated service teams centered around our customers
4. Platform	To have the right tools to create insights for our customers. To offer high quality, flexible solutions and proactive advice at multiple locations across Europe and Canada	<ul style="list-style-type: none"> Strong European and Canadian footprint Strategic partnerships with other key industry players 84 workshops (2016: 81) and 179 MSUs (2016: 159) Large supplier network (7,000+ suppliers) 24/7 roadside services across Europe Integrated systems and processes Intelligent fleet management tools

“Last year we grew our M&R 3rd party business by 12% to €94m and at the same time added capacity to drive productivity and deliver on our service and quality commitments. We have delivered improved productivity with contribution margins up 4%. In 2017, we have successfully expanded our footprint from 81 to 84 workshops, with bay capacity at ~500 and we have ~830 highly skilled mechanics and workshop staff delivering on our customer commitments and leading the market with innovative maintenance packages.

2018 will be another exciting year for our workshops network as we continue to deliver improved technology to enhance productivity and customer service”

Paul Beadle, Chief Operating Officer,
TIP Trailer Services



Our services

We offer a range of services to improve our customers' fleet performance and reduce operating costs, making their operations more agile and profitable. From annual road worthiness inspections to tyre servicing; our maintenance and repair service provides our customers with full flexibility in terms of minimising their trailer down time through Europe's fastest growing workshop network and on-site, with the help of our pan-European fleet of mobile service units (MSUs).

Our 3rd party maintenance and repair offerings consist of:

- > Non-contracted maintenance and repair: quality maintenance, repairs and parts at competitive prices provided on demand
- > Contracted maintenance and repair: a modular service for customer-owned units, giving the certainty of fixed monthly rates. The individual needs and preferences of our customers' specific operation determines the most appropriate solution for them
- > Roadside assistance: a pan-European breakdown recovery service for your transport equipment, with round the clock, multi language support, 365 days per year

Maintenance and repair service offers:

- > Annual road worthiness inspections
- > Periodic equipment checks and inspections for brakes, axles and general trailer body based on manufacturers recommendations and expected annual mileage
- > Fleet management
- > Tyre maintenance
- > Roadside assistance services
- > Damage repair management
- > Reefer engine servicing
- > Tail lift servicing

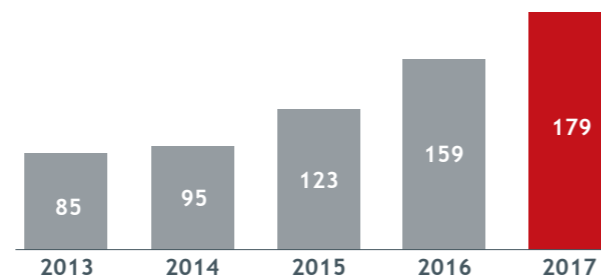
Our maintenance offering was enhanced organically through the expansion of our own maintenance infrastructure. We added 2 (2016: 10) new workshops:

- > France (Nantes)
- > Netherlands (Maasdijk)

We added a further 1 (2016: 10) workshop in Hirtshals, Denmark via an acquisition in 2017.

We have also added bays to a number of our existing workshops and added numerous shifts increasing our overall capacity. In 2017 we added 20 mobile service units (MSUs) (2016: 36) and plan to further grow our MSUs in 2018. Our continued investment in maintenance infrastructure will not only address the strong demand for maintenance, but will also support those customers who require full service maintenance leases.

Mobile service units (MSUs)



We have continued to provide our customers with strong analytics on their trailer fleets through the use of KPI reporting that forms part of our fleet management offering. Fleet management supports customers by ensuring that their equipment has completed all required maintenance and road worthiness inspections on a timely basis to provide maximum uptime.

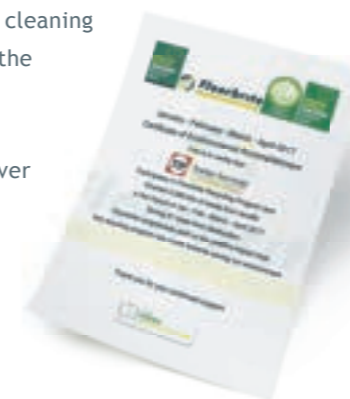
In addition, we supply state of the art telematics products to our customers. These products provide tracking solutions on equipment, and enable our customers to monitor and control their fleet. The telematics products are supplied through Novacom. Novacom is a leading telematics manufacturer, with which we have a joint venture. Novacom's services help fleet managers monitor their fleet and optimise performance via remote vehicle diagnostics. It provides solutions for a broad range of applications, including job dispatch, navigation, driver communication, tracking utilisation, on-time maintenance and security.

Awards

During 2017 we received a number of industry awards and certificates for our outstanding contributions to health and safety.

Green Apple Award

Received from Floorbrite cleaning and facilities services in the United Kingdom, for our commitment to the environment, diverting over 3 tonnes of waste from a landfill site and saving 61 trees from destruction



Unione Bassa Valle Scrivia



British Safety Council



ANPAA association



Alcumus SafeContractor



Acquisitions and integrations

During 2017, we continued our acquisition strategy to support growth and expand our geographical presence. We closed 4 (2016: 10) acquisitions during the year, comprising 3 leasing and rental portfolios and 1 maintenance and repair business, for a combined total of €9m (2016: €149m). These acquisitions were spread across 4 (2016: 6) countries.

Acquisition	Country	Month closed
Twan Heetkamp Trailers Deutschland GmbH	Germany	January
JW Barrow	United Kingdom	July
Canadian Transport Trailer Ltd.	Canada	August
Agathon On Spot K/S	Denmark	August

None (2016: 5) of the acquisitions were completed as share purchases, with all completed as asset deals and with no legal entities taken over as part of the transactions. We merged Officine Caldera 2 SRL (a share purchase deal) with our Italian operating entity during 2016. Two share purchase transactions in 2015 were also subsequently merged and/or business transferred to our local operating entities during that year.

Our 2017 acquisitions have contributed directly to our financial performance with €3m of revenue and €1m of EBITDA. They will further add to our financial performance in future years.

We have effectively and successfully integrated areas such as Finance, IT, Human Resources, Commercial and Operations. These acquisitions will further enhance our revenue and EBITDA over the coming years as we use them as platforms for future growth. During our integration process we aim to:

- > Retain knowledge and skills, whilst increasing operational efficiency and taking advantage of economies of scale
- > Retain and reward people while providing a great work environment
- > Retain existing processes and systems where they add value and enhance our business

We added -22 (2016: 235) employees during the year as a result of the above acquisitions. These were principally in Commercial and Operations functions.

Information technology

The success of our strategy to grow through acquisitions, fleet investment and M&R 3rd party is dependent on the timely delivery and the functionality of information technology systems to support them. We have implemented state of the art IT applications to support many of our back office functions and have moved many of these applications to a cloud based environment. This increases our flexibility to deploy these applications at speed as we grow. We are embracing newer technology and in 2017 completed the implementation of Wi-Fi in our branches and rolled out tablet based technology in our branches and workshops.

We are focused on our core business applications aiming to enhance their functionality for leasing, rental, M&R 3rd party and workshop management. We have started a project called ‘Matrix’ to drive further digitisation in our operational processes. Phase-I of this project, which started to go live at the end of 2017, is focused on workshop and maintenance management. Our objectives are to:

- > Increase the speed and quality of customer service
- > Increase sales

- > Drive productivity and efficiency
- > Provide employees with better tools
- > Improve business intelligence
- > Efficiently integrate all acquisitions
- > Position ourselves to take advantage of the Internet of Things and predictive maintenance for trailers in the future
- > Increase the speed of application deployment
- > Be more agile for new product implementation and future developments

During 2017 we have invested €3m in developing this software. We also took a provision of €3m for an onerous contract in relation to this digitisation as one of the platforms we were developing software on was inappropriate and too expensive for further development. We will continue to make investments in front end software developments which increase operational, maintenance and workshop productivity in the coming years.

We are currently working on a complete upgrade to our telephone technology, expected to be completed by the end of March 2018, which will provide substantial benefits and productivity:

- > A company-wide fixed and integrated line telephony platform, enabling consistent high quality customer contact centre functionality across the business
- > Reduce call costs by routing internal telephone calls over voice over internet protocol (VOIP)
- > Integration of land line phone, mobile, video and audio conferencing
- > Consistent configuration across all TIP locations allowing remote management by centralised/outsourced IT
- > A scalable solution - able to meet the needs of a changing business

We have a robust governance infrastructure with a Technology Investment Committee (TIC) for IT related projects including project plans which are approved by the EMT and where material, by the Board. A member of the EMT then leads these projects and we perform regular progress reviews. We aim to minimise business disruption, cost and time to implement.

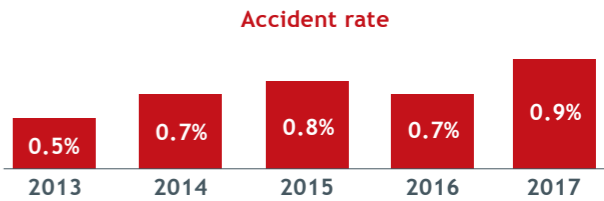
Environmental, health and safety

We have a rigorous environmental, health and safety (EHS) programme with well-defined guidelines to effectively manage EHS risks, workplace and employee well-being and safety. Internal as well as external audits covering a variety of areas, including hazard analysis, product handling, ergonomics and hygiene are conducted to identify and remedy areas of deficiency. We have strict EHS policies, reinforced by regular training, monitoring and periodical audits.

To ensure employee awareness and participation, TIP Trailer Services conducts bi-annual employee surveys to test EHS knowledge and perception of the programme. We tailor training programmes, conduct monthly communications from our Operations leaders and use tools such as scorecards, monthly dashboards and reward programmes to incentivise and motivate employees.

We seek to keep improving the environmental performance of our operations through the efficient use of resources, and by applying the most environmentally friendly technologies such

as ‘silent’ refrigerated trailers and low emission tractor units. We also organised a number of other regional projects across Europe to improve recycling and reduce lighting and water consumption.

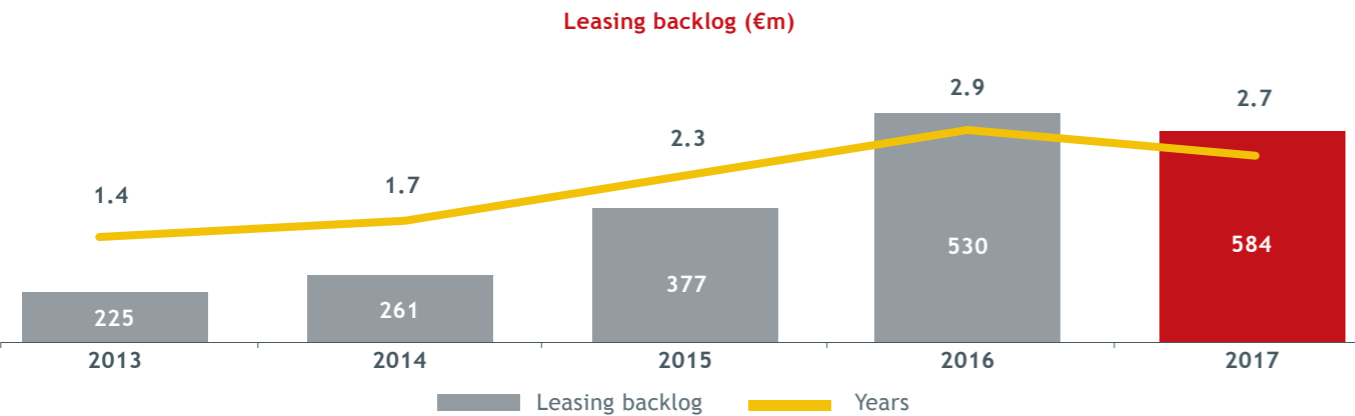


Our business uses the internationally recognized Frequency Accident Rating (FAR) which is calculated as the number of lost time accidents multiply by 200,000 (the base of 100 employees working 40 hours per week), divided by the total hours worked. A lost time accident is a work related injury/illness that results in a employee’s inability to work the day after the initial injury/illness

Focus on leasing and rental performance

With the improved European economy in 2017 and through our continued investment in fleet, we increased our leasing revenue by 18% (2016: 15%). Renewals of expired leases were maintained at a high level of 51% (2016: 52%).

With investments in new trailers and strong lease renewals, we ended the year with an increased leasing backlog of €584m, up 10% from the prior year.



Our ability to reinvest operating cash flow, combined with our unused credit facilities, will enable us to further invest in our fleet during 2018 to satisfy customer demand for new equipment leases.

Solid growth and stable market conditions across Europe combined with portfolio acquisitions had a positive impact on our rental business which grew 20% to €118m (2016: €98m) supporting our customers need for flexibility. Our well maintained rental fleet is an ideal solution in uncertain times as well as providing customers a means to address peak demand effectively.

Damage protection is our damage waiver programme offered on our own equipment and its revenue is linked to the UTE of our fleet. Damage protection revenue remained the same as in 2016.

Leasing and rental					
€m	2013	2014	2015	2016	2017
Leasing	164	150	161	184	218
Rental	74	79	92	98	118
Damage protection	18	16	17	20	20
Revenue	256	245	270	302	356
M&R own fleet costs	(95)	(96)	(110)	(115)	(121)
Damage protection costs	(12)	(11)	(11)	(11)	(11)
Contribution	149	138	149	176	224
Contribution %	58%	56%	55%	58%	63%

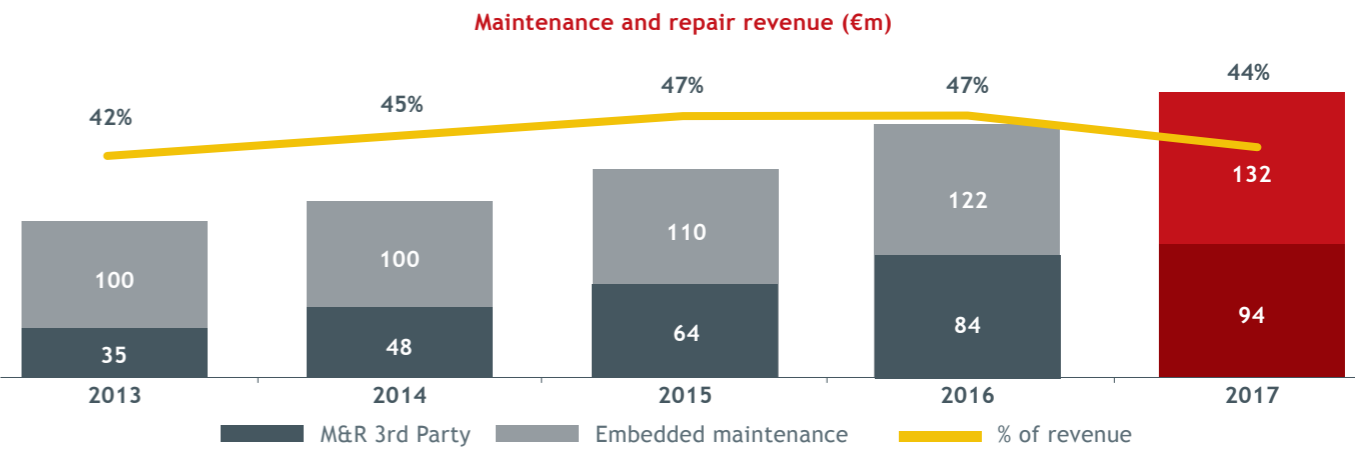
In 2016 leasing and rental contribution % showed its first increase since the aftermath of the global financial crisis. This upward trend continued in 2017 with a strong increase in margin of 5% to 63%. The principal drivers were as follows:

- > With increased new fleet investment from 2014 onwards, margins have stabilised and are reversing the trend created due to underinvestment by our previous shareholder, GE

- > 2017 fleet acquisitions are accretive to overall contribution margin, as the fleets acquired were relatively younger
- > Improved productivity and cost control from insourcing - €6m additional maintenance spend moved in-house
- > Damage protection margins have improved again during the year, with customers appreciating the security that is provided to them through this offering
- > These positives were partially offset by pricing pressures due to declining and negative interest rates across Europe principally affecting new capex

Focus on 3rd party maintenance and repair performance

Average annual 3rd party maintenance and repair revenue growth between 2013 and 2017 was 28%. In addition, there is also a significant volume of maintenance and repair revenue generated through the maintenance embedded within our owned leasing and rental portfolios. Total maintenance and repair revenue increased from 42% of revenue in 2013 to 44% in 2017. This is down from a peak of 47% in 2015 as we have investment in newer fleet requiring less maintenance and the pace of growth in M&R 3d party has slowed. We would anticipate total maintenance and repair revenue ranging between 40% and 45% over the coming years as the average age of our own fleet continues to decline.



3rd party maintenance and repair					
€m	2013	2014	2015	2016	2017
Revenue	35	48	64	84	94
Contribution	8	9	11	16	21
Contribution %	21%	19%	18%	19%	23%

The growth in maintenance and repair revenue in 2017 has been achieved at a substantially higher margin of 23%, up by 4% from prior year and the highest margin we have achieved over the past five years. The principal drivers were as follows:

- > Investments in new workshops built and acquired in 2015 and 2016 are now running at close to normal operating capacity levels
- > We increased capacity utilisation in our workshops. In some of our workshops we added a second and, in some cases a third shift
- > Renegotiation of specific low margin customer contracts

We have opened 2 (2016: 10) new workshops in 2017. Not all of these have yet reached normal operating capacity levels. Investments in new workshops generally take 12 to 24 months to achieve normal capacity levels as we need to invest in building our commercial pipeline, to hire and train mechanics. We expect them to support maintaining and growing margins in future years.



“Working for TIP is a great adventure that allows you to get familiar with how a real business operates. The clear understanding of the company goals has a practical impact on every day work, no matter what your tasks are. Every day you meet people willing to share knowledge and happy to help. You are encouraged at every step to think beyond conventional routines. Questions are never ignored, they are always appreciated. This is what working for TIP means. Doing your best and always looking for improvements.

I think that anyone can easily find their own place in TIP, as I did. What is important is that you are offered an opportunity to grow within the company. That makes you want to stay”

Joanna Bugala, Senior FP&A Analyst, Poland,
TIP Trailer Services

People

People

People are what make our business a success.

We pay close attention to:

- > Our culture
- > Development
- > Learning
- > Engagement
- > Talent
- > Reward
- > Ownership and empower
- > Connect



Our culture

At TIP we believe our people are what drives our success and that they perform at their best in a culture that embraces expertise, customer excellence and passion. We believe in empowering our leaders and encouraging entrepreneurship, allowing them to address local needs in their own particular way. Our company values define who we are as a business and what really matters to us. These values are core to the way we conduct business on a daily basis. It is our people that bring them to life every day. To help our people achieve this we translate our values into behaviours, and these behaviours are central in our annual review process and reward strategy.

We believe diversity drives innovation. We have a very broad network throughout Europe and Canada. This results in a highly diversified workforce across 17 countries, on two continents, with multiple cultures. The variety of nationalities, cultures, religious and ethnic backgrounds enriches our workforce by bringing together new ideas, innovations and thinking styles that lead to business success. We use best practices from other countries and using them we improve our company and sometimes even evolve our industry.

We employ over 40 nationalities and have a stable 16% of females in a predominantly male driven industry. We continue

to push gender equality through growing and developing our female workforce. During 2017, 31% of all promotions and career development moves are made up by our female staff.

Safety of our people is our number one priority and therefore EHS (Environmental, Health and Safety) is a core function in our company getting the highest priority and action. EHS goes beyond accident prevention at our workshops and branches. Our Ombuds network is another safety net. It ensures our employees can address any concerns anonymously and know we apply a rigorous process to ensure these concerns are addressed properly.

We have an informal, down to earth culture that fits with our industry. We keep the organisation as flat as possible with typically 4 to 5 layers of hierarchy and an average span of control of 6.

We operate an open door policy where people are supported in giving their opinion. We are fact based and solution oriented. Change is a constant way of life for us. Our people and our leaders embrace change and work to ensure our strategy is successfully executed.



"The journey to becoming a Project Manager over the past 5 years has been a great experience. Successful IT projects are critical to help, support and contribute to the overall business strategy. Managing IT projects and developments such as the integration of acquisitions onto TIP's systems and supporting our business intelligence (BI) applications, offers a wonderful opportunity to continue developing on a personal level. At the same time I am supporting the business to move in the right direction"

Declan Tidswell, former Intern and now IT Technical Project Manager, United Kingdom, TIP Trailer Services

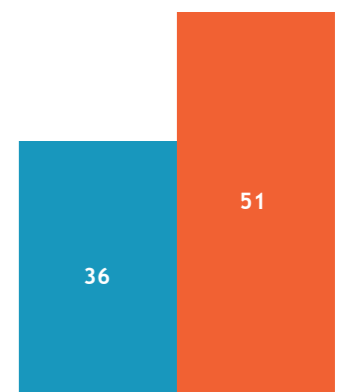
Development

We encourage our people to take personal responsibility for their own development and to take the time to leverage both internal and external resources that can help them improve both personally and professionally.

Our company is more dynamic than ever. Roles that didn't exist yesterday are being created in areas that didn't exist before. At TIP, it is not about finding a single path forward, but exploring, learning, and evolving as you go. We had 36 promotions and 51 lateral moves in 2017.



Promotions and career development 2017



Employees
■ Promotion
■ Career development

We have designed a career map that gives our staff insight to the jobs available, potential career paths and moves. We help with career development workshops, training, on the job learning and coaching that will help our people develop the various skills and competences they will need to succeed.



Learning

Training provides our people with an opportunity to develop existing skills and learn new ones. In 2017, we spent ~ €250k on course development and training while our people attended ~1,250 courses.

• Training curriculum

Our learning and development curriculum includes courses to improve performance and broaden technical and non-technical skills and abilities. We have an extensive offering of courses and run an annual nomination process. In addition, we design tailor made courses every year that address specific learning needs. Programmes are always aimed at attaining operational excellence and delivering world class customer service. In 2016, we launched a TIP tailor made leadership programme, aimed at senior and middle management, conducted recruitment training and ran an engagement workshop. These programmes are key enablers in developing our leaders.

• Technical training

Our mechanics safety is of primary importance. We offer continuous training and certification for EHS. In addition, we ensure our mechanics develop skills and are certified in a range of technical trainings from welding, to brake sys-

tem repairs and bodywork renovation. Our 'TIP University' e-learning tool offers the latest technical training directly from trailer manufacturers. We build and maintain a pipeline of talent through our apprentice programmes across Europe. We partner locally with the relevant schools and colleges to ensure our apprentices can qualify through these programmes.

• Internships

Our van Dijk internship programme is a first class undergraduate internship whereby we provide students with real learning experience and the opportunity to develop their skills in a multicultural, international and challenging environment. It provides students with unique opportunities of direct exposure to senior management, networking possibilities and regular feedback for professional and personal development. Since its inception in 2006, over 244 students from over 50 nationalities have successfully completed the programme. We currently have 17 van Dijk intern positions in our corporate functions. Our vision and belief in this programme goes beyond most internships and it serves as a talent pool for entry level positions in our company.

• TIP Trailer Services partners up with



During the year we have started a partnership for a talent programme with the NHTV University of Applied Sciences in Breda, the Netherlands. NHTV is the leading Dutch higher education institution for applied sciences, with Bachelor Degree programmes in Logistics Engineering, Logistics and Economics. We and NHTV are of the opinion that by cooperating closely, we can create a lasting relationship by which the demand for and supply of talented high potential students can be brought together. The programme is applicable for second, third and fourth year students. The manager of the Logistics Programs of NHTV will manage this talent programme in consultation with TIP Trailer Services. We are pleased to have our first student on board in 2017.

In October 2017 we together with our key European customer, P&O Ferrymasters, hosted a group of more than 25 second year students as part of their 5 day international field trip to London. The trip offered a variety of excursions and company visits that allowed the students to experience various aspects of an international business environment. Among the excursions were visits to University College London Hospital, the BMW mini factory in Oxford, the Meantime Brewery and a visit to our own and P&O Ferrymasters offices.

Both TIP Trailer Services and P&O Ferrymasters are looking forward to welcoming the students back to their premises in 2018. Both organisations value diversity and welcome young talent into their organisations.

• TIPTogether – sharing with our people, by our people

TIPTogether encompasses various programmes to encourage our culture of sharing and learning, social responsibility and team work.

Under this umbrella we organise activities for all employees:

In our **TIPTime** we offer a wide range of in-house training opportunities delivered by our leaders and experts, from negotiation to telephone skills, from stress management to finance for non-finance training. This training is provided by our people, for our people, on-line.

TIPFamily events involve family members of employees. We understand that the family is the foundation for the commitment and loyalty of our people.

TIPCompliance is focused on explaining our code of conduct and integrity policies. Integrity, honesty and ethical behaviour are at the core of our business values.

• TIP leadership programme

We believe our leaders have a vision, are entrepreneurial, manage their people effectively, embrace change and above all are authentic to their people. Enabling our people to become successful leaders, we have developed two tailor made TIP leadership programmes, one for middle management and one for senior management. These programmes are well received, scoring an average 9 out of 10 amongst participants and help our company to move forward as a cohesive group.

We provide an opportunity to share a career journey best suited to each individual's personality, ability and interests. The development of our people is ongoing and will change as their aspirations change. People learn every day. We provide the tools, and encourage our people to take personal responsibility and be proactive in managing their career.

Engagement

We drive engagement and retention by offering a safe working environment, fair remuneration packages, development opportunities, clear communication and well-maintained tools.

We inform staff about what is happening within the organisation, across functions and countries, by sending newsletters in multiple languages. We organise quarterly ‘all employee meetings’ and an annual kick off meeting, which are key communication points ensuring engagement and strategic alignment.

Regularly we organise social evenings, to ensure we keep connected on a more personal level and have fun.

We also have an active ‘Ideas’ platform for all TIP employees to share their ideas and knowledge across the business ensuring we use all the potential within TIP.

Talent

One of our top priorities is identifying, developing and retaining our top talents. It is in our culture to lead in our market and be best in class. We can only achieve this by inspiring our people through a strong performance management methodology and a culture of learning and high performance.

There are three essentials to our philosophy:

- > We tell people what is expected
- > We help them to achieve these expectations
- > We hold them accountable

• Clear goal setting

In telling people what is expected, we share our vision and set clear goals that reflect the results we want to achieve. The setting of goals is the beginning of a comprehensive integrated process at the start of each year. Our goals are aligned with the business strategy and are cascaded throughout the organisation. To enable our people to complete effective goal setting, we have developed training for all employees and managers. It is available in multiple languages.

• Performance assessment process

In holding our people accountable we follow our performance assessment process. Employees highlight their accomplishments against their goals, identify their strengths and development needs and provide ongoing insight into their career aspirations. The annual appraisal process applies to all employees and is completed once a year. As part of the performance management process we focus not only on whether goals were achieved but how they were achieved as we believe both are important when evaluating employee performance.

For each of these essentials, we have robust processes and strong controls in place:

- > The year starts with clear goals that set priorities
- > During the year we have multiple touch points with immediate managers to discuss the focus areas for the remainder of the year, including training aspirations and needs
- > At the end of the year we have a comprehensive appraisal review of performance against goals, strengths and development needs

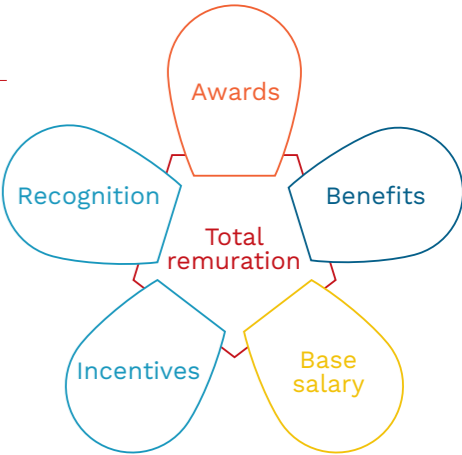
• Regular touch points

Our people and their managers touch base regularly throughout the year. These touch points can be formal or informal to check the progress of goals, discuss training, career development etc. These touch points enable the employee to take personal responsibility and be proactive in their short-term and long-term career aspirations.



Reward

We recognise that everyone is different and values different things, which is why at TIP we practice a total remuneration strategy. This enables us to ensure equality and that performance is rewarded in various forms.



Ownership and empower

We use an integrated human resources system. Our people and managers use it to manage all people related processes. It helps them to be in control of their data, their aspirations and their career.

This online integrated tool provides real time data, clear controls and audits trails. This allows us to track and improve response times to serve our people. Our human resources tool is quick, accurate and provides our people and leaders with a high level of control.

Our integrated tool enables our people to easily see their annual leave balance, request days off, manage their career, skills, and personal details. They have insight into their compensation, can refer a friend for an open position and earn a referral bonus. Managers can action all people processes from one place. Dashboards provide insight into; absentee rates and thus productivity, status of appraisals, compensation and all other talent actions.



Having all data on a single integrated system enables us to drive productivity, better engage and connect with our people and manage the many talented people we have in our organisation.

Connect

We actively engage in volunteer projects through our TIPVolunteers programme, helping those in need within our local communities. We believe our responsibility goes beyond our core business. Progress and prosperity are driving us when we initiate and support educational, social and cultural projects that help people everywhere to fulfil their potential. Our employees have valuable skills; we encourage them to use these to benefit others through involvement in community projects and social enterprises that produce lasting change. We call this building social capital.

This is how we combine our culture of performance with a culture of responsibility. We drive our success and operations

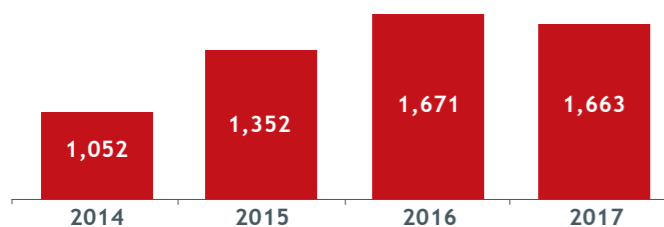
as one company, connected and enabled to do business where the customer sits. Within TIP we see the value of our diversity and engage our people to achieve excellence, but we also understand we are part of a bigger whole and will actively play our part.

We closely monitor a number of key KPIs around people and strive to continuously improve on them as the basis for driving our corporate success. The principal ones are:

- > **Headcount**
- > **Attrition**
- > **Experienced staff**

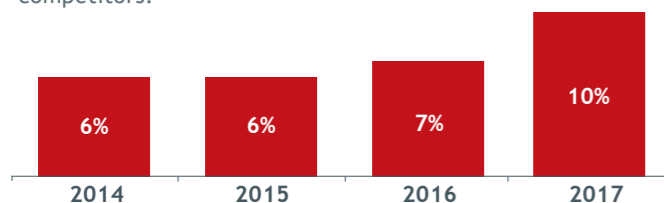
• Headcount

As an integrated solutions provider, we have seen our workforce grow mainly in customer focused functions. During 2017 headcount remained stable.



• Attrition

Attrition has risen to the top end of our target of 10% though still in line or below industry standards. Job markets in Northern Europe are very tight with high demand for young well trained staff in particular. We have also increased the number of mechanics in our workforce over the past years. This type of work, by its nature, has higher attrition. But relative to our industry, the nature of the work and compared to similar distributed business models, we still outperform competitors.



We calculate staff attrition % by dividing the number of permanent employees who left the business voluntarily during the year into headcount at the year end

• Experienced staff

The average length of service of our staff is 7 years (2016: 7 years). During the year we added ~22 (2016: 235) employees through acquisitions. These employees, although new to TIP Trailer Services, have extensive industry experience and bring fresh, valuable and different perspectives to our business. We learn as much from them as they learn from us.

The average length of service of our leaders is 16 years (2016: 13 years). In addition to their experience with TIP Trailer Services, our leaders have extensive international, transportation, logistics, outsourcing and trailer industry experience.

TIP years of service



At TIP Trailer Services
we believe people
drive the success of
our company

Corporate responsibility



Our corporate responsibility

In our view, being economically successful and internationally competitive generates value for our shareholders, customers and society at large. We apply high environmental and social standards to our business to support a sustainable future. We recognise that we have a duty to our stakeholders to be a reliable partner with the highest integrity and ethics. We engage with and learn from others through open dialogue on mutual interests.



We are the founder and lead member of the European Transport Board (ETB), a group of leading European transport and logistics providers, which together represent a significant part of the industry with almost 300,000 trailers in their combined fleets. The ETB's goal is to share insight and solutions that solve common issues which transcend country borders and individual needs.

Its mission specifically aims to:

- > Reduce environmental impact
- > Reduce congestion from road transport
- > Increase road safety
- > Improve the effectiveness and efficiency of the industry

We focus our corporate responsibility in 3 principal areas:

- > Industry focus through the European Transport Board
- > Communities we work with through our TIPVolunteers programme
- > Through HNA's global programmes

With our colleagues in the ETB, we strive to connect:

- > Our members to work together more effectively
- > With EU priorities
- > On environmental and social challenges
- > Public and private initiatives
- > Demand to supply: reducing congestion and emissions
- > The European market to global demand
- > All transportation modalities



TIPVolunteers programme

We actively engage in volunteer projects through our TIPVolunteers programme, helping those in need within our local communities. Key events in 2017 included:

- A. A 3 day charity bicycle ride from Bergamo to Venice in Italy covering around 320km. With 42 participants including employees, customers and suppliers, our United Kingdom team raised -€60,000 for the Donna Louise Trust for terminally ill children and the North West Air Ambulance Service
- B. Our Netherlands HQ team participated for the 2nd year in NL Doet, the biggest annual charity event in the Netherlands. Armed with paint brushes, drills and cleaning supplies, the team of 12 participants worked the entire day to clean the garden, paint furniture and plant violets at 'Coordaan de Werf' helping the residents to have a clean and cozy outdoor area for an upcoming event
- C. A European wide charity run in support of Médecins sans Frontières. In total, more than 150 people participated throughout Europe. The closing run was held in Amsterdam in the Vondelpark with a large representation from Dutch based employees, regional employees and a number of key business partners. We raised and donated more than €5,000 to Médecins sans Frontières - a great donation for a great cause

A. Participants in the charity bike ride in Italy



B. Netherlands HQ team participating in NL Doet charity event



C. TIP European wide final charity run at Vondelpark, Amsterdam

HNA's global programmes

The principal co-founders of HNA, Chen Feng and Wang Jian, are devout Buddhists who strongly believe that the purpose of wealth is the betterment of society. For this reason, HNA has committed to numerous charitable causes across its 25 year history, including sponsoring doctors and volunteers in remote areas in China and Africa, supporting international disaster relief programs and donating to global educational institutions to promote technological innovation and cultural exchange. The principal co-founders' vision is that, in order to fulfill HNA's philanthropic missions, all of the ownership of HNA should ultimately be held by charitable organisations. Two foundations were established to give effect to this vision, with the Hainan Province Cihang Foundation ('Cihang PRC') focused on China and the Hainan Cihang Charity Foundation, Inc. ('Cihang US') established more recently to spearhead HNA's international philanthropic efforts.

Both foundations have been established for charitable purposes. In particular:

- > The Cihang US is 'organised exclusively for charitable purposes' (clause 2.1 of the Bylaws of the Cihang US foundation)
- > The Cihang PRC provides disaster relief and salvation, assistance to the poor, charitable relief, and public assistance (Article 7 of the Articles of Association of the Cihang China foundation)

Each of the founders of HNA share a commitment to philanthropy and a vision to give back to society. This is reflected in the donations already made to the foundations and their pledges to donate their

ownership in HNA companies to charity either during their lifetime or upon their death. In addition, HNA has committed to numerous charitable causes over its 25 year history, including:

- > The HNA Brightness Action Program started 15 years ago, under which HNA sponsored doctors and volunteers have been sent to remote areas in China and Africa and delivered approximately 8,600 cataract surgeries to date
- > Nearly US\$50 million of funds and other support that HNA has committed through various current UNESCO, UNICEF, and WFP education, reproductive health, and disaster relief programmes
- > Over US\$100 million committed to global education institutions, including Harvard, MIT, Cornell, Tsinghua University and Peking University to promote technological innovation, food safety and cultural exchange

Since its establishment, the Cihang US has already made donations to Harvard University Allston Campus Fund, Harvard's Faculty of Arts & Sciences for the Science and Engineering Maker Space Endowment Fund, and Massachusetts Institute of Technology.

