



CONSOLIDATED
FINANCIAL
STATEMENTS
2018

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CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED BALANCE SHEET - ASSETS

In thousands of euros

	Note	31/12/2018	31/12/2017
Goodwill	8	32 728	15 722
Intangible assets	9	30 161	20 398
Property, plant and equipment	10	53 993	57 181
Investment in affiliates		-	8 672
Financial assets	11	2 908	3 724
Deferred tax assets	25	18 013	16 880
Trade receivables from financing activities > 1 year	13	21 710	20 162
Other non current assets	14	4 572	4
NON CURRENT ASSETS (A)		164 085	142 743
Inventory	12	178 949	108 732
Trade receivables	13	123 573	115 148
Trade receivables from financing activities < 1 year	13	12 844	9 993
Other assets	14	33 372	33 972
Cash and cash equivalents	17	24 110	24 481
CURRENT ASSETS (B)		372 848	292 326
TOTAL ASSETS (A+B)		536 933	435 069

Notes 1 to 46 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEET - LIABILITIES

In thousands of euros

	Note	31/12/2018	31/12/2017
Share capital	18	4 078	4 078
Share premiums	18	91 720	91 720
Consolidated reserves and income		161 539	142 925
SHAREHOLDERS' EQUITY BEFORE MINORITY INTERESTS (A)		257 337	238 723
Minority interests (B)		(347)	(399)
TOTAL EQUITY		256 990	238 324
Long-term borrowings	19	46 084	68 012
Deferred tax liabilities	25	6 068	4 338
Provisions	21	5 055	5 583
NON-CURRENT LIABILITIES (C)		57 207	77 933
Trade payables	23	86 284	62 352
Other current liabilities	24	24 846	31 068
Current borrowings	19	102 053	14 293
Provisions	21	9 553	11 099
CURRENT LIABILITIES (D)		222 736	118 812
LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D)		536 933	435 069

Notes 1 to 46 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED INCOME STATEMENT

In thousands of euros

	Note	31/12/2018		31/12/2017	
CONTINUING OPERATIONS					
Sales and revenue	27	555 905	100%	499 442	100%
Cost of sales	28	(424 155)	-76,3%	(370 453)	-74,2%
Selling expenses		(32 653)	-5,9%	(29 664)	-5,9%
General and administrative expenses	29	(54 745)	-9,8%	(48 497)	-9,7%
Research and development expenditures	30	(8 747)	-1,6%	(8 462)	-1,7%
Exchange gains and losses	31	(2 000)	-0,4%	(1 215)	0,2%
CURRENT OPERATING INCOME		33 605	6,0%	41 151	8,2%
Other operating income and expenses	34	(4 485)	-0,8%	(5 442)	-1,1%
OPERATING INCOME FROM CONTINUING OPERATIONS		29 121	5,2%	35 708	7,1%
Share of profit of affiliates		(147)		962	
OPERATING INCOME after share of profit of affiliates		28 974	5,2%	36 670	7,3%
Cost of net financial debt	35	(1 580)		(1 693)	
Exchange gains and losses	31	(290)		(10 866)	
Other financial income and expenses	35	(1 825)		(3 133)	
PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS		25 279	4,5%	20 978	4,2%
Income tax	36	(7 350)	-1,3%	(3 320)	-0,7%
NET PROFIT FROM CONTINUING OPERATIONS		17 929	3,2%	17 658	3,5%
DISCONTINUED OPERATIONS					
NET PROFIT FROM DISCONTINUED OPERATIONS	26	5 944		30	
NET PROFIT		23 873	4,3%	17 688	3,5%
attributable to equity holders of the parent		23 803		17 610	
attributable to minority interests		70		78	
Net earnings per share	38	0,81		0,60	
Net diluted earnings per share	38	0,81		0,60	

Notes 1 to 46 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	Note	31/12/2018	31/12/2017
Profit / (loss) for the year		23 873	17 688
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT AND LOSS			
Currency translation differences for cash items relating to net investments in foreign operations		(5 175)	(11 083)
Currency translation differences from financial statements of subsidiaries		5 343	(2 578)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS			
Actuarial gains and losses on employee benefits	22	(131)	16
Income tax	25	(330)	3 601
Net income / (expense) recognised directly in equity		(293)	(10 044)
Total consolidated comprehensive income		23 580	7 644
attributable to equity holders of the parent		23 510	7 566
attributable to minority interest		70	78

Notes 1 to 46 constitute an integral part of these consolidated financial statements.