HNA recently announced the appointment of Philipp Roesler, former Vice Chancellor of Germany, as CEO of Cihang US to further develop the charity's philanthropic strategy.



Governance, risk and other items



Corporate governance

Corporate governance provides our stakeholders with a safe and agile corporate structure designed to maximise shareholder return on investment and ensure effective controls are in place to protect our stakeholders. Our corporate governance principals have been approved by the EMT and Management Board and guide our practices and policies across the countries where we operate ensuring we remain responsive to our shareholders, stakeholders, and communities.

Where appropriate, binding corporate resolutions are implemented to harmonise the policies of our subsidiaries and maximise efficiency. We continuously improve our corporate governance procedures, policies and business operations so that the TIP's values and principles become an integral part of strategy, culture and day-to-day operations.

We continuously monitor compliance with our policies. Each employee is accountable for his or her actions and our integrity policies require employees to report any compliance concern or breach. The Ombuds system provides a safe and unbiased forum for employees to raise concerns.

Our corporate governance principals are complimented by a strong compliance programme. The compliance programme is comprised of three elements. These elements are:

- > The creation of a shared ethical culture within our company
- > Providing clear functional guidance to our teams throughout the organisation
- > Providing an enforcement and advisory system to defend the high standards of ethical behaviour we demand from our employees

The Dutch Corporate Governance Code 2016 and best practice moves

We are not required to comply with the Dutch Corporate Governance Code ('the Code'). However, we believe that following the Code's provisions - so far as is appropriate and practicable - is in the best interests of all our stakeholders.

We reviewed our governance framework against the updated 2016 Code. The most important change in the Code is the central role given to long-term value creation, and the introduction of 'culture' as a component of effective corporate governance. Following this exercise, we expanded the focus on our TIP 2020 strategy and developed increased rigor around measuring and reporting KPIs associated with our long-term value creation strategy. We already have many processes on 'culture' and minimum refinements were made in this area.

Unlike legislation, the Code offers flexibility in that it provides room to depart from its principles and best practice provisions based on the 'comply or explain' principle. We believe we comply with the Code, in all material terms,

other than providing detailed formal reports on our:

- > Remuneration
- > Internal Audit function
- > Board performance evaluation

For a company of our size, preparing formal reports in relation to these areas would be not practicable and, as a privately owned business, of limited value. We have internal processes and reviews on these matters and many of these are referred to in other sections of this annual report.

There are also no term limits on Board member appointments which we believe is appropriate to ensure we can retain key knowledge, expertise and experience.

We aim to continue monitoring trends and recommendations while moving closer to becoming a 'best practice' model in corporate governance terms for a company of our size and operating in our industry.

Shareholder

Our shareholder, HNA Group Co. Ltd. is a global Fortune 500 company headquartered in Haikou, Hainan province, China, with businesses spanning aviation, real estate, tourism, finance and logistics.

HNA reported revenue of €27bn, total assets of €139bn and around 410,000 employees for the year ended 31 December 2017. In 2017 HNA moved to 170th position (2016: 353rd position) in the Fortune Global 500 list after less than 25 years of existence and has emerged as one of the top 4 Chinese airlines in terms of fleet size.

HNA has established an international presence through various merger and acquisitions over recent years.

TIP Trailer Services represented a strategic international acquisition, extending HNA's reach to include road transportation leasing and services, which fits with its related businesses in airlines, aircraft leasing, sea container leasing and asset financing.

We are integrated into HNA's strategic operational processes. Several HNA personnel are seconded to our European headquarters in Amsterdam and knowledge exchange programmes with other HNA businesses have continued during the year. Our senior leaders regularly participate in HNA global meetings, and our staff also take part in HNA's Finance Talent Programme involving work exchange experiences in other HNA businesses.



"The acquisition of TIP Trailer Services into our portfolio is a good strategic fit, complementing our existing investments in worldwide aircraft, marine container and ship leasing. We are very pleased to have acquired an excellent management team who we fully support. We continue to strengthen our transportation finance and services capabilities internationally and we intend to grow TIP Trailer Services during the coming years."

Xiangdong (Adam) Tan,
Vice-Chairman and CEO of HNA Group Co. Ltd.

Senior leadership and executive management teams

We have a SLT with all regions and functions represented. During 2017, to increase effectiveness and streamline decision making, SLT was split into a two-tier management structure, consisting of the executive management team (EMT) and broader senior leadership team (SLT).

The SLT provides strategic advice and inputs on commercial and operational matters, business processes, controls and overall strategy.

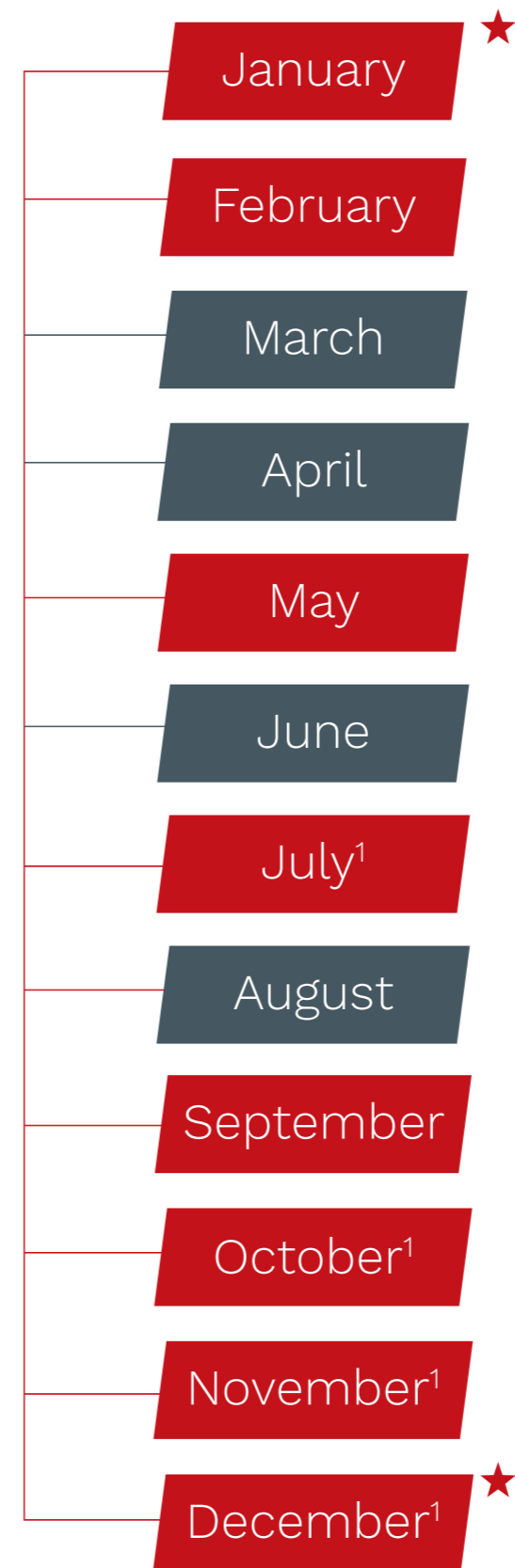
The EMT is responsible for the overall day-to-day management of TIP Trailer Services, the deployment of our strategy and policies and the achievement of our objectives and results. Together with the Board, the EMT determines the values by which the company is run while ensuring compliance with all applicable regulations. The EMT and the Board are responsible for the integrity of our financial reporting and control environment.

The EMT informs the Holdings Management Board regarding all issues related to our strategy implementation, operational and financial objectives, the structure and operation of the internal risk management and control systems, and compliance with legislation and regulations.

Our EMT meets regularly, and strategic decisions of the EMT require approval by the Holdings Management Board.

SLT and EMT meetings

The full SLT has met 2 times, EMT met 12 times and the Board of Global TIP Holdings Two B.V. convened 12 times during the year. Below are the principal areas covered:



★ Full SLT meeting

¹ The EMT met 2 times during this month

Strategic

- > CEO update on strategic and business developments
- > HNA management meetings and debriefings
- > Post investment reviews, integrations and lessons learnt

Financial

- > Annual results
- > Budget process updates and approval
- > Regional and overall business financial performance including forecasts
- > Financial compliance update including taxation

Operational update

- > Sales and marketing
- > EHS
- > Information technology
- > Sourcing

People and culture

- > People development and succession plans
- > Training plans
- > Corporate responsibility update

Risk management reviews

- > Fleet and remarketing
- > Portfolio and delinquency
- > Liquidity, financial covenants and derivative positions

Investor relations

- > Investor relations updates with analysis and feedback
- > Draft results and presentations to analysts
- > Annual report

Compliance

- > Monitor status of legal claims
- > Compliance update



The Supervisory Board of Directors of Global TIP Holdings One B.V. (‘Holdings Supervisory Board’)

The Holdings Supervisory Board supervises the Holdings Management Board and the general course of affairs of the company and its affiliated businesses. It provides advice to the Holdings Management Board and coordinates strategic matters between HNA and TIP Trailer Services. The Holdings Supervisory Directors are guided by the interests of the company and its affiliated businesses when performing their duties. Members of the Holdings Supervisory Board are appointed members for an indefinite period.

The members of the Holdings Supervisory Board are as follows:



Chris Jin Chinese

Chief Executive Officer, HNA Capital,
Chairman, Bohai Capital and Deputy
Chief Executive Officer, Seaco

Chris joined HNA in 2010, first as Chairman and President of Hong Kong International Aviation Leasing, and later as Chief Financial Officer of Seaco. In 2015, he was appointed Chairman and Chief Executive Officer of Bohai Capital, a publically listed leasing and financial servicing company on the Shenzhen Stock Exchange. In 2016 he also assumed the position of Deputy Chief Executive Officer of Seaco. Prior to joining HNA, Chris worked at East West Bank in Los Angeles for 8 years, and Bank of China (at its Beijing headquarters and New York branch) for 14 years. He is based in Singapore.

Chris has been Chairman of the Holding Supervisory Board since 2016.



Stewart Smith British

Chairman, Bravia Capital

In 2002 Stewart was appointed Chairman of Bravia Capital. He is also Director of a number of HNA companies including Norwegian based SinOceanic Shipping, a ship leasing company/tonnage provider, Offshore Heavy Transport, a marine heavy lift transportation business, Swissport, an aviation service company and Azul, a leading Brazilian airline. Over the years Stewart has held many other directorships in banking, transportation businesses and leasing companies.

Stewart has been a member of the Holdings Supervisory Board since 2015 and previously served on the Holdings Management Board.

Bharat Bhisé American

Founder and Chief Executive Officer,
Bravia Capital

Bharat founded Bravia Capital in 2000 and serves as its CEO. Bravia is focused on acquiring, financing and trading transportation assets globally. Since 2009, Bravia has originated, structured, co-invested in, and co-managed global business in the transport and logistics industry with an aggregate enterprise value in excess of US\$17bn.

Prior to Bravia, as President of C-S Aviation Services, he led its investment in Hainan Airlines in 1995, and was the first foreigner to hold a Board Directorship of an airline in China. With C-S help, HS Airlines grew from 4 planes to 75 aircraft in 2000. At Bravia, Bharat continued to support Hainan Airlines growth and since 2008 has led HNA's outbound investments in transportation and logistics.

Bharat has been a member of the Holdings Supervisory Board since 2015 and previously served on the Holdings Management Board.



Jeremy Matthew Canadian

Chief Executive Officer, Seaco

Jeremy started his career with PwC working in Vancouver, London and Amsterdam in both their audit and corporate finance practices. He subsequently held various financial management roles at AT&T Unisource in the Netherlands. In 2003 he joined GE as European Controller for its Equipment Services Europe division and was subsequently promoted to CFO for GE Modular Space/Plant Hire. In 2008 he was appointed CFO of Seaco based in Singapore. Jeremy was promoted to CEO of Seaco after its acquisition by HNA in 2012.

Jeremy has been a member of the Holdings Supervisory Board since 2015 and previously served on the Holdings Management Board.





Yiqun (Tom) Zhuo Chinese

Chief Executive Officer, Bohai Capital

Tom was appointed CEO of Bohai Capital in 2017. Prior to that he had served as Deputy CEO of TIP Trailer Services following its acquisition by HNA in 2013. From 2010 to 2013, he served as Deputy CEO of Hong Kong Aviation Capital, based in Sydney, Australia. Tom joined HNA in 2001 as an in-house lawyer at Xinhua Aviation. In 2004, he joined HNA Finance Company as Head of Capital Management and from 2006 as Head of Investment Banking. In 2009, Tom was appointed Deputy General Manager for Capital Management at HNA Capital. He is currently based in Beijing.

Tom was appointed to the Holdings Supervisory Board on 22 July 2017 having previously served on the Holdings Management Board.

The Holdings Supervisory Board is responsible for the following matters:

- > Coordination between HNA and TIP
- > Supervising the Holdings Management Board
- > Providing advice to the Holdings Management Board
- > Strategic matters

Holdings Supervisory Board meetings and activities

The Holdings Supervisory Board convened 3 times during 2017. The main topics discussed were:

- > 2017 annual report
- > 2018 budget
- > Business strategy
- > Significant acquisitions
- > Significant increases/changes in financing facilities

The Holdings Supervisory Board members regularly interact with the Holdings Management Board and SLT on both an individual and group basis. They have also met and participated in conference calls with broad groups of employees, on both an individual and group basis.



The Management Board of Global TIP Holdings One B.V. (‘Holdings Management Board’)

Our Holdings Management Board is ultimately responsible and accountable for the conduct of the business. The EMT offers advice and guidance to the Holdings Management Board on strategic decisions and corporate matters relating to the conduct of the business. Members of the Holdings Management Board are appointed for an indefinite period.

The members of the Holdings Management Board of Global TIP are as follows:



Bob Fast

American

President and Chief Executive Officer, TIP Trailer Services

Bob was first appointed CEO in 2003. In 2009 he assumed the position of President and CEO of GE Equipment Services. He led the carve out and sale of TIP Trailer Services to HNA and was reappointed President and CEO of TIP Trailer Services when the transaction closed. Bob joined GE in 1982 and held leadership positions in a number of GE divisions including roles in Finance, Sales, Business Development, Marketing, Leasing, and General Management. He is based in the Netherlands.

Bob was appointed to the Board and as a member of the Holdings Management Board in 2014.



Wang Hao

Chinese

Chief Executive Officer, HNA Technology Investments Holdings Ltd.

Hao joined Hainan Airlines in 1999 and has held various financial, commercial and general management roles within HNA, included Manager of Financing and Planning at HNA Group, CFO and Manager of Aircraft Procurement for Hainan Airlines, CFO of HNA Capital and Chairman of HNA International Investment Holdings. He has also served as the Chairman of Bohai Capital, a Shenzhen stock market listed division of HNA. In 2014, Hao was appointed CEO and in 2016 Vice Chairman for HNA Group (International) Co. Ltd.. He is based in Hong Kong.

Hao was a Board member, serving as a member of the Holdings Management Board from 2016 until his resignation in 22 July 2017.

Yi (Brent) Zhang

Chinese

Deputy Chief Executive Officer, TIP Trailer Services

Brent was appointed Deputy CFO following HNA's acquisition of TIP Trailer Services in 2013. In 2017, he was promoted to Deputy CEO. Brent joined HNA Capital in 2011 in Beijing as Senior Manager in charge of Fund Management. From 2007 to 2010, Brent worked for CECIC Capital as a Managing Director. Before joining CECIC Capital, Brent, who started his career in 1998, served in different investment management and analyst roles for various companies operating across China. He is based in the Netherlands.

Brent was appointed to the Board on 31 August and the Holdings Management Board on 22 July 2017.



Shuang (James) Wang

Singaporean

Chief Executive Officer, HNA Group (International) Co. Ltd. and Chief Investment Officer, HNA Group Co. Ltd.

James joined HNA as the Head of Sales at Changjiang Leasing in 2007. In 2010, he was appointed Vice President of GC Tankers and in 2012 Assistant to the President of Seaco Asia based in Singapore. In 2014, James was appointed CFO, and in 2016, CEO for HNA Group (International) Co. Ltd.. He also serves as Chief Investment Officer of HNA Group Co. Ltd. He is based in Hong Kong.

James has been a member of the Holdings Management Board since 2016.





Liang (Frank) Xu Chinese

Chief Financial Officer, HNA
Group (International) Co. Ltd.

Liang (Frank) Xu has an extensive background in financial management. He currently serves as Chief Financial Officer of HNA (International) Co. Ltd.. Prior to this, he has held senior management positions in Seaco, a wholly owned subsidiary of Bohai Capital and one of the world's largest container leasing companies. He is based in Hong Kong.

Frank was appointed to the Holdings Management Board on 22 July 2017.

The Holdings Management Board is responsible for day to day management including the following matters:

- > Achievement of the business objectives
- > Deploying corporate strategy
- > The structure and operation of the internal risk management and control systems
- > The financial reporting process
- > Compliance with legislation and regulations
- > Corporate responsibility
- > Supervising operations and the EMT

Holdings Management Board meetings and activities

The Holdings Management Board met 11 times in Amsterdam, the Netherlands, during 2017. The main topics discussed were:

- > 2017 annual report
- > 2018 budget
- > Execution of business strategy
- > Increase/changes in finance facilities
- > Acquisitions
- > Significant organisational changes and appointments to the EMT
- > Compliance and EHS matters

Individual Holdings Management Board members regularly interact with the SLT on both an individual and group basis. They have also met and participated in conference calls with broad groups of employees, on both an individual and group basis.



Board of Global TIP Holdings Two B.V. ('the Board')

The Board convened and considered resolutions 12 times during 2017.

The main topics discussed were:

- > 2017 annual report
- > 2018 budget
- > Execution of business strategy
- > Increase/changes in finance facilities
- > Acquisitions
- > Compliance and EHS matters

Individual directors regularly interact with the SLT on both an individual and group basis. They have also met and participated in conference calls with broad groups of employees, on an individual and group basis.

The Board is divided into resident (the Netherlands) directors (Director A) and non-resident directors (Director B). The Board is guided by the interests of the company and its affiliated businesses when performing their duties.

The members of the Board are:

- > **Global TIP Holdings One B.V.**
Director A
- > **Bob Fast**
Director A
- > **Malachy Mc Enroe**
Director A
- > **Yiqun (Tom) Zhuo**
Director A | resigned 22 July 2017
- > **Yi (Brent) Zhang**
Director A | appointed 31 August 2017
- > **Jan Ihlau**
Director B
- > **Jorrit Achterberg**
Director A | resigned 14 December 2017

Gender diversity

We are strongly committed to developing diversity among our leadership, including the SLT and the Boards, with a broad range of experience, skills and capabilities. In nominating candidates for our boards, we support the trend toward higher participation of women. The Group has not met a ratio of at least 30% women on the Board. However, we will take the requirements of Dutch law into account in the future when proposing candidates for election or re-election to the Board without compromising the company's commitment to hiring the best individuals without discrimination.

Conflict of interest

Decisions to enter into transactions under which members of the Board, the Holdings Management Board and the Holdings Supervisory Board would be facing conflicts of interest, which are of material significance to the business and/or to the relevant member of the Board, require the approval of the Board. The Boards are responsible for deciding on how to resolve conflicts of interest between members of the SLT, members of the Board, our shareholder and the external auditor. During 2017 no significant conflicts of interest were identified.

The financial statements

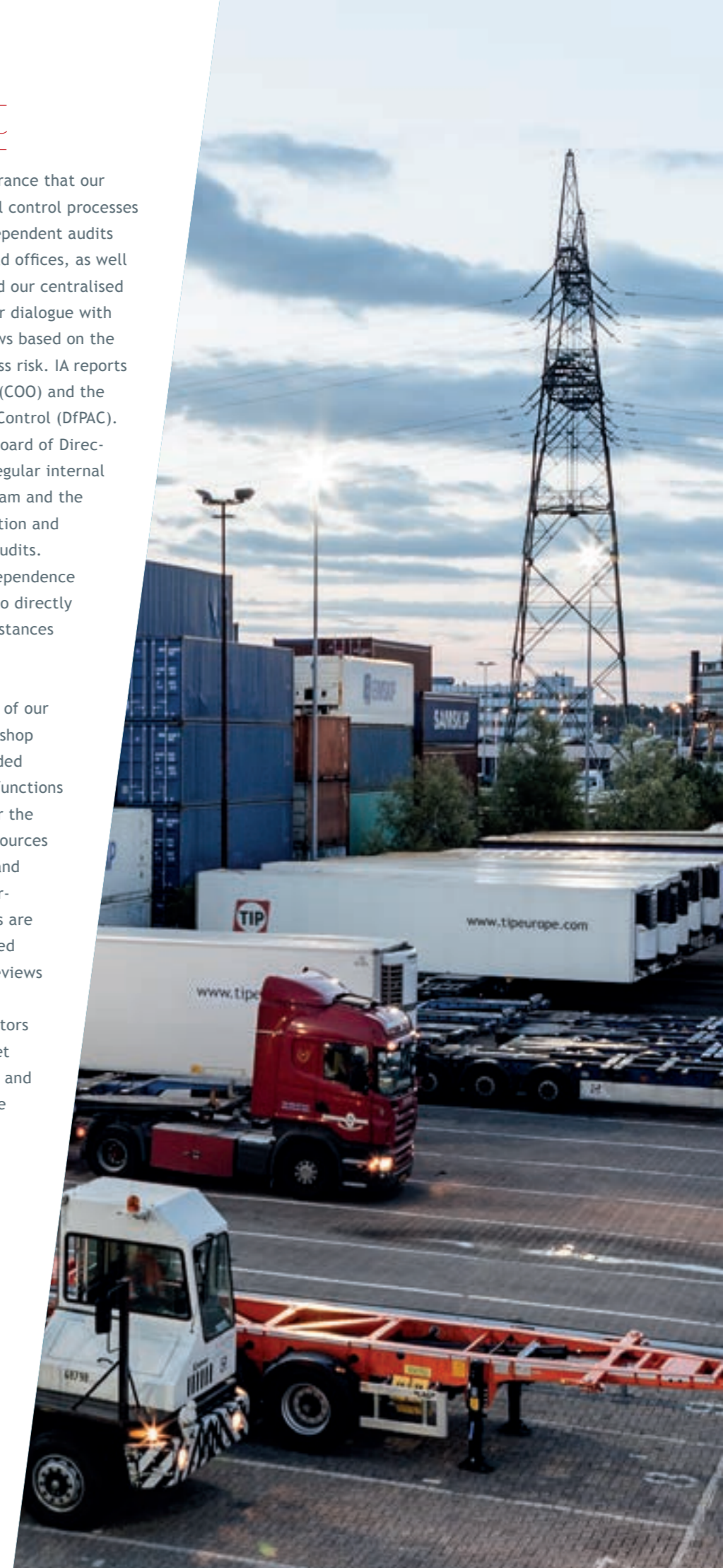
The Board, the Holdings Management Board and the Holdings Supervisory Board are responsible for maintaining proper accounting records, for safeguarding assets and preventing and detecting fraud and other irregularities. The Boards are also responsible for the quality and completeness of publicly disclosed financial reports.

On 23 February 2018 the members of the Board conducted a meeting with Ernst & Young Accountants LLP (EY), the independent external auditors, and discussed the consolidated financial statements for 2017 and the independent auditors assurance report that EY had issued on those financial statements. Following that discussion the Board authorised the consolidated statutory financial statements for the year 2017 for issuance.

Internal audit

Our Internal Audit (IA) team provides assurance that our governance, risk management and internal control processes are operating effectively. IA conducts independent audits on our processes that include regional head offices, as well as all operational branches, workshops and our centralised functions and processes. IA keeps a regular dialogue with our external auditors, and performs reviews based on the external auditors' view on areas of business risk. IA reports its findings to the Chief Operating Officer (COO) and the Director, Financial Planning, Analysis and Control (DfPAC). Findings are reported to the SLT and the Board of Directors if material concerns are identified. Regular internal meetings are scheduled between the IA team and the COO and DfPAC, to ensure sufficient attention and follow-up is given to the outcome of the audits. Measures are in place to maintain the independence of the audit function, including the right to directly approach the CEO and the Board if circumstances so require.

Given the geographically dispersed nature of our business, IA has designed branch and workshop audits so they can be performed by seconded resources from other finance and control functions with the necessary language skills to cover the locations under review. Such seconded resources perform approximately 50% of all branch and workshop reviews, with the balance performed directly by IA. All reports and findings are reviewed by IA. For regional and centralised functions, IA performs all internal audit reviews directly. During the year the IA team held numerous meetings with our external auditors and members of the Control, Risk and Asset Management teams to discuss risk analysis and findings, and to put in place the respective audit plans.



Compliance framework

Our compliance framework is our interlocking system of rules, policies, and controls that allow us to realise our core values and is comprised of tools such as our Ombuds system, our code of conduct and extensive integrity policies covering a variety of concerns. This framework allows us to competitively run the company by enforcing and nurturing a culture of accountability and compliance.

Code of conduct

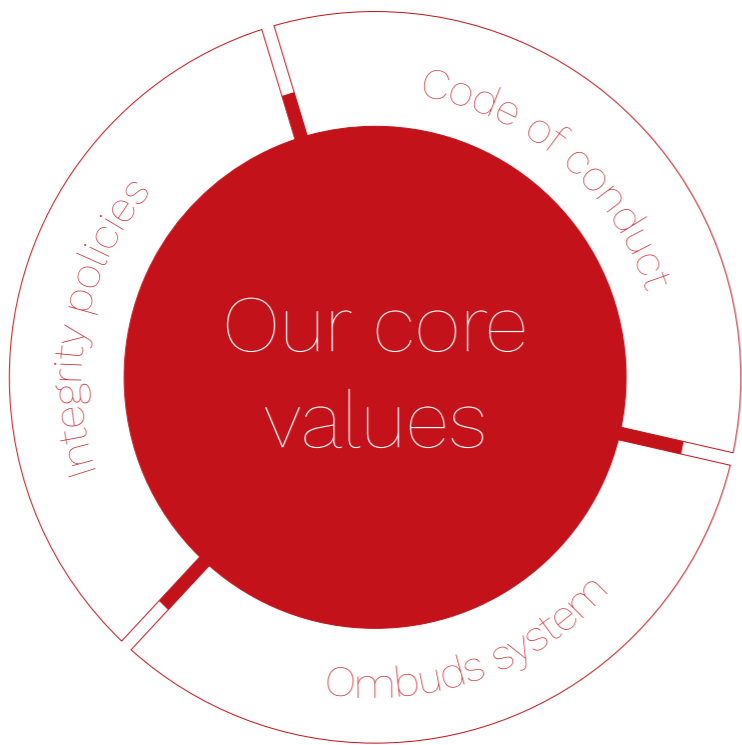
Our code of conduct is an overarching statement of our values and a commitment to our employees and communities to run our business in a socially responsible manner. Our code of conduct is a commitment by employees to act honestly, to ensure a fair and enjoyable work environment, to comply with applicable laws, to embrace our culture of diversity and transparency, and a commitment to balance profitability with accountability.

Integrity policies

Our integrity policies are a series of issue specific policies governing a variety of regulatory and compliance issues that our employees encounter on a daily basis. These issue specific policies provide practical and specific guidance to our teams to ensure company-wide compliance with internal rules and external regulations. All new employees review and agree to abide by these policies and refresher courses are given regularly.

Ombuds system

Our Ombuds system is a parallel reporting system designed to provide employees with a secure way to report possible non-compliance with internal rules and external regulations. The system is comprised of trained volunteers who consult with concerned employees and refer the matter to the compliance team for further investigation where appropriate. We have a strong policy of non-retaliation and the Ombuds system reinforces this policy with an option to raise concerns anonymously to further encourage transparency.



Managing our risk

Taking risk is an inherent component of every enterprise that aims to maximise its economic benefit. Having a structured and rigorous risk management process allows us to approach various risks in a controlled manner. Over the past 49 years we have built up our operations and have strengthened our platform through a rigorous approach to systems, processes and risk management.

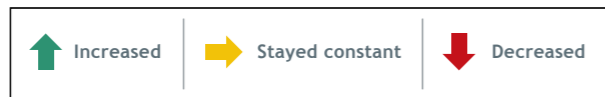
In this section we describe the primary risk areas that our company faces, and how we approach them. We have aligned these into three main risk pillars - strategic, financial/ compliance and operational. The list is not exhaustive.





We approach risk management as follows:

- > The Board is responsible for the overall risk management strategy, and for supervision of internal risk management and control systems
- > The EMT monitors the risk management processes, the internal control framework and its effectiveness
- > The IA team provides independent assurance on government, risk management and internal control processes
- > Strict internal controls are embedded in the processes at an operational level to ensure risk assessment, identification and mitigation
- > Risk awareness and compliance are embedded into our company culture through regular trainings

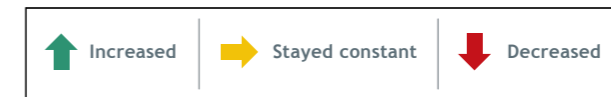
Main risk pillars		
Strategic	Financial/compliance	Operational
<div>> Economic conditions</div> <div>> Competition</div> <div>> Business strategy and investments</div>	<div>> Financing</div> <div>> Treasury</div> <div>> Tax</div> <div>> Compliance</div>	<div>> Credit</div> <div>> Asset management</div> <div>> People</div> <div>> Information technology</div> <div>> Environmental health and safety</div> <div>> Lease accounting rules</div>
Risk management structure		
The Board		
Executive management team		Internal audit
Operational level		

Management assessment of whether the risk has (since prior year):



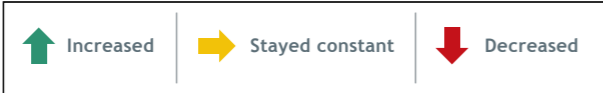
Strategic	Potential impact	Examples of mitigation	Change
Economic conditions EMT member(s) leading: Bob Fast, CEO 	<ul style="list-style-type: none"> > The business environment and our trailer leasing and rental sector are impacted by the European and Canadian economic environments. We are exposed to market prices, volatility of demand for our services and remarketing of our fleet. The transport and logistics industry, from which we earn the majority of our revenue, is cyclical and is generally impacted in early stages of an economic cycle > Slower GDP growth is likely to result in a reduction in demand for equipment and is likely to be compounded by pricing weakness > Brexit may impact our UK/Ireland business and trade flows between the UK/Ireland and the Continent > When debt is cheap customers are more inclined to buy rather than lease equipment 	<ul style="list-style-type: none"> > Economic conditions in Europe and Canada are improving > A substantial portion of our customer base is in the food retail and specialised equipment segments which are less exposed to economic cycles > Our largest customer represents 6%, and no other customer, more than 3% of our revenue > We have successfully diversified our product offering into maintenance and repair services where demand increases in an economic downturn as customers' fleet age and protects our volume in a low interest rate environment > Our size and pan-European and Canadian footprint and fleet homogeneity allows us to redeploy fleet between countries and customers to maximise utilisation > Utilisation can be maintained through purchasing fewer trailers, increasing fleet sales or a combination of the two. This generates cash and reduces debt > We mitigate the remarketing risk through our geographic coverage and our ability to leverage multiple channels > Demands for lease renewals and rentals will increase if Brexit results in less demand for new capex > Increased volume of idle equipment waiting to clear customs in the UK/Ireland and Continental ports should help to increase demand for trailers and partially compensate for any reduced trade flows between the UK/Ireland and the Continent > Our debt facilities are arranged to allow us to effectively adjust our debts in line with demand 	
Competition EMT member(s) leading: Bob Fast, CEO 	<ul style="list-style-type: none"> > The markets in which we operate are fragmented and competitive, with competitors often pursuing aggressive strategies to increase their market share. This leads to a risk of the Group losing market share and revenue > Leasing competition from banks and other low cost financing providers > Our cost of debt is a competitive factor and increases could impact our competitive position 	<ul style="list-style-type: none"> > We aim to differentiate ourselves from the competition and provide barriers to entry; through experienced personnel, a broad network, comprehensive service offering, a wide range of trailers and industry-leading IT > We regularly monitor our market share and track the performance of our competitors > Create commercial advantage by consistently providing the highest level of service at a price which offers value > Our expertise and ability to take residual value positions, remarketing capabilities, fleet management and maintenance service offering cannot be matched by banks and other low cost leasing financiers > We have diversified financing in place and are committed to maintaining solid financial ratios to ensure continued access to competitive funding 	


Management assessment of whether the risk has (since prior year):



Strategic	Potential impact	Examples of mitigation	Change
Business strategy and investments EMT member(s) leading: Bob Fast CEO, Arjen Kraaij, CCO Paul Beadle, COO Malachy Mc Enroe, CFO 	Overall strategy <ul style="list-style-type: none"> > Inappropriate and/or poorly understood strategies > Poor investment decisions and inadequate execution Acquisitions <ul style="list-style-type: none"> > Acquisitions may expose us to integration risks in areas such as commercial, customer service, regulatory compliance, information technology and finance > The Group may not be able to effectively integrate the acquired companies or activities and achieve the anticipated benefits in terms of revenue, costs and synergies Other investments <ul style="list-style-type: none"> > We continue to undertake a number of significant investments, particularly in trailer fleets, workshops and information technology (IT) which may not achieve anticipated benefits 	<ul style="list-style-type: none"> > Strategic issues, including risks and opportunities, are discussed at all EMT and Board meetings and they receive regular progress updates on all major change programmes > Considerable time is dedicated to strategic reviews, with regular performance reviews of strategic KPI's at various management meetings > We communicate regularly with key stakeholders such as investors, our people, suppliers and customers > All acquisitions are subject to comprehensive cost benefit analysis, due diligence, review and approval at the Business Development (BD) committee led by the CEO and CCO > We have a dedicated Integration team with cross functional and regional support, to ensure that we have robust integration plans, effective communication and coordination across the Group and with the acquiree > The Integration team ensures that plans are effectively executed and expected benefits are realised > Annual investment plans for trailer fleets, workshops and IT are approved by the EMT and the Board as part of the annual budgeting process > All material trailer fleet investments are subject to review and approval at the Deal Review Meeting (DRM) led by the CEO and CCO > All new workshop investments and expansions are subject to review and approval by the PP&E Investment Committee (PIC) led by the COO and CFO. They are subject to final approval by the CEO > All new IT investments are subject to review and approval by the Technology Investment Committee (TIC) led by the COO, CFO and relevant functional leader. They are subject to final approval by the CEO > Post completion, major investments are subject to a post-investment review at various levels and intervals within our management structure 	

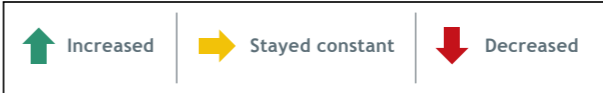
Management assessment of whether the risk has (since prior year):




Financial/compliance	Potential impact	Examples of mitigation	Change
<div>Financing</div> <div>EMT member(s) leading:</div> <div>Malachy Mc Enroe, CFO</div> <div></div>	<div>> We require capital to grow and renew our fleet, for acquisitions, new branches/workshops and other strategic investments. We require continued access to adequate credit facilities while still remaining in compliance with our financial covenants</div> <div>> Failure to maintain or extend access to financing facilities could impact our ability to grow profitably</div> <div>> Press coverage either about TIP Trailer Services or our shareholder, HNA, might impact our reputation and ability to expand financing facilities</div>	<div>> We maintain a conservative gearing ratio of 53%</div> <div>> We maintain long debt maturities. Our RCF matures in December 2019, ABS in March 2019 and FL, OL and TL debts are due over varying periods until 2022. Some of FL, OL and TL facilities are for durations longer than 12 months. We believe that these facilities provide adequate resources for our current business needs</div> <div>> We have flexible facilities (except TL) which allows us to effectively upscale or downscale our debt levels in line with business activities</div> <div>> During the year we have successfully increased our RCF by €100m, refinanced our ABS increasing its size to €100m at reduced rates and increased our committed FL, OL and TL facilities. Our facilities principally are asset backed and not directly cash flow related</div> <div>> We review our actual and forecast our future compliance with financial covenants on a monthly basis in conjunction with profit or loss, balance sheet and cash flow forecasts to ensure ongoing compliance. In addition, we forecast our three month liquidity requirements on a weekly basis</div> <div>> We maintain a funding plan at Group level and it is a recurring item on both the Board and EMT agendas. The funding plan forecasts new financing and repayments for each funding source, resulting in a multiyear projection of our liquidity position. Apart from the actual forecast, additional stress-tested forecasts are calculated based on stress assumptions</div> <div>> We hold a biweekly External Financing Committee (EFC) to review funding options, strategy and compliance</div> <div>> We have dedicated Investor Relations and Treasury teams who, together with the CEO, CFO and EMT, maintain communication and proactively provide relevant information to stakeholders including the shareholder, funders, debt markets and the press</div>	<div>↑</div>

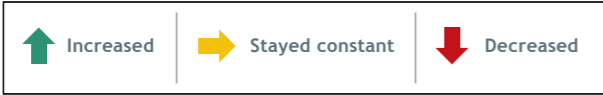


Management assessment of whether the risk has (since prior year):



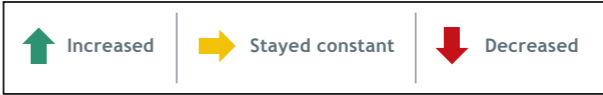
Financial/compliance	Potential impact	Examples of mitigation	Change
<div>Treasury</div> <div>EMT member(s) leading:</div> <div>Malachy Mc Enroe, CFO</div> <div></div>	<div>Foreign currency</div> <div>An adverse impact on our revenue and profit from transactional or translational currency fluctuations</div> <div>> Whilst we report in €, our asset values, profits and cash flow are influenced by a variety of currencies owing to the pan-European and Canadian nature of our business. Around 19% of Group's revenue and costs are in £'s and a further 22% in other European currencies and CA\$</div> <div>> Mismatch between acquisition/capex timing and borrowing in the relevant currency may result in exchange impacts</div> <div>> Intercompany equity investments in non € currencies, including impacts from Brexit, results in FX volatility in equity</div> <div>> A 5% movement in £/€ has a translation impact of approximately €200k on profit before tax</div> <div>Interest rate</div> <div>> We are exposed to interest rate risk, particularly in the following areas: our long term borrowings; failure to effectively hedge this risk can impact our financial condition and performance; negative interest rates (has happened with Euribor in 2016) will result in our hedge accounting becoming ineffective impacting our P&L and impacting our reported financial performance and covenants</div> <div>Cash management</div> <div>> We hold cash in operating bank accounts in various countries. Excess cash impacts our financial covenants negatively</div>	<div>> We manage the transactional exchange impact by borrowing in local currency (up to our intercompany debt levels) in £'s, NOK's, SEK's and CA\$'s. We therefore create a natural hedge against the P&L exchange rate risk</div> <div>> We are currently assessing the feasibility of hedging our non € currency equity positions</div> <div>> We have weekly cash flow forecasting (including acquisitions/ capex) in major currencies to allow us to borrow in the relevant currency on a timely basis</div> <div>> Translational exchange risk does not impact our underlying cash flow. We do not hedge this risk as it would be expensive, and in many cases impractical to do so</div> <div>> It is our policy to minimise exposure to interest rate changes</div> <div>> 91% of the Group's interest exposure is in assets denominated in €/€ related, £ and CA\$</div> <div>> We are currently 85% hedged on our € and £ borrowings with an average duration of 2.3 years</div> <div>> We have no interest floor in our ABS funding arrangement and effectively the impact of negative lbor is being passed to us in newly agreed FL, OL and TL debts. The only funding arrangement which effectively has an interest rate floor is our RCF.</div> <div>> We have reduced our legacy operating banks from 12 under GE to 8 banks currently</div> <div>> We have closed all legacy GE dormant and semi-dormant bank accounts</div> <div>> Our cash in hand has remained stable at low levels in 2016 and 2017</div> <div>> We have implemented a centralised Group level cash pool for most of our European subsidiaries which reduces excess cash in our operating bank accounts</div>	<div>→</div>


Management assessment of whether the risk has (since prior year):



Financial/compliance	Potential impact	Examples of mitigation	Change
Tax <i>EMT member(s) leading:</i> <i>Malachy Mc Enroe, CFO</i> 	Overall > International taxation of companies operating in multiple jurisdictions are subject to increased attention by the OECD, European Commission, tax authorities and governmental organisations GE: Under the acquisition purchase agreement and related warranties: > GE is responsible for filing the tax returns in relation to periods ending on or before 23 October 2013. These periods are under the control of GE. Consequently, GE retains the right of first usage of accelerated depreciation and operating losses for pre 23 October 2013 periods > We may be considered responsible for tax audit issues related to periods prior to 23 October 2013 for those TIP entities acquired from GE. Like many large multinationals, GE might be subject to increased attention as well Tax residency > Our subsidiary, TIP Holdings (UK) Limited, changed its tax residency to the Netherlands with effect from 23 October 2013. In 2015 the Group issued a guarantee amounting to €5m to HM Revenue & Customs in the United Kingdom in relation to this change. This company had no material operations prior to 23 October 2013; just before our acquisition by HNA, GE positioned it as a sub-holding for the purpose of holding the shares in the majority of the subsidiaries of the Group. As part of the sale and purchase agreement with GE, we agreed to maintain the TIP Holdings (UK) Limited group in existence for 2 years. We and our parent HNA only maintain holding structures for the business in the Netherlands and consider TIP Holdings (UK) Limited as a pass through entity to its other Dutch Holding Companies. It is part of the Dutch tax group	> Our team of finance and tax professionals ensures that we comply with tax requirements where we operate, and we actively monitor for legislative changes which may impact our business. Where we believe relevant, we work with external advisors to ensure that our risks are suitably managed. Where appropriate, we engage in direct and proactive dialogue with tax authorities and auditors > We have provided for operating losses prior to 23 October 2013 other than where it is probable that GE will not use these losses > In addition, for a number of jurisdictions we have received specific indemnities and warranties from GE in relation to the periods for which GE is responsible > We work closely with and support GE finance and tax teams as well as with their external advisors on all pre-acquisition tax audits to mitigate risks and avoid financial effects for both parties > The 2 year period committed to under the acquisition purchase agreement expired on 22 October 2015. We aim to restructure TIP Holdings (UK) Limited in the near future and as part of this process will request release of the guarantee from HM Revenue & Customs in the United Kingdom	→

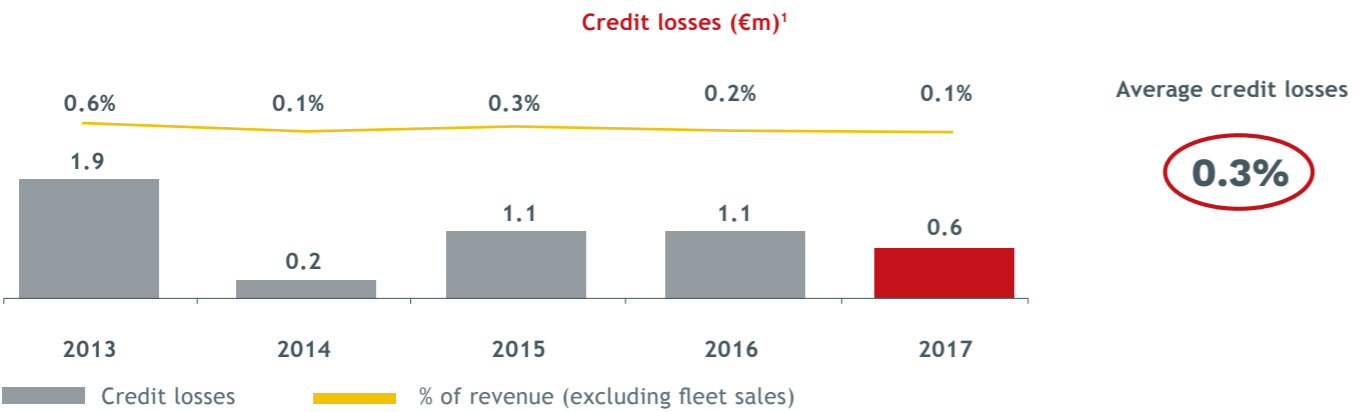
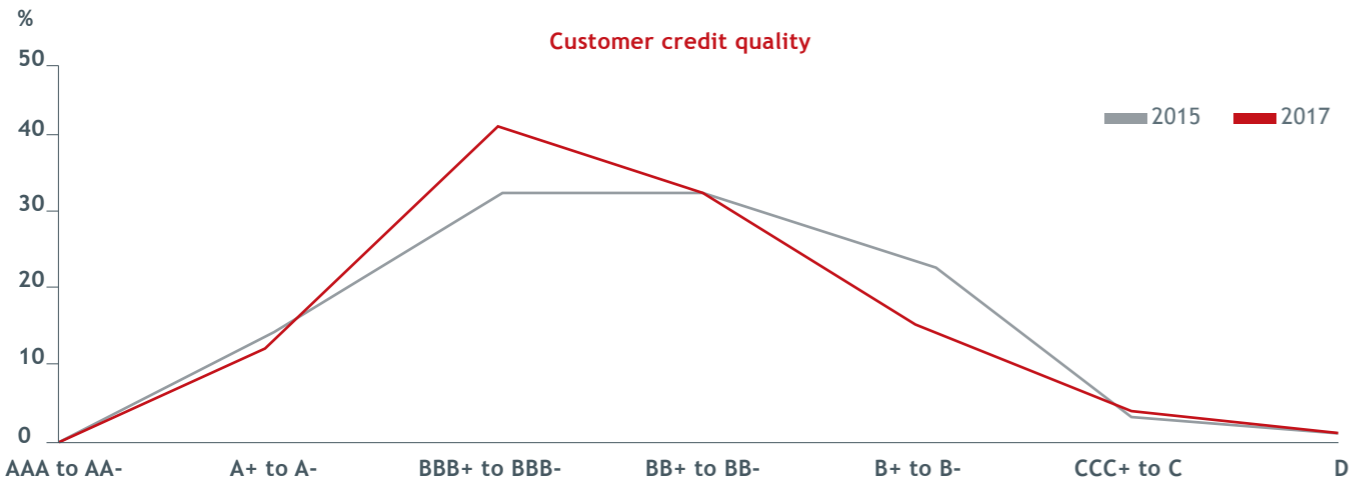
Management assessment of whether the risk has (since prior year):



Financial/compliance	Potential impact	Examples of mitigation	Change
Compliance <i>EMT member(s) leading:</i> <i>Bob Fast, CEO</i> 	> Failure to comply with the frequently changing legal and regulatory environment could result in reputational damage or financial penalties > Given the global composition of the Board of Global TIP Holdings One B.V. scheduling Board meetings with Directors due to availability and location can be challenging	> Maintaining a strong legal team to manage these risks and to ensure compliance with relevant legislation > Group-wide integrity policy and whistle-blowing arrangements, including an Ombuds system > Advising the company on the impact of new legal and regulatory obligations and adapting policies, practices and training to comply with their requirements > Training and induction programmes for our staff to ensure understanding of our policies including, online training, in person seminars, and one-on-one leadership training > Compliance issues and required actions are reviewed and agreed by the EMT on a regular basis > Board meetings follow EMT meetings and are scheduled to coincide with Board members availability > The Board convened 12 times in Amsterdam in 2017 > The Holdings Management Board convened 11 times in Amsterdam in 2017 > For 2018 we plan to have 9 to 12 EMT and Board meetings as well as 2 to 4 full SLT meetings	→



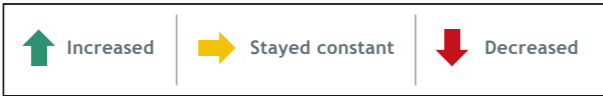
Operational	Potential impact	Examples of mitigation	Change
<div>Credit</div> <div>EMT member(s) leading:</div> <div>Malachy Mc Enroe, CFO</div> <div></div>	<div>> Credit risk is the risk that a customer is not able to pay debts owed under a contract or for a delivery of a service. The impact could result in a provision or write-off of the debt and we might lose future revenues and profits associated with the equipment or service provided</div> <div>> Fraud or money laundering risk can adversely impact our business</div>	<div>> Over 30 risk staff have credit authority delegated at regional level. They assess the creditworthiness of customers, collect delinquent accounts and manage litigation with customers to mitigate losses</div> <div>> We use a number of resources to evaluate customers, including local credit rating agencies, credit software and predictive credit ratings based on customer behaviour, as well as pre-approved lines based on ratings from international credit rating agencies</div> <div>> The quality of our customer base in food retail, highly rated specialised equipment users as well as high quality transport and logistics operators further limits this risk. Refer to the customer credit quality graph below</div> <div>> Our thorough credit processes have resulted in an average 0.3% credit losses relative to revenue over the past 5 years, as shown in the graph below</div> <div>> A substantial proportion of customers pay by direct debit</div> <div>> We have robust know your customer/anti money laundering anti-terrorism (KYC-AMLAT) processes. We do not accept forms of payment that have been identified as means of money laundering. In particular, we do not accept cash for used trailer sales</div>	<div>↓</div>




¹ 2013 and 2016 adjusted for one time provision and related recovery

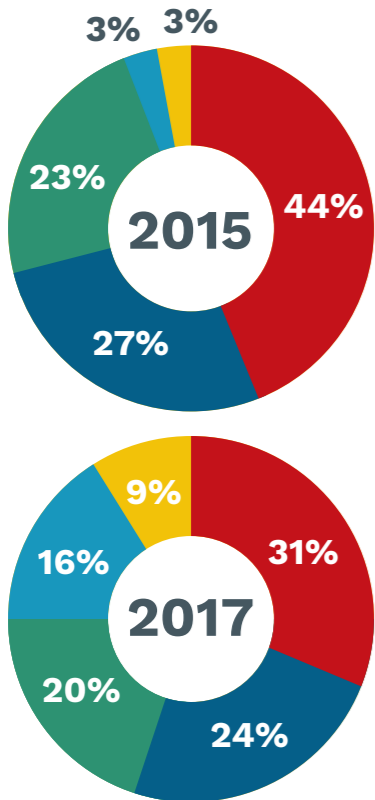
Operational	Potential impact	Examples of mitigation	Change
<div>Asset management</div> <div>EMT member(s) leading:</div> <div>Arjen Kraaij, CCO</div> <div>Paul Beadle, COO</div> <div></div>	<div>Sourcing</div> <div>> An increase in the holding cost of fleet (including capex prices), if not recovered through increases in ADR, would affect profitability and cash generation</div> <div>> Long lead times or delays for new fleet delivery from manufacturers can result in delayed revenues and potentially lost contracts</div> <div>Residual value</div> <div>> We purchase substantially all of our fleet from suppliers with no agreement for the repurchase of a trailer at the end of its life cycle. We are therefore exposed to fluctuations in residual values in the used trailer market</div> <div>> The residual value of used assets is affected by the demand and pricing levels of new trailers and the supply and disposal values of trailers sold</div> <div>In-life servicing</div> <div>> Lack of availability or poor maintenance of fleet throughout its life cycle, as well as the risk of loss or damage to our fleet, would put our competitiveness on the market at risk</div> <div>> Obsolescence, regulatory and technological risks may impact our ability to lease or remarket our fleet</div>	<div>> We purchase trailer types across the full spectrum of offerings to maintain an optimal fleet mix, and we ensure the right assets are purchased at the right price through a combination of very experienced Fleet Sourcing and Remarketing teams</div> <div>> Risk is managed on capex pricing by negotiating fixed pricing terms with manufacturers in advance. Flexibility is often maintained to make purchases under variable supply terms</div> <div>> When new enhancements appear we aim to introduce them into the fleet to ensure that, over time, our fleet evolves to ever-better levels of performance and maintains remarketing values</div> <div>> Our Asset Management (AM) team assigns appropriate residual values to trailers through monitoring and reviewing industry trends and feedback from customers</div> <div>> Flexibility in our business model allows us to determine the period over which we hold fleet and therefore in the event of a decline in residual values we would mitigate the impact by ageing our existing fleet</div> <div>> We have a robust process to review residual values annually performed by the AM, Regional Management and Remarketing teams. Any proposed changes are subject to approval by CEO, CFO, CCO and Chief Remarketing Officer</div> <div>> Our AM team, which is organised on both a regional and centralised basis, ensures the right mix of trailers in the fleet for both customers and resale market through the life of the assets. AM ensures optimal utilisation of the fleet through central coordination of assets redeployment across geographies</div> <div>> We have insurance policies for our premises, and ensure our customers and suppliers have insurance cover when the assets are parked at their locations to manage loss or damage risk</div> <div>> We have internal policies on various aspects of our operations, including the safeguarding of assets, asset maintenance, site security and customer relations. Local management is responsible for compliance with the operational policies in our local entities and branches</div> <div>> We can reduce the unexpected downtime and generate revenue from damaged assets by refurbishing at our own workshops or through our extensive supplier network</div> <div>> Unlike trucks, there are minimum obsolescence, regulatory and technological risks associated with trailers, as trailers contain few mechanical parts</div>	<div>→</div>

Management assessment of whether the risk has (since prior year):



Operational	Potential impact	Examples of mitigation	Change
Asset management <i>EMT member(s) leading:</i> <i>Arjen Kraaij, CCO</i> <i>Paul Beadle, COO</i> 	Remarketing > We are exposed to market prices and volatility of demand for our used assets. Inability to sell the fleet in a timely manner and at prices in line with residual values may harm our business > Political risk in important remarketing countries for fleet sales such as Russia, North Africa and Middle East	 > We mitigate market prices and volatility of demand for remarketing risk through our geographic coverage, and our ability to leverage multiple channels to maximise price and volume. We sell to a variety of end-markets including retail buyers, dealers and export markets where our strong brand name results in high resale values. The export channel also assists in removing assets from our own markets, which avoids cannibalising leasing demand > Leveraging our strategically placed remarketing centres (refer to our remarketing centres graph below) and our contacts across Europe and in key export markets (such as Russia, the Middle East, North Africa) we frequently move used assets across our network in order to maximise price and address availability in resale markets > We sold over 7,300 assets in 2017, 12% more than in 2016, whilst increasing revenue from sales by 25%. Retail fleet and export sales accounted for over 50% of sales and in volume terms were slightly higher than in 2016, through our diversified resale model we managed to offset the fluctuations in some of the national and export markets > We retain considerable in-house expertise in remarketing trailers and have a market leading website for used assets	→

Fleet sales by end markets¹



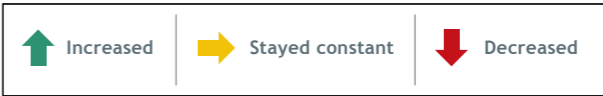
■ Retail ■ Dealer ■ Export ■ Trade in ■ Other


¹ Excludes Canada

Remarketing centres

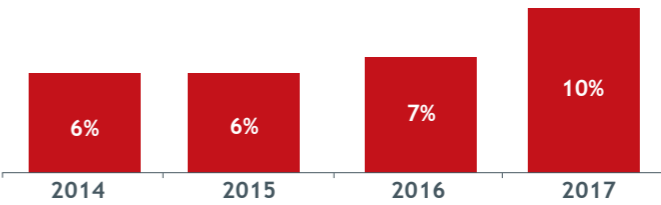


Management assessment of whether the risk has (since prior year):



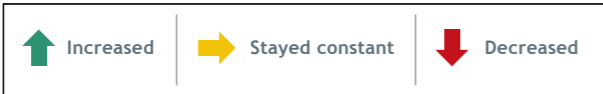
Operational	Potential impact	Examples of mitigation	Change
People <i>EMT member(s) leading:</i> <i>Hiske Damhuis, Chief HR Officer</i> 	 > Attracting and retaining good people is essential to delivering excellent performance and great customer service > Staff attrition above an acceptable level is likely to impact our relationship with customers and suppliers, and impact our growth strategy > Availability of specialised skills such as trained mechanics is key to delivering customer service > Pension obligations	 > Provide well-structured and competitive benefit and reward packages that ensure our ability to attract and retain employees. Benefits are benchmarked against the market. Rewarding people for their performance through variable incentive plans and long-term service awards act as a powerful retention tool > We make sure that people enjoy working and feel they are recognised while having a challenging and interesting job. We ensure that our staff have the right working environment and tools to enable them to do a great job. We are committed to open communications with colleagues at all times and monitor employee satisfaction through listening groups and employee forums > We provide training opportunities, coaching and encourage our people to strive for excellence. Digital up-skilling is supporting business change and enabling greater workplace flexibility > As part of our annual talent and development reviews we prepare detailed succession plans for all management and professional staff roles > We have maintained a staff attrition rate at 10% which is relatively low as compared to similar peers > We solely operate defined contribution schemes and make contributions to state social security systems for all employees	↑


Staff attrition



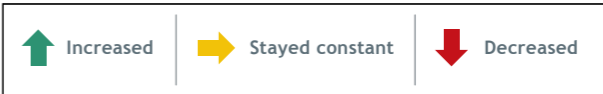
We calculate staff attrition % by dividing the number of permanent employees who left the business voluntarily during the year into headcount at the year end

Management assessment of whether the risk has (since prior year):

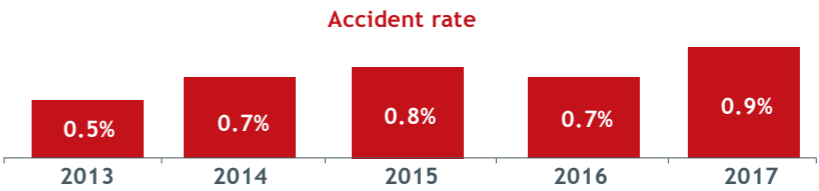


Operational	Potential impact	Examples of mitigation	Change
Information technology <i>EMT member(s) leading:</i> <i>Paul Beadle, COO</i> 	Continuity <ul style="list-style-type: none">> Given the number of customers, locations and assets under management, we are dependent on technology to run our business, deliver high-quality service as well as record financial information. Failure of IT systems and/or cyber attack may disrupt operations and financial information processes> Availability of back-up data centres for all servers and applications	<ul style="list-style-type: none">> We have an appropriate business continuity plan in the event of disruption arising from an IT system failure. We do not have a disaster recovery backup centre for all our servers and applications. However, a number of our applications are cloud based with appropriate back-up disaster recovery data centres. Our other core data is backed up regularly and stored on sites away from our principal data centre. It is not practical or cost effective to protect against all possibilities of damage created by natural disasters, power loss, telecommunications failures, cybersecurity attacks and similar events in every potential circumstance that may arise> We have a comprehensive suite of security technology in place including antivirus/malware software, firewalls, email scanning and internet monitoring> We have business interruption insurance which covers certain cost and losses associated with IT system failures	→
	Acquisitions/growing services <ul style="list-style-type: none">> We acquire new systems and applications through acquisitions. We are rapidly developing new business initiatives such as an IT application to support M&R 3rd party. Extended delays or cost overruns in replacing, securing, developing technology solutions to support these initiatives would delay and possibly prevent us from realising the projected benefits	<ul style="list-style-type: none">> Over the past 4 years, we have successfully transferred 26 of 32 recent acquisitions to our standard TIP systems and processes> We are currently developing and implementing strategic enhancements for our maintenance and repair business as part of project 'Matrix'	
	Replacements and upgrades <ul style="list-style-type: none">> Our business strategy is dependent on the timely delivery and the functionality of information technology systems. We are continuously upgrading and consolidating our systems, including making changes to and replacing legacy systems. This subjects us to additional costs and risks, including risks to customer service, disruption to internal controls, capital expenditures, retention of skilled personnel, demands on management time and loss productivity	<ul style="list-style-type: none">> Before any system changes are implemented a project plan is approved by EMT and where material, by the Board. A member of the EMT will then lead the project and regular project reviews are performed. The objective is to minimise the risk of business disruption while minimising the costs and time to implement> We hold a monthly Technology Investment Committee (TIC) to review all technological investments above €100k	

Management assessment of whether the risk has (since prior year):



Operational	Potential impact	Examples of mitigation	Change
Environmental health and safety <i>EMT member(s) leading:</i> <i>Paul Beadle, COO</i> 	Our business involves maintaining, repairing and operating heavy transportation equipment <ul style="list-style-type: none">> We must comply with numerous laws and regulations governing health and safety matters. Accidents to employees and customer's employees might happen which could result in injuries, claims against us and damage to our reputation> During 2017 we have increased the number of our workshops by 4% (2016: 27%) resulting in the requirement to train additional mechanics	<ul style="list-style-type: none">> We have a proactive operational culture that puts health and safety at the top of our agenda in order to reduce the likelihood of accidents> Maintain appropriate health and safety policies and procedures to reasonably mitigate our employees against the risk of injury and the need to comply with laws and regulations> Induction and training programmes reinforce health and safety policies> Programmes to support our customers exercising their responsibility to their own workforces when using our equipment> We have developed health and safety KPIs which are reviewed by the EMT on a regular basis (refer to table below on accident rate)	→
Lease accounting rules <i>EMT member(s) leading:</i> <i>Arjen Kraaij, CCO</i> 	<ul style="list-style-type: none">> Demand for our leases is partly based on the customer decision to lease rather than buy trailers> In January 2016, the International Accounting Standards Board issued IFRS 16 Leases providing a new approach to lease accounting. IFRS 16 supersedes IAS 17 Leases and is effective from 1 January 2019. This new approach will substantially eliminate off-balance sheet treatment for leases and require customers to record leased assets on their balance sheets. When this accounting standard becomes effective, it could be perceived to make leasing a less attractive option for some of our lease customers	<ul style="list-style-type: none">> Factors other than accounting treatment influence whether customers decide to lease or buy trailers. Amongst these are operational flexibility, additional services, residual value risk, outsourced fleet management, tax treatment, interest rates and other economic benefits> We have a wide range of products, and while leasing accounts for 42% of our revenue we believe that the accounting change presents opportunities to grow other products and services> During 2017, we have identified the main customers reporting under IFRS as part of our customer relationship and contract management review. No discernible change of behaviour has been observed in their propensity to lease and their preference for our full service leasing. We are also investigating how we can support our customers in calculating the right of use asset and corresponding liability> Not all customers use IFRS for their financial reporting and therefore remain unaffected> As this lease accounting rule will apply across all industries, the market will subsequently adapt to these changes and customers financial ratios will be modified accordingly. Today, as a general rule, many customers' funders and rating agencies already take the off-balance sheet items and incorporate them into their financial ratios	→



Our business uses the internationally recognised Frequency Accident Rating (FAR) which is calculated as the number of lost time accidents multiplied by 200,000 (the base for 100 employees working 40 hours per week), divided by the total hours worked. A lost time accident is a work related injury/illness that results in an employee's inability to work the day after the initial injury/illness

Viability statement

The board and the executive management team (EMT) have assessed our prospects and ability to meet our liabilities as they fall due over the medium term. This assessment has taken account of our current position and the principal risks facing us, which are set out in the prior section. This longer-term assessment process supports the statements on both viability, as set out below, and going concern included in the financial statements section of this report.

While the Board and EMT have no reason to believe we will not be viable over a longer period, the period over which they consider it possible to form a reasonable expectation as to our longer-term viability, is the five year period to December 2022. This aligns with the duration of the business plan prepared annually and reviewed by the Board and EMT, and the long term contractual and commercial nature of the business. In addition, we have committed and varied (type, duration, jurisdiction) borrowing facilities which are long term in nature, providing flexible financing for our business needs. We believe this provides a reasonable degree of confidence over our longer-term outlook.

We prepare an annual budget and five year business plan. This plan considers both our cash flow and covenant projections. It is used to review funding arrangements and available liquidity based on expected market conditions, capital expenditure plans, used equipment sales and other factors that might affect liquidity. It also considers our ability to raise finance and deploy capital.

The nature of our business is such that our cash flow is counter cyclical. In times of improving and stable markets,

we invest in our leasing and rental fleet, both to replace existing fleet and grow the overall size of the leasing and rental portfolio. This results in improving margins and profits but negative cash flow from operations in times of rapid growth. However, in weak or declining markets, we invest less in our leasing and rental fleet and, as a result, generate significant cash flow from operations. Demand for our maintenance and repair services tend to be counter cyclical as equipment ages across the market, helping to generate revenue and cash in a downturn. Recognising the overall cyclicity of the business, we undertake scenario planning based on the timing, severity and duration of any downturn and subsequent recovery. These scenario plans consider the impact of the economic and market cycles on revenue, margins, cash flow and overall debt levels.

Based on these analysis and considerations, and the Board and EMT's regular monitoring and review of risk management and internal control systems, we do not believe there are any reasonably foreseeable events that could not be mitigated through our ability to flex our business plans, which would result in us not being able to meet our liabilities as they fall due.

Based on the foregoing, the Board and the EMT has a reasonable expectation that we will be able to continue in operation and meet our liabilities as they fall due over the period to December 2022.

Supplementary information

Advisors and contacts

Registered office:

Alpha Tower
De Entree 33
1101 BH Amsterdam Zuidoost
The Netherlands
Registration number: 58146369

Auditor:

Ernst & Young Accountants LLP (EY)
Cross Towers Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

Main legal advisors:

Loyens & Loeff
Fred. Roeskestraat 100
1076 ED Amsterdam
The Netherlands

Company secretary:

Jan Ihlau
Chief Legal Officer
jan.ihlau@tipeurope.com

Website:

www.tipeurope.com

Main banking partners:

Rabobank
ABN AMRO
Bank of China
HSBC
KBC

DLA Piper

3 Nobel Street
London EC2V 7EE
United Kingdom

Investor relations:

Kapil Sharma
Treasury and Investor Relations Director
kapil.sharma@tipeurope.com

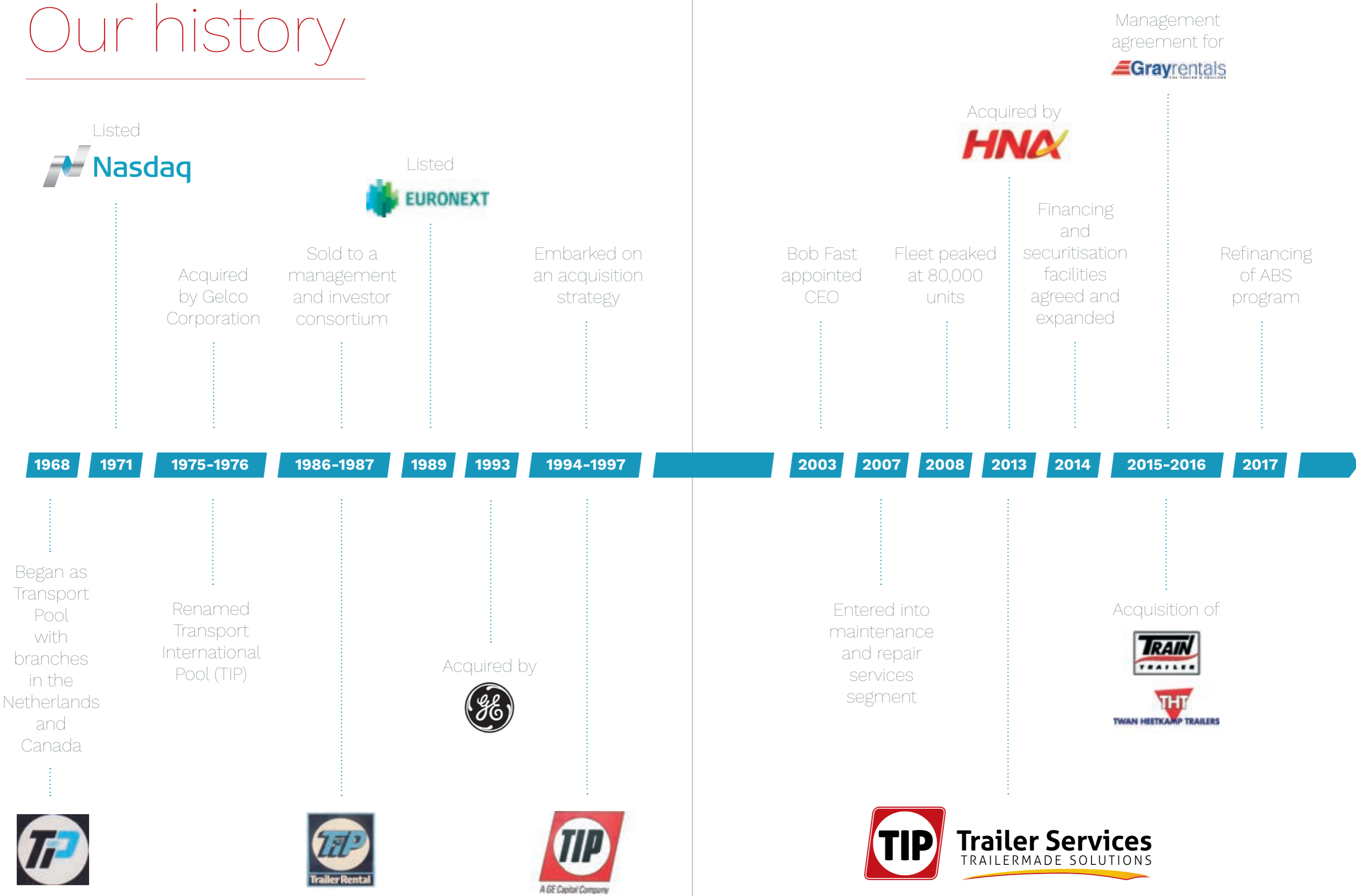
European Transport Board website:

www.europeantransportboard.com

Further information on TIP Trailer Services can be found on the following social media platforms:



Our history



Eleven year financial summary

€m	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ¹	2017
Profit or loss											
Revenue	503	502	401	398	375	351	323	326	372	441	517
Contribution	303	318	236	220	217	192	158	159	173	212	262
Operating expenses	(92)	(84)	(72)	(62)	(60)	(58)	(52)	(63)	(68)	(78)	(82)
EBITDA	211	237	159	158	157	134	106	96	105	134	180
Operating profit/(loss)	27	35	(25)	-	21	19	15	56	38	37	49
Balance sheet											
Net operating assets	1,310	1,308	1,081	841	667	541	330	429	581	807	879
Net debt	-	-	-	-	-	-	200	222	379	582	645
Equity	-	-	-	-	-	-	209	526	547	556	578
Cash flow											
Fleet purchases	396	285	38	21	13	15	23	123	175	262	222
Acquisitions	-	-	-	-	-	-	-	17	44	149	9
Other net investment	9	7	1	6	(1)	1	1	8	17	17	9
Fleet sales	(77)	(57)	(47)	(61)	(43)	(35)	(28)	(27)	(28)	(38)	(45)
Net investment	328	235	(8)	(34)	(31)	(19)	(4)	121	208	390	195
Net cash flow from operations (117)	(11)	182	197	185	141	104	(31)	(92)	(99)	(59)	
Metrics:											
Operational											
ADR in €	15.4	15.6	15.2	15.6	16.5	17.1	16.8	17.1	18.1	16.5	16.3
UTE	91%	87%	74%	82%	91%	86%	84%	82%	84%	86%	89%
Opex % of revenue	18%	17%	18%	16%	16%	17%	16%	19%	18%	18%	16%
Profitability %											
Contribution	60%	63%	59%	55%	58%	55%	49%	49%	46%	48%	51%
EBITDA	42%	47%	40%	40%	42%	38%	33%	29%	28%	30%	35%
Operating profit	5%	7%	(6%)	-	6%	6%	5%	17%	10%	8%	10%
Asset returns											
RoIC	2.1%	2.7%	(2.1%)	-	2.8%	3.1%	3.4%	14.8%	7.5%	5.3%	5.8%
Capital efficiency	17%	18%	13%	16%	21%	23%	24%	25%	21%	19%	21%
Financing											
Net leverage ratio	-	-	-	-	-	-	61%	52%	65%	72%	73%
Gearing ratio	-	-	-	-	-	-	49%	30%	41%	51%	53%
Net debt/EBITDA	-	-	-	-	-	-	1.9x	2.3x	3.6x	4.3x	3.6x

¹ Excludes one time indemnification and recovery

Glossary

Financial measures that supplement generally accepted accounting principles

We sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with IFRS. Specifically we have referred, in various sections of this report, to:

Acquisitions

Acquisitions comprise business combinations and asset acquisitions not qualified as business combination under IFRS.

Capital efficiency

This measure is calculated by taking EBITDA and dividing it by the average net operating assets employed in generating that EBITDA. We believe that this is a useful metric for measuring how effectively management is deploying the assets available to the business, and enables stakeholders to assess the return that our business is able to generate on our assets.