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FOR THE YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED STATEMENT CASH FLOW

In thousand of euros	Note 31/12/2018 31/12/2017	
Net income for continuing operations	17 929	17 658
Depreciation and amortization	15 853	12 074
Change in provisions (except for current assets)	5 278	6 436
Change in financial derivative instruments fair value	-	51
Unrealised foreign exchange gains and losses	(1 560)	10 166
Change in deferred taxes	(1 803)	(3 894)
Gains and losses from disposals of fixed assets	(946)	(1 074)
Interests on bank borrowings	1 593	1 683
Share of profit in affiliates	147	(962)
GROSS CASH FLOWS FROM OPERATIONS	36 491	42 138
Change in operating working capital	40	(71 038)
Change in receivables from financing activities	41	(2 714)
Change in other non current assets	-	-
Total of operating cash flows continued operations	(37 261)	39 747
Operating cash flows from discontinued activities	201	1 228
CASH FLOWS FROM OPERATING ACTIVITIES	(37 060)	40 975
Purchases of fixed assets	(22 177)	(16 826)
Proceeds from the sales of fixed assets, net of tax	2 988	1 663
Dividends received	849	634
Impact of changes in scope of consolidation	(14 913)	-
Change in payables on fixed assets	-	-
Total of investing cash flows continued operations	(33 253)	(14 529)
Investing cash flows from discontinued activities	16 130	(1 196)
CASH FLOWS FROM INVESTING ACTIVITIES	(17 123)	(15 725)
Dividends paid to shareholders	(6 507)	(6 506)
Loans issues	51 948	17 544
Borrowings repayments	(7 776)	(27 927)
Treasury shares	(709)	569
Total of financing cash flows continued operations	36 956	(16 320)
Financing cash flows from discontinued activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	36 956	(16 320)
NET CHANGE IN CASH AND CASH EQUIVALENT	(17 227)	8 930
Opening cash and cash equivalents	42	22 809
Effect of exchange rate changes from continued operations	(697)	(1 377)
Effect of exchange rate changes from discontinued operations	-	-
Reclassification of closing cash from discontinued operations	-	68
Closing cash and cash equivalents	42	4 885
NET CHANGE IN CASH AND CASH EQUIVALENT	(17 227)	8 930

Notes 1 to 46 constitute an integral part of these consolidated financial statements.

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STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Capital	Share premiums	Consolidated reserves*	Profit for the period	Treasury shares**	Free shares***	Translation differences	Actuarial gains and losses on employee benefits	Group share	Minority Interests	Total
Balance at 31 December 2016	4 078	94 305	151 925	23 289	(14 180)	-	(20 981)	(1 316)	237 120	(486)	236 634
Change in capital of the parent company	-								-	-	-
Appropriation of 2016 net income			23 289	(23 289)					-		-
Dividends paid by the parent company		(2 585)	(3 921)						(6 506)		(6 506)
<i>Net income for the period</i>				17 610					17 610	78	17 688
<i>Net income / (expense) recognised directly in equity</i>							(10 045)	-	(10 045)	1	(10 044)
Total consolidated comprehensive income		-	-	17 610	-		(10 045)	-	7 565	79	7 644
Treasury shares					569				569		569
Other changes			(23)						(23)	9	(14)
Balance at 31 December 2017	4 078	91 720	171 270	17 610	(13 611)	-	(31 026)	(1 316)	238 725	(398)	238 326
Change in capital of the parent company	-								-		-
Appropriation of 2017 net income			17 610	(17 610)					-		-
Dividends paid by the parent company			(6 511)						(6 511)		(6 511)
<i>Net income for the period</i>				23 803					23 803	70	23 873
<i>Net income / (expense) recognised directly in equity</i>							(162)	(131)	(293)	0	(293)
Total consolidated comprehensive income				23 803			(162)	(131)	23 510	70	23 580
Treasury shares					(708)	392			(316)		(316)
Other changes****			1 929						1 929	(19)	1 910
Balance at 31 December 2018	4 078	91 720	184 298	23 803	(14 319)	392	(31 188)	(1 447)	257 337	(347)	256 990

* Consolidated reserves primarily consist of retained earnings. ** For the three periods, the amount of treasury shares has been disclosed at the book value, and the correction in consolidated reserves. *** See Note 18.

**** Other changes include hyperinflation effects in Argentina.

Notes 1 to 46 constitute an integral part of these consolidated financial statements.

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NOTE 1 - GENERAL INFORMATION

Haulotte Group S.A. manufactures and distributes through its subsidiaries (forming the "Group") people and material lifting equipment.

Haulotte Group also operates in the rental market for this equipment.

Haulotte Group S.A. is a société anonyme (a French limited liability company) incorporated in Saint-Etienne (France) with its registered office in L'Horme. The company is listed on Euronext Paris – Eurolist Compartment B (Mid Caps).

The annual consolidated financial statements for the period ended 31 December 2018 and the notes thereto were approved by the Board of Directors of Haulotte Group SA on 12 March 2018. Figures are expressed as thousands of euros.

NOTE 2 - MAJOR EVENTS OF THE FISCAL YEAR

2.1 Presentation of the Group's new strategic plan

The Group presented its new strategic plan ("Let's dare together plan") in April 2018 at the Intermat trade fair. The Group's goal is to provide customers solutions which are increasingly safe, environmentally friendly and fully adapted to its partners' needs.

To transform this goal into action plans, the Group has defined three major strategic priorities:

- Become a "blue company".
- Become a provider of global solutions.
- Become the industry standard setter for service.