Comparatives 2013

Comparatives for 2013 are derived from the pro-forma special purpose (combined) financial statements as included in our Annual Report 2015. Under our previous shareholder, GE, we were not controlled by a single legal entity, but consisted of the main trading activities of 17 separate legal entities. Please refer to note 2 of the financial statements section of our Annual Report 2015 for further explanations on the basis of preparation.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

We believe that EBITDA is a useful measure for management and stakeholders to indicate the potential cash generation of our business from operating activities, and is commonly used within our business to assess financial performance.

Gearing ratio

Net debt divided by equity plus net debt. This measure enables investors to assess the level of risk in the financial structure of our business.



Net leverage ratio

Net debt divided by net operating assets. This measure enables investors to assess the level of risk in the financial structure of our business.

Net operating assets

Total assets after deducting cash, financial assets, intangibles and non-debt liabilities.

Non-debt liabilities

Total liabilities after deducting borrowings and derivatives.

Net debt

Net debt is gross borrowings less cash and equivalents less other financial assets.

Operating expenses

It is the sum of employee benefit expenses and other operating expenses. (Refer to notes 10 and 11 of the financial statements).

Return on invested capital (RoIC)

Operating profit divided by average net operating assets. We believe that RoIC is the key measure for any leasing, rental and services business through the economic cycle and the best medium term indicator of the strength of the business.

One time indemnification and recovery

In January 2017, an inactive distressed customer, paid €9m for a combination of an indemnification for damages (€5m), fleet sales (€2m) and unpaid account receivables (€2m) which were provisioned in 2013. The Group’s legal and risk teams used, over a number of years various ‘out of court’ debt recognition processes and several land and property charges to successfully secure this payment. This transaction was recorded in the 2016 financials.

Operating profit

Refers to as the underlying profit which is defined as operating profit as reported excluding exceptional items and amortisation of intangibles.

Definitions and descriptions of TIP 2020 KPIs and 11 year financial summary

The following are key performance indicators not defined elsewhere in this annual report or where additional clarification may help the reader:

Revenue, operating profit and profitability KPIs

These are measured on an underlying basis.

Specialised equipment

Tankers, waste tankers, trucks and a number of sub-categories of other asset types principally vans (for example walking floors, electric vehicles). This KPI is measured in unit terms.

Other terms

ABS	Asset backed securitisation	LCC	Low cost countries
ADR	Average daily rate	Leasing	Term of lease is greater than one year
AMLAT	Anti-money laundering anti-terrorism	Libor	London interbank offered rate
AM	Asset management	M&R	Maintenance and repair
CAGR	Compound annual growth rate	MSU	Mobile service unit (van)
Capex	Capital expenditure	OEM	Original equipment manufacturer
EAuM	Equivalent asset under management	RCF	Revolving credit facility
EHS	Environmental health and safety	Rental	Term of lease is one year or less
ETB	European Transport Board	EMT	Executive management team
EU	European Union	SLT	Senior leadership team
Euribor	Euro interbank offered rate	T&L	Travel and living
FAR	Frequency accident rating	TIP Trailer Services	Principal trading name of Global TIP Holdings Two B.V. and subsidiaries
G&O	Goals and objectives		
HNA	HNA Group Co. Ltd. and affiliates	UTE	Utilisation
HQ	Headquarters		
IA	Internal audit		
IBOR	Interbank offered rate		
JV	Joint venture		
KPI	Key performance indicator		
KYC	Know your customer		



Potential impact of new lease accounting

General introduction

IFRS 16 was issued in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 is effective from 1 January 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 revenue from contracts with customers. The new standard replaces IAS 17 and related interpretations.

Customer

All leases result in a customer obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, effectively obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single customer accounting model. Applying that model, a customer is required to recognise:

- > assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- > depreciation of lease assets separately from interest on lease liabilities in the profit or loss

Supplier

IFRS 16 carries forward the supplier accounting requirements in IAS 17. Accordingly the supplier continues to classify its leases as operating or finance leases, and to account for those two types of leases differently.

TIP's specific approach

The business risks associated with the change in lease accounting are addressed in the 'Managing our risk' section of this annual report and are being led by our Chief Commercial Officer.

The Group is considering early adoption in 2018. Below we have provided illustrated estimated impacts on our financial statements and related notes for 2015 to 2017 (prepared on full retrospective basis). As a supplier of equipment there is no impact on our financial statements and related notes and we continue to classify leases as operating or finance leases. However, as a customer, the new lease accounting rules impact the presentation of our profit or loss and balance sheet but have no net impact on our cash flow, although individual line items in our cash flow are also impacted. IFRS 16 also impacts a number of related notes to the financial statements. In order to assess the potential impacts on our financial statements, related notes, financial covenants and key ratios we reviewed all existing off balance sheet operating leases to determine the appropriate treatment under IFRS 16. All

leases with original equipment cost below €5,000 continue to be treated as operating leases in the same manner as prior to IFRS 16. This principally applies to IT equipment. For all other categories of operating lease namely Fleet, Land and Buildings and Motor Vehicles we determined that these should be treated as right of use assets and related right of use leases. We allocated these operating lease payments between depreciation, interest and maintenance components. In most cases, we had limited/no allocation provided by the supplier and had to make reasonable assumptions. We will continue to refine our approach based on additional information provided by suppliers over the coming periods. We will also continue to use our own reasonable assumptions for the allocation where we believe they are more appropriate.

Key assumptions:

Fleet - we used our internal residual value assessment to determine the split between depreciation and interest in the lease and therefore the effective interest rate. There is no maintenance component attached to these fleet lease in contracts.

Land and buildings (property) - to determine the equivalent purchase price and residual value for property we used external valuations. These assumed that the purchase price of the property and the residual value at the end of term were equal. Therefore there is no decline in fair market value attributed to the underlying assets. Interest associated with these contracts is the difference between purchase price and the gross payments minus purchase price. We did not have sufficient data to allocate between the land and building components. There are limited maintenance obligations attached to these property lease in contracts. The separation of the maintenance component from the lease was based on a third party estimate.

Motor vehicles - the purchase price was based on data provided by the supplier i.e. the disclosed list price minus the disclosed supplier discount. The residual value was based on the purchase option attached to the contract. The separation of the maintenance component was based on the supplier's estimate.

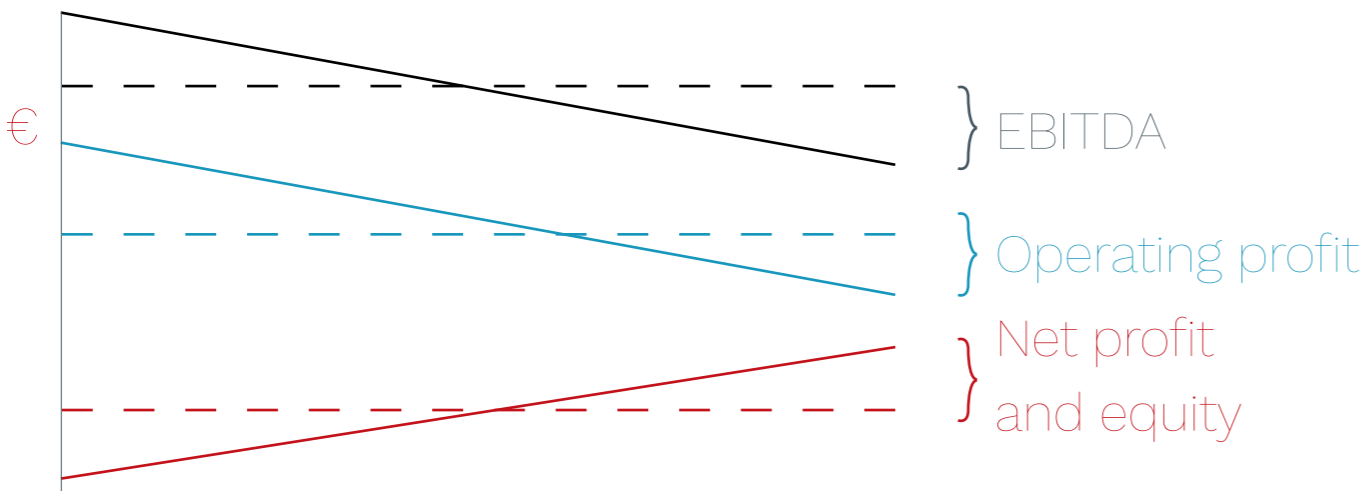
Taxation - We assumed that the effective non-exceptional tax rate applied in each individual year is also applied to profit before tax impact of IFRS 16.

Notes:

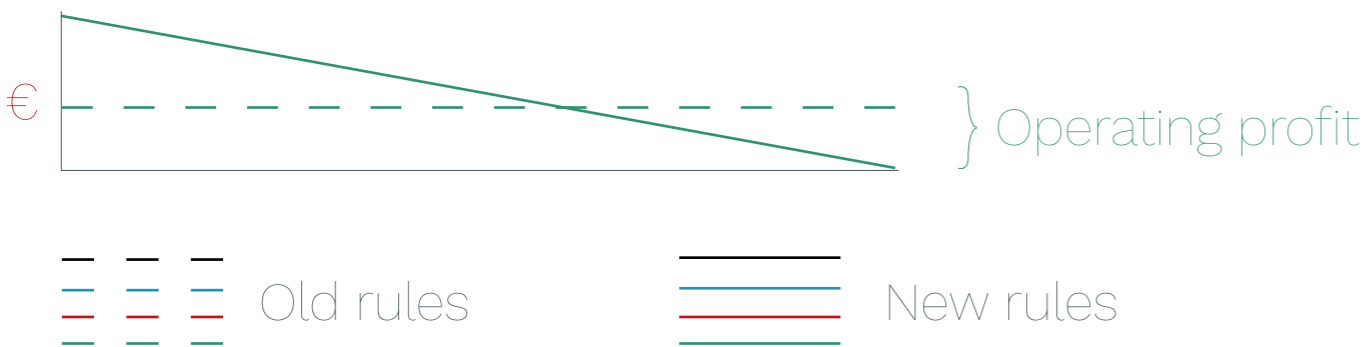
The actual impact of IFRS 16 may differ from this estimate, possibly materially, due to, among other things, changes in interpretation and assumptions, guidance that might be issued and actions we may take as a result of IFRS 16. In addition, our experience of the quality, consistency and accuracy of data provided by suppliers varies greatly.

Graphical illustration of the potential impact of new lease accounting

Profits and equity



Interest cost



Financial statement impact

Profit or loss

€m	Note	Estimate			Impact vs. Reported financials		
		2015	2016	2017	2015	2016	2017
Revenue	8	371.6	447.9	516.7	-	-	-
Cost of sales (excl. credit losses)	9	(257.2)	(314.0)	(372.8)	3.5	6.2	7.3
Credit losses	9	(1.1)	0.8	(0.6)	-	-	-
Gross profit		113.3	134.7	143.3	3.5	6.2	7.3
Administrative and other operating expenses	10	(72.4)	(83.9)	(87.9)	(0.6)	(1.4)	(1.3)
Amortisation of intangible assets	10	(3.2)	(5.1)	(5.9)	-	-	-
Exceptional administrative items	21	(1.2)	-	(6.2)	-	-	-
Operating profit		36.5	45.7	43.3	2.9	4.8	6.0
Finance income	18	19.7	12.5	13.0	-	-	-
Exceptional finance income	21	-	-	-	-	-	-
Finance cost	19	(23.2)	(31.1)	(32.5)	(4.4)	(6.7)	(7.8)
Exceptional finance cost	21	-	-	-	-	-	-
Profit before taxes		33.0	27.1	23.8	(1.5)	(1.9)	(1.8)
Taxation	20	(7.7)	(8.2)	(5.4)	0.3	0.6	0.5
Exceptional taxation	21	(1.9)	(4.6)	3.6	-	-	-
Taxation		(9.6)	(12.8)	(1.8)	0.3	0.6	0.5
Net profit		23.4	14.3	22.0	(1.2)	(1.3)	(1.3)
Effective interest rate on incremental borrowing ¹					10.3%	9.9%	9.6%

¹Calculated on two point average



Balance sheet

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Fleet	22	533.6	802.0	874.1	22.7	26.6	33.8
Property, plant and equipment	23	97.7	125.2	122.1	33.7	46.7	44.9
Intangible assets	24	43.2	63.8	60.9	-	-	-
Financial assets	25	289.6	255.4	261.3	-	-	-
Deferred tax assets	26	26.3	25.7	27.0	14.7	21.1	21.5
Non-current assets		990.4	1,272.1	1,345.4	71.1	94.4	100.2
Inventories	27	7.8	15.1	11.2	-	-	-
Trade and other receivables	28	95.4	122.5	125.2	-	-	-
Financial assets	25	3.4	9.0	20.2	-	-	-
Current tax assets	26	0.8	1.0	1.2	-	-	-
Cash and equivalents	29	38.2	16.6	18.7	-	-	-
Current assets		145.6	164.2	176.5	-	-	-
Total assets		1,136.0	1,436.3	1,521.9	71.1	94.4	100.2
Borrowings	30	18.1	87.2	36.1	11.5	14.7	16.1
Derivatives	31	0.9	1.9	1.2	-	-	-
Provisions	32	0.1	-	2.3	-	-	-
Trade and other payables	33	87.9	144.8	141.0	-	-	-
Current tax liabilities	26	2.3	3.2	1.0	-	-	-
Current liabilities		109.3	237.1	181.6	11.5	14.7	16.1
Borrowings	30	448.8	582.4	709.3	47.3	62.9	68.8
Derivatives	31	-	1.6	0.4	-	-	-
Provisions	32	-	-	1.7	-	-	-
Trade and other payables	33	4.7	4.2	4.1	-	-	-
Deferred tax liabilities	26	28.3	57.9	51.8	14.1	19.9	19.9
Non-current liabilities		481.8	646.1	767.3	61.4	82.8	88.7
Total liabilities		591.1	883.2	948.9	72.9	97.5	104.8
Net assets		544.9	553.1	573.0	(1.8)	(3.1)	(4.6)
Share capital	35	-	-	-	-	-	-
Share premium	35	513.2	513.2	513.2	-	-	-
Retained earnings		32.0	46.3	68.1	(1.8)	(3.1)	(4.6)
Other reserves	35	(0.3)	(6.5)	(8.3)	-	-	-
Equity attributable to parent		544.9	553.0	573.0	(1.8)	(3.1)	(4.6)
Non-controlling interests	35	-	0.1	-	-	-	-
Equity		544.9	553.1	573.0	(1.8)	(3.1)	(4.6)

Metrics

	Estimate			Impact vs. reported financials		
	2015	2016	2017	2015	2016	2017
Asset returns						
RoIC	7.5%	5.8%	5.8%	-	(0.9%)	(0.1%)
Capital efficiency	21%	20%	21%	-	-	(1%)
Financing						
Net leverage ratio	69%	75%	76%	3%	3%	3%
Gearing ratio	45%	54%	56%	4%	3%	3%
Net debt/EBITDA	3.9x	4.3x	3.8x	0.3x	0.2x	0.2x

Cash flow

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Cash generated from operations	a	82.8	165.3	168.1	13.7	20.1	24.6
Net fleet investments	b	(175.8)	(248.4)	(196.8)	(16.8)	(13.7)	(15.3)
Net interest and tax	c	(6.3)	(16.6)	(31.5)	(4.4)	(6.7)	(7.8)
Net cash flow from operations		(99.3)	(99.7)	(60.2)	(7.5)	(0.3)	1.5
Business combinations (net of cash acquired)	7	(31.3)	(102.3)	(4.8)	-	-	-
Financial assets	25	15.0	35.0	-	-	-	-
Proceeds from PP&E sales	10	-	-	2.0	-	-	-
PP&E purchases	23	(33.3)	(37.0)	(11.1)	(25.0)	(20.8)	(5.6)
Software additions	24	(8.5)	(0.3)	(2.8)	-	-	-
Net cash flow from/(used in) investing activities		(58.1)	(104.6)	(16.7)	(25.0)	(20.8)	(5.6)
Net cash flow after investing activities		(157.4)	(204.3)	(76.9)	(32.5)	(21.1)	(4.1)
Equity financing by shareholder	35	-	-	-	-	-	-
Borrowing drawdowns	30	457.9	301.2	222.4	41.8	34.5	20.9
Borrowing repayments	30	(293.3)	(119.9)	(144.2)	(9.3)	(13.4)	(16.8)
Debt issuance fee	30.2	(12.7)	-	-	-	-	-
Foreign exchange forward	18,19	5.5	-	-	-	-	-
Net cash flow from financing activities		157.4	181.3	78.2	32.5	21.1	4.1
Net cash flow after investing and financing activities		-	(23.0)	1.3	-	-	-
Cash and cash equivalents at 1 January		38.4	38.2	16.6	-	-	-
Net increase/(decrease) in cash and cash equivalents		-	(23.0)	1.3	-	-	-
Net foreign exchange difference		(0.2)	1.4	0.8	-	-	-
Cash and equivalents at 31 December	29	38.2	16.6	18.7	-	-	-

General notes impact

Note 6. Capital management

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Gross borrowings after foreign exchange	30	476.5	675.7	748.8	58.8	77.6	84.9
Less: cash and equivalents	29	(38.2)	(16.6)	(18.7)	-	-	-
Less: other financial assets	25	(0.7)	-	-	-	-	-
Net debt		437.6	659.1	730.1	58.8	77.6	84.9
Equity		544.9	553.1	573.0	(1.8)	(3.1)	(4.6)
Capital and net debt		982.5	1,212.2	1,303.1	57.0	74.5	80.3
Gearing ratio		45%	54%	56%	4%	3%	3%

Covenants

	Estimate			Impact vs. reported financials		
	2015	2016	2017	2015	2016	2017
Interest cover	2.3x	1.9x	1.7x	(0.7x)	(0.4x)	(0.3x)
Solvency	26%	22%	21%	(3%)	(3%)	(3%)
Loan to value	89%	84%	88%	-	-	-

We would anticipate that all our covenant levels would be adjusted for the full impact of IFRS 16, and/or the full impact of IFRS 16 would be excluded for covenant calculation purposes.

Specific notes impact

Note 9. Cost of sales

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
M&R own fleet		108.1	111.5	116.4	2.2	3.8	4.4
Damage protection		10.7	11.2	10.7	-	-	-
Leasing and rental variable	16	118.8	122.7	127.1	2.2	3.8	4.4
M&R 3rd party	16	52.5	67.8	72.9	-	-	-
Fleet sales	16	24.3	30.1	38.2	-	-	-
Other	16	-	3.6	11.0	-	-	-
Variable (excl. credit losses)	16	195.6	224.2	249.2	2.2	3.8	4.4
Credit losses		1.1	(0.8)	0.6	-	-	-
Total variable		196.7	223.4	249.8	2.2	3.8	4.4
Depreciation of fleet (including fleet customisation)	22	60.5	89.2	123.0	(4.6)	(7.4)	(9.6)
Lease in		1.1	0.6	0.6	5.9	9.8	12.5
Total fixed	17	61.6	89.8	123.6	1.3	2.4	2.9
Total		258.3	313.2	373.4	3.5	6.2	7.3

Note 10. Administrative, other operating expenses and amortisation of intangible assets

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Employee benefit expenses	11	34.0	39.8	40.8	-	-	-
Outside service fees	12	15.1	15.2	16.4	-	-	-
Travel and living	14	4.7	4.6	4.4	1.7	2.1	2.5
Rental expense	15	1.5	2.2	2.2	4.2	4.9	5.8
Other facilities		3.2	4.1	5.1	(0.4)	(0.5)	(0.6)
Office expenses		2.0	2.1	2.2	-	-	-
Sales promotion		1.0	1.1	1.6	-	-	-
Other expenses		1.1	1.9	1.7	-	-	-
Other operating expenses	17	28.6	31.2	33.6	5.5	6.5	7.7
Depreciation of PP&E	23	9.8	12.9	14.9	(6.1)	(7.9)	(9.0)
(Gain)/loss on disposal of PP&E		-	-	(1.4)	-	-	-
Total excluding exceptional		72.4	83.9	87.9	(0.6)	(1.4)	(1.3)
Exceptional items	21	1.2	-	6.2	-	-	-
Total		73.6	83.9	94.1	(0.6)	(1.4)	(1.3)
Amortisation of intangible assets		3.2	5.1	5.9	-	-	-

Note 14. Travel and living expenses

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Car expenses		1.5	1.5	1.1	1.7	2.1	2.5
Travel and subsistence		3.2	3.1	3.3	-	-	-
Total	10	4.7	4.6	4.4	1.7	2.1	2.5

Note 15. Rental expenses

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Gross rental expense		2.7	3.0	3.0	6.4	8.7	10.2
Included in cost of sales		-	-	-	(2.2)	(3.8)	(4.4)
Rental income		(1.2)	(0.8)	(0.8)	-	-	-
Total	10	1.5	2.2	2.2	4.2	4.9	5.8

Rental expense can be further analysed as follows:

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Rental expense		0.7	1.3	1.2	4.2	4.9	5.8
Other rentals		0.8	0.8	0.9	-	-	-
Overflow parking		1.2	0.9	0.9	-	-	-
Rental income		(1.2)	(0.8)	(0.8)	-	-	-
Total	10	1.5	2.2	2.2	4.2	4.9	5.8

Note 16. Contribution analysis

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Leasing and rental							
Revenue	8	270.4	302.4	355.5	-	-	-
Variable costs	9	(118.8)	(122.7)	(127.1)	2.2	3.8	4.4
Contribution		151.6	179.7	228.4	2.2	3.8	4.4
Contribution %		56%	59%	64%	1%	1%	1%
M&R 3rd party							
Revenue	8	63.8	84.1	94.1	-	-	-
Variable costs	9	(52.5)	(67.8)	(72.9)	-	-	-
Contribution		11.3	16.3	21.2	-	-	-
Contribution %		18%	19%	23%	-	-	-
Fleet sales							
Revenue	8	28.3	38.0	44.6	-	-	-
Variable costs	a	(24.3)	(30.1)	(38.2)	-	-	-
Contribution		4.0	7.9	6.4	-	-	-
Contribution %		14%	21%	14%	-	-	-
Other							
Revenue	8	9.1	23.4	22.5	-	-	-
Variable costs	9	-	(3.6)	(11.0)	-	-	-
Contribution		9.1	19.8	11.5	-	-	-
Contribution %		100%	85%	51%	-	-	-
Total							
Revenue	8	371.6	447.9	516.7	-	-	-
Variable costs	9	(195.6)	(224.2)	(249.2)	2.2	3.8	4.4
Contribution (excl: credit losses)		176.0	223.7	267.5	2.2	3.8	4.4
Contribution (excl: credit losses) %		47%	50%	52%	0%	1%	1%
Credit losses		(1.1)	0.8	(0.6)	-	-	-
Contribution		174.9	224.5	266.9	2.2	3.8	4.4
Contribution %		47%	50%	52%	1%	1%	1%
a) Variable cost of fleet sales consist of:							
NBV of fleet sales		(23.7)	(29.6)	(37.7)	-	-	-
Selling costs		(0.6)	(0.5)	(0.5)	-	-	-
Total	9	(24.3)	(30.1)	(38.2)	-	-	-

Note 17. Earnings before interest, taxes, depreciation and amortization (EBITDA)

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Contribution	16	174.9	224.5	266.9	2.2	3.8	4.4
Employee benefit expenses	11	(34.0)	(39.8)	(40.8)	-	-	-
Other operating expenses	10	(28.6)	(31.2)	(33.6)	5.5	6.5	7.7
EBITDA		112.3	153.5	192.5	7.7	10.3	12.1
EBITDA %		30%	34%	37%	2%	2%	2%

Note 19. Finance cost

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Interest	30.1	15.3	21.0	26.5	(4.4)	(6.7)	(7.8)
Commitment fees	30.1	1.3	1.9	1.3	-	-	-
Amortisation of deferred fees	30.2	2.1	2.7	2.7	-	-	-
Amortisation of notional embedded interest floor offset		0.3	-	-	-	-	-
Funding related		19.0	25.6	30.5	(4.4)	(6.7)	(7.8)
Foreign exchange losses		2.9	2.5	-	-	-	-
Finance cost before derivatives		21.9	28.1	30.5	(4.4)	(6.7)	(7.8)
Interest rate swap realised loss		1.0	1.4	2.0	-	-	-
Interest rate swaps fair market value loss	31.1b	0.3	1.6	-	-	-	-
Derivatives		1.3	3.0	2.0	-	-	-
Total excluding exceptional		23.2	31.1	32.5	(4.4)	(6.7)	(7.8)
Exceptional items	21	-	-	-	-	-	-
Total		23.2	31.1	32.5	(4.4)	(6.7)	(7.8)

Note 20. Taxation
Taxation for the period

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Current taxation for the period		4.9	3.7	5.2	-	-	-
Adjustment to prior periods	26.1	(2.2)	(1.5)	3.3	-	-	-
Current tax		2.7	2.2	8.5	-	-	-
Changes in tax rates		-	0.2	(2.0)	-	-	-
Deferred taxation for the period ²	26.5	3.9	8.2	(1.1)	0.3	0.6	0.5
Adjustment to prior periods	26.6	3.0	2.2	(3.6)	-	-	-
Deferred taxes		6.9	10.6	(6.7)	0.3	0.6	0.5
Taxation		9.6	12.8	1.8	0.3	0.6	0.5
Non-exceptional taxation		7.7	8.2	5.4	0.3	0.6	0.5
Exceptional taxation	21	1.9	4.6	(3.6)	-	-	-
Taxation		9.6	12.8	1.8	0.3	0.6	0.5

² Impact on deferred tax has been estimated using non-exceptional effective tax rate

Note 22. Fleet

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Net book value at 31 December		533.6	802.0	874.1	22.7	26.6	33.8

Included in fleet are right of use assets of:

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Net book value at 31 December		22.7	26.6	33.8	22.7	26.6	33.8

Note 23. Property, plant and equipment (PP&E)

Net book value at 31 December					Impact vs. reported financials		
€m	Note	2015	2016	2017	2015	2016	2017
Land		32.3	35.7	34.8	-	-	-
Buildings and structures		55.8	78.3	77.1	30.9	42.2	40.7
Leasehold improvements		3.1	3.4	3.3	-	-	-
Other		6.5	7.8	6.9	2.8	4.5	4.2
Total		97.7	125.2	122.1	33.7	46.7	44.9

Included in PP&E are right of use assets of:

Net book value at 31 December					Impact vs. reported financials		
€m	Note	2015	2016	2017	2015	2016	2017
Buildings and structures		30.9	42.2	40.7	30.9	42.2	40.7
Other		2.8	4.5	4.2	2.8	4.5	4.2
Total		33.7	46.7	44.9	33.7	46.7	44.9

Note 26. Current and deferred tax

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Current tax assets		0.8	1.0	1.2	-	-	-
Current tax liabilities	26.1	(2.3)	(3.2)	(1.0)	-	-	-
Net current tax		(1.5)	(2.2)	0.2	-	-	-
Deferred tax assets ²	26.2	26.3	25.7	27.0	14.7	21.1	21.5
Deferred tax liabilities ²	26.3	(28.3)	(57.9)	(51.8)	(14.1)	(19.9)	(19.9)
Net deferred tax	26.4	(2.0)	(32.2)	(24.8)	0.6	1.2	1.6
Total		(3.5)	(34.4)	(24.6)	0.6	1.2	1.6

² Impact on deferred tax has been estimated using non-exceptional effective tax rate

Note 30. Borrowings

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Term loans		-	4.1	9.0	-	-	-
RCF		361.0	473.2	533.6	-	-	-
ABS		37.3	69.4	77.4	-	-	-
FL		9.8	45.3	40.5	-	-	-
Right of use lease		58.8	77.6	84.9	58.8	77.6	84.9
Total		466.9	669.6	745.4	58.8	77.6	84.9

Note 38. Commitments and contingencies

Assets pledged under right of use lease

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Fleet		22.7	26.6	33.8	22.7	26.6	33.8
PP&E		33.7	46.7	44.9	33.7	46.7	44.9
Intangible assets		-	-	-	-	-	-
Non-current assets		56.4	73.3	78.7	56.4	73.3	78.7
Total		56.4	73.3	78.7	56.4	73.3	78.7

Lease commitments can be analysed as follows:

€m		Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
Fleet		-	-	0.3	(30.5)	(33.7)	(44.0)
Land and buildings		1.1	1.0	0.9	(46.8)	(64.0)	(60.8)
Motor vehicles		-	-	0.1	(4.6)	(6.3)	(5.1)
IT equipment		0.6	0.3	0.3	-	-	-
Total		1.7	1.3	1.6	(81.9)	(104.0)	(109.9)

€m	Fleet	Land and buildings	Motor vehicles	IT equipment	Total
Within one year	-	1.1	-	0.3	1.4
After one year but not more than five years	-	-	-	0.3	0.3
After five years but not more than ten years	-	-	-	-	-
More than ten years	-	-	-	-	-
At 31 December 2015	-	1.1	-	0.6	1.7
Within one year	-	1.0	-	0.2	1.2
After one year but not more than five years	-	-	-	0.1	0.1
After five years but not more than ten years	-	-	-	-	-
More than ten years	-	-	-	-	-
At 31 December 2016	-	1.0	-	0.3	1.3
Within one year	0.3	0.9	0.1	0.2	1.5
After one year but not more than five years	-	-	-	0.1	0.1
After five years but not more than ten years	-	-	-	-	-
More than ten years	-	-	-	-	-
At 31 December 2017	0.3	0.9	0.1	0.3	1.6

Note 40. Financial risk management

40.1 Liquidity risk

€m	Note	Estimate			Impact vs. reported financials		
		2015	2016	2017	2015	2016	2017
At 31 December		580.7	832.3	884.6	81.9	104.0	109.9

€m	Note	Estimate				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		4.6	13.4	46.2	3.7	67.9
Borrowings repayment	30	6.1	23.3	430.1	17.0	476.5
Derivatives	31	0.4	0.8	2.8	-	4.0
Trade payables	33	32.3	-	-	-	32.3
Total		43.4	37.5	479.1	20.7	580.7

€m	Note	Impact vs. reported financials				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		1.5	4.4	13.5	3.7	23.1
Borrowings repayment		2.9	8.6	32.9	14.4	58.8
Derivatives		-	-	-	-	-
Trade payables		-	-	-	-	-
Total		4.4	13.0	46.4	18.1	81.9

€m	Note	Estimate				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		7.7	16.7	42.8	5.1	72.3
Borrowings repayment	30	7.1	90.4	552.3	25.9	675.7
Derivatives	31	0.5	1.4	1.6	-	3.5
Trade payables	33	80.8	-	-	-	80.8
Total		96.1	108.5	596.7	31.0	832.3

€m	Note	Impact vs. reported financials				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		1.7	5.0	14.6	5.1	26.4
Borrowings repayment		3.7	11.0	39.1	23.8	77.6
Derivatives		-	-	-	-	-
Trade payables		-	-	-	-	-
Total		5.4	16.0	53.7	28.9	104.0

€m	Note	Estimate				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		6.2	18.1	49.7	4.8	78.8
Borrowings repayment	30	12.8	42.7	666.9	26.4	748.8
Derivatives	31	0.4	0.8	0.4	-	1.6
Trade payables	33	55.4	-	-	-	55.4
Total		74.8	61.6	717.0	31.2	884.6

€m	Note	Impact vs. reported financials				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		1.6	4.9	13.9	4.6	25.0
Borrowings repayment		4.0	12.1	44.1	24.7	84.9
Derivatives		-	-	-	-	-
Trade payables		-	-	-	-	-
Total		5.6	17.0	58.0	29.3	109.9

Consolidated Financial Statements



Contents

Specific notes

7. Business combinations	170
8. Revenue	173
9. Cost of sales	173
10. Administrative, other operating expenses and amortisation of intangibles assets	174
11. Employee benefit expenses	174
12. Outside service fees	175
13. Audit and accounting advisor fees	175
14. Travel and living expenses	175
15. Rental expenses	176
16. Contribution analysis	177
17. Earnings before interest, taxes, depreciation and amortisation (EBITDA)	177
18. Finance income	178
19. Finance cost	179
20. Taxation	180
21. Exceptional items	181
22. Fleet	183
23. Property, plant and equipment (PP&E)	185
24. Intangible assets	186
25. Financial assets	187
26. Current and deferred tax	188
27. Inventories	193
28. Trade and other receivables	194
29. Cash and equivalents	195
30. Borrowings	196
31. Derivatives	200
32. Provision	203
33. Trade and other payables	203
34. Pension obligations	205
35. Share capital, share premium, other reserves and non-controlling interests	205
36. Group information	206
37. Related party disclosures	207
38. Commitments and contingencies	208
39. Committed revenue	213
40. Financial risk management	213
41. Events after the reporting period	220
42. Company financial statements	221

Financial statements

Profit or loss	146
Comprehensive income	147
Balance sheet	148
Changes in equity	149
Cash flow	150

General notes

1. Corporate information	154
2. Basis of preparation	154
3. Summary of significant accounting policies	156
4. Significant accounting judgments, estimates and assumptions	165
5. Standards issued but not yet effective	166
6. Capital management	168

Independent auditor's report

230

Consolidated statement of profit or loss for the period ended 31 December

€m	Note	2017	2016	2015
Revenue	8	516.7	447.9	371.6
Cost of sales (excl. credit losses)	9	(380.1)	(320.2)	(260.7)
Credit losses	9	(0.6)	0.8	(1.1)
Gross profit		136.0	128.5	109.8
Administrative and other operating expenses	10	(86.6)	(82.5)	(71.8)
Amortisation of intangible assets	10	(5.9)	(5.1)	(3.2)
Exceptional administrative items	21	(6.2)	-	(1.2)
Operating profit		37.3	40.9	33.6
Finance income	18	13.0	12.5	19.7
Exceptional finance income	21	-	-	-
Finance cost	19	(24.7)	(24.4)	(18.8)
Exceptional finance cost	21	-	-	-
Profit before taxes		25.6	29.0	34.5
Taxation	20	(5.9)	(8.8)	(8.0)
Exceptional taxation	21	3.6	(4.6)	(1.9)
Taxation		(2.3)	(13.4)	(9.9)
Net profit		23.3	15.6	24.6
Attributable to:				
Equity holders of the parent		23.3	15.5	24.6
Non-controlling interests	35	-	0.1	-
Net profit		23.3	15.6	24.6
Underlying operating profit¹		49.4	46.0	38.0

¹ Underlying operating profit excludes amortisation of intangible assets and exceptional items in order to provide a better indication of the Group's underlying business performance. 2016 underlying profit includes a one-time indemnification and recovery profit of €9m.

Consolidated statement of comprehensive income for the period ended 31 December

€m	Note	2017	2016	2015
Net profit		23.3	15.6	24.6
Foreign currency translation		(2.5)	(5.5)	1.8
Taxation	20.2	-	-	-
Foreign currency translation reserve, net of tax		(2.5)	(5.5)	1.8
Reclassification of cash flow hedges to the profit or loss		-	-	(0.2)
Cash flow hedge revaluation		0.9	(1.1)	0.3
Taxation	20.2	(0.2)	0.4	-
Cash flow hedge, net of tax		0.7	(0.7)	0.1
OCI to be reclassified to profit or loss in subsequent periods, net of tax		(1.8)	(6.2)	1.9
OCI for the period, net of tax		(1.8)	(6.2)	1.9
Comprehensive income for the period, net of tax		21.5	9.4	26.5
Attributable to:				
Equity holders of the parent		21.5	9.3	26.5
Non-controlling interests	35	-	0.1	-
Comprehensive income for the period, net of tax		21.5	9.4	26.5

Consolidated balance sheet at period ended 31 December

€m	Note	2017	2016	2015
Fleet	22	840.3	775.4	510.9
Property, plant and equipment	23	77.2	78.5	64.0
Intangible assets	24	60.9	63.8	43.2
Financial assets	25	261.3	255.4	289.6
Deferred tax assets	26	5.5	4.6	11.6
Non-current assets		1,245.2	1,177.7	919.3
Inventories	27	11.2	15.1	7.8
Trade and other receivables	28	125.2	122.5	95.4
Financial assets	25	20.2	9.0	3.4
Current tax assets	26	1.2	1.0	0.8
Cash and equivalents	29	18.7	16.6	38.2
Current assets		176.5	164.2	145.6
Total assets		1,421.7	1,341.9	1,064.9
Borrowings	30	20.0	72.5	6.6
Derivatives	31	1.2	1.9	0.9
Provisions	32	2.3	-	0.1
Trade and other payables	33	141.0	144.8	87.9
Current tax liabilities	26	1.0	3.2	2.3
Current liabilities		165.5	222.4	97.8
Borrowings	30	640.5	519.5	401.5
Derivatives	31	0.4	1.6	-
Provisions	32	1.7	-	-
Trade and other payables	33	4.1	4.2	4.7
Deferred tax liabilities	26	31.9	38.0	14.2
Non-current liabilities		678.6	563.3	420.4
Total liabilities		844.1	785.7	518.2
Net assets		577.6	556.2	546.7
Share capital	35	-	-	-
Share premium	35	513.2	513.2	513.2
Retained earnings		72.7	49.4	33.8
Other reserves	35	(8.3)	(6.5)	(0.3)
Equity attributable to parent		577.6	556.1	546.7
Non-controlling interests	35	-	0.1	-
Equity		577.6	556.2	546.7

Consolidated statement of changes in equity for the period ended 31 December

€m	Note	Share capital	Share premium	Retained earnings	Other reserves	Equity attributable to parent	Non-controlling interests	Equity
At 1 January 2015		-	513.2	9.2	(2.1)	520.3	-	520.3
Net profit		-	-	24.6	-	24.6	-	24.6
OCI for the period	35	-	-	-	1.8	1.8	-	1.8
Total comprehensive income		-	-	24.6	1.8	26.4	-	26.4
Business combinations	7	-	-	-	-	-	-	-
At 31 December 2015		-	513.2	33.8	(0.3)	546.7	-	546.7
Net profit		-	-	15.6	-	15.6	(0.1)	15.5
OCI for the period	35	-	-	-	(6.2)	(6.2)	-	(6.2)
Total comprehensive income		-	-	15.6	(6.2)	9.4	(0.1)	9.3
Business combinations	7	-	-	-	-	-	0.2	0.2
At 31 December 2016		-	513.2	49.4	(6.5)	556.1	0.1	556.2
Net profit		-	-	23.3	-	23.3	-	23.3
OCI for the period	35	-	-	-	(1.8)	(1.8)	(0.1)	(1.9)
Total comprehensive income		-	-	23.3	(1.8)	21.5	(0.1)	21.4
Business combinations	7	-	-	-	-	-	-	-
At 31 December 2017		-	513.2	72.7	(8.3)	577.6	-	577.6

Consolidated statement of cash flow for the period ended 31 December

€m	Note	2017	2016	2015
Cash generated from operations	a	143.5	145.2	69.1
Net fleet investments	b	(181.5)	(234.7)	(159.0)
Net interest and tax	c	(23.7)	(9.9)	(1.9)
Net cash flow from operations		(61.7)	(99.4)	(91.8)
Business combinations (net of cash acquired)	7	(4.8)	(102.3)	(31.3)
Financial assets	25	-	35.0	15.0
Proceeds from PP&E sales	10	2.0	-	-
PP&E purchases	23	(5.5)	(16.2)	(8.3)
Software additions	24	(2.8)	(0.3)	(8.5)
Net cash flow from/(used in) investing activities		(11.1)	(83.8)	(33.1)
Net cash flow after investing activities		(72.8)	(183.2)	(124.9)
Equity financing by shareholder	35	-	-	-
Borrowing drawdowns	30	201.5	266.7	416.1
Borrowing repayments	30	(127.4)	(106.5)	(284.0)
Debt issuance fee	30.2	-	-	(12.7)
Foreign exchange forward	18,19	-	-	5.5
Net cash flow from financing activities		74.1	160.2	124.9
Net cash flow after investing and financing activities		1.3	(23.0)	-
Cash and cash equivalents at 1 January		16.6	38.2	38.4
Net increase/(decrease) in cash and cash equivalents		1.3	(23.0)	-
Net foreign exchange difference		0.8	1.4	(0.2)
Cash and equivalents at 31 December	29	18.7	16.6	38.2

Additional information on the consolidated statement of cash flow for the period ended 31 December

€m	Note	2017	2016	2015
Operating profit		37.3	40.9	33.6
Depreciation of fleet	22	113.4	81.8	55.9
Depreciation of PP&E	23	5.9	5.0	3.7
Amortisation of intangible assets	24	5.9	5.1	3.2
Depreciation/amortisation/impairment		125.2	91.9	62.8
Gain on disposal of fleet	16	(6.4)	(7.9)	(4.0)
Gain on disposal of PP&E	10	(1.4)	-	-
(Gain)/loss on disposals		(7.8)	(7.9)	(4.0)
Other non-sale disposals related to fleet	22	0.9	1.9	1.3
Movement in provisions	32	4.0	-	(0.8)
Gain on bargain purchase	21	-	-	(0.1)
Movement in deferred taxes	26	(7.0)	-	-
Other non-cash adjustments		(2.1)	1.9	0.3
(Increase)/decrease in inventories ¹	27	3.6	(12.8)	-
(Increase)/decrease in trade and other receivables	28	(2.7)	(8.2)	(8.1)
(Increase)/decrease in financial assets	25	(5.9)	0.7	1.8
(Increase)/decrease in current taxes	26	(0.2)	-	-
Increase/(decrease) in trade and other payables	33	(3.9)	38.8	(17.3)
Working capital movements		(9.1)	18.4	(23.6)
Cash generated from operations	a	143.5	145.2	69.1
Proceeds from fleet sales	16	44.6	38.0	28.3
Fleet purchases	22	(223.3)	(269.4)	(184.3)
Fleet customisation expenditures paid	22	(2.8)	(3.3)	(3.0)
Net fleet investments	b	(181.5)	(234.7)	(159.0)
Interest received	25	0.5	6.2	12.7
Interest paid	30	(20.0)	(15.4)	(14.4)
Interest rate swaps paid	19	(2.0)	-	-
Taxation received	26	0.3	0.3	0.6
Taxation paid ²	26	(2.5)	(1.0)	(0.8)
Net interest and tax	c	(23.7)	(9.9)	(1.9)

¹ Fleet held for sale cash flow movements are included in Net fleet investments.

² €0.9m is recoverable from the formerly shareholder, GE, and is included in trade and other receivables, refer to note 28.

General notes



Notes to the consolidated financial statements

1. Corporate information

The consolidated financial statements of Global TIP Holdings Two B.V. (hereafter referred to as “Company” or “Parent”) and its subsidiaries (hereafter collectively referred to as the “Group”) for the period ended 31 December 2017, were authorized for issue in accordance with resolution of the shareholders of the Company dated 23 February 2018. Information on the Group shareholding structure is provided in note 36.

The Company is a “besloten vennootschap” (B.V.) incorporated in the Netherlands under Dutch law and domiciled in Amsterdam. Its registered office is located at “Alpha Tower”, De Entree 33, 1101 BH, Amsterdam, The Netherlands.

The immediate parent of the Company at 31 December 2017 is Global TIP Holdings One B.V. (hereafter referred to as “Dutch Holding”), a “besloten vennootschap” (B.V.) incorporated in the Netherlands under Dutch law and domiciled in Amsterdam. Its registered office is located at “Alpha Tower”, De Entree 33, 1101 BH, Amsterdam, The Netherlands. The immediate parent of the Dutch Holding and Ultimate Parent Company (UPC) of the Company under Dutch law at 31 December 2017 is HNA Group (International) Company Limited, Hong Kong.

At 31 December 2017 the Company’s ultimate majority shareholders are the Hainan Province Cihang Foundation (海南省慈航公益基金会 - “Cihang PRC”) and Hainan Cihang Charity Foundation, Inc. (dos id #5049144, - “Cihang US”) with approximately 23% and 29% respectively.

Established on 8 October 2010 in accordance with China’s Foundation Control Measures Law, Cihang PRC is a legal person organised for the sole purpose of engaging in charitable and educational activities and no individuals are permitted to have or entitled to any benefit under this foundation. It is based in both Beijing and Hainan Province.

Established on 7 December 2016, Cihang US is a not-for-profit New York corporation with a registered address at 747 Third Avenue, Floor 22, New York. It is a charitable organization and does not have any individual owners. All its assets and all revenues derived from such assets must be used to serve charitable and educational purposes. Cihang US is currently in the process of registering as an US IRS charitable organization.

The principal co-founders of HNA Group Co. Ltd, Chen Feng and Wang Jian, indirectly hold less than 15% ownership interest in the Company. The remaining ultimate shareholders hold below 5%.

The principal activity of the Group is to provide leasing, rental, maintenance and repair and other value added solutions to the transportation and logistics industry.

2. Basis of preparation

a) Functional and presentation currency

Items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which each company operates (the functional currency). The consolidated financial statements of the Group are presented in euros (€) which is the functional and presentation currency of the Parent. All values in the financial statements are rounded to the nearest hundred thousand €, except where otherwise indicated.

b) Principal accounting convention

The financial statements have been prepared under the historic cost convention as modified by the measurement at fair value of business combinations, certain financial assets and derivatives.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent and its subsidiaries as at 31 December 2017.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

d) Comparatives

The consolidated financial statements presents 2 years of comparative figures.

e) Statement of cash flow

The statement of cash flow has been drawn up in accordance with the indirect method, classifying cash flow as cash flow from operating, investing and financing activities. Changes in balance sheet items that have not resulted in cash flow have been eliminated for the purpose of preparing this statement.

f) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it fulfils one or more of the following conditions:

- > Expected to be realised or intended to be sold or consumed in a normal operating cycle
- > Held primarily for the purpose of trading
- > Expected to be realised within twelve months after the reporting period
- > Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it fulfils one or more of the following conditions:

- > Expected to be settled in a normal operating cycle
- > Held primarily for the purpose of trading
- > Due to be settled within twelve months after the reporting period
- > There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

g) Statement of compliance

The consolidation financial statements of the Group have been prepared in accordance with IFRS issued by the IASB and as adopted by European Union and part 9 of Book II of the Netherlands Civil Code.

The financial data of the Company is included in these consolidated financial statements.

3. Summary of significant accounting policies

a) Business combinations and goodwill - note 7

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value including any contingent consideration payable or receivable. Acquisition related costs are expensed as incurred and included in the expense category consistent with the nature of the expense.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

b) Revenue recognition - note 8

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Contingent rents are recognised as revenue in the period in which they are earned.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is the principal in its revenue arrangements since it is the primary obligor in the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

In addition to the criteria above, the following revenue recognition criteria apply:

I) Leasing: consists of revenue from operating leases with a contractual duration of one year or more. Revenue from operating leases also includes an element related to maintenance and repair (M&R).

Operating lease revenue is accounted for on a straight-line basis over the lease term.

Leasing includes fees for cancellation of lease contracts and excess mileage. Cancellations of lease contracts are recognised at the point that the customers terminates the lease. Excess mileage is recognised once the trailer mileage is ascertained which is typically during maintenance events or at the end of the lease.

The revenue from the M&R component of the leasing contracts is recognised by reference to the cost incurred compared to the expected cost over the life time of the contracts. The expected M&R cost is projected based on historical M&R data per asset type, age, country and contract type.

II) Rental: consists of revenue from operating leases with a contractual duration of less than one year. Revenue from rental includes an element related to maintenance and repair. Rental revenue is accounted for on a straight-line basis over the rental term.

Rental includes fees for cancellation of rental contracts and excess mileage. Cancellations of rental contracts are recognised at the point that the customer terminates the rental. Excess mileage is recognised once the trailer mileage is ascertained which is typically during maintenance events or at the end of the rental period.

III) Damage protection: it is standard business practice for the supplier to recharge to the customer any damage to assets which occurred while the assets were in the customer's care.

However, in cases where the customer commits to pay a damage protection fee, the supplier waives such recharges. This revenue is recognised on a straight-line basis over the duration of the relevant lease or rental agreement.

IV) Maintenance and repair (M&R) 3rd party: consists of revenue generated from the performance of trailer M&R services for 3rd parties. Such services are typically performed over an indeterminate number of events within a specified period of time. M&R contracted 3rd party revenue is recognised by reference to the cost incurred compared to the expected cost over the life time of the contracts. The expected M&R cost is projected based on historical M&R data per asset type, age, country and contract type.

V) Other: includes transaction fees which represent commission income earned from 3rd parties for sourcing equipment, equipment funding and related services. Transaction fees are recognised once the relevant transaction is completed. Other also includes buy to sell revenue where the Group purchases assets to resell, advertising and management fees charged to affiliate companies.

Deferred revenue relates to amounts billed in advance.

VI) Lease determination: the determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

c) Cost of sales - note 9

The following cost recognition criteria apply:

I) Maintenance and repair (M&R) own fleet: consists of costs incurred in maintaining and repairing the Group's own fleet. These costs are recognised as M&R work is performed. Accruals are recognised for costs which have been incurred but not invoiced. M&R rebills, directly charged to the customers, are included in leasing and rental revenue.

II) Damage protection: consists of repair and damage costs incurred for trailers which are subject to damage protection contracts. Costs incurred are recognised as repair work is performed. Accruals are recognised for costs which have been incurred but not invoiced.

III) Maintenance and repair (M&R) 3rd party: consists of costs incurred in providing M&R 3rd party services. Costs incurred are recognised as M&R work is performed. Accruals are recognised for costs which have been incurred but not invoiced.

IV) Other: principally consists of buy to sell costs where the Group purchases assets to resell.

V) Credit losses: consists of credit loss provisions related to trade receivables and impairment on loan receivables.

VI) Lease in: represent costs incurred from operating leases concluded by the Group, which assets are then leased on to customers as part of the core business of the Group. Lease in contracts are treated as operating leases and therefore not capitalised as part of the fleet.

VII) Fleet customisation: are costs specific for the customer's needs. These costs are capitalised and amortised over the lease term. If a contract is terminated early then the related costs up to the average lease term are expensed to the profit or loss.

VIII) Depreciation of fleet: the equipment is depreciated to holding periods and residual values determined by the Group's Asset Management team. For more details see note 3h.

d) Administrative and other operating expenses - note 10

The following cost recognition criteria apply:

By their nature, operating expenses cannot be associated with the earning of specific items of income. Expenses are recognised immediately in the profit or loss when expenditure produces no future economic benefit or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset. Expenditure is recognised when the related goods or services have been received. Accruals are recognised for all such costs which have been incurred but not invoiced.

The Group operates a policy of charging employee benefit costs to cost of sales for workshop time spent on M&R own fleet and 3rd party equipment, customer service and checking trailers in and out. Employee benefit costs are recognised when the employee has rendered the service in exchange for those benefits.

Rental expense consists mainly of property rentals. Rental income includes rent charged to 3rd parties who use the Group's properties. Other rentals relate principally to office equipment. Overflow parking is short-term parking space rented for idle units. All operating lease income or costs are recognised in the profit or loss as they occur or on a straight-line basis over the lease term.

The Group operates a policy of charging rental expense to cost of sales in relation to workshop rental expense.

e) Foreign currency translation - note 18, 19 and 35

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group subsidiaries in their respective transaction currency. They are then converted to the subsidiaries functional currency at the monthly exchange rate, determined as the spot rate at the beginning of the month.

Monetary assets and liabilities denominated in foreign currencies are retranslated at each month end to the functional currency at the exchange rate then prevailing. All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Group companies

The assets and liabilities of foreign operations are translated into € at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. All exchange differences are recorded in a foreign currency translation reserve in the consolidated statement of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the monthly exchange rate applicable at the acquisition date.

f) Taxation - note 20 and 26

Taxation for the period comprises current and deferred tax. Taxation is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The effective tax rate is subject to change as a consequence of incentive tax credits, business expenses which are not deductible

for taxation, non-taxable income and by irrecoverable withholding taxes which cannot be offset against other taxes due.

Current tax

Current tax is the expected taxation payable or receivable on the taxable profit for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable or receivable in respect of prior years. Current tax assets and current tax liabilities are only offset if there is a legally enforceable right to offset the recognised amounts.

Deferred tax

Deferred tax is recognised using the liability method, providing for taxable temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for tax purposes and is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Future taxable profits are determined based on business plans. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when the deferred taxes relate to the same fiscal authority.

g) Exceptional items - note 21

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

h) Fleet - note 22

Fleet acquired is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the expense of replacing equipment components of the fleet if the relevant recognition criteria are met. When significant equipment components of the fleet are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other M&R costs are recognised in the profit or loss as incurred.

The following depreciation policies apply:

The equipment is depreciated to holding periods and residual values determined by the Group’s Asset Management team using internal and external data. Residual values and useful lives are reviewed periodically and adjusted prospectively if necessary. When equipment reaches the end of the holding period, the Group will decide if the equipment should be placed on a new lease or rental term on a straight-line basis to a revised residual value. At the end of each extended holding period the Group will once again assess whether the equipment should be further leased out or sold.

For the European market the initial holding periods for new equipment ranges from 5 to 9 years, depending on the equipment type. Estimated residual values for the initial holding period range from 32% to 52% of cost, depending on the equipment type.

For the Canadian market the initial holding period for new equipment is 15 years. Estimated residual values for the initial holding period range from 10% or 15% of cost, depending on the equipment type.

i) Impairment of non-financial assets - note 22 and 23

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed financial plans, which are prepared separately for each of the Group’s CGUs to which the individual assets are allocated. These detailed plans generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year or

another appropriate valuation technic is applied.

Impairment losses, including impairment on inventories, are recognised in the profit or loss in expense categories consistent with the nature of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the profit or loss. The following assets have specific characteristics for impairment testing:

Fleet

The Group assesses annually whether there is an indication that an asset group may be impaired. Asset groupings are determined by the Asset Management team. If any indication exists, or when annual impairment testing for an asset group is required, the Group estimates the asset group’s recoverable amount. An asset group’s recoverable amount is the higher of an asset group’s fair value less costs of disposal and its value in use and is determined for an asset group. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on projected fleet cash flows as follows:

- > Direct cash flows (revenue and direct M&R cost) are determined based on the Group’s most recent financial plans and applied over the remaining holding period of the asset group.
- > Cash inflows arising from disposal of the asset at the end of its holding period are based on estimated residual values.
- > Impairment losses are recognised in the profit or loss.

In determining fair value less costs of disposal, recent market transactions are taken into account.

j) Property, plant and equipment (PP&E) - note 23

PP&E is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the PP&E and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of PP&E are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is charged through the profit or loss. PP&E is depreciated over its estimated useful life to an estimated residual value on a straight-line basis on the following parameters:

Categories	Useful life (years)
Land	Indefinite
Buildings and structures	up to 50
Leasehold improvements	over the expected lease term
Other	3 to 5

Residual values and useful lives are reviewed periodically and adjusted prospectively if necessary.

The Group sells PP&E, which has either reached the end of its useful life or when the Group exits a location, to 3rd parties in the normal course of business. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on receipt of cash. Book value of the assets sold and any costs directly associated with the sale are recorded at the same time. Sales invoices are typically issued to coincide with cash receipts, therefore at the end of each accounting period there are no trade receivables relating to PP&E sales on the balance sheet.

k) Intangible assets - note 24

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible as-sets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. With the exception of capitalized software development costs, internally generated intangible assets are not capitalised and expenditure is reflec-ted in the profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either de-finite or indefinite.

Intangible assets with definite lives are amortised to a residual value of zero over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense of intangible assets with definite lives is recognised in the profit or loss in the expense category consistent with the nature of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU defined level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to definite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Capitalised software development costs

Capitalised software relates to purchased software from 3rd parties and to internally developed software for use by the Group. Costs on research activities undertaken to gain new technical knowledge and understanding are recognised in the profit or loss as incurred. Costs to develop software are recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development. The capitalised cost of internally developed software includes all costs directly attributable to developing software and are amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and accumulated impairment, if any.

Subsequent costs on software assets are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. When subsequent costs are capitalised, the carrying value of the replaced parts are derecognised.

Intangible assets are amortised as follows:

	Useful life (years)	Amortisation method used	Internally generated or acquired
Goodwill	Indefinite	Not applicable	Acquired
Brand name	Indefinite	Not applicable	Acquired
Customer list	4-5	Straight line	Acquired
Software	3-5	Straight line	Acquired/internal

I) Financial assets - note 25

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through the profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through the profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified as financial assets at fair value through the profit or loss or as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

This category generally applies to loans receivable, trade and other receivables and cash restricted in escrow accounts.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised i.e. removed from the Group's balance sheet,

when either:

- > The rights to receive cash flows from the asset have expired
- > The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a 3rd party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that have occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets and can be reliably estimated. Evidence of impairment may include:

- > Indications that the debtors or a group of debtors is experiencing significant financial difficulty
- > Default or delinquency in interest or principal payments
- > The probability that the debtors or a group of debtors will declare bankruptcy or another financial reorganization

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the profit or

loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

m) Inventories - note 27

Fleet/Buy to sell

Inventories are carried at the lower of cost or net realisable value and are to be sold within one year. The cost of inventories if it is related to owned units is the current net book value of fleet transferred to inventories and is determined for each item individually while for units acquired with the intention to be sold, the cost of inventory is the purchase price. The net realisable value is periodically reassessed for all units that have been held for sale for six months or more and adjusted if necessary.

Sales of inventories are recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually upon payment. Book value of the units sold and any costs directly associated with the sale are recorded at the same time. The revenue and the related book value are recognised as revenue from disposal of fleet and cost of disposed fleet respectively in the profit or loss. Sales invoices are typically issued to coincide with receipt of payment, therefore at the end of each accounting period there are no trade receivables relating to fleet sales on the balance sheet.

Parts

Parts are stated at the lower of cost and net realisable value. The costs of individual parts are determined using weighted average costs. Costs of parts are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Parts are stated net of any provision for obsolete or slow moving items.

n) Cash and equivalents - note 29

Cash and short-term deposits on the balance sheet comprises of cash at banks, restricted cash at banks and on hand and short-term deposits with a maturity of three months or less.

Cash restricted for specific purposes in escrow accounts is included in other financial assets on the balance sheet.

o) Borrowings and trade payables - note 30 and 33

Initial recognition and measurement

Borrowings (excluding finance leases) and trade payables are recognised at fair value, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, the borrowings (excluding finance leases) and trade payables are measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the profit or loss.

Derecognition

Borrowings (excluding finance leases) and trade payables are derecognised when the obligation under the liability is discharged, cancelled, or expired. When an existing borrowing and trade payable is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

Offsetting of financial assets, borrowings and trade payables

Financial assets, borrowings (excluding finance leases) and trade payables are offset and the net amount is reported on the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, i.e. to realise the assets and settle the liabilities simultaneously.

Special purpose vehicle (SPV)

An SPV is a company created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets. The financial statements of a special purpose company are

included in the Group's consolidated financial statements where the substance of the relationship is that the Group continues to be exposed to risks and rewards from the securitised leased assets. The Group uses a legal entity, which was incorporated specifically for the Group's securitisation transactions and is effectively controlled by the Group. This company is therefore regarded as a subsidiary and included in the consolidated financial statements of the Group.

Specifically, the Group controls an SPV if, and only if, the Group has:

- > Power over the SPV (i.e. existing rights that give it the current ability to direct the relevant activities of the SPV)
- > Exposure, or rights, to variable returns from its involvement with the SPV
- > The ability to use its power over the SPV to affect returns

The Group refers to the debt in the SPV as asset backed securitisation debt (ABS).

Finance leases

Leases of fleet where the Group, as customer, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding lease obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the capital liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The fleet acquired under finance leases is depreciated over the asset's holding period or the related customer lease, whichever is longer.

Operating leases

Leases of assets by the Group which do not qualify as finance leases are accounted for as operating leases. The related operating lease payments are recognized as an expense on a straight line basis over the lease term.

p) Derivatives - note 31

Initial recognition and subsequent measurement

The Group uses derivatives, principally interest rate swaps, to hedge its interest rate risks. Such derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as derivative assets when the fair value is positive and as derivative liabilities when the fair value is negative.

For the purpose of hedge accounting, interest rate swaps are classified as cash flow hedges, which hedge the exposure to variability in cash flows that is attributable to an interest rate risk associated with borrowings.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the profit or loss when the hedge item is no longer effective.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship (between the interest rate swaps and borrowings) to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument (interest rate swaps), the hedged item or transaction (borrowings), the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the cash flow hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as gain/(loss) from derivatives.

Interest payments in respect of the cash flow hedging instruments are recognised in the profit or loss as finance income or finance cost as appropriate.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though the profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss. Reassessment only occurs if there is either; a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a derivative out of the fair value through the profit or loss.

Derecognition

Amounts recognised in OCI are transferred to the profit or loss when the hedged transaction is no longer effective, such as when the hedged financial income or financial expense is recognised.

If the hedging instrument expires, is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI is charged to the profit or loss over the remaining term of the instrument.

q) Fair value measurement - note 31 and 40

The Group measures financial instruments, such as, derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- > In the principal market for the asset or liability
- > In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value

measurement as a whole:

- > Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities
- > Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- > Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

r) Provisions - note 32

Provisions are recognised when:

- > The Group has a present obligation (legal or constructive) as a result of a past event
- > It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and
- > A reliable estimate can be made of the amount of the obligation

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

In addition to the criteria above, the following policies apply:

5Q provision

The Group has made commitments to purchase or repurchase equipment originally estimated to be not less than its realisable value at the time of purchase or repurchase. The Group's policy is to review each of these commitments falling due for instances where the repurchase commitment is expected to exceed the realisable value of the assets and provide for the difference. No adjustments are made if the realisable value is expected to exceed the repurchase commitment.

Based on experience, the Group does not consider purchase or repurchase commitments falling due after more than 5 quarters to be probable or accurately estimable in this way. The expense relating to the 5Q provision is presented in cost of sales.

Restructuring provision

Restructuring provisions are recognised when general recognition criteria for provisions are fulfilled. Additionally, the Group follows a detailed formal plan about the business or part thereof, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate time-line. The people affected should also have a valid expectation that the restructuring is being carried out or that the implementation has already been initiated.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

s) Pension obligations - note 34

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Group is operating defined contribution plans in: the United Kingdom, Ireland, Italy, Spain, Denmark, Finland, Norway, Sweden, Belgium, the Netherlands and Canada. The yearly contribution is usually a percentage of pay and may be further dependent on one or more factors such as age and years of service. The contribution paid by the Group is charged to the profit or loss.

In France, Germany, Austria, Poland, Czech Republic and Romania the Group contributes to pensions through the state social security system. These contributions paid by the Group are charged to the profit or loss.

The Group has no defined benefit plans or related obligations.

t) Cash dividend and non-cash distribution to equity holders of the Parent

The Company recognises a liability to make cash or non-cash distributions to the equity holder of the Parent when the distribution is no longer at the discretion of the Company. As per the laws of the Netherlands a distribution is duly authorised when it is approved by the general meeting of shareholders of the Company.

A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the profit or loss.

u) New standards, amendments and interpretations

The Group reviewed the following IFRS standards and amendments which became effective during 2017 and concluded that they had no impact on the consolidated financial statements and accounting policies:

- > Amendments to IAS 7: Statement of cash flows
- > Amendments to IFRS 12 Disclosure of interests in other entities: clarification of the scope of disclosure requirements in IFRS 12 from Annual Improvements cycle - 2014-2016
- > Amendments to IAS 12 income taxes: Recognition of deferred tax assets for unrealised losses
- > Disclosure initiative: IAS 12 income taxes

4. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the EMT to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, the EMT has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Business combinations - note 7

The EMT applied the following key judgements in respect of treatment of various acquisitions:

- > Identification of a business combination: these acquisitions included assets under lease contracts and associated working capital (inputs), as well as the workforce and operations (processes) generating revenues (outputs) from

these businesses; therefore these acquisitions of assets and operations are treated as business combinations rather than standalone asset purchases

- > Identification of the acquirer: for each acquisition an existing Group entity was identified as the acquirer and it is treated as the acquirer which obtains control of the acquisition

b) Lease classification - note 8

The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each lease contract. The key factor is whether or not substantially all of the risks and rewards incidental to ownership are transferred. Various criteria are used to determine the lease classification of which the most important are:

- > Whether the lease transfers ownership of the equipment to the customer by the end of the lease term
- > Whether the customer has the option to purchase the equipment at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised (frequently called a 'bargain purchase' option)
- > Whether the lease term is for the major part of the equipment's economic life even if the title is not transferred
- > Whether at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased equipment
- > Whether the leased equipment is of a specialised nature such that only the customer can use them without major modifications being made

Based on the above criteria the vast majority of the Group's lease contracts are accounted for as operating leases.

c) SPV for ABS funding - note 30

Determining whether the Group has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances this determination will involve significant judgment, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgment may involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the Group, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others. Via contractual arrangements between the SPV and the rest of the Group

all risks (including asset risk, credit risk, liquidity risk and interest rate risk) are transferred to the Group by means of a subordinated loan, residual value guarantees provided to the SPV and other instruments.

Estimates and assumptions

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below:

a) Fair valuation of acquired net assets - note 7

Business combinations are accounted for using the acquisition method of accounting. In the course of initial consolidation, the identifiable assets, liabilities, and contingent liabilities of the acquiree are recognised at fair value. Assumptions around recognition and estimation of fair values of the acquired assets and liabilities are disclosed in note 7.

b) Taxation - note 20 and 26

The Group is subject to corporate tax in numerous jurisdictions. Significant estimates are required in determining the Group provision for current and deferred tax positions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred tax provisions in the period in which such determination is made.

When the Group estimates the extent to which the deferred tax assets and liabilities should be recognised, the two principal areas of judgement are the business plan and any tax losses or unused capital allowances which the prior owner (GE) may utilize to settle liabilities relating to open tax periods ending before 23 October 2013 which remain open for tax audits.

c) Impairment of non-financial assets - note 22, 23 and 24

Impairment exists when the carrying value of an asset or CGU

exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value in use. The fair value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the detailed financial plan for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate or other valuation technic used for extrapolation purposes.

d) Fair value measurement of financial assets, borrowings, derivatives and trade payables - note 25, 30, 31 and 33

When the fair values of financial assets, borrowings, derivatives and trade payables recorded on the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including DCF models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial assets, borrowings, derivatives and trade payables.

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial instruments that replaces IAS 39 Financial instruments: recognition and measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date. The new standard

also introduces expanded disclosure requirements and changes in presentation. Expected credit losses are to be presented as a separate line within gross profit and contribution. The Group had implemented these presentation changes in 2017.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The adoption of IFRS 15 is not expected to have any impact on the Group.

IFRS 16 Leases

IFRS 16 was issued in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 is effective from 1 January 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 revenue from contracts with customers. The new standard replaces IAS 17 and related interpretations.

Customers

All leases result in a company (the customer) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single customer accounting model. Applying that model, a customer is required to recognize;

- > assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- > depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

Suppliers

IFRS 16 substantially carries forward the supplier accounting requirements in IAS 17. Accordingly, a supplier continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has included an estimated overview of the impact of IFRS 16 in the management section of this annual report under

"Potential impact of new lease accounting". This estimate does not form part of the financial statements and is merely for illustration purpose. It does not indicate an early adoption of the standard.

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- > A specific adaptation for contracts with direct participation features (the variable fee approach).
- > A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

6. Capital management

The Group's objective is to maintain a balance sheet structure that is efficient in terms of providing long-term returns to shareholders and safeguards the Group's balance sheet through economic cycles. For the purpose of capital management, capital includes issued capital, share premium and all other financial reserves.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to its borrowings. Should a potential breach of any of the financial covenants occur the Group aims to proactively take all reasonable steps to prevent or remedy the situation, always in open and close communication with the Group's banking partners and investors. The table below shows the financial covenants related to the Group's principal borrowings under its revolving credit facility (RCF):

	2017	2016	2015
Interest cover	2.0x	2.3x	3.0x
Solvency	24%	25%	29%
Loan to value	88%	84%	89%

The interest cover and solvency covenants also apply to the Group's ABS facilities. There have been no breaches in the financial covenants of any borrowings in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of its financial covenants. As part of its principal borrowing facility the Group had undertaken not to pay dividends or return capital to its shareholder before 30 June 2017. To maintain or adjust the capital structure, the Group may issue new shares and monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt.

The shares of the Group Parent Company has been pledged by its immediate parent, Global TIP Holdings One B.V., as security for its corporate purposes.

The Group expects to grow in 2018 which will lead to an increase in its gearing ratio.

€m	Note	2017	2016	2015
Gross borrowings after foreign exchange	30	663.9	598.1	417.7
Less: cash and equivalents	29	(18.7)	(16.6)	(38.2)
Less: other financial assets	25	-	-	(0.7)
Net debt		645.2	581.5	378.8
Equity		577.6	556.2	546.7
Capital and net debt		1,222.8	1,137.7	925.5
Gearing ratio		53%	51%	41%

Specific
notes

7. Business combinations

Asset acquisitions and business combinations

The following is a summary of the acquisitions completed by the Group:

€m	2017	2016	2015
Enterprise value	9.1	148.9	43.9
Purchase consideration	9.1	121.8	44.2
Acquisition related costs	0.1	1.7	1.1
Number of transactions	4	10	8
Number of countries	4	6	6

Acquisition related costs amounting to €0.1m (2016: €1.7m, 2015: €1.1m) have been included in the administrative and other operating expenses and nil (2016: €0.2m, 2015: nil) have been included in finance costs.

Details of the acquisitions made in 2017:

Seller/entity acquired	Country	Month closed	Treatment
Twan Heetkamp Trailers Deutschland GmbH	Germany	January	Business combination
J W Barrow	United Kingdom	July	Asset acquisition
Canadian Transport Trailer LTD	Canada	August	Asset acquisition
Agathon Onspot K/S	Denmark	August	Business combination

€m	Note	2017	2016	2015
Asset acquisitions not qualifying as business combinations		4.3	10.8	9.2
Business combinations	a	4.8	111.0	35.0
Purchase consideration		9.1	121.8	44.2

a) Business combinations

The consideration and fair values of the identifiable assets and liabilities of business combinations at the date of acquisition are as follows:

€m	2017	2016	2015
Fleet	3.2	124.2	28.7
PP&E	0.5	4.9	1.0
Intangible assets	0.4	6.5	1.8
Deferred tax assets	-	-	0.2
Inventories	0.5	4.9	1.8
Trade and other receivables	-	16.9	4.4
Cash and equivalents	-	8.7	3.7
Assets	4.6	166.1	41.7
Borrowings	-	35.8	3.4
Deferred tax liabilities	-	19.8	1.2
Trade and other payables	-	17.9	2.2
Current tax liabilities	-	0.5	0.3
Liabilities	-	74.0	7.1
Total identifiable net assets at fair value	4.6	92.1	34.6
Goodwill	0.2	19.1	0.4
Non-controlling interest	-	(0.2)	-
Total consideration	4.8	111.0	35.0

Net cash flow arising from business combinations

Cash consideration	4.8	111.0	35.0
Less: net cash acquired	-	(8.7)	(3.7)
Net cash flow on business combinations	4.8	102.3	31.3

The business combinations completed during the periods were private transactions and were not considered sufficiently material to warrant separate disclosure.

Fair value of net assets acquired

Fleet

The fair value of fleet has been determined using an income approach, converting the asset values and the future amounts derived from the associated lease contracts to a single present value. A team of internal experts working with external advisors determined that at the date of acquisition the fair value of fleet amounted to €3.2m (2016: €124.2m, 2015: €28.7m).

PP&E

In line with the fair value requirements in IFRS 3R the fair value of PP&E has been determined using a market approach, based on valuations received from internal experts and external advisors. At the date of acquisition the fair value of PP&E amounted to €0.5m (2016: €4.9m 2015: €1.0m).

Intangible assets

The fair value of customer lists has been classified as a definite life asset, and has been determined using an income approach, converting future amounts to a single present value. A team of internal experts working with external advisors determined that at the date of acquisition the fair value of intangibles amounted to €0.4m (2016: €6.5m, 2015: €1.8m).