Two major cross functional programs provide the foundations for these strategic goals:

- achieving a transformation of the corporate culture ("Let's dare") to free up the Group's collaborative energy,
- digital transformation, a key driver of future success: creating new possibilities for operational efficiencies across the entire value chain.

At this exhibition, the Group also introduced its Pulseo range (100% electric machines) and presented its first all-electric 20m articulating boom lift (HA20LE), a world premier.

Finally, two apps were introduced by the Group in 2018.

- Haulotte Diag to facilitate day-to-day machine maintenance operations,
- Quick positioning to select in just a few seconds the right machine for the customer's worksite.

2.2 Change in consolidation scope

Disposal of No.Ve.

On 21 June 2018, Haulotte Group sold its subsidiary No.Ve. that was carrying all of the rental activities in Italy.

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This disposal has been considered as a discontinued operation as defined in IFRS 5, rental activity in Italy being a major line of business given that it was representing a cash generating unit.

In compliance with IFRS 5, elements of the income statement and the cash flow statement relating to this activity were identified separately as discontinued operations in the corresponding schedules. The details of the separated amounts are disclosed in notes 26 and 40.

The profit recorded on this operation amounts €6 630 thousand.

Takeover of Acarlar Makine

On 8 October 2018, Haulotte acquired 100% of the Turkish materials lifting equipment distributor, Acarlar Makine, the Group's exclusive distributor in the Turkish market. This entity has been integrated in the consolidated financial statements under the full consolidation method as from 1st October 2018. The period as from 1st to 8th of October 2018 is considered as non - significant.

Because Haulotte has held a 50% stake in the capital of this company since April 2014, its results have been integrated in the Group's consolidated financial statements under the equity method.

This acquisition is thus in line with the rationale behind the initial equity investment and should enable Haulotte to reinforce its position in the Turkish market which is considered to offer interesting growth prospects.

The fair value for 100% of this acquisition is TRY190.7 million (€27.4 million), being specified that the amounts for the purchases in 2014 and 2018 were paid entirely in cash.

As part of the acquisition process and in compliance with IFRS 3, Group recorded :

- A goodwill of TRY142.8 million (€20.5 million).
- An intangible asset corresponding to customer portfolio of TRY41.9 million (€6.0 million).

2.3 Renegotiation of the syndicated credit facility

A €90 million syndicated credit facility for the Group was arranged in September 2014. The extension for this facility concluded in March 2017 will expire in September 2019. The maturities were accordingly reclassified for their full amount under short-term debt for €80.4 million (including the overdraft facility).

The Group is in the process of renegotiating with the current banking pool for a new credit facility based on comparable terms, with the amount to be defined.

2.4 New headquarters

In October 2018, the Group announced the construction of new headquarters in the town of Lorette in the Loire region of France. On 31,000 sqm of land, the building will include 5,000 sqm of office space and 2500 sqm devoted to innovation and prototypes to design the equipment of the future. The transfer to these new facilities is currently planned for 2020. This building will be acquired through a finance lease signed in January 2019.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied to prepare the consolidated financial statements are described below. Except where specifically stated otherwise, these policies are consistently applied to all financial periods presented herein.

3.1 Statements of compliance

As a publicly traded company listed in the European Union and in accordance with EC regulation 1606/2002 of 19 July 2002, the Group's consolidated financial statements for fiscal year ended 31 December 2017 have been prepared according to IFRS (International Financial Reporting Standards) as adopted by the European Union on 31 December 2017.

These standards can be consulted at the website of the European commission (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm). They include standards approved by the International Accounting Standards Board (IASB), i.e. IFRS, International Accounting Standards (IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements have been prepared according to the historical cost convention, with the exception of certain items, notably assets and liabilities measured at fair value.

Amendments and interpretations of standards in issue taking effect in 2018

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2018:

IFRS 15

IFRS 15, "Revenue from customer contracts", published in May 2014 and adopted by the European Union in October 2016, and the amendment "Clarifications to IFRS 15" are applicable for periods starting on or after 1 January 2018. Their scope of application covers all customer contracts, except lease agreements, insurance policies and financial instruments which are covered by other standards.

This standard introduces new principles for revenue recognition, as well as new conditions on disclosures to be included in the notes. It establishes the basic principle whereby the recognition of revenue must reflect the transfer to the customer of the control of a good or service, in an amount that reflects the consideration to which the seller expects to be entitled when the contractual obligations are fulfilled.

The Group has analyzed its accounting methods with regard to the obligations of this new standard. This analysis was carried out for different types of contracts existing within the Group.