Deferred taxes

The deferred taxes have been determined through assessing the ability to realise the expected future tax assets and liabilities against the forecasted taxable earnings. These assets/liabilities reflect in full the tax impact of all other fair value adjustments. A team of internal experts working with external advisors determined that the value of the net deferred taxes amounted to nil (2016: €19.8m, 2015: €1.0m). The deferred tax changes mainly comprise the tax effect of valuation of non-current assets (fleet and intangibles).

Goodwill

The principal factor contributing to the recognition of the goodwill on business combinations is the realisation of cost savings, other synergies and ability to redeploy assets within existing entities in the Group and which do not qualify for separate recognition as intangible assets. Of the goodwill recognized €0.2m (2016: nil, 2015: €0.4m) is expected to be deductible for tax purposes.

Revenue and operating profit or loss related to business combinations

The amount of revenue and operating profit of the acquirees, since the date of control, included in the Group's profit or loss were as follows:

€m	2017	2016	2015
Revenue	2.6	24.0	15.8
Operating profit	-	2.7	1.4

If the combinations had taken place at the beginning of the current reporting period, the Group's revenue and operating profit would have been as follows:

€m	Pro-forma Group excluding 2017 combinations	2017	2016	Pro-forma consolidated 2015
Revenue	516.7	521.4	493.0	402.3
Operating profit	37.3	37.5	39.7	34.8

8. Revenue

€m	Note	2017	2016	2015
Leasing		217.5	184.3	160.8
Rental		117.8	98.5	92.0
Damage protection		20.2	19.6	17.6
Leasing and rental	16	355.5	302.4	270.4
M&R 3rd party	16	94.1	84.1	63.8
Fleet sales	16	44.6	38.0	28.3
Other	16	22.5	23.4	9.1
Total	16	516.7	447.9	371.6

Included in leasing and rental is revenue attributable to maintaining the equipment as follows:

€m	2017	2016	2015
Embedded maintenance revenue	132.0	122.4	110.1

9. Cost of sales

€m	Note	2017	2016	2015
M&R own fleet		120.8	115.3	110.3
Damage protection		10.7	11.2	10.7
Leasing and rental variable	16	131.5	126.5	121.0
M&R 3rd party	16	72.9	67.8	52.5
Fleet sales	16	38.2	30.1	24.3
Other	16	11.0	3.6	-
Variable (excl. credit losses)	16	253.6	228.0	197.8
Credit losses		0.6	(0.8)	1.1
Total variable		254.2	227.2	198.9
Depreciation of fleet (including fleet customisation)	22	113.4	81.8	55.9
Lease in		13.1	10.4	7.0
Total fixed	17	126.5	92.2	62.9
Total		380.7	319.4	261.8

M&R own fleet is made up of:

€m	Note	2017	2016	2015
Direct M&R own fleet		98.0	94.5	90.6
Other variable cost		22.8	20.8	19.7
Total		120.8	115.3	110.3

10. Administrative, other operating expenses and amortisation of intangible assets

€m	Note	2017	2016	2015
Employee benefit expenses	11	40.8	39.8	34.0
Outside service fees	12	16.4	15.2	15.1
Travel and living	14	6.9	6.7	6.4
Rental expense	15	8.0	7.1	5.7
Other facilities		4.5	3.6	2.8
Office expenses		2.2	2.1	2.0
Sales promotion		1.6	1.1	1.0
Other expenses		1.7	1.9	1.1
Other operating expenses	17	41.3	37.7	34.1
Depreciation of PP&E	23	5.9	5.0	3.7
(Gain)/loss on disposal of PP&E		(1.4)	-	-
Total excluding exceptional		86.6	82.5	71.8
Exceptional items	21	6.2	-	1.2
Total		92.8	82.5	73.0
Amortisation of intangible assets		5.9	5.1	3.2

(Gain)/loss on disposal of PP&E is made up of:

€m	Note	2017	2016	2015
Proceeds from PP&E sales		(2.0)	-	-
NBV of PP&E sales		0.6	-	-
Total		(1.4)	-	-

11. Employee benefit expenses

€m	Note	2017	2016	2015
Wages and salaries		71.3	66.9	51.7
Social security		12.5	11.3	8.5
Pension		5.7	5.2	3.6
Other		0.2	1.1	0.7
Compensation and benefits		89.7	84.5	64.5
Wages and salaries		(39.3)	(35.5)	(25.1)
Social security		(6.8)	(6.3)	(3.8)
Pension		(2.7)	(2.5)	(1.3)
Other		(0.1)	(0.4)	(0.3)
Included in cost of sales		(48.9)	(44.7)	(30.5)
Wages and salaries		32.0	31.4	26.6
Social security		5.7	5.0	4.7
Pension		3.0	2.7	2.3
Other		0.1	0.7	0.4
Total	10	40.8	39.8	34.0
Average headcount				
Netherlands		346	334	276
Other countries		1,355	1,188	955
Total¹		1,701	1,522	1,231
Cost of sales		1,176	1,020	790
Administrative and other operating expenses		525	502	441
Total		1,701	1,522	1,231

¹ The headcount is a monthly average throughout the period.

12. Outside service fees

€m	Note	2017	2016	2015
IT services		7.8	5.6	5.2
Legal		1.4	1.2	2.1
Consultancy		0.6	2.1	2.1
Audit and accounting advisor fees	13	1.1	1.3	1.2
Temporary staff		1.5	1.4	1.2
Accounts payable services		0.7	0.7	0.7
Payroll processing		0.6	0.4	0.4
Recruitment		0.2	0.4	0.3
Business process outsourcing		0.6	0.5	0.4
Banking services		0.4	0.3	0.3
Training		0.3	0.2	0.3
Other		1.2	1.1	0.9
Total	10	16.4	15.2	15.1

13. Audit and accounting advisor fees

€m	Note	2017	2016	2015
Fees to Group auditor for audit of Group's annual financial statements		0.2	0.1	0.1
Fees to Group auditor for audit of subsidiaries pursuant to legislation		0.6	0.8	0.7
Audit fees¹		0.8	0.9	0.8
Tax services		0.2	0.2	0.2
Other services		-	-	-
Non-audit fees group auditor¹		0.2	0.2	0.2
Tax services		-	-	-
Other services		0.1	0.2	0.2
Non-audit fees paid to other accounting firms		0.1	0.2	0.2
Total	12	1.1	1.3	1.2

14. Travel and living expenses

€m	Note	2017	2016	2015
Car expenses		3.6	3.6	3.2
Travel and subsistence		3.3	3.1	3.2
Total	10	6.9	6.7	6.4

¹ Audit and other services were provided by Ernst & Young Accountants LLP (EY). Tax services were provided by other entities of the EY group. Non-audit services provided by the group auditor are within the permitted services allowed under ViO independence guidance.

15. Rental expenses

€m	Note	2017	2016	2015
Gross rental expense		13.2	11.7	9.1
Included in cost of sales		(4.4)	(3.8)	(2.2)
Rental income		(0.8)	(0.8)	(1.2)
Total	10	8.0	7.1	5.7

Rental expense can be further analysed as follows:

€m	Note	2017	2016	2015
Rental expense		7.0	6.2	4.9
Other rentals		0.9	0.8	0.8
Overflow parking		0.9	0.9	1.2
Rental income		(0.8)	(0.8)	(1.2)
Total	10	8.0	7.1	5.7

16. Contribution analysis

€m	Note	2017	2016	2015
Leasing and rental				
Revenue	8	355.5	302.4	270.4
Variable costs	9	(131.5)	(126.5)	(121.0)
Contribution		224.0	175.9	149.4
Contribution %		63%	58%	55%
M&R 3rd party				
Revenue	8	94.1	84.1	63.8
Variable costs	9	(72.9)	(67.8)	(52.5)
Contribution		21.2	16.3	11.3
Contribution %		23%	19%	18%
Fleet sales				
Revenue	8	44.6	38.0	28.3
Variable costs	a	(38.2)	(30.1)	(24.3)
Contribution		6.4	7.9	4.0
Contribution %		14%	21%	14%
Other				
Revenue	8	22.5	23.4	9.1
Variable costs	9	(11.0)	(3.6)	-
Contribution		11.5	19.8	9.1
Contribution %		51%	85%	100%
Total				
Revenue	8	516.7	447.9	371.6
Variable costs	9	(253.6)	(228.0)	(197.8)
Contribution (excl: credit losses)		263.1	219.9	173.8
Contribution (excl: credit losses) %		51%	49%	47%
Credit losses		(0.6)	0.8	(1.1)
Contribution		262.5	220.7	172.7
Contribution %		51%	49%	46%
a) Variable cost of fleet sales consist of:				
NBV of fleet sales		(37.7)	(29.6)	(23.7)
Selling costs		(0.5)	(0.5)	(0.6)
Total	9	(38.2)	(30.1)	(24.3)

17. Earnings before interest, taxes, depreciation and amortisation (EBITDA)

€m	Note	2017	2016	2015
Contribution	16	262.5	220.7	172.7
Employee benefit expenses	11	(40.8)	(39.8)	(34.0)
Other operating expenses	10	(41.3)	(37.7)	(34.1)
EBITDA		180.4	143.2	104.6
EBITDA %		35%	32%	28%

Reconciliation of EBITDA to operating profit				
€m		2017	2016	2015
EBITDA		180.4	143.2	104.6
Fixed cost	9	(126.5)	(92.2)	(62.9)
Depreciation of PP&E	10	(5.9)	(5.0)	(3.7)
(Gain)/loss on disposal of PP&E	10	1.4	-	-
Underlying operating profit		49.4	46.0	38.0
Amortisation of intangible assets	10	(5.9)	(5.1)	(3.2)
Exceptional administrative items	21	(6.2)	-	(1.2)
Operating profit		37.3	40.9	33.6

18. Finance income

€m	Note	2017	2016	2015
Interest	25	11.7	12.5	13.6
Foreign exchange gains		-	-	-
Finance income before derivatives	37	11.7	12.5	13.6
Foreign exchange forward		-	-	5.5
Notional embedded interest rate floor	31.1b	-	-	0.6
Interest rate swap realised gain		-	-	-
Interest rate swaps fair market value adjustment		1.3	-	-
Derivatives¹		1.3	-	6.1
Total excluding exceptional items		13.0	12.5	19.7
Exceptional items	21	-	-	-
Total		13.0	12.5	19.7

Interest income relates to related party loan receivables as set out in notes 25 and 37.

Foreign exchange forward income relates to foreign exchange forward contracts that did not qualify for hedge accounting. As the US\$ strengthened against the € during 2015 a gain of €5.5m arose on these contracts.

¹ Results from derivatives represent the net gain or loss from financial instruments at fair value through the profit or loss.

19. Finance cost

€m	Note	2017	2016	2015
Interest	30.1	18.7	14.3	10.9
Commitment fees	30.1	1.3	1.9	1.3
Amortisation of deferred fees	30.2	2.7	2.7	2.1
Amortisation of notional embedded interest floor offset		-	-	0.3
Funding related		22.7	18.9	14.6
Foreign exchange losses		-	2.5	2.9
Finance cost before derivatives		22.7	21.4	17.5
Interest rate swap realised loss		2.0	1.4	1.0
Interest rate swaps fair market value adjustment	31.1b	-	1.6	0.3
Derivatives¹		2.0	3.0	1.3
Total excluding exceptional		24.7	24.4	18.8
Exceptional items	21	-	-	-
Total		24.7	24.4	18.8

Funding related costs occur on borrowings as set out in note 30.

In 2016 the foreign exchange losses of €2.5m arose largely in the first half driven by significant movement on £ exchange rates in the lead up to the Brexit vote on unhedged elements of Group funding balances dominated in £. Since the first half of 2016 these balances have been hedged at over 90%.

In 2015, the unrealised foreign exchange losses of €2.9m arose also in the first half of the year from unhedged £ funding balances between Group companies.

In 2015 the Group entered into floating to fixed swaps to hedge interest rates on an increased RCF facility. During that year the majority of the € denominated swap contracts ceased to qualify for hedge accounting and so movements in fair market value have been reported in the profit or loss. Reductions in € interest rate curves during 2016 led to increased movements in fair market values during the period.

¹ Results from derivatives represent the net gain or loss from financial instruments at fair value through the profit or loss.

20. Taxation

20.1 Taxation for the period

The major components are as follows:

€m	Note	2017	2016	2015
Current taxation for the period		5.2	3.7	4.9
Adjustment to prior periods	26.1	3.3	(1.5)	(2.2)
Current tax		8.5	2.2	2.7
Changes in tax rates		(2.0)	0.2	-
Deferred taxation for the period	26.5	(0.6)	8.8	4.2
Adjustment to prior periods	26.6	(3.6)	2.2	3.0
Deferred taxes		(6.2)	11.2	7.2
Taxation		2.3	13.4	9.9
Non-exceptional taxation		5.9	8.8	8.0
Exceptional taxation	21	(3.6)	4.6	1.9
Taxation		2.3	13.4	9.9

Effective tax rate (ETR) reconciliation

In the tables below, the reconciliation between the statutory tax rate in the Netherlands and the ETR for the Group is shown:

2017	Non-exceptional		Exceptional	Total	
	€m	%	€m	€m	%
Profit before taxes	31.8		(6.2)	25.6	
Dutch statutory tax	(7.9)	25%	1.6	(6.3)	25%
Effect of tax rates in foreign jurisdictions	(0.2)	1%	-	(0.2)	1%
Non-deductible expenses	(0.4)	1%	-	(0.4)	1%
Non-taxable income	(0.1)	-	-	(0.1)	-
Change in tax rates	2.0	(6%)	-	2.0	(8%)
Deferred taxation for the period	0.4	(1%)	2.0	2.4	(9%)
Adjustment to prior periods	0.3	(1%)	-	0.3	(1%)
Taxation and ETR	(5.9)	19%	3.6	(2.3)	9%

2016	Non-exceptional		Exceptional	Total	
	€m	%	€m	€m	%
Profit before taxes	29.0		-	29.0	
Dutch statutory tax	(7.3)	25%	-	(7.3)	25%
Effect of tax rates in foreign jurisdictions	(0.6)	2%	-	(0.6)	2%
Non-deductible expenses	(0.5)	2%	-	(0.5)	2%
Non-taxable income	0.6	(2%)	-	0.6	(2%)
Change in tax rates	(0.3)	1%	-	(0.3)	1%
Deferred taxation for the period	-	-	(4.6)	(4.6)	16%
Adjustment to prior periods	(0.7)	2%	-	(0.7)	2%
Taxation and ETR	(8.8)	30%	(4.6)	(13.4)	46%

2015	Non-exceptional		Exceptional	Total	
	€m	%	€m	€m	%
Profit before taxes	35.7		(1.2)	34.5	
Dutch statutory tax	(8.9)	25%	0.3	(8.6)	25%
Effect of tax rates in foreign jurisdictions	0.6	(2%)	-	0.6	(2%)
Non-deductible expenses	(0.6)	2%	-	(0.6)	2%
Non-taxable income	0.8	(2%)	-	0.8	(2%)
Change in tax rates	-	-	-	-	-
Deferred taxation for the period	(0.9)	2%	(0.4)	(1.3)	4%
Adjustment to prior periods	1.0	(3%)	(1.8)	(0.8)	2%
Taxation and ETR	(8.0)	22%	(1.9)	(10.0)	29%

The Group's operations are subject to corporate tax in various countries. Excluding certain tax incentives, the statutory tax rates vary from 12.5% to 34.0%.

The difference between the Dutch statutory corporate tax rate and the ETR for the Group is mainly due to: the effect of varying tax rates across the countries in which the Group operates, non-deductible expenses, tax benefits and non-taxable income following country tax legislation, prior period adjustment result from the adjustment of tax positions, the recent reduction in tax rates in United Kingdom and Italy, the impact of new enacted future tax rates in United Kingdom, France, Belgium and Norway, and the impact of deferred tax using updated business plans.

20.2 Deferred tax recognised in OCI during the period

€m	Note	2017	2016	2015
Foreign currency translation		-	-	-
Cash flow hedge	35.3	0.2	0.4	-
Deferred tax effect charge in OCI		0.2	0.4	-

Generally no capital gains or income tax is applied to foreign subsidiaries or investments of Dutch holding companies. Hence no deferred tax is provided on the foreign currency translation reserve.

21. Exceptional items

During the periods, the Group recognised exceptional items in the profit or loss made up as follows:

€m	Note	2017	2016	2015
Restructuring costs	a	3.5	-	0.1
Other operational items	b	2.7	-	1.2
Bargain purchase gain	c	-	-	(0.1)
Administrative items	10,17	6.2	-	1.2
Finance items	d	-	-	-
Total pre-tax		6.2	-	1.2
Taxation on profit before tax		(1.6)	-	(0.3)
Adjustment to prior periods		-	-	1.8
Other tax benefits		-	-	-
Impact on deferred tax from using updated business plan		(2.0)	4.6	0.4
Total tax	e	(3.6)	4.6	1.9
Total post tax		2.6	4.6	3.1

a) Restructuring costs: represent the charges to the profit or loss as a result of the establishment of restructuring provisions, refer to note 32. Restructuring comprises the closure of business locations, the relocation of business activities, change in management structure, and fundamental reorganisation of the nature and focus of the Group's operations.

b) Other operational items:

€m	2017	2016	2015
Credit rating and transaction fees	-	-	1.2
Onerous IT contract costs	2.7	-	-
Total	2.7	-	1.2

I) Credit rating and transaction fees: In 2015 the Group incurred a cost of €1.2m to establish and expand its ABS facility.

II) Onerous IT contract costs: In 2017 the Group established a provision for an onerous IT contract in relation to project Matrix, the increased digitization of core operational and workshop processes, refer to note 32

c) **Bargain purchase gain:** arose from the various acquisitions made

d) **Finance items:** nil (2016: nil, 2015: nil)

e) Tax:

€m	Note	2017	2016	2015
Current tax liability	26.1	(1.4)	-	(0.3)
Current deferred taxes	26.5	(2.2)	4.6	0.4
Prior deferred taxes	26.6	-	-	1.8
Total	20.1	(3.6)	4.6	1.9

22. Fleet

€m	Note	Cost	Depreciation	Total
At 1 January 2015		413.7	(42.8)	370.9
Additions		184.3	-	184.3
Fleet customisation		3.0	-	3.0
Business combinations	7	28.7	-	28.7
Depreciation	9	-	(55.9)	(55.9)
Disposals		(14.6)	3.5	(11.1)
Non-sale disposals ¹		(1.5)	0.2	(1.3)
Transferred to inventories	27	(17.4)	6.5	(10.9)
Foreign exchange movements		3.9	(0.7)	3.2
At 31 December 2015		600.1	(89.2)	510.9
Additions		269.4	-	269.4
Fleet customisation		3.2	-	3.2
Business combinations	7	124.2	-	124.2
Depreciation	9	-	(81.8)	(81.8)
Disposals		(22.3)	3.2	(19.1)
Non-sale disposals ¹		(6.8)	4.9	(1.9)
Transferred to inventories	27	(9.9)	3.2	(6.7)
Foreign exchange movements		(27.9)	5.1	(22.8)
At 31 December 2016		930.0	(154.6)	775.4
Additions		223.3	-	223.3
Fleet customisation		2.8	-	2.8
Business combinations	7	3.2	-	3.2
Depreciation	9	-	(113.4)	(113.4)
Disposals		(42.0)	15.6	(26.4)
Non-sale disposals ¹		(1.4)	0.5	(0.9)
Transferred to inventories	27	(23.1)	10.4	(12.7)
Foreign exchange movements		(12.8)	1.8	(11.0)
At 31 December 2017		1,080.0	(239.7)	840.3

At 31 December 2017, the net book value of the assets held under finance leases amounts to €61.2m (2016: €59.5m and 2015: €11.1m). The majority of the Fleet of the Group are pledged as collateral with respect to these leases and other borrowings. Please refer to commitments and contingencies in note 38.

¹ Non-sale disposals i.e. damaged or stolen units are included in cost of sales as part of M&R own fleet or damage protection costs, as applicable.

22.1 Units own fleet

The owned and lease in units for each period and the period average are as follows:

Units own fleet	2017	2016	2015
At 1 January	60,091	46,114	42,541
Additions	8,087	20,188	8,878
Disposals	(5,164)	(4,254)	(2,826)
Transferred to inventories	(2,921)	(1,957)	(2,479)
At 31 December	60,093	60,091	46,114
Lease in	3,859	4,169	3,465
Total At 31 December	63,952	64,260	49,579
Annual average (including lease in) ¹	63,307	53,779	45,260

Fleet risks

The Group manages fleet risks in three main categories:

1. Residual value risk: is the risk of losses from a decline of fair value of the equipment below its estimated residual value at the end of the lease contract. The residual value committee is the body responsible for minimising the risk of these losses and approves the annual residual value review. This committee is composed of the Chief Executive Officer, the Chief Financial Officer, the Chief Commercial Officer, the Chief Remarketing Officer and the Portfolio Manager. The annual residual value review tests residual value by asset type based on historical performance, current state of portfolio and market data.

2. Impairment risk: the Finance and Asset Management teams are responsible for the annual impairment test. The results of the test are reviewed by of the Chief Financial Officer, the Director, Financial Planning, Analysis and Control (fPAC) and the Asset Control Leader. The annual impairment test is performed in line with the policy described in the note 3i, and as a result no impairment was recognized for the period.

3. Operational and concentration risk: the Group purchases trailer types across the full spectrum of offerings to maintain an optimal fleet mix, and rigorous reviews of non-standard asset types are undertaken to support resale alternatives at the end of the trailer life cycle. The Asset Management team ensures optimal utilisation of fleet through centrally co-ordinating the potential redeployment of assets across separate geographies within the Group's operating platform. The available fleet is reviewed monthly and the Chief Commercial Officer and the Chief Remarketing Officer decide on redeployment or exit strategies. In addition, the Operations team performs weekly/monthly physical stocktakes and a full asset stocktake is performed bi-annually.

¹ Calculated on a 12 month average.

23. Property, plant and equipment (PP&E)

Cost €m	Note	Land	Buildings and structures	Leasehold improvements	Other ¹	Total
At 1 January 2015		31.9	24.8	2.4	0.9	60.0
Additions		-	4.5	1.6	2.2	8.3
Business combinations	7	-	1.0	-	-	1.0
Disposals		-	(0.2)	-	-	(0.2)
Transfers		0.7	-	-	-	0.7
Foreign exchange movements		(0.3)	0.4	-	0.9	1.0
At 31 December 2015		32.3	30.5	4.0	4.0	70.8
Additions		1.7	13.2	0.9	0.4	16.2
Business combinations	7	2.0	2.9	-	-	4.9
Disposals		-	(0.4)	-	-	(0.4)
Transfers		-	-	-	-	-
Foreign exchange movements		(0.3)	(1.5)	0.1	0.1	(1.6)
At 31 December 2016		35.7	44.7	5.0	4.5	89.9
Additions		-	4.8	0.4	0.3	5.5
Business combinations	7	-	0.5	-	-	0.5
Disposals		(0.6)	(0.3)	-	(0.1)	(1.0)
Transfers		-	-	-	-	-
Foreign exchange movements		(0.3)	(0.2)	-	(0.1)	(0.6)
At 31 December 2017		34.8	49.5	5.4	4.6	94.3

Depreciation €m	Note	Land	Buildings and structures	Leasehold improvements	Other ¹	Total
At 1 January 2015		-	(2.6)	(0.3)	(0.1)	(3.0)
Charge for the period	10	-	(3.1)	(0.3)	(0.2)	(3.6)
Disposals		-	0.1	-	-	0.1
Foreign exchange movements		-	-	(0.3)	-	(0.3)
At 31 December 2015		-	(5.6)	(0.9)	(0.3)	(6.8)
Charge for the period	10	-	(3.7)	(0.6)	(0.7)	(5.0)
Disposals		-	-	-	-	-
Foreign exchange movements		-	0.7	(0.1)	(0.2)	0.4
At 31 December 2016		-	(8.6)	(1.6)	(1.2)	(11.4)
Charge for the period	10	-	(4.7)	(0.5)	(0.7)	(5.9)
Disposals		-	0.2	-	-	0.2
Foreign exchange movements		-	-	-	-	-
At 31 December 2017		-	(13.1)	(2.1)	(1.9)	(17.1)

Net book value at 31 December €m	Land	Buildings and structures	Leasehold improvements	Other ¹	Total
2015	32.3	24.9	3.1	3.7	64.0
2016	35.7	36.1	3.4	3.3	78.5
2017	34.8	36.4	3.3	2.7	77.2

¹ Other includes computer equipment.

24. Intangible assets

Cost €m	Note	Goodwill	Brand name	Customer lists	Software	Total
At 1 January 2015		-	29.5	7.7	0.2	37.4
Additions		-	-	-	8.6	8.6
Business combinations	7	0.4	-	1.4	-	1.8
Foreign exchange movements		-	-	0.5	-	0.5
At 31 December 2015		0.4	29.5	9.6	8.8	48.3
Additions		-	-	-	0.3	0.3
Business combinations	7	19.1	-	6.5	-	25.6
Foreign exchange movements		-	-	(0.2)	-	(0.2)
At 31 December 2016		19.5	29.5	15.9	9.1	74.0
Additions		-	-	-	2.8	2.8
Business combinations	7	0.2	-	0.4	-	0.6
Foreign exchange movements		(0.5)	-	-	0.1	(0.4)
At 31 December 2017		19.2	29.5	16.3	12.0	77.0

Amortisation €m	Note	Goodwill	Brand name	Customer lists	Software	Total
At 1 January 2015		-	-	(1.9)	(0.1)	(2.0)
Charge for the period	17	-	-	(2.0)	(1.2)	(3.2)
Foreign exchange movements		-	-	0.1	-	0.1
At 31 December 2015		-	-	(3.8)	(1.3)	(5.1)
Charge for the period	17	-	-	(2.9)	(2.2)	(5.1)
Foreign exchange movements		-	-	-	-	-
At 31 December 2016		-	-	(6.7)	(3.5)	(10.2)
Charge for the period	17	-	-	(3.4)	(2.5)	(5.9)
Foreign exchange movements		-	-	-	-	-
At 31 December 2017		-	-	(10.1)	(6.0)	(16.1)

Net book value at 31 December €m	Goodwill	Brand name	Customer lists	Software	Total
2015	0.4	29.5	5.8	7.5	43.2
2016	19.5	29.5	9.2	5.6	63.8
2017	19.2	29.5	6.2	6.0	60.9

The TIP Trailer Services brand was acquired by the Company together with acquisition of the Group in 2013. The TIP brand has a long history and is well known in the market. The Group has no plans to change the current brand therefore it is classified as an intangible asset with an indefinite useful life.

The TIP Trailer Services customer list was acquired by the Company together with acquisition of the Group in 2013. Additional customer lists were acquired as part of various acquisitions in subsequent years (see note 7).

In 2015 various software was purchased and developed to replace software which had been provided by the Group's former shareholder, GE, in earlier periods. During 2017 various software was purchased and developed to increase digitization of the business core operational, maintenance and workshop processes.

25. Financial assets

€m	Note	2017	2016	2015
Loan receivables				
At 1 January		255.4	289.6	288.6
Additions		5.9	0.8	-
Repayment		-	(35.0)	-
Interest capitalised		-	-	1.0
Foreign exchange movements		-	-	-
Gross at period end exchange rates		261.3	255.4	289.6
Interest receivables				
At 1 January		9.0	2.7	2.7
Income	18	11.7	12.5	13.6
Capitalised		-	-	(1.0)
Received		(0.5)	(6.2)	(12.6)
At 31 December		20.2	9.0	2.7
Loan and interest receivables	37	281.5	264.4	292.3
Other				
Cash restricted in escrow accounts		-	-	0.7
Deposit		-	-	-
Total other		-	-	0.7
Total		281.5	264.4	293.0
Current		20.2	9.0	3.4
Non-current		261.3	255.4	289.6

The Group provided a loan to a related party (Global TIP Holdings One B.V.) on 23 October 2013. The loan is denominated in € and is a term loan facility amounting to €20.5m with a maturity date of 22 October 2019. The interest rate is set out as Euribor +4.50% and the interest period is 3 months (refer to note 37). On 1 April 2015 the Group provided a further term loan to the same related party. This loan is also denominated in € with a facility of €5.0m, with a maturity date of 31 December 2019. The interest rate is set out as equal to the rate incurred by the Group on its € denominated RCF loan, plus 0.5%, and the interest period is 3 months. The related party is the header of the tax fiscal unity including the Group and used the loan account to settle amounts due to the tax authorities. Interest is also accrued and capitalized on its main loan.

The Group provided a loan to a related party (HNA Group (International) Company Limited) during 2014. The loan is denominated in € and is a term loan facility initially amounting to €267.6m, with a maturity date of 22 October 2019. The interest rate is set out as Euribor +4.50% and the interest period is 3 months (refer to note 37). During 2016 the related party repaid €35m of this loan.

In October 2017 the Group provided a loan to a related party (TIP Holdings Five B.V.). The loan is denominated in € and is a short term loan facility amounting to €15.0m out of which €3.3m was drawn by end of December 2017. This short term loan facility matures on 31 March 2018. The interest rate is set out as Euribor +1.9% and interest period is 1 month. In early February, 2018 an additional €3.0m was drawn from this facility.

Global TIP Holdings One B.V. ("Dutch Holding"), is the Dutch tax fiscal unity header for all of our Dutch resident entities and immediate parent of the Group. During the year, the Dutch Holding paid €2.6m taxes (2016: nil) on behalf of all Dutch entities. This was funded by a short term borrowing from our Group in-house bank, Global TIP Finance B.V. The interest rate is set as Euribor +1.9% and interest period is 1 month.

The above loans are repayable by the borrowers at five business days' notice.

26. Current and deferred tax

€m	Note	2017	2016	2015
Current tax assets		1.2	1.0	0.8
Current tax liabilities	26.1	(1.0)	(3.2)	(2.3)
Net current tax		0.2	(2.2)	(1.5)
Deferred tax assets	26.2	5.5	4.6	11.6
Deferred tax liabilities	26.3	(31.9)	(38.0)	(14.2)
Net deferred tax	26.4	(26.4)	(33.4)	(2.6)
Total		(26.2)	(35.6)	(4.1)

26.1 Current tax liabilities

The current tax liability up to and including 2017 amounts to €1.0m and includes amounts directly payable to tax authorities. Tax periods that remain subject to examination range from 2009 up to and including 2017, across the various countries in which the Group operates.

Current tax liability arose as follows:

€m	Note	2017	2016	2015
At 1 January		3.2	2.3	0.5
Current period charge	a	5.2	3.7	4.9
Payments		(2.2)	(0.7)	(1.1)
Settlement due to Global TIP Holdings One B.V.	33	(8.8)	-	-
Other tax benefits		-	(0.6)	-
Adjustment to prior periods	20.1	3.3	(1.5)	(2.2)
Business combinations	7	-	0.5	0.3
Foreign exchange movements		0.3	(0.4)	-
At period ended		1.0	3.2	2.3

Global TIP Holdings One B.V. ("Dutch Holding") is the Dutch tax fiscal unity header for all of our Dutch resident entities and immediate parent of the Group.

a) Current period charge:

€m	Note	2017	2016	2015
Non-exceptional		6.6	3.7	5.2
Exceptional		(1.4)	-	(0.3)
Total		5.2	3.7	4.9

26.2 Deferred tax assets

Deferred tax assets consist of:

€m	Note	2017	2016	2015
Fleet		29.6	30.3	32.0
Intangibles		0.4	0.2	0.4
PP&E		0.7	0.6	0.3
Trade and other receivables		0.6	0.4	0.3
Borrowings		3.8	4.9	6.2
Provisions		0.1	0.2	0.1
Trade and other payables		2.1	2.9	1.3
Net operating losses	26.7	20.0	23.0	22.7
Deferred tax assets before provisions	26.7	57.3	62.5	63.3
Provisions on net operating losses and tax credits	26.7	(16.4)	(17.9)	(17.2)
Provisions on other temporary differences	26.7	(29.2)	(31.2)	(27.2)
Provisions on deferred tax assets		(45.6)	(49.1)	(44.4)
Deferred tax assets after provisions	26.7	11.7	13.4	18.9
Allowable offset against deferred tax liabilities	26.3	(6.2)	(8.8)	(7.3)
Net deferred tax assets after provisions and allowance offset		5.5	4.6	11.6

26.3 Deferred tax liabilities

Deferred tax liabilities consist of:

€m	Note	2017	2016	2015
Fleet		(28.1)	(34.0)	(11.9)
Intangible assets		(8.6)	(9.4)	(8.2)
Trade and other payables		(1.4)	(3.4)	(1.4)
Deferred tax liabilities	26.7	(38.1)	(46.8)	(21.5)
Allowable offset against deferred tax assets	26.2	6.2	8.8	7.3
Net deferred tax liabilities after allowable offset		(31.9)	(38.0)	(14.2)

26.4 Net deferred tax

Net deferred tax assets/(liabilities) arose as follows:

€m	Note	2017	2016	2015
At 1 January		(33.4)	(2.6)	5.8
Tax rate changes		2.0	(0.2)	-
Deferred taxation for the period	20.1	0.6	(8.8)	(4.2)
Adjustment to prior periods		3.6	(2.2)	(3.0)
Business combinations	7	-	(19.8)	(1.0)
Foreign exchange movement		0.8	0.2	(0.2)
At period ended		(26.4)	(33.4)	(2.6)

26.5 Deferred taxation for the period

2017 €m	Note	Non-exceptional	Exceptional	Total
Fleet		(1.1)	-	(1.1)
Intangibles		-	-	-
Borrowings		(1.2)	-	(1.2)
Provisions		-	-	-
Trade and other payables		(0.2)	0.2	-
Net operating losses		(0.4)	-	(0.4)
Deferred tax assets before provisions		(2.9)	0.2	(2.7)
Provisions on net operating losses and tax credits		-	0.4	0.4
Provisions on other temporary differences		0.4	1.6	2.0
Provisions on deferred tax assets		0.4	2.0	2.4
Deferred tax assets after provisions		(2.5)	2.2	(0.3)
Fleet		2.3	-	2.3
Intangible assets		0.5	-	0.5
Trade and other payables		(1.9)	-	(1.9)
Deferred tax liabilities		0.9	-	0.9
Deferred taxation for the period	26.4	(1.6)	2.2	0.6

2016 €m	Note	Non-exceptional	Exceptional	Total
Fleet		(2.3)	-	(2.3)
Intangibles		-	-	-
Borrowings		(1.3)	-	(1.3)
Provisions		-	-	-
Trade and other payables		1.0	-	1.0
Net operating losses		(0.8)	-	(0.8)
Deferred tax assets before provisions		(3.4)	-	(3.4)
Provisions on net operating losses and tax credits		(1.0)	(4.6)	(5.6)
Provisions on other temporary differences		1.0	-	1.0
Provisions on deferred tax assets		-	(4.6)	(4.6)
Deferred tax assets after provisions		(3.4)	(4.6)	(8.0)
Fleet		(0.9)	-	(0.9)
Intangible assets		0.5	-	0.5
Trade and other payables		(0.4)	-	(0.4)
Deferred tax liabilities		(0.8)	-	(0.8)
Deferred taxation for the period	26.4	(4.2)	(4.6)	(8.8)

2015 €m	Note	Non-exceptional	Exceptional	Total
Fleet		(4.4)	-	(4.4)
Intangibles		-	-	-
Borrowings		(1.2)	-	(1.2)
Provisions		-	-	-
Trade and other payables		1.1	-	1.1
Net operating losses		(1.0)	-	(1.0)
Deferred tax assets before provisions		(5.5)	-	(5.5)
Provisions on net operating losses and tax credits		2.3	(0.4)	1.9
Provisions on other temporary differences		(3.2)	-	(3.2)
Provisions on deferred tax assets		(0.9)	(0.4)	(1.3)
Deferred tax assets after provisions		(6.4)	(0.4)	(6.8)
Fleet		1.8	-	1.8
Intangible assets		0.5	-	0.5
Trade and other payables		0.3	-	0.3
Deferred tax liabilities		2.6	-	2.6
Deferred taxation for the period	26.4	(3.8)	(0.4)	(4.2)

26.6 Adjustments to prior periods

€m	Note	2017	2016	2015
Fleet		1.7	(3.7)	(1.1)
PP&E		0.1	0.3	-
Intangibles		0.3	(0.3)	-
Trade and other receivables		0.2	0.2	-
Borrowings		-	-	1.3
Provisions		(0.1)	-	-
Trade and other payables		2.9	(0.1)	(1.7)
Net operating losses		(1.4)	1.4	(2.2)
Deferred taxes before provisions		3.7	(2.2)	(3.7)
Provision on net operating losses and tax credits		0.6	0.3	0.9
Provision on other temporary differences		(0.7)	(0.3)	(0.2)
Provisions on deferred taxes		(0.1)	-	0.7
Total	26.4	3.6	(2.2)	(3.0)
Non-exceptional		3.6	(2.2)	(1.2)
Exceptional		-	-	(1.8)
Total		3.6	(2.2)	(3.0)

26.7 Overview of the profit before tax (PBT) and tax values of all deferred tax assets and liabilities, related expiries and provisions

€m	Note	2017		2016		2015	
		PBT	Tax	PBT	Tax	PBT	Tax
One year		-	-	-	-	-	-
Two and five years		1.7	0.3	2.2	0.4	-	-
Five and ten years		1.4	0.3	2.5	0.5	3.4	0.6
Longer than ten years		1.1	0.3	-	-	39.4	9.7
Unlimited		77.6	19.1	81.2	22.0	46.4	12.4
Net operating losses	26.2	81.8	20.0	85.9	22.9	89.2	22.7
One year		61.6	14.4	68.1	16.1	49.4	11.6
Two and five years		104.2	22.9	105.8	23.5	128.3	29.0
Five and ten years		-	-	-	-	-	-
Longer than ten years		-	-	-	-	-	-
Unlimited		-	-	-	-	-	-
Deductible temporary differences		165.8	37.3	173.9	39.6	177.7	40.6
Gross deferred tax assets	26.2	247.6	57.3	259.8	62.5	266.9	63.3
One year		-	-	-	-	-	-
Two and five years		1.5	0.3	1.0	0.2	-	-
Five and ten years		1.4	0.3	2.4	0.5	0.9	0.2
Longer than ten years		-	-	-	-	34.9	8.6
Unlimited		65.6	15.8	71.2	17.2	34.3	8.4
Provisions on net operating losses	26.2	68.5	16.4	74.6	17.9	70.1	17.2
One year		30.2	6.7	37.5	8.5	27.6	6.1
Two and five years		101.8	22.5	102.3	22.7	96.1	21.1
Five and ten years		-	-	-	-	-	-
Longer than ten years		-	-	-	-	-	-
Unlimited		-	-	-	-	-	-
Provisions on other temporary differences	26.2	132.0	29.2	139.8	31.2	123.7	27.2
One year		31.4	7.7	30.6	7.6	21.8	5.5
Two and five years		2.6	0.4	4.7	1.0	32.2	7.9
Five and ten years		-	-	0.1	-	2.5	0.4
Longer than ten years		1.1	0.3	-	-	4.5	1.1
Unlimited		12.0	3.3	10.0	4.8	12.1	4.0
Deferred tax assets after provisions	26.2	47.1	11.7	45.4	13.4	73.1	18.9
One year		32.8	8.0	45.6	12.4	24.2	6.8
Two and five years		92.8	22.7	102.4	27.0	29.0	7.3
Five and ten years		-	-	-	-	-	-
Longer than ten years		-	-	-	-	-	-
Permanent		29.5	7.4	29.5	7.4	29.5	7.4
Deferred tax liabilities	26.3	155.1	38.1	177.5	46.8	82.7	21.5

The above deferred tax liabilities will reverse over time and arose principally from the use of accelerated capital allowances. The permanent deferred tax liability relates to the TIP Trailer Services brand (refer to note 24).

Tax management

The Group has deferred tax assets primarily resulting from net operating losses carried forward and temporary differences that may reduce taxable profit in future periods. The realisation of these deferred tax assets depends on the Group's ability to generate sufficient taxable profit within the carried forward periods provided for in the tax law of each applicable tax jurisdiction.

The following possible sources of taxable profit have been considered when assessing the realisation of the deferred tax assets:

- > Forecasted future profit before tax and taxable profit
- > Future reversal of temporary differences
- > Scheduled reversal of deferred tax liabilities
- > Tax planning strategies

The EMT considers that it is likely that some portion or all of the deferred tax assets will not be realised particularly related to the period before HNA ownership, and due to the forecasted profit before tax in some countries.

27. Inventories

€m	Note	2017	2016	2015
At 1 January		2.4	5.9	7.0
Additions	22	12.7	6.7	10.9
Business combinations	7	-	-	-
Disposals		(13.5)	(10.2)	(12.0)
Fleet held for sale		1.6	2.4	5.9
At 1 January		7.8	-	-
Additions		12.4	6.7	-
Business combinations	7	-	3.7	-
Disposals		(18.4)	(2.6)	-
Obsolescence provision		-	-	-
Buy to sell		1.8	7.8	-
At 1 January		4.9	1.9	-
Additions		11.6	7.2	2.3
Business combinations	7	0.5	1.2	1.8
Used		(9.2)	(5.4)	(2.2)
Obsolescence provision		-	-	-
Parts		7.8	4.9	1.9
Total		11.2	15.1	7.8

Fleet held for sale is fleet reclassified after the EMT took a decision to dispose of this equipment. Buy to sell are trailers, tankers and trucks purchased to resell. The Group entered this activity through its acquisitions of Best of, Williams Tanker Services Limited and Twan Heetkamp Trailers B.V. in 2016.

28. Trade and other receivables

€m	Note	2017	2016	2015
Trade receivables		67.8	71.6	52.0
Credit losses	28.1	(0.3)	(1.2)	(1.9)
Non-impaired trade receivables		67.5	70.4	50.1
HNA receivables	37	20.2	17.7	12.0
Global TIP Holdings One B.V. receivables	37	5.1	3.7	-
GE receivables	28.2	0.9	1.0	4.3
VAT receivables		16.4	19.7	12.2
Prepayments		6.9	8.3	7.5
Other receivables		8.2	1.7	9.3
Total		125.2	122.5	95.4

Trade receivables are non-interest bearing and are generally on 30 day terms. HNA receivables relate to fees for management services and advertising provided by the Group. Refer to note 37. VAT receivables are deemed fully recoverable.

The Global TIP Holdings One B.V. receivable relates to amounts due relating to the TIP acquisition closing process, originally due from GE, as well as acquisition and integration support services provided by the Group during 2017 to its parent for a non-TIP Trailer Services related acquisition. Refer to note 17.

Prepayments represent expenses (mainly operating expenses) attributable to subsequent periods and mature within one year.

Other receivables represent unbilled lease receivables which are non-interest bearing and are generally on 30 day terms after invoice date.

Trade receivables and credit risk policies

Refer to note 40.4 on credit risk for trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

28.1 Credit losses on trade receivables

€m	Note	Individually impaired	Collectively impaired	Total
At 1 January 2015		1.8	-	1.8
Charge for the period	9	1.0	0.1	1.1
Trade receivables written off		(1.0)	-	(1.0)
At 31 December 2015		1.8	0.1	1.9
Charge for the period	9	(0.4)	(0.4)	(0.8)
Trade receivables written off		(0.4)	0.5	0.1
At 31 December 2016		1.0	0.2	1.2
Charge for the period	9	0.4	0.2	0.6
Trade receivables written off		(1.4)	(0.1)	(1.5)
At 31 December 2017		-	0.3	0.3

These expenses arise due to the recognition of impairment charges of non-derivative financial assets (trade receivables) with fixed or determinable payment.

Ageing analysis

At the end of the reporting period, the ageing analysis of non-impaired trade receivables is as follows:

Trade receivables at 31 December		Past due but not impaired					
		Total	Neither past due or impaired	1-30 days	31-60 days	61-90 days	91-120 days
€m							
2017		67.5	58.8	6.3	1.1	0.3	0.2
2016		70.4	59.6	8.5	1.1	0.5	0.2
2015		50.1	38.6	9.4	0.8	0.5	0.2

28.2 Receivables due from GE

The movement is as follows:

€m	Note	2017	2016	2015
At 1 January		1.0	4.3	14.0
Additions/(settlement)		(0.1)	(3.3)	(9.7)
At 31 December	a	0.9	1.0	4.3

a) The balance due from GE is as follows:

€m	Note	2017	2016	2015
Taxation		0.9	0.8	0.4
VAT		-	-	0.1
Other		-	0.2	3.8
Total		0.9	1.0	4.3

Receivables from GE are neither past due nor impaired.

Taxation

This is in relation to a German tax audit for the years 2009 up to and including 2013. The German tax audit closed in 2017 and the Group paid the final settlement. It is therefore anticipated that GE will pay this receivable under the tax indemnity agreement between the parties during 2018.

29. Cash and equivalents

€m	2017	2016	2015
Cash at banks and on hand	18.7	15.2	35.4
Cash at banks restricted	-	1.4	2.8
Total	18.7	16.6	38.2

Cash at banks restricted relates principally to amounts held by banks as collateral on direct debit receipts.

30. Borrowings

2017						
€m	Note	RCF ¹	ABS	FL	TL ¹	Total
At 1 January		479.3	69.4	45.3	4.1	598.1
Drawdowns		173.4	9.6	12.5	6.0	201.5
Business combinations	7	-	-	-	-	-
Repayments		(109.5)	-	(17.0)	(0.9)	(127.4)
Gross face value at period end		543.2	79.0	40.8	9.2	672.2
Foreign exchange movements		(6.2)	(1.6)	(0.3)	(0.2)	(8.3)
Gross at period end after foreign exchange		537.0	77.4	40.5	9.0	663.9
Accrued interest/commitment fees	30.1	2.1	-	-	-	2.1
Deferred fees	30.2	(5.5)	-	-	-	(5.5)
Total		533.6	77.4	40.5	9.0	660.5
Current		2.1	-	13.8	4.1	20.0
Non-current		531.5	77.4	26.7	4.9	640.5

2016						
€m	Note	RCF ¹	ABS	FL	TL ¹	Total
At 1 January		370.6	37.3	9.8	-	417.7
Drawdowns		223.8	35.5	6.8	0.6	266.7
Business combinations	7	-	-	32.3	3.5	35.8
Repayments		(103.5)	-	(3.0)	-	(106.5)
Gross face value at period end		490.9	72.8	45.9	4.1	613.7
Foreign exchange movements		(11.6)	(3.4)	(0.6)	-	(15.6)
Gross at period end after foreign exchange		479.3	69.4	45.3	4.1	598.1
Accrued interest/commitment fees	30.1	2.1	-	-	-	2.1
Deferred fees	30.2	(8.2)	-	-	-	(8.2)
Total		473.2	69.4	45.3	4.1	592.0
Current		2.1	69.4	1.0	-	72.5
Non-current		471.1	-	44.3	4.1	519.5

2015						
€m	Note	RCF ¹	ABS	FL	TL ¹	Total
At 1 January		6.0	0.4	-	271.9	278.3
Drawdowns		371.9	37.5	6.7	-	416.1
Business combinations	7	-	-	3.4	-	3.4
Repayments		(6.0)	-	(0.3)	(277.7)	(284.0)
Gross face value at period end		371.9	37.9	9.8	(5.8)	413.8
Foreign exchange movements		(1.3)	(0.6)	-	5.8	3.9
Gross at period end after foreign exchange		370.6	37.3	9.8	-	417.7
Accrued interest/commitment fees	30.1	1.3	-	-	-	1.3
Deferred fees	30.2	(10.9)	-	-	-	(10.9)
Total		361.0	37.3	9.8	-	408.1
Current		4.0	-	2.6	-	6.6
Non-current		357.0	37.3	7.2	-	401.5

¹ The RCF balances at 1 January 2015 represents the RCF which was part of a term loan facilities agreement (TL) and was fully repaid in February 2015. The RCF balances at 31 December 2015 and 2016 relates to the new facility drawn in February 2015. The TL in 2016 and 2017 are new terms loans and not related to the earlier TL facilities.

30.1 The movement on the accrued interest and commitment fees was as follows:

€m	Note	RCF ¹	ABS	FL	TL ¹	Total
At 1 January 2015	30	(0.2)	-	-	(3.3)	(3.5)
Commitment fees	19	(0.9)	(0.4)	-	-	(1.3)
Interest cost	19	(8.8)	(0.2)	-	(1.9)	(10.9)
Payments		8.6	0.6	-	5.2	14.4
Foreign exchange movements		-	-	-	-	-
At 31 December 2015	30	(1.3)	-	-	-	(1.3)
Commitment fees	19	(1.7)	(0.2)	-	-	(1.9)
Interest cost	19	(12.5)	(1.3)	(0.5)	-	(14.3)
Payments		13.4	1.5	0.5	-	15.4
Foreign exchange movements		-	-	-	-	-
At 31 December 2016	30	(2.1)	-	-	-	(2.1)
Commitment fees	19	(1.2)	(0.1)	-	-	(1.3)
Interest cost	19	(15.5)	(1.5)	(1.3)	(0.4)	(18.7)
Payments		16.7	1.6	1.3	0.4	20.0
Foreign exchange movements		-	-	-	-	-
At 31 December 2017	30	(2.1)	-	-	-	(2.1)

30.2 The movement of deferred fees was as follows:

€m	Note	RCF ¹	ABS	FL	TL ¹	Total
At 1 January 2015	30	-	-	-	0.3	0.3
Debt issuance fees		12.7	-	-	-	12.7
Amortisation	19	(1.8)	-	-	(0.3)	(2.1)
Exceptional amortisation	21	-	-	-	-	-
Foreign exchange movements		-	-	-	-	-
At 31 December 2015	30	10.9	-	-	-	10.9
Debt issuance fees		-	-	-	-	-
Amortisation	19	(2.7)	-	-	-	(2.7)
Exceptional amortisation	21	-	-	-	-	-
Foreign exchange movements		-	-	-	-	-
At 31 December 2016	30	8.2	-	-	-	8.2
Debt issuance fees		-	-	-	-	-
Amortisation	19	(2.7)	-	-	-	(2.7)
Exceptional amortisation	21	-	-	-	-	-
Foreign exchange movements		-	-	-	-	-
At 31 December 2017	30	5.5	-	-	-	5.5

The deferred fees are amortised using the EIR method over the term of the related loans.

¹ The RCF balances at 1 January 2015 represents the RCF which was part of a term loan facilities agreement (TL) and was fully repaid in February 2015. The RCF balances at 31 December 2015 and 2016 relates to the new facility drawn in February 2015. The TL in 2016 and 2017 are new terms loans and not related to the earlier TL facilities.

30.3 Overview of principal borrowing facilities

Revolving credit facility (RCF)

On 31 December 2014 the Group signed a financing facility agreement which was drawn down on 3 February 2015 to repay its former HNA acquisition financing. This financing was a club deal with a consortium of banks providing a €300m multicurrency revolving credit facility with a 0% ibor floor. This facility matures on 31 December 2019. On 31 March 2015, the Group increased the facility by €75m to €375m under an accordion clause to the agreement. On 1 December 2015, the Group successfully expanded the consortium of banks and obtained an increase to the facility by €225m to €600m. On 31 May 2017, the Group increased the facility by a further €100m under an accordion clause to the agreement. These changes were accounted for as modifications, all material terms remaining the same.

The Group may draw funds under the facility in €, £, US\$, CA\$, SEK and NOK. The Group may elect to pay interest on a 1, 3 or 6 month basis. The Group's policy is to normally pay on a three month basis.

The interest rate spread varies quarterly on the basis of the ratio of loan outstanding compared with certain loan collateral ("loan to value") between 2.4% and 3.0%. During 2017, the Group paid an average spread of 2.7% (2016: 2.7% and 2015 2.7%).

This financing requires the Group to comply with the following financial covenants:

- > Solvency (equity-HNA loans- intangibles-taxes)/(total assets-HNA loans-intangibles-taxes)
- > Interest cover (the ratio of operating profit (excluding exceptional items) to cash finance charges)
- > Loan to value (the ratio of aggregate borrowings outstanding to borrowing base)

The Group is also required to hedge the related interest payments using floating to fixed interest rate swaps. A minimum of 33.3% of the available facility is required to be hedged for 3 years, with a further minimum of 33.3% required to be hedged for 5 years, both commencing from the signing of the agreement.

The Group fully complied with these covenants in all periods.

The majority of the assets of the Group are pledged as collateral with respect to these borrowings. Please refer to commitments and contingencies in note 38.

Asset backed securitisation facility (ABS)

On 10 September 2014 the Group concluded a private financing transaction with a leading bank. This resulted in the establishment of TIP Trailer Lease Services B.V. (TTLS) which uses a securitisation structure common under Dutch law for operating lease securitisations. In 2015, the Group expanded the countries where it could use this facility to Denmark, Norway, Sweden, Finland, Belgium and Ireland, in addition to the Netherlands, France, Germany and the United Kingdom.

TTLS entered into a master agreement with TIP Trailer Services Management B.V. and its related Group entities (the "originator"). As a consequence of this agreement TTLS can buy future discounted cash flows of lease receivables and residual values from the originator as well as originate new operating lease receivables in its own right with the originator providing maintenance services for these leases and for acquired leases.

The originator has the right to acquire the equipment at the end of the lease term. The TTLS transaction provided a three year cross border revolving securitisation facility. With this transaction TTLS concluded an asset backed securitisation (ABS) warehousing facility with a leading bank.

A margin of approximately 2.25% above one month Euribor/Libor was applicable on this financing and the ABS facility required interest rate swaps to be taken out to match the operating lease cash flow and duration for the facility. Interest was payable on a monthly basis.

In September 2017 the Group entered into a new committed senior facility of €100m with a margin of 1.70% which expires in March 2019. This facility has no interest rate floor and can further expand to €160m in future years. This senior facility is a multicurrency facility which allows the Group to borrow in the major currencies in which it operates and requires interest rate hedges to be taken out to match the operating lease cash flows. €12m of the ABS facilities were undrawn at the end of 2017 (2016: €11m and 2015: €42.7m).

Finance leases (FL)

The Group has entered into or acquired via business combinations a number of finance lease contracts as a lessee, as below:

€m	Note	2017	2016	2015
At 1 January		45.3	9.8	-
Drawdowns		12.5	6.8	6.7
Business combinations	7	-	32.3	3.4
Total drawdowns		57.8	48.9	10.1
Repayments		(17.0)	(3.0)	(0.3)
Gross face value at period end		40.8	45.9	9.8
Foreign exchange movements		(0.3)	(0.6)	-
At 31 December		40.5	45.3	9.8

The average interest rate on these finance leases is 2.7% (2016: 2.9% and 2015: 2.7%).

The Groups obligations under finance leases are secured by the lessor's legal title to the leased assets. Future minimum payments together with the present value of the net minimum lease payments are as follows:

2017 €m	Total future minimum lease payments	Outstanding interest	PV of min. payments (principal amount)
Less than 1 year	14.7	0.8	13.9
Between 1 and 5 years	25.9	1.0	24.9
More than 5 years	1.7	-	1.7
At 31 December 2017	42.3	1.8	40.5

2016 €m	Total future minimum lease payments	Outstanding interest	PV of min. Payments (principal amount)
Less than 1 year	14.4	1.0	13.4
Between 1 and 5 years	30.9	1.2	29.7
More than 5 years	2.2	-	2.2
At 31 December 2016	47.5	2.2	45.3

2015 €m	Total future minimum lease payments	Outstanding interest	PV of min. payments (principal amount)
Less than 1 year	2.8	0.2	2.6
Between 1 and 5 years	4.9	0.3	4.6
More than 5 years	2.7	0.1	2.6
At 31 December 2015	10.4	0.6	9.8

Term loan facilities (TL)

In August 2016 the Group entered into a term loan of €3.5m to finance its acquisition of Train Trailers in Canada. The term loan denominated in CA\$ has a term of 2 years after the borrowing date, the interest rate is set as Cabor +10% and the Group pays interest on quarterly basis.

In May 2016 the Group entered into a term loan of €0.4m to finance working capital in France. The term loan denominated in € has a tenor of 5 years after the borrowing date, the interest rate is +0.8% fixed and the Group pays interest on a monthly basis. In May 2017 we entered into an additional term loan of €0.2m to finance working capital. The additional term loan is denominated in € has a tenor of 5 years after the borrowing date, the interest rate is +0.9% fixed and the Group pays interest on a monthly basis. Capital repayments on both these term loans are done monthly.

In April 2017 the Group entered into a term loan with Finloc 2000 Inc. for €1.0m to finance fleet in Canada. The term loan is denominated in CA\$ has a tenor of 4 years after the borrowing date, the interest rate is 5.5% fixed and the Group pays interest on a monthly basis. Capital repayments are done monthly.

In July 2017 the Group entered into a term loan with Bank of Nova Scotia for €3.0m to finance fleet in Canada. The term loan is denominated in US\$ has a tenor of 3 years after the borrowing date, the interest rate is Prime plus 0.45% and the Group pays interest on a monthly basis. Capital repayments are done monthly.

31. Derivatives

It should be noted that while as a result of the below the Group mitigates interest rate risk and foreign currency risks from an economic perspective, these derivatives do not always qualify for hedge accounting from an accounting perspective, and in such cases, the unrealised gains and losses are recognised in the profit or loss.

The derivatives comprise instruments where changes in fair value may be recognised in the profit or loss, or in OCI.

€m	Note	2017	2016	2015
Recognised in profit or loss	31.1	1.4	2.4	0.9
Recognised in the OCI	31.2	0.2	1.1	-
Total		1.6	3.5	0.9
Current		1.2	1.9	0.9
Non-current		0.4	1.6	-

31.1 Derivatives with changes in fair value recognised in the profit or loss

€m	Note	2017	2016	2015
Foreign exchange forward	a	-	(0.1)	-
Interest rate swap	b	1.4	2.5	0.9
Total		1.4	2.4	0.9
Current		0.9	1.4	0.9
Non-current		0.5	1.0	-

a) In 2016 the Group entered into forward contracts in the UK to reduce the foreign exchange risk on certain € purchases. The majority of these forwards were designated as hedging instruments and fair value movements were deferred to OCI until the maturity of the transaction.

The underlying principal amount of these foreign exchange forward contracts is nil (2016: €9.0m and 2015: nil).

The foreign exchange forward contracts are the net undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amount at period ended:

2017 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
Net	-	-	-	-	-

2016 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	(6.1)	(2.9)	-	-	(9.0)
Outflows	6.0	2.9	-	-	8.9
Net	(0.1)	-	-	-	(0.1)

2015 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
Net	-	-	-	-	-

b) Interest rate swaps

Revolving credit facility (RCF)

In February 2015, the existing € swaps, together with new € and £ swaps entered into during the period, were designated as hedge relationships for accounting purposes on the revolving credit facility loans. However during 2015 the majority of these € swaps were assessed as ineffective and movements in fair value were recognised in the profit or loss.

The underlying principal amount of these interest rate swaps at 31 December 2017 was €295.0m (2016: €295.0m and 2015: €205.0m).

Asset backed securitisation (ABS)

The Group is also required to enter into swaps in relation to its ABS facility. These swaps are not designated as hedge relationships and hence movements in fair value are recognised in the profit or loss.

The underlying principal amount of these interest rate swaps was €65.7m (2016: €59.6m and 2015: €18.2m).

The movement of the interest rate swaps were as follows:

€m	Note	2017	2016	2015
At 1 January		2.5	0.9	0.6
Reclass to derivatives at fair value through the profit or loss from OCI	31.2	(0.4)	-	0.3
Movement in fair value through profit or loss	18,19	(0.7)	1.6	-
Total		1.4	2.5	0.9

The interest rate swaps are the net undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amount at period ended:

2017 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	0.2	0.5	0.2	-	0.9
Outflows	0.1	0.1	0.3	-	0.5
Net	0.3	0.6	0.5	-	1.4

2016 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	0.2	0.7	0.8	-	1.7
Outflows	0.1	0.1	0.6	-	0.8
Net	0.3	0.8	1.4	-	2.5

2015 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	(0.1)	0.2	(2.4)	(0.2)	(2.5)
Outflows	0.3	0.4	2.5	0.2	3.4
Net	0.2	0.6	0.1	-	0.9

31.2 Derivatives with changes in fair value recognised in OCI

Interest rate swap contracts				
€m	Note	2017	2016	2015
At 1 January		1.1	-	-
Fair value during period		(0.9)	1.1	0.3
Reclass to derivatives at fair value through the profit or loss	31.1	-	-	(0.3)
Total		0.2	1.1	-
Current		0.3	0.5	-
Non-current		(0.1)	0.6	-

Derivatives at fair value through OCI reflect the change in fair value of interest rate swaps, designated as cash flow hedges to hedge borrowings with floating rates.

The underlying principal amount of these interest rate swaps in 2017 was €162.0m (2016: €105.1m and 2015: €61.3m)

The interest rate swaps in the previous table are the net undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amount:

2017 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	(0.3)	(0.7)	(1.7)	-	(2.7)
Outflows	0.4	0.9	1.6	-	2.9
Net	0.1	0.2	(0.1)	-	0.2

2016 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	(0.1)	(0.4)	(0.9)	-	(1.4)
Outflows	0.3	0.7	1.5	-	2.5
Net	0.2	0.3	0.6	-	1.1

2015 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	-	(0.2)	(0.4)	(0.2)	(0.8)
Outflows	0.1	0.2	0.3	0.2	0.8
Net	0.1	-	(0.1)	-	-

31.3 Use of derivatives

The Group has relationships only with financial institutions with high credit ratings in respect of derivatives in order to minimise credit risk exposure. All hedging designations and valuations were reviewed and confirmed by an external advisor.

32. Provisions

€m	Note	Restructuring	Other	Total
At 1 January 2015		0.7	0.1	0.8
Charge for the period	21	0.1	-	0.1
Utilised		-	-	-
Unused amounts reversed		(0.7)	(0.1)	(0.8)
At 31 December 2015		0.1	-	0.1
Charge for the period	21	-	-	-
Utilised		(0.1)	-	(0.1)
Unused amounts reversed		-	-	-
At 31 December 2016		-	-	-
Charge for the period	21	3.5	2.7	6.2
Utilised		(2.0)	(0.2)	(2.2)
Unused amounts reversed		-	-	-
At 31 December 2017		1.5	2.5	4.0
Current		1.5	0.8	2.3
Non-current		-	1.7	1.7

Other provisions in 2015 relates to a 5Q provision while in 2017 the Group established a provision for an onerous IT contract in relation to project Matrix, the increased digitization of core operational, maintenance and workshop processes.

Various reorganisations to improve efficiency, relating to headcount, were deemed necessary over the periods. The prior and current period restructurings were/are planned to be completed within 12 months.

33. Trade and other payables

€m	Note	2017	2016	2015
Accruals	33.1	36.8	34.5	38.3
Trade payables		43.1	69.1	24.7
Other creditors	33.2	25.7	20.2	11.0
Fleet payables		12.3	11.7	7.6
Deferred revenue	33.3	14.7	8.8	5.9
Global TIP Holding One B.V. ¹	26.1	8.8	-	-
Security deposits		3.7	4.7	5.1
Total		145.1	149.0	92.6
Current		141.0	144.8	87.9
Non-current		4.1	4.2	4.7

Trade payables are non-interest bearing and are settled within agreed terms. For terms and conditions relating to related party payables refer to note 37.

Fleet payables relate to outstanding purchase orders where the Group has entered into a contract to purchase fleet.

The Group requires security deposits to cover credit risk of customers with lower ratings or when exposure is high versus customer equity and cash flow coverage. They are returned if not used when all contracts related are paid in full by the customer. The Group may transfer the security deposit from one contract to the following contract with supporting documentation signed by the Group and the customer. Security deposits are requested at the beginning of a lease or rental from some customers according to the Group's risk management policies. They are held for various lengths of time.

33.1 Accruals

Accruals are comprised as follows:

€m	2017	2016	2015
Administrative and other operating expenses	10.5	10.5	12.0
M&R own fleet	10.0	9.5	10.8
Compensation and benefits	10.9	9.7	10.5
Deferred fleet sales proceeds	0.2	0.1	0.3
Property dilapidations	2.0	2.0	2.0
Insurance	1.2	1.0	1.2
Others	2.0	1.7	1.5
Total	36.8	34.5	38.3

M&R own fleet relates to services provided by 3rd parties who have not yet invoiced for services provided in maintaining the Group's trailers.

Compensation and benefits includes bonus and holiday pay provisions.

33.2 Other creditors

€m	2017	2016	2015
VAT payable	19.3	13.5	5.7
Wages tax and social security	1.8	1.7	2.0
Net payroll liability	1.7	2.2	1.6
Prepaid fleet sales	1.8	1.6	0.8
Credit note provision	0.8	0.8	0.8
Other payables	0.3	0.4	0.1
Total	25.7	20.2	11.0

VAT payable liability position will be settled upon payment before the payment deadline, net of VAT receivable where applicable and offsetable (see note 28 for VAT receivables)

33.3 Deferred revenue

Deferred revenue is comprised as follows:

€m	Note	2017	2016	2015
Maintenance leasing	a	12.3	6.9	4.7
M&R 3rd party		0.4	0.4	0.7
Leasing and rental		2.0	1.5	0.5
Total		14.7	8.8	5.9
Current assets		8.9	4.6	1.2
Non-current assets		5.8	4.2	4.7

a) Maintenance leasing deferred revenue movement:

€m	Note	2017	2016	2015
At 1 January		6.9	4.7	4.0
Additions		6.4	3.5	3.3
Release		(1.0)	(1.3)	(2.5)
At 31 December		12.3	6.9	4.7

34. Pension obligations

At all period ends, the Group only operates defined contribution plans.

35. Share capital, share premium, other reserves and non-controlling interests

35.1 Issued capital

€m	2017	2016	2015
Authorised shares			
Ordinary shares 1,000 of €0.01 each	10	10	10
Ordinary shares issued and fully paid			
At 1 January and 31 December	10	10	10

All of these shares have been pledged by its immediate parent, Global TIP Holdings One B.V., as security for its corporate purposes.

35.2 Share premium

€m	2017	2016	2015
At 1 January and 31 December	513.2	513.2	513.2

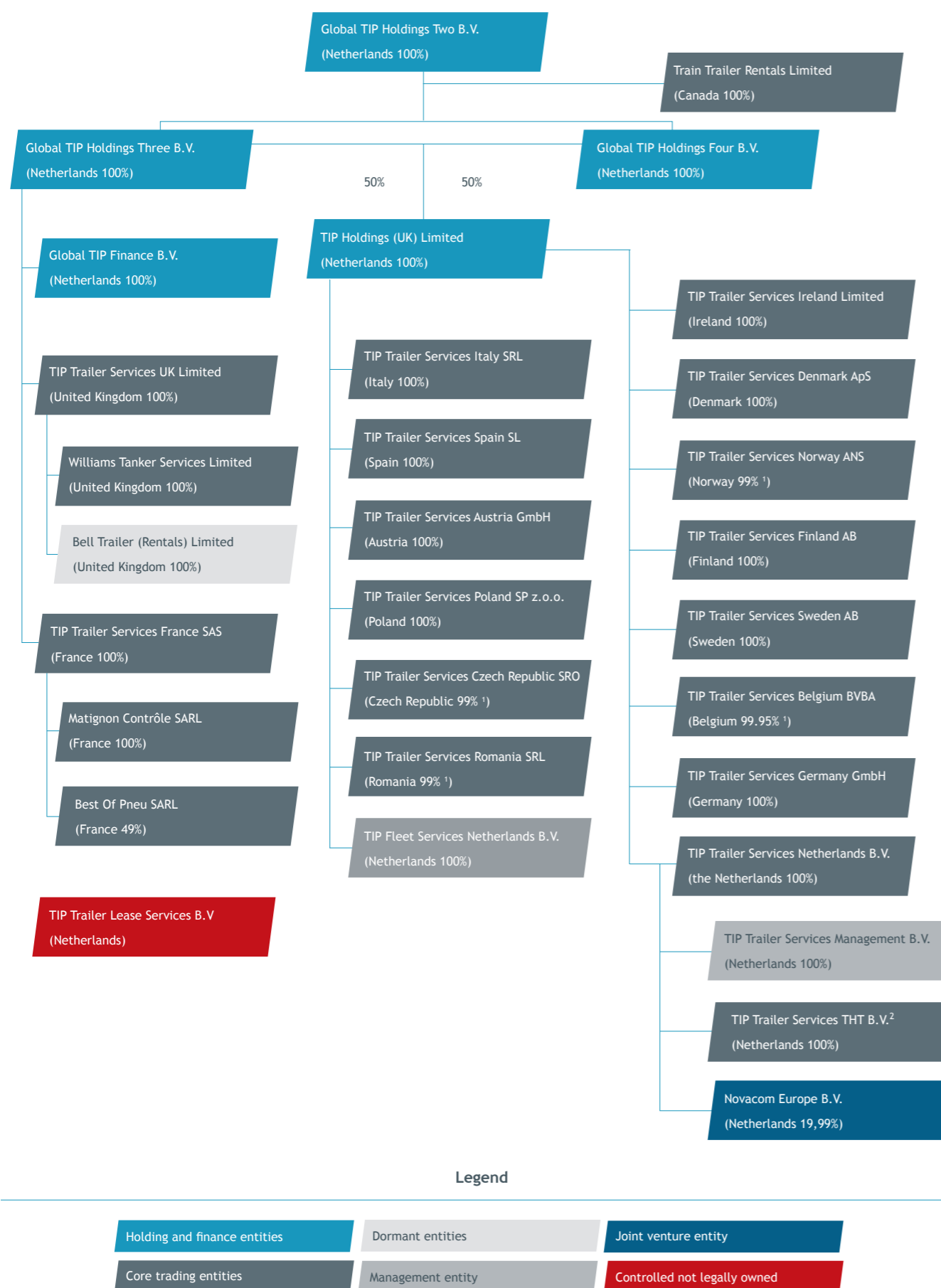
35.3 Other reserves

€m	Note	Foreign currency translation	Cash flow hedge	Total
At 1 January 2015		(2.1)	-	(2.1)
Movement for the period		1.9	(0.1)	1.8
Tax impact	20.2	-	-	-
At 31 December 2015		(0.2)	(0.1)	(0.3)
Movement for the period		(5.5)	(1.1)	(6.6)
Tax impact	20.2	-	0.4	0.4
At 31 December 2016		(5.7)	(0.8)	(6.5)
Movement for the period		(2.5)	0.9	(1.6)
Tax impact	20.2	-	(0.2)	(0.2)
At 31 December 2017		(8.2)	(0.1)	(8.3)

35.4 Non-controlling interests

Non-controlling interests at 31 December 2017 is nil (2016: €0.1m, 2015: nil). The Group own 49% of Best of Pneu SARL in France and has control by virtue of contractual arrangements which give the Group power to direct the activities of the business. As the non-controlling interests are considered immaterial no further disclosures are made.

36. Group information



¹ Balance of shares held by TIP Trailer Services Netherlands B.V.

² Former Twan Heetkamp Trailers B.V.

37. Related party disclosures

a) Companies under common control outside the Group but within HNA. The following table summarises current period transactions and outstanding balances:

€m					
Lender/supplier	Borrower/debtor	Notes	2017	2016	2015
Current period transactions					
TIP Trailer Services Management B.V.	HNA Group (International) Company Limited		3.1	5.4	5.1
TIP Trailer Services Management B.V.	HNA Group Co., LTD		5.0	3.3	
TIP Trailer Services Management B.V.	Global TIP Holding One B.V.		1.4	-	-
Other revenue¹			9.5	8.7	5.1
	HNA Group (International) Company Limited				
Global TIP Finance B.V.	Limited		10.6	11.4	12.6
Global TIP Holdings Two B.V.	Global TIP Holding One B.V.		1.1	1.1	1.0
Finance income		18	11.7	12.5	13.6
Total			21.2	21.2	18.7
Outstanding balances					
	HNA Group (International) Company Limited				
Global TIP Finance B.V.	Limited		250.4	240.3	270.5
Global TIP Finance B.V.	Global TIP Holdings One B.V.		6.8	3.1	0.8
Global TIP Holdings Two B.V.	Global TIP Holdings One B.V.		21.0	21.0	21.0
Global TIP Finance B.V.	Global TIP Holdings Five B.V.		3.3	-	-
Loan and interest receivables		25	281.5	264.4	292.3
TIP Trailer Services Management B.V.	HNA Group (International) Company Limited	28	12.5	14.4	12.0
TIP Trailer Services Management B.V.	HNA Group Co., LTD	28	7.7	3.3	-
Global TIP Holdings Two B.V.	Global TIP Holdings One B.V.	28	3.7	3.7	-
TIP Trailer Services Management B.V.	Global TIP Holdings One B.V.	28	1.4	-	-
Trade and other receivables			25.3	21.4	12.0
Global TIP Holdings One B.V. ²	Global TIP Finance B.V.	33	(8.8)	-	-
Trade and other payables			(8.8)	-	-
Total			298.0	285.8	304.3

On 23 October 2013, the Group entered into a contract with HNA Group (International) Company Limited (HNA-I) to provide strategic shareholder support, expertise and advise on global expansion and acquisitions. As HNA-I has increasingly grown its own expertise and resources this has declined in 2017 and is anticipated to decline further in future years.