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This analysis highlighted the following points:

Contract type	Accounting treatment IFRS 15
Sale of machines	Recognition of revenue upon delivery of the good
Machine rental	Not covered by IFRS 15. Recognition of revenue upon the rental of the good
Service agreement involving the provision of a service – basic sale / service	Recognition of revenue upon performance of the service
Services - Long-term contracts	Recognition of revenue on a straight-line basis over the term of the contract

IFRS 9

IFRS 9, "Financial instruments" issued in July 2014 and adopted by the European Union in November 2016, is applicable for periods starting on or after January 1, 2018 and replaces IAS 39. The standard concerns how to classify and measure financial assets, including a new model for expected future losses to calculate the impairment of financial assets. For financial debt, the standard retains most of the provisions of IAS 39.

The Group has led an analysis mainly concerning the classification and measurement of accounts receivables. To apply this standard, the simplified methodology has been chosen (with an assessment of risk mainly based on overdues periods and possibility to take back the equipments). The application of this standard did not have any impact on the opening financial statements.

IAS 29

Hyperinflationary economies is applicable to Argentina as from 1st of July 2018 with effect on the financial statements as from 1st of January 2018.

IAS 29 requires the restatement of financial statements that have been prepared in accordance with the historical cost convention. This restatement consists in applying a general price index, so that the financial statements are expressed in the unit of measure in force at the closing date.

The Group has applied this standard. The effects are disclosed in Note 31.

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Others

Standard or interpretation	Nature of change expected on accounting principles and methods	Impact of Haulotte Group's first-time application
Amendments to IFRS 4 – Insurance contracts	Application of IFRS 9 and IFRS 4	This new pronouncement is not applicable to the Group's financial statements
Amendments to IFRS 2 – Share-based payment transactions	This amendment concerns mainly some clarification regarding the classification and measurement of "cash-settled" and "equity-settled" plans	This new pronouncement is not applicable to the Group's financial statements
Amendments to IAS 40	This amendment specifies the conditions of transfers between the different categories of assets	This new pronouncement is not applicable to the Group's financial statements
2014-2016 annual improvement cycle	These amendments concern principally early adopters (IFRS 1) and investments in associates and joint ventures (IAS 28)	These new pronouncements are not applicable to the Group's financial statements
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	Purchase or sale transactions are to be converted at the exchange rate on the date when the advance payment asset or liability is recognized initially	The application of this amendment does not have a significant impact on the annual financial statements or the comparative financial statements for the period ending 31 December 2016

New standards, amendments or interpretations applicable in advance

The Group did not anticipate and does not expect to anticipate for the text adopted by the European Union at the closing date but applicable for the following exercises.

IFRS 16

IFRS 16 "Leases" issued in January 2016 and adopted by the European Union in November 2017 is applicable no later than for periods starting on or after 1 January 2019. This standard presents a detailed model for identifying leases and defines the treatment to be adopted by lessors and lessees in their respective financial statements. It replaces IAS 17 and its interpretations.

The new standard applies a control model for the definition of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Significant modifications were introduced for the recognition of a lease by the lessee as the current distinction between finance leases and operating leases is eliminated. The lessee is required to recognize a "right-of-use" asset and the related lease liability in the statement of financial position. Limited exceptions are allowed when the lease term is 12 months or less or the underlying asset has a low value.

This standard will be applied by the Group as of the period starting on January 1, 2019 without restatement of the comparative information by using the simplified retrospective method. The Group will also apply the exceptions provided by the standard: short-term leases (less than 12 months) and low-value leases (less than € 4,500) are excluded.

The Group has implemented a tool for recording lease contracts. This tool calculates the amounts to be recognized under the right of use, financial debt, amortization expense and interest expense.

The majority of leases are operating leases in which the Group is a lessee. The assets under lease are mainly buildings, vehicles and industrial equipment.

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The key assumptions that the Group uses for the implementation of the standard are:

- Durations: The Group has decided to retain the contractual terms of the contracts. The duration chosen is the first expiry date; unless specific information leads to choose a longer period.
- Discount rate: The Group wished to use the simplification measures recommended by the standard and thus use the marginal borrowing rate of the contract taking into account the asset class, the duration of the contract and the economic environment.

The analysis of the contracts will be finalized by the end of June 30, 2019. The financial impacts will be disclosed at that time.

When the Group is a lessor, the accounting remains the same as with the current standard, ie lessors continue to classify leases as finance leases or as operating leases.

New standards and interpretations not yet adopted by the European Union

The Group does not anticipate or plan at this stage early adoption of other new standards or interpretations published by IASB or IFRIC but not yet adopted by the European Union at the closing date.

3.2 Critical accounting estimates and judgements

3.2.1 Critical accounting estimates and assumptions

In preparing financial statements, the Group will resort to estimates and assumptions about future events. Such estimates are based on past experience and other factors considered reasonable in view of current circumstances. Actual results may differ from these estimates.

The main sources of uncertainty concerning key assumptions and assessments are :

- estimated impairment of goodwill (cf. note 4.1),
- evaluation of customer counterparty risk: evaluation of the recoverable value of trade receivables (see note 4.6) is based on credit rating procedures (see note 5 b) and, when applicable, analysis based on the Group's ability to recover the equipment in the case of customer default and proceed with their sale for a specified value. This resale value is estimated on the basis of data for the sale of used machines previously carried out by the Group over a period of several years. The consistency of these values with quoted prices for second hand assets generally accepted on the market is also verified. Today, there are no factors which might call into question the valuation of this recoverable value and notably the validity of quoted prices of second-hand equipment. Nevertheless, deterioration in the future of the market values of second-hand equipment could result in the recognition of additional impairment charges for trade receivables,
- net realizable value of inventory (cf. note 4.5): the net realizable value of work in progress and finished goods at 31 December 2018 determined on the basis of actual recorded transactions depending on each equipment's production year, remains significantly higher than the cost price,
- the assessment of the preferential nature of guarantees for residual amounts: the accounting treatment associated with transactions accompanied by such guarantees (cf. note 4.6.2) is based on the assumption that has been almost systematically verified to date of the attractiveness of the option to repurchase equipment offered to customers when compared to the current sales prices in the second-hand equipment market. If this assumption ceases to be confirmed, the accounting treatment of such future transactions should be adapted in consequence.

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Use of estimates and assumptions also had an impact on the following items:

- revenue recognition, notably in the context of tripartite agreements described in notes 4.6.2 to 4.6.4
- amortization and depreciation periods for fixed assets (cf. note 4.3),
- the valuation of provisions, notably for manufacturer warranties (cf. note 4.10) and for pension liabilities (cf. note 4.9),
- the recognition of deferred tax assets (cf. note 4.12).

The financial statements reflect the best estimates according to information available at time of finalizing production of accounts.

3.2.2 Evaluation of risks and significant uncertainties having a potential material impact on Haulotte Group

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

Regarding the market (following variations are at constant exchange rates & excluding IAS 29 application), fiscal year 2018 was marked by revenue growth of 14 %. Over the year, sales of equipment increased by 16% and services by +5%. Rental sales are decreasing by -7%.

The Group maintains its policy of a centralised management of foreign exchange as described in note 5.a) and pays specific attention to the variation of foreign currencies on its main markets, as these could significantly affect its financial performance.

During the year, the Group continues to diversify its financing (see note 19).

The liquidity risk is described in detail in note 5.c). Based on the level of cash resources and credit lines open and available at 31 December 2018 compared with cash forecasts for the first few months of 2019, there are no reasons that would call into question the Group's ability to ensure its liquidity. As mentioned in the main facts, maturities of the syndicated loan are presented as short term for an amount of 80.4 M€. Concerning other borrowings, amounts due in 2019 total to € 5.6 million.

3.3 Consolidation

Subsidiaries over which Haulotte Group S.A. directly or indirectly exercises exclusive control are fully consolidated. They are deconsolidated from the date that control ceases.

Equity method is used for all associated companies in which the Group exerts significant influence. According to this method, Haulotte Group records in a specific caption of the consolidated income statement its share in the net income of the company consolidated using equity method. As of 31 December 2018, Haulotte Group does not have any company consolidated using the equity method.

The list of subsidiaries included in the consolidation scope is shown in note 7.

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3.4 Intercompany balances and transactions

All intercompany balances and transactions between fully consolidated companies are eliminated.

3.5 Foreign currency translation of foreign subsidiaries financial statement

The consolidated financial statements are presented in euro (€), which is the parent company's, Haulotte Group S.A., functional and the Group's presentation currency.

Financial statements of foreign subsidiaries are measured using the functional currency, their local currency.

The results and financial position of foreign entities that have a functional currency different from the presentation currency (euro) are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of balance sheet,
- Income statement items are translated at the average exchange rate for the period (average for 12 monthly rates) except if exchange rates experience significant fluctuations. In the latter case, applying an average exchange rate for a period would not be appropriate. Thus, to apply IAS 29, the income statement of the entities Haulotte Argentina S.A. and Horizon High Reach Limited were converted using the closing rate.

Exchange differences resulting from the translation of the subsidiaries' financial statements are recognized as a separate component of equity and broken down between the parent company share and minority interests.

In the case of the disposal of an entity, translation differences that were recognized under components of comprehensive income items are reclassified from equity to income of the period (as a reclassification adjustment) when a gain or loss resulting from the disposal is recognized. These amounts are then included in the disposal result in the 'other income and expenses' line.

Goodwill is accounted for in the currency of the subsidiary concerned. It must consequently be stated in the functional currency of the subsidiary and translated at year-end.

3.6 Translation of transactions in foreign currency

Foreign currency transactions are translated by the subsidiary into its functional currency using the exchange rates prevailing at the date of the transaction. At year-end, monetary items of the balance sheet denominated in foreign currencies are translated at closing exchange rates.

Gains and losses on translation are recorded directly in the income statement under operating income as "exchange gains and losses" except net foreign investments as defined under IAS 21 for which exchange differences are recognized as other comprehensive income items. In the event of the prepayment of a current account balance considered equivalent to a net investment in a foreign operation, the reduction of the associated investment is assessed on the basis of relative value.