On 1 January, 2016, the Group entered into a 5 year contract with HNA Group Co., LTD for TIP to advertise HNA on its trailers up to maximum €5m per annum depending on the number of trailers where HNA advertising was placed.

On 1 January 2017, the Group entered into a contract with Global TIP Holdings One B.V. (“Dutch Holding”) to provide strategic shareholder support, expertise, advise, acquisition and integration support for the Dutch Holding’s unsuccessful acquisition of the leading New Zealand asset finance company, UDC.

¹ These related party transactions are included in other revenue in note 8.

² Relates to settlement of 2017 and 2016 Dutch tax for the Group.

The Global TIP Holdings One B.V. receivable of €3.7m in 2016 relates to amounts due relating to the TIP acquisition closing process in 2013, originally due from the former shareholder, GE.

For details in relation to related party loans and finance income refer to note 25.

b) Compensation of key management personnel of the Group:

€m	2017	2016	2015
Short-term employee ¹	4.9	5.1	4.5
Post-employment pension and medical	0.4	0.4	0.5
Restructuring	0.5	-	-
Other long-term	-	-	0.5
Total	5.8	5.5	5.5

The amounts disclosed in the table are recognised as an expense during the reporting period related to key management personnel. The SLT are considered to be the key management personnel of the Group.

The non-executive directors do not receive pension entitlements from the Group. No loans were advanced to directors or key management personnel.

Terms and conditions of transactions with related parties

Transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. There have been no credit losses relating to the amount of outstanding balances.

38. Commitments and contingencies

a) Assets pledged as collateral

Under the Group's various borrowing facilities referred to in note 30 the Group has pledged the following assets as security for these facilities:

Revolving credit facility (RCF)

The Group has pledged the assets below as security for this facility through fixed and floating charges:

€m	2017	2016	2015
Fleet	682.5	627.7	439.4
PP&E	66.8	69.7	63.0
Non-current assets	749.3	697.4	502.4
Inventories	11.2	15.1	7.8
Unbilled revenue	7.4	1.7	9.3
Trade receivables	60.5	68.6	49.7
Cash and equivalents	16.4	14.6	36.6
Current assets	95.5	100.0	103.4
Total	844.8	797.4	605.8

The Group has also pledged shares of some its operating companies.

The loan facilities provided to a related parties (refer to note 37) are not pledged. The RCF facility allows for fleet and lease contracts to be pledged separately via an SPV for securitised financing, via lease facilities and other loan facilities up to certain stipulated levels.

¹ Includes cost of larger SLT prior to restructuring.



Asset back securitisation (ABS)

The Group has pledged the assets below as security for this facility through an SPV:

€m	2017	2016	2015
Fleet	92.3	83.4	60.4
Non-current assets	92.3	83.4	60.4
Trade receivables	3.2	2.5	1.7
Cash and equivalents	2.3	2.0	1.6
Current assets	5.5	4.5	3.3
Total	97.8	87.9	63.7

Finance leases (FL)

The Group's obligations under finance leases are secured by the lessor's legal title to the leased assets below:

€m	2017	2016	2015
Fleet	61.2	64.3	11.1
Non-current assets	61.2	64.3	11.1
Trade receivables	4.1	0.5	0.6
Current assets	4.1	0.5	0.6
Total	65.3	64.8	11.7

Term loans (TL)

The Group has pledged the assets below as security for these facilities:

€m	2017	2016	2015
Fleet	4.3	-	-
PP&E	1.0	-	-
Non-current assets	5.3	-	-
Trade receivables	-	-	-
Current assets	-	-	-
Total	5.3	-	-

b) Operating lease commitments

The Group has entered into operating leases that can be broken down into the following main categories, fleet, land and buildings, motor vehicles and IT equipment.

Land and buildings operating leases have been entered into to support the office and branch network and can be classified as agreements that are either rolling three month, six month or one year contracts, or are for a fixed term ranging between one and thirty years. As at the end of the reporting period the average remaining life of the fixed leased contracts is nearly four years. The majority of property lease contracts include an early termination clause. At 31 December 2017, the Company does not intend to invoke any of these break clauses. Motor vehicles, IT equipment, fleet and other items of small machinery have an average life of between one and five years with no renewal option included in the contracts.

Lease commitments can be analysed as follows:

€m	Fleet	Land and buildings	Motor vehicles	IT equipment	Total
Within one year	11.6	10.0	2.3	0.2	24.1
After one year but not more than five years	26.8	28.7	2.9	0.1	58.5
After five years but not more than ten years	5.9	16.3	-	-	22.2
More than ten years	-	6.7	-	-	6.7
At 31 December 2017	44.3	61.7	5.2	0.3	111.5
Within one year	9.1	10.2	2.4	0.2	21.9
After one year but not more than five years	20.0	29.3	3.9	0.1	53.3
After five years but not more than ten years	4.6	20.6	-	-	25.2
More than ten years	-	4.9	-	-	4.9
At 31 December 2016	33.7	65.0	6.3	0.3	105.3
Within one year	9.2	8.8	2.0	0.3	20.3
After one year but not more than five years	19.6	23.1	2.6	0.3	45.6
After five years but not more than ten years	1.7	13.6	-	-	15.3
More than ten years	-	2.4	-	-	2.4
At 31 December 2015	30.5	47.9	4.6	0.6	83.6

Change in lease commitments in 2017 versus prior period is as follows:

€m	Fleet	Land and buildings	Motor vehicles	IT equipment	Total
Acquisitions	-	2.6	-	-	2.6
Organic	10.6	(5.8)	(1.2)	-	3.6
Total	10.6	(3.2)	(1.2)	-	6.2

Change in lease commitments in 2016 versus prior period is as follows:

€m	Fleet	Land and buildings	Motor vehicles	IT equipment	Total
Acquisitions	-	13.9	0.3	-	14.2
Organic	3.2	3.2	1.4	(0.3)	7.5
Total	3.2	17.1	1.7	(0.3)	21.7

Change in lease commitments in 2015 versus prior period is as follows:

€m	Fleet	Land and buildings	Motor vehicles	IT equipment	Total
Acquisitions	9.8	18.2	0.3	-	28.3
Organic	11.0	13.6	0.8	(0.3)	25.1
Total	20.8	31.8	1.1	(0.3)	53.4

Fleet

Lease in costs incurred from operating leases of equipment, which are then leased to our customers. Lease terms vary per contract. Interest rates on operating leases range from 4% to 8%.

For the number of lease in units at 31 December, see note 22.

c) Capital commitments

€m	2017	2016	2015
Fleet	101.5	71.7	73.0
PP&E	3.3	-	0.8
Total	104.8	71.7	73.8
Number of fleet units	3,507	2,048	2,375

d) Guarantees

The Group has the following outstanding guarantees that have not been provided for in the financial statements:

€m	2017	2016	2015
Residual value guarantee	-	-	-
Office/workshop related	4.6	4.8	0.6
Tax authorities	5.0	5.0	5.0
Lease in	8.5	9.1	4.0
At 31 December	18.1	18.9	9.6

TIP Holdings (UK) Limited changed its tax residency to the Netherlands with effect from 23 October 2013. In 2015 the Group issued a guarantee amounting to €5.0m to the HM Revenue & Customs in the United Kingdom in relation to this change.

All guarantees, except for the guarantee to the tax authorities, are issued in the normal course of business.

The expiration period of these guarantees are as follows:

€m	2017	2016	2015
2016	-	-	0.2
2017	-	-	4.0
2018	4.0	4.2	-
2019	0.2	0.2	0.2
2020	-	-	-
2021	0.2	0.2	-
2022+	13.7	14.3	5.2
At 31 December	18.1	18.9	9.6

e) Legal claims

For all periods, the Group had no material legal claims outstanding at 31 December.

39. Committed revenue

At the end of the reporting period, the Group's has committed revenue from operating leases with customers for whom the contract term was greater than 12 months. The contractually committed revenue can be split into leasing and M&R 3rd party as follows:

€m	Leasing	M&R 3rd party	Total
2018	171.4	18.1	189.5
2019	133.3	12.2	145.5
2020	106.3	9.6	115.9
2021	78.0	8.1	86.1
2022	48.5	7.9	56.4
2023+	46.0	11.5	57.5
At 31 December 2017	583.5	67.4	650.9
2017	152.2	23.0	175.2
2018	115.0	15.1	130.1
2019	89.5	9.9	99.4
2020	71.1	6.9	78.0
2021	48.5	5.6	54.1
2022+	53.2	13.0	66.2
At 31 December 2016	529.5	73.5	603.0
2016	120.4	24.7	145.1
2017	82.3	16.9	99.2
2018	59.0	9.1	68.1
2019	43.2	4.8	48.0
2020	31.4	2.7	34.1
2021+	40.3	4.9	45.2
At 31 December 2015	376.6	63.1	439.7

In addition, the Group has substantial operational committed cash flows from customers. This is driven by the customer's contractual commitments with their end users for the Group's fleet. Often customers cannot quickly change to other suppliers without costly disruption to the supply chain. Customers, therefore, continue to use and pay the same lease rate post the end of the contracted period through evergreens. In addition, many customers enter into contract extensions for additional periods which are often for two to three years. Short-term contracts can also extend into subsequent periods.

40. Financial risk management

The Group's principal financial instruments, other than derivatives, comprise of trade and other receivables, and cash and short-term deposits that it derives directly from its operations. It also includes loans and borrowings, and trade and other payables. The primary purpose of the Group's financial liabilities is to finance its operational activities. The Group views derivatives as risk management tools and does not use them for trading or speculative purposes.

40.1 Liquidity risk

Liquidity risk is the risk that financial liabilities that are settled in cash or other financial assets cannot be met when they fall due or can only be met at unfavourable economic conditions.

The Group monitors its risk of a shortage of funds using cash forecasting models. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash deposits and bank loans. The Group is exposed to a risk associated with concentration of its debt funding. However access to sources of funding is sufficiently available and the majority of the existing and new debt arrangements mature 1 to 3 years after the reporting date (refer to note 30). The Group plans to continue to diversify maturity of its debt financing in the coming years.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

2017 €m	Note	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		4.6	13.2	35.8	0.2	53.8
Borrowings repayment	30	8.8	30.6	622.8	1.7	663.9
Derivatives	31	0.4	0.8	0.4	-	1.6
Trade payables ¹	33	55.4	-	-	-	55.4
Total		69.2	44.6	659.0	1.9	774.7

2016 €m	Note	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		6.0	11.7	28.2	-	45.9
Borrowings repayment	30	3.4	79.4	513.2	2.1	598.1
Derivatives	31	0.5	1.4	1.6	-	3.5
Trade payables ¹	33	80.8	-	-	-	80.8
Total		90.7	92.5	543.0	2.1	728.3

2015 €m	Note	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		3.1	9.0	32.7	-	44.8
Borrowings repayment	30	3.2	14.7	397.2	2.6	417.7
Derivatives	31	0.4	0.8	2.8	-	4.0
Trade payables ¹	33	32.3	-	-	-	32.3
Total		39.0	24.5	432.7	2.6	498.8

40.2 Fair value of financial assets, borrowings and derivatives

All financial assets and liabilities, except for derivatives, are floating rate instruments or have short tenors, and therefore their carrying amount approximates fair value. All derivatives are carried at fair value. Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

Fair values of financial assets, borrowings and derivatives:

2017 €m	Note	Carrying amount	Fair value	Fair value measurement using		
				Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant observable inputs (level 3)
Financial assets	25	281.5	281.5	-	281.5	-
Borrowings	30	660.5	660.5	-	660.5	-
Derivatives	31	1.6	1.6	-	1.6	-
Total borrowings and derivatives	30,31	662.1	662.1	-	662.1	-

¹ Includes trade and fleet payables only.

2016 €m	Note	Carrying amount	Fair value	Fair value measurement using		
				Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant observable inputs (level 3)
Financial assets	25	264.4	264.4	-	264.4	-
Borrowings	30	592.0	592.0	-	592.0	-
Derivatives	31	3.5	3.5	-	3.5	-
Total borrowings and derivatives	30,31	595.5	595.5	-	595.5	-

2015 €m	Note	Carrying amount	Fair value	Fair value measurement using		
				Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant observable inputs (level 3)
Financial assets	25	293.0	293.0	-	293.0	-
Borrowings	30	408.1	408.1	-	408.1	-
Derivatives	31	0.9	0.9	-	0.9	-
Total borrowings and derivatives	30,31	409.0	409.0	-	409.0	-

The EMT assessed that the fair value of cash and short-term deposits, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- > The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps and floors and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and the entity itself, foreign exchange spot and forward rates and interest rate curves. As at 31 December 2017 and 31 December 2016 and 2015, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk, and the marked-to-market value of derivative liability positions is net of a debit valuation adjustment attributable to derivative entity's own credit risk. The changes in credit risk of both counterparties and entity itself had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other instruments recognized at fair value.
- > Fair values of the Group's borrowings are determined by using a DCF method with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk is assessed to be stable between the date of entering into the contract and the reporting date.
- > Fair values of the Group's financial assets are determined by using a DCF method with a discount rate that reflects the counterparty risk as at the end of the reporting period, which is assessed as consistent with prior periods.

40.3 Market, interest and foreign currency objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The EMT oversees the management of these risks. The EMT is supported by the Treasury department who advise on financial risks and the appropriate financial risk governance framework for the Group. All derivative activities for risk management purposes are carried out by a specialist team that has the appropriate skills, experience and supervision. It is the Group’s policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments. Market risk consists of interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates (primarily Euribor/Libor) relates primarily to the Group’s long-term debt obligations with floating interest rates.

To manage this exposure, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount. These swaps are designated to hedge underlying debt obligations. Please refer to note 31. The Group’s strategy is to hedge a minimum 66% of its long-term external borrowings for a minimum of three years from inception of the facility to mitigate interest rate risk. For financing via the ABS, interest rate swaps are taken out to match the operating lease cash flow and duration for the financing component of the facility.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on principal borrowings and related party loan receivables, after the impact of hedge accounting where applicable. With all other variables held constant, the Group’s profit before tax is affected, as follows:

2017 €m		Change in rate	Effect on profit before tax	Effect on OCI
RCF	Interest rate swaps	-0.25%	(0.9)	(0.6)
		+0.25%	0.9	0.6
	Interest rate floor	-0.25%	(0.4)	-
		+0.25%	0.4	-
ABS	Interest rate	-0.25%	(0.2)	-
		+0.25%	0.2	-
Related party loan receivable	Interest rate	-0.25%	(0.6)	-
		+0.25%	0.6	-

2016 €m		Change in rate	Effect on profit before tax	Effect on OCI
RCF	Interest rate swaps	-0.25%	(1.7)	(0.6)
		+0.25%	1.7	0.6
	Interest rate floor	-0.25%	(0.4)	-
		+0.25%	0.4	-
ABS	Interest rate	-0.25%	(0.2)	-
		+0.25%	0.2	-
Related party loan receivable	Interest rate	-0.25%	(0.6)	-
		+0.25%	0.6	-

2015 €m		Change in rate	Effect on profit before tax	Effect on OCI
RCF	Interest rate swaps	-0.25%	(2.3)	-
		+0.25%	2.3	-
	Interest rate floor	-0.25%	(0.6)	-
		+0.25%	0.2	-
ABS	Interest rate	-0.25%	(0.1)	-
		+0.25%	0.1	-
Related party loan receivable	Interest rate	-0.25%	(0.7)	-
		+0.25%	0.7	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency risk is the risk that the fair value, or future cash flows, of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the centrally managed debt in currencies other than the functional currency, the Group’s operating activities (predominantly fleet purchases and sales at subsidiary level denominated in a different currency from the subsidiary’s functional currency) and the Group’s net investments in foreign subsidiaries.

Under the revolving credit and ABS facilities currently in place, the Group borrows in £, CA\$, SEK and NOK to naturally hedge internal loans in those currencies.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in exchange rates as at 31 December, with all other variables held constant. The impact on the Group’s profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group’s exposure to foreign currency changes for all other currencies is not material.

€m	Change in rate	Effect on profit before tax		
		2017	2016	2015
£	+5%	0.2	0.7	1.3
CA\$	+5%	0.1	-	-

The following table shows the Group net assets after borrowings by currency:

Net assets after borrowings by currency	2017	2016	2015
€	59%	63%	61%
£	19%	20%	25%
CA\$	8%	7%	-
DKK	5%	3%	5%
Others	9%	7%	9%
	100%	100%	100%

The Group does not hedge its intergroup net assets/investments after borrowings in non-reporting currency. In 2017 64% (2016: 66% 2015: 66%) of its net assets/investments before borrowings are in € or currencies such as DKK which are formally tied to the €. When funding its UK, Canadian, Swedish and Norwegian businesses, the Group principally borrows in £, CA\$, SEK and NOK under its various financing facilities in order to substantially reduce its exposure to fluctuations in these currencies against the €. The Group assess the residual risk of the other currencies as limited.

40.4 Credit risk

Credit risk is the risk that counterparty will not meet its term loan denominated in obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily through its leasing activities and trade receivables and from its financing activities, including derivative financial instruments.

Trade receivables

Customer credit risk is managed by the Risk team in each regional business unit subject to the Group’s established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed in order to define credit limits based on internal and external credit ratings that take into account financial health and payment history.

The Chief Financial Officer and the Credit Risk Director of the Group delegate credit authorities to regional Finance Directors and Risk teams. Each regional Finance Director ensures that they properly and consistently apply the policy for performing annual reviews on customer accounts. The risk should be appropriate to the level of exposure and risk assessment of the customer and include the maintenance of clear underwriting records identifying the rationale for agreeing to each and every credit line level.

The Group uses customer’s financial statements and other information (industry risk, business position perspective and other internal risks analyses) in assessing a customer’s risk level. The key internal risk analyses include, but are not limited to:

- > Cash flow coverage analysis
- > A standardised credit rating based on the financial information of the customer
- > The most current information from local credit bureaus
- > The customer Risk Class is updated monthly based on analysis of historical quality of customer payments to TIP

All customers are monitored weekly by the Finance and Risk team and information about major overdue accounts is provided to the EMT and regional management teams on monthly basis.

A customer is moved to the Non-Earning Accounts status when there is doubt of the future capacity of that customer or customer group to fulfil its payment obligations. For customers placed on the Non-Earning Accounts status with an exposure exceeding a threshold (€0.5m), regional Finance Directors perform a review of all relevant risks and take appropriate actions to ensure any potential loss is mitigated. The review may include, but is not limited to, a review of updated company financial information and projections, current contractual arrangements, analysis of gap between net book value and fair value of an asset, site visits and review of exit strategy if the asset is retrieved. The payment profile of these customers is closely monitored.

A customer who has filed for administration or bankruptcy, or has had legal action instigated due to overdue payments is classified as a doubtful account. All maintenance, services and other sundry offerings are stopped from the date of the classification as a doubtful account. The regional Finance Directors develop a plan to recover outstanding amounts and to retrieve any equipment. The Chief Financial Officer and the Credit Risk Director review and approve this plan.

Excessive risk concentration

Concentrations arise when a number of customers are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry.

The Group considers concentration risk using two key measures:

- > Percentage of customers owing more than €0.25m and €1.0m
- > Concentration in different credit rating classes

The summary of outstanding customers owing more than €0.25m and €1.0m is as follows:

	No. of customers owing >€0.25m	% of the non-impaired trade receivables	No. of customers owing >€1m	% of the non-impaired trade receivables
2017	43	42%	8	21%
2016	37	44%	5	20%
2015	30	42%	3	14%

The summary of customer credit rating is as follows:

Standardised credit rating		Lease portfolio		Trade receivables		Other receivables	
2017	Note	€m	%	€m	%	€m	%
AAA to AA-		21.5	3%	2.2	3%	-	-
A+ to A-		125.9	15%	17.5	26%	1.1	15%
BBB+ to BBB-		287.8	34%	21.6	32%	2.4	32%
BB+ to BB-		258.7	30%	16.2	24%	2.8	38%
B+ to B-		100.7	12%	5.9	9%	0.8	11%
CCC+ to C		35.5	4%	2.1	3%	0.3	4%
D		5.9	1%	1.4	2%	-	-
Unrated		4.3	1%	0.9	1%	-	-
Total	22, 28	840.3	100%	67.8	100%	7.4	100%

Standardised credit rating		Lease portfolio		Trade receivables		Other receivables	
2016	Note	€m	%	€m	%	€m	%
AAA to AA-		14.2	2%	1.0	1%	0.1	4%
A+ to A-		119.3	15%	13.1	18%	0.3	17%
BBB+ to BBB-		235.4	30%	17.9	25%	0.4	29%
BB+ to BB-		272.6	35%	24.5	35%	0.6	36%
B+ to B-		96.7	12%	7.3	10%	0.2	10%
CCC+ to C		30.3	4%	1.5	2%	0.1	4%
D		3.4	1%	1.5	2%	-	0%
Unrated		3.5	1%	4.8	7%	-	0%
Total	22, 28	775.4	100%	71.6	100%	1.7	100%

Standardised credit rating		Lease portfolio		Trade receivables		Other receivables	
2015	Note	€m	%	€m	%	€m	%
AAA to AA-		4.8	1%	0.6	1%	0.1	2%
A+ to A-		86.0	17%	7.9	15%	1.4	15%
BBB+ to BBB-		150.8	29%	15.2	29%	2.7	29%
BB+ to BB-		148.6	29%	14.2	27%	2.6	28%
B+ to B-		95.5	19%	6.5	12%	1.7	18%
CCC+ to C		15.9	3%	1.9	4%	0.3	3%
D		4.3	1%	1.4	3%	0.2	2%
Unrated		5.0	1%	4.3	9%	0.3	3%
Total	22, 28	510.9	100%	52.0	100%	9.3	100%

The exposure of the lease portfolio comprises net book value of the leased assets for leases, rental payments and service contracts. Other receivables represent primarily unbilled lease receivables and therefore bear similar credit risk as the trade receivables of the respective customers. The Group maintains internal credit ratings for its customers. S&P ratings shown in the table above are mapped to the Group's rating classes. External ratings are used where available to benchmark internal credit assessments.

41. Events after the reporting period

On 9 February 2018 we signed an agreement for the acquisition of a leasing portfolio, workshop and parts retail business in Austria. We anticipate to close the deal in April 2018. The Group has not finalised the accounting treatment for this acquisition.

Global TIP Holdings Two B.V

(company registration no 58146369)

Financial statements for the period ended 31 December 2017

Statement of profit or loss for the period ended 31 December

€m	Note	2017	2016	2015
Revenue	I	0.2	6.2	8.6
Cost of sales		-	-	-
Gross profit		0.2	6.2	8.6
		-		
Administrative and other operating expenses	II	(1.3)	(1.5)	(10.3)
Operating profit		(1.1)	4.7	(1.7)
Finance income	III	0.9	0.9	1.0
Finance cost	IV	(8.5)	(8.1)	(7.4)
Profit before taxes		(8.7)	(2.5)	(8.1)
Taxation	V	2.2	1.1	2.4
Net profit from investments in subsidiaries, after tax	VI	29.8	17.0	30.3
Net profit		23.3	15.6	24.6

Balance sheet for the period ended 31 December

€m	Note	2017	2016	2015
Financial assets	VI	728.5	696.4	662.2
Deferred tax assets	VII	0.5	0.8	1.1
Non-current assets		729.0	697.2	663.3
Trade and other receivables	VIII	7.3	7.2	5.3
Cash and equivalents		-	-	0.1
Current assets		7.3	7.2	5.4
Total assets		736.3	704.4	668.7
Borrowings	IX	149.4	147.5	116.1
Non-current liabilities		149.4	147.5	116.1
Borrowings	IX	8.4	-	3.6
Trade and other payables	X	0.9	0.8	2.3
Current tax liabilities	VII	-	-	-
Current liabilities		9.3	0.8	5.9
Total liabilities		158.7	148.3	122.0
Net assets		577.6	556.1	546.7
Share capital	XI	-	-	-
Share premium	XI	513.2	513.2	513.2
Retained earnings	XI	69.1	45.9	33.8
Other reserves	XI	(4.7)	(3.0)	(0.3)
Equity		577.6	556.1	546.7

Statement of changes in equity for the period ended 31 December

€m	Note	Share capital	Share premium	Retained earnings	Other reserves	Equity
At January 2015		-	513.2	9.2	(2.1)	520.3
Net profit		-	-	24.6	-	24.6
Movement for the period		-	-	-	1.8	1.8
Total comprehensive income		-	-	24.6	1.8	26.4
Reclass		-	-	-	-	-
At 31 December 2015		-	513.2	33.8	(0.3)	546.7
Net profit		-	-	15.6	-	15.6
Movement for the period		-	-	-	(6.2)	(6.2)
Total comprehensive income		-	-	15.6	(6.2)	9.4
Reclass		-	-	(3.5)	3.5	-
At 31 December 2016		-	513.2	45.9	(3.0)	556.1
Net profit		-	-	23.3	-	23.3
Movement for the period		-	-	-	(1.8)	(1.8)
Total comprehensive income		-	-	23.3	(1.8)	21.5
Reclass		-	-	(0.1)	0.1	-
At 31 December 2017		-	513.2	69.1	(4.7)	577.6

Notes to the company financial statements

Basis of preparation

The company financial statements are prepared pursuant to the provisions in part 9, Book 2, of the Netherlands Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRS pursuant to the provisions of Article 362 sub 8, part 9, Book 2, of the Netherlands Civil Code. For all the notes to the Company's balance sheet, reference is made to the notes to the consolidated balance sheet unless stated otherwise.

Significant accounting policies

The accounting policies set out before in preparing the consolidated financial statements are also applied in the company financial statements, with the exception of the valuation of investments in subsidiaries. Investments in subsidiaries are accounted using the net asset value, based upon accounting policies used in the consolidated financial statements. When the Company's share of losses exceeds its interest in the subsidiary, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations, which are expected to result in an outflow of resources, or made payments on behalf of the subsidiary.

I. Revenue

€m	2017	2016	2015
Leasing	-	-	-
Rental	-	-	-
Damage protection	-	-	-
Leasing and rental	-	-	-
M&R 3rd party	-	-	-
Fleet sales	-	-	-
Other	0.2	6.2	8.6
Total	0.2	6.2	8.6

II. Administrative and other operating expenses

€m	2017	2016	2015
Employee benefit expenses	1.3	1.1	1.6
Audit and accounting advisor fees	0.1	0.1	0.1
Other expenses	(0.1)	0.3	8.6
Total	1.3	1.5	10.3

Employees

During the period, the average number of staff employed by the Company, converted into full-time equivalents, amounted to 3 (2016:3 and 2015:3), of which none were employed outside the Netherlands.

Audit and accounting advisor fees

These fees are disclosed in the consolidated financial statements (refer to note 13).

III. Finance income

€m	2017	2016	2015
Interest	0.9	0.9	1.0
Total	0.9	0.9	1.0

IV. Finance cost

€m	2017	2016	2015
Interest	8.5	8.1	7.4
Total	8.5	8.1	7.4

V. Taxation

€m	2017	2016	2015
Current taxation for the period	2.5	1.0	-
Deferred taxation for the period	(0.3)	(0.3)	2.0
Adjustment to prior periods	-	0.4	0.4
Deferred tax assets	(0.3)	0.1	2.4
Taxation	2.2	1.1	2.4

The Company is part of the Dutch tax group for corporate tax purposes with Global TIP Holdings One B.V as head of the tax group. The TIP Trailer Services entities Global TIP Finance B.V., TIP Holdings (UK) Ltd., TIP Trailer Services Netherlands B.V, TIP Trailer Services Management B.V., TIP Fleet Services Netherlands B.V., Global TIP Holdings Three B.V, Global TIP Holdings Four B.V, Global TIP Holdings Five B.V. and TIP Trailer Services THT B.V. are also part of the Dutch tax group. The Company is jointly and severally liable for all corporation tax liabilities resulting from the Dutch tax group in relation to the Dutch tax authorities. The current corporate tax benefit for 2017 is €2.5m (2016: €1.0m and 2015: nil). Current taxes are determined at each individual entity of the Dutch tax group on the basis of its taxable profit or loss for the period taking into account permanent and temporary differences for the period. Deferred taxes for each individual entity of the tax group are determined on an individual basis taking into account temporary differences on a stand-alone basis. The forecasted profits of the Dutch tax group are used for the recognition of deferred tax assets.

VI. Financial assets

€m	2017	2016	2015
Loan receivables			
At 1 January	23.6	22.7	21.7
Additions	-	-	-
Interest capitalised	0.9	0.9	1.0
Gross at period end exchange rates	24.5	23.6	22.7
Interest receivables			
At 1 January	(2.5)	(1.6)	(0.6)
Income	0.9	0.9	1.0
Capitalised	(0.9)	(0.9)	(1.0)
Received	(0.2)	(0.9)	(1.0)
At 31 December	(2.7)	(2.5)	(1.6)
Interest receivables	21.8	21.1	21.1
Investments in subsidiaries			
At 1 January	675.3	641.1	609.0
Capital increase subsidiaries	3.4	23.4	-
Cash flow hedge	0.7	(0.6)	0.1
Foreign exchange movements	(2.5)	(5.6)	1.7
Net profit from investments in subsidiaries, after tax	29.8	17.0	30.3
At 31 December	706.7	675.3	641.1
Total	728.5	696.4	662.2

The Group provided a loan to a related party on 23 October 2013. The loan is denominated in € and is a term loan facility amounting to €20.5m which terminates at the date falling within 6 year after the borrowing date, with a maturity date of 22 October 2019. The interest rate is set out as Euribor +4.50% and the interest period is 3 months. The Group receives accrued interest every quarter. The loan is repayable by the lender at five business days' notice.

VII. Current and deferred tax

€m	2017	2016	2015
At 1 January	0.8	1.1	4.2
Deferred taxes charged to the profit or loss	(0.3)	(0.3)	2.4
Settlement of tax losses with tax group	-	-	(5.5)
At 31 December	0.5	0.8	1.1

VIII. Trade and other receivables

€m	2017	2016	2015
GE receivables	1.0	1.0	0.4
Global TIP Holdings One B.V. receivables	2.5	4.8	4.9
Global TIP Finance B.V. receivables	3.8	1.4	-
VAT receivables	-	-	-
Total	7.3	7.2	5.3

Receivables from GE are neither past due nor impaired (refer to consolidated financial statements note 28).

Receivables from parent company Global TIP Holdings One B.V. relates to remaining current year tax settlement (refer to note V) and €3.8m related to fulfillment of the guaranteed obligations as defined in a parental guarantee dated May 8, 2014 which collection has been assigned to Global TIP Finance B.V.

IX. Borrowings

€m	2017	2016	2015
Borrowings 1	81.7	81.7	80.4
Borrowings 2	21.2	21.2	21.0
Borrowings 3	46.5	44.6	14.7
Cashpool	8.4	-	3.6
Total	157.8	147.5	119.7
Current	8.4	-	3.6
Non-current	149.4	147.5	116.1

Borrowings 1: Effective since 23 October 2013, maturity 7 years until 22 October 2020. The interest rate is set out as Euribor +3.2% (excluding administration expenses) and the interest period is 3 months.

Borrowings 2: Effective since 23 October 2013, maturity 6 years until 22 October 2019. The interest rate is set out as Euribor +4.50% and the interest period is 3 months.

Borrowings 3: Effective since 1 April 2015, maturity 4.75 years until 31 December 2019. The interest rate is set out as Euribor +3.2% (excluding administration expenses) and the interest period is 3 months.

X. Trade and other payables

€m	2017	2016	2015
Payroll, payroll tax and social security	0.9	0.5	0.5
Global TIP Finance B.V. payables	-	0.3	1.8
Total	0.9	0.8	2.3
Current	0.9	0.8	2.3
Non-current	-	-	-

XI. Share capital, share premium and other reserves

a) Issued capital

€	2017	2016	2015
Authorised shares			
Ordinary shares 1,000 of €0.01 each	10	10	10
Ordinary shares issued and fully paid			
At 1 January and 31 December	10	10	10

b) Share premium

€m	2017	2016	2015
At 1 January and 31 December	513.2	513.2	513.2

c) Other reserves

€m	Note	Foreign currency translation	Cash flow hedge	Internal software reserve	Total
At 1 January 2015		(2.1)	-	-	(2.1)
Movement for the period		1.7	0.1	-	1.8
Tax impact	20.2	-	-	-	-
Reclass to retained earnings		-	-	-	-
At 31 December 2015		(0.4)	0.1	-	(0.3)
Movement for the period		(5.6)	(0.6)	-	(6.2)
Tax impact	20.2	-	-	-	-
Reclass to retained earnings		-	-	3.5	3.5
At 31 December 2016		(6.0)	(0.5)	3.5	(3.0)
Movement for the period		(2.5)	0.9	-	(1.6)
Tax impact	20.2	-	(0.2)	-	(0.2)
Reclass to retained earnings		-	-	0.1	0.1
At 31 December 2017		(8.5)	0.2	3.6	(4.7)

All other reserves are legal reserves and are non-distributable by the Company pursuant to the provisions of Part 9, Book 2, of the Dutch Civil Code. There are no statutory reserves prescribed in the Articles of Association of the Company. The internally software reserve relates to attributable internal working hours to generate this software.

XII. Other

Compensation of key management
personnel of the Company

Directors of the Company and the Group EMT are considered to the key management personnel of the Company. Remuneration is disclosed in the consolidated financial statement (refer to note 37).

Financial risk management

Management’s approach is covered in the consolidated financial statements (refer to note 40).

Events after the reporting period

These events are covered in the consolidated financial statements (refer to note 41).

Proposed appropriation of the 2017 net profit

In anticipation of the annual general meeting of shareholders adopting the annual financial statements, it is proposed that the 2017 net profit, amounting to €23.3m, will be added to the retained earnings. The 2016 and 2015 net profits, amounting to €15.6m and €24.6m respectively, have been included in retained earnings as part of shareholders’ equity (refer to statement of changes in equity).

In Article 11 of the Company’s articles of association the following has been stated concerning the profit or loss allocation: The general meeting is authorised to appropriate the net profit determined by the adoption of the financial statements and to adopt resolutions regarding distributions, to the extent the net assets exceed the reserves which must be maintained by law or the articles of association.

Board of directors of
Global TIP Holdings Two B.V.

Amsterdam, 23 February 2018

Global TIP Holding One B.V. (Director A)
Represented by

Bob Fast
Director A of Global TIP Holdings One B.V.
sitting as Director A of Global TIP Holdings Two B.V.

Jan IhlauMalachy Mc Enroe

Brent Zhang

Independent auditor's report

Report on the financial statements

We have audited the financial statements 2017 of Global TIP Holdings Two B.V, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the balance sheet of Global TIP Holdings Two B.V as at 31 December 2017, and of its profit or loss and its cash flow for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- > The consolidated and company balance sheet as at 31 December 2017
- > The following statements for 2017: the consolidated and company statements of profit or loss and changes in equity, the consolidated statement of comprehensive income and cash flow
- > The notes comprising a summary of the significant accounting policies and other explanatory information

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

We are independent of Global TIP Holdings Two B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other informations

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- > The management board's report
- > Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- > Is consistent with the financial statements and does not contain material misstatements
- > Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code



We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Auditor's responsibility

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- > Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- > Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- > Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management



- > Concluding on the appropriateness of management’s use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern
- > Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- > Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 23 February 2018

Ernst & Young Accountants LLP

Signed by René Koekkoek





Trailer Services
TRAILERMADE SOLUTIONS