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3.7 Business combinations

Business combinations occurring after 1 January 2010 are accounted for using the acquisition method, in accordance with IFRS 3 (Revised) – Business Combinations:

- The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at acquisition-date fair value, provided that they meet the accounting criteria in IFRS 3 (Revised). An acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date is measured at fair value less costs to sell. Only the liabilities recognized in the acquiree's balance sheet at the acquisition date are taken into account. Restructuring provisions are therefore not accounted for as a liability of the acquiree unless it has an obligation to undertake such restructuring at the acquisition date. Acquisition-related costs are recognized as expenses in the period in which the costs are incurred.
- The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the Group's share in the fair value of the acquired identifiable net assets exceeds the cost of acquisition, that difference is recognized directly in the income statement (see note 4.1).
- For each acquisition, the Group has the option of using the full goodwill method, where goodwill is calculated by taking into account the acquisition-date fair value of minority interests, rather than their share of the fair value of the assets and liabilities of the acquiree.
- In the case of a bargain purchase, the resulting gain is recognized as "Other operating income and expenses", if the amount is material.
- Contingent consideration is measured at its acquisition-date fair value and is subsequently adjusted through goodwill only when additional information is obtained after the acquisition date about facts and circumstances that existed at that date. Such adjustments are made only during the 12-month measurement period that follows the acquisition date. All other subsequent adjustments are recorded as a receivable or payable through profit or loss (line "Other operating income and expenses").
- In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if material, is recognized as "Other operating income and expenses".

3.8 Segment reporting

The Group has determined that the primary operating decision-making body of the entity is the Executive Committee. The Committee reviews internal reporting of the Group, evaluating its performance and making decisions for the allocation of resources. The operating segments have been adopted by management on the basis of this reporting.

The Executive Committee analyses activity both according to geographic markets and the Group's businesses. These businesses are :

- the manufacture and sale of lifting equipment,
- the rental of lifting equipment,
- services (spare parts, repairs and financing).

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In addition, these activities overall are subject to analysis according to geographic region (Europe, North America, Latin America, Asia Pacific).

Internal reporting used by the Executive Committee is based on a presentation of the accounts according to IFRS principles, and includes all Group activities.

The main indicators for performance reviewed by the Executive Committee are revenue, operating income and depreciation expenses. In addition, the Executive Committee monitors the main balance sheet captions: property, plant and equipment, trade receivables, receivables from financing activities, inventories, trade payables, borrowings.

Items relating to net financial income or expense and in general non-operating items, as well as items relating specifically to consolidation (tax...) are tracked on a global basis without applying a breakdown by activity or geographic sector. As such they are not included in this segment information.

The Group has not identified any customer accounting for more than 10% of revenue.

NOTE 4 - PRINCIPLES AND METHODS FOR THE VALUATION OF KEY BALANCE SHEET AGGREGATES

4.1 Goodwill

Goodwill related to consolidated companies is booked to balance sheet assets under "Goodwill". They result from the application of the principles of business combinations described in note 3.7 above.

Negative Goodwill (or badwill) is recognized immediately under operating income during the year of acquisition and no later than 12 months after the acquisition, after the correct identification and valuation of acquired assets and liabilities has been verified.

Goodwill is not depreciated but is instead subject to impairment testing whenever there exists an indicator of impairment and at least once a year. For the purpose of impairment testing, goodwill is allocated to Cash Generating Units (CGU) or groups of CGU that may benefit from business combinations.

The Group has defined different CGUs:

- The North America CGU including the subsidiaries Haulotte US and BiJax,
- Group rental company subsidiaries each representing an independent CGU, NDU (without any activity since 2008) and Horizon Argentina,
- Manufacturing and distribution subsidiaries (Excluding North America and Turkey) of the Group included within a single CGU,
- CGU for Acarlar Makine, related to the distribution in Turkey.

An impairment loss is recognized when the carrying value is higher than the recoverable value, defined as the higher of value in use and fair value. Value in use is determined in reference to five-year business plans for which future flows are extrapolated and discounted to present value, or for some rental subsidiaries, using the market value of the rental assets.

Goodwill impairment charges are irreversible.

Income and expense arising respectively from the recognition of negative goodwill (badwill) and the impairment of positive goodwill are recognized under the "other operating income and expenses".

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4.2 Intangible assets

a) Development expenditures

Research expenditure is expensed as incurred. Development expenditure in connection with projects (for the design of new products or improvement of existing products) is recognized as intangible asset when the following criteria are met:

- the technical feasibility of completing the project,
- the intention of management to complete the project,
- the ability to use or sell the intangible asset,
- the intangible asset will generate probable future economic benefits for the group,
- the availability of adequate technical, financial and other resources to complete the project,
- the ability to measure reliably the costs.

Other development expenditures that do not meet these criteria are expensed in the period incurred. Development expenditure previously expensed is not recorded as an asset in subsequent periods.

Development expenditure is amortized from the date the asset is commissioned using the straight-line method over the estimated useful life of 2 to 5 years.

In compliance with IAS 36, development expenditure recognized under assets not yet fully amortized is tested for impairment annually or as soon as any impairment indicator is identified (when the inflow of economic benefits is less than initially anticipated). The carrying value of capitalised development expenditure is compared with expected cash flows projected over 2 to 5 years to determine the impairment loss to be recorded.

b) Customer Portfolio

The customer portfolio had been determined at the purchase price allocation of Acarlar. The price paid for this acquisition includes customer relationship of the company. Only the relationship existing at the date of acquisition were evaluated.

The fair value of the customer portfolio had been determined using the excess earnings method. Usefull life of the portfolio was set at 7 years.

c) Other intangible assets

Other intangible assets (software, patents, etc.) are recognized at purchase cost excluding incidental expenses and financial charges.

Software is amortized using a straight-line method over 3 to 7 years.

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4.3 Property, plant and equipment

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

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

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

Component parts are recognized as separate assets and subject to different depreciation rates if the related assets have different useful lives. The renewal or replacement costs of components are recognized as distinct assets and the replaced asset is written off.

In compliance with IAS 17, assets held under finance leases are capitalized at the lower of fair value or the present value of the minimum lease payments. These assets are depreciated on the basis of the same periods as those indicated below. If lease agreements transfer substantially all the risks and rewards of ownership to Haulotte, they correspond to the main indicators used under IAS 17 (existence of a purchase option, lease period coherent with the useful life of the asset, present value of minimum lease payments close to the fair value of the lease on the date of the lease agreement).

Payments for finance leases are broken down between financial expense and the amortization of the debt in order to obtain the application of a constant periodic rate of interest on the remaining balance of the liabilities for each period. Interest expense is recognized directly in the income statement.

Contracts corresponding to operating leases are not restated.

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

	Depreciation period
Plant buildings :	
Main component	30 to 40 years
Other components	10 to 30 years
Buildings fixtures and improvements:	
Main component	10 to 40 years
Other components	5 to 20 years
Plant equipment	5 to 20 years
Other installations and equipment	3 to 20 years
Transportation equipment	5 years
Computer and office equipment	3 to 10 years
Office furniture	3 to 10 years

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

Gains and losses arising from the disposal of fixed assets are recognized under other operating income and expenses.

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4.4 Other financial assets

In the IFRS 9 standard, financial assets are classified in three different categories according to their nature and the intended investment period:

- Held-to-maturity investments.
- Financial assets measured at fair value through profit and loss.
- Financial assets measured at fair value through other comprehensive income.

The "other financial assets" of the Group are essentially loans. They are recognized at the fair value of the price paid less transaction costs at initial recognition and subsequently at amortized cost at each balance sheet date. All impairment losses on these assets (excluding account receivables, see Note 4.6) are immediately recognized in the income statement through "other financial income and expenses".

4.5 Inventories and work in progress

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

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

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

Impairment is recognized when the net realizable value is less than the carrying value of inventories defined above.

4.6 Trade receivables

There are four categories of trade receivables:

- Receivables resulting from transactions with customers obtaining financing directly (4.6.1) with no guarantee given by the Group to the financial institution providing the financing.
- Receivables resulting from transactions for which Haulotte Group grants guarantees to the financial institution providing financing to the customer (4.6.2).
- Receivables resulting from finance leases with financing provided by Haulotte Group (4.6.3).
- Receivables resulting from back-to-back arrangements (4.6.4).

The accounting treatment for each transaction category is described below.

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4.6.1 Sales without Group financing or guarantees

These receivables are recognized at fair value of the compensation received or to be received. They are subsequently recognized at amortized cost according to the effective interest rate method, less provisions for impairment.

When there exists serious and objective evidence of collection risks, a provision for impairment loss is recorded. The provision represents the difference between the asset's carrying amount and the estimated resale value of the equipment representing the receivable on the date the risk of non-collection is determined. This policy is based on the following factors:

- assets representing receivables may be repossessed by Haulotte Group in the event of customer default, when provided for by contractual terms and conditions,
- a precise knowledge of the equipment's market value.

These market values are estimated on the basis of second-hand equipment sales realized by the Group over several years and corroborated by listed values for second-hand equipment.

4.6.2 Sales including guarantees granted by the Group

In line with industry practice, Haulotte Group grants guarantees to financial institutions offering financing to Group customers. Under such arrangements, Haulotte Group sells equipment to the financial institution that in turn contracts with the end user customer through one of two options:

- the credit sale of the equipment, or,
- the conclusion of a finance lease.

Haulotte Group may grant several types of guarantees depending on the framework of agreements concluded with financial institutions and the level of risk assigned to the customer by this institution. Those guarantees are:

Guarantee in the form of a commitment to continue lease payments:

Haulotte Group guarantees the financial institution payment if the debtor defaults and pays said institution in the event of default, the entire outstanding capital balance owed by the defaulting client. Haulotte Group has a right to repossess the equipment in exchange for its substitution in the place of the defaulting customer.

Guarantee in the form of a contribution to a risk pool: in this case, a portion of the amount of the sale to the financial institution is contributed to a guarantee fund that will cover potential risk of future customer default. The pool's maximum amount is fixed but makes it possible in the event of default of a customer qualifying for the pool to ensure the financial institution recovers the total amount of its debt.

Specific guarantee covering a determined amount for a given receivable: in this case, the recourse of the financial institution is defined receivable by receivable. The financial institution confirms at each accounting closing the amount of its specific recourse for each receivable having been the object of this specific guarantee.

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Guarantee in the form of commitments to repurchase the equipment:

equipment's residual value is determined on the date the contract is concluded between the financial institution and the end-customer. At the end of the lease agreement, Haulotte Group undertakes to repurchase the equipment at this predetermined amount. Linked with this operation, Haulotte Group systematically proposes to the customers to acquire the equipment at a price corresponding to this residual value.

The accounting treatment of the first three types of guarantees associated with the different lease agreements concluded between the financial institution and the end-user customer are determined based on the analysis of the substance of the transaction as follows:

- as a loan granted to the end customer by Haulotte Group, the contract being transferred to the financial institution in order for the sale to be financed (case of a credit sale),
- as a finance lease between Haulotte Group and the end-customer, the contract being transferred to the financial institution in order for the sale to be financed (case of a finance lease).

The analysis of the guarantees granted by Haulotte Group within the above agreements in accordance with the provisions of IFRS 9 indicates that most of the risks and rewards associated with the receivable assigned to financial institutions (notably credit risk and deferred due dates) have not been transferred in the case of guarantees in the form of a commitment to continue the lease payments or in the form of a contribution to a risk pool.

Accordingly, for such contracts, the following accounting treatment is applied: recognition of a receivable (under "receivables from financing activities" in the balance sheet) and a financial liability (under "payables from financing activities") for an amount equal to the outstanding capital balance payable by the end customer to the financial institution. These receivables and payables are discharged as the customer makes the lease payments to the financial institution.

However, in the case of a guarantee with a contribution to a risk pool covering a fixed amount per receivable, the amount recognized under receivables and payables is capped to the financial institution amount of recourse vis-à-vis Haulotte Group and not expanded to the full amount of the "assigned" receivable.

Haulotte Group measures at each closing the risk of the guarantees granted being activated by reviewing payment default that would have been reported by financial institutions. In this case a provision for impairment loss is recorded, determined as described in note 4.6.1.

Concerning the fourth type of guarantee, commitments to repurchase equipment, an analysis of the equipment repurchase price granted demonstrates that most of the risks and rewards have been transferred. Indeed, the end customer exercises in virtually all cases the option granted to repurchase the equipment for the amount of the residual value at the end of its lease agreement with the financial institution. Haulotte Group's commitments contracted are recorded as off-balance sheet commitments for the amount of the residual value.

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4.6.3 Financial leases

Haulotte Group concludes credit sales or leasing contracts directly with its customers with no intermediary financial institutions. When analysed according to provisions of IAS 17, these agreements are classified as finance leases, as a significant portion of the risks and rewards of ownership are transferred to the lessees.

The accounting treatment for these agreements is as follows:

- equipment sales are recognized under "sales and revenue" in the income statement on the date the parties sign the lease agreement,
- a trade receivable (under "receivables from financing activities" in the balance sheet) is recognized vis-a-vis the end customer broken down between current assets for the portion of lease payments due within one year and non-current assets for the balance,
- for the following periods, payment received from the customer as per the lease agreement or the credit sale is allocated between financial income and repayment of the receivable and finance charge.

4.6.4 Back-to-back lease arrangements

Haulotte Group can sometimes use that type of financing (an operation was realized in France in 2018 for an amount of 2.1 M€).

The Back to back leasing consists for the manufacturer in selling the equipment to a financial institution that will lease the equipment to him, along with a sub lease contract signed between the manufacturer and his customer. Based on the analysis of these transactions, both upstream and downstream structures, they have been considered as Finance leases.

4.7 Cash and cash equivalents

"Cash and cash equivalents" includes cash at hand and other short-term investments. The latter consists primarily of money market funds and term deposits.

Cash equivalents consist of short-term high liquidity investments that are readily convertible to known amounts of cash and present insignificant risk of change in value.

Accrued interest has been calculated for term deposits for the period between the subscription and closing date.

4.8 Treasury shares

Shares of Haulotte Group S.A. acquired in connection with the Group share buyback programs (liquidity contract allocated to ensure an orderly market in the company's shares and buyback program) are recorded as a deduction from consolidated shareholders' equity at acquisition cost. No gain or loss is recognized in the income statement from purchases, sales or impairment of treasury shares.

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4.9 Employees benefits

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized among equity items in other comprehensive income for the period in which these gains or losses are incurred. Previously, these actuarial gains and losses were recognized in the income statement of the period in which they were generated.

4.10 Provisions and contingent liability

In general a provision is recorded when:

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

Warranty provision

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

Litigations

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

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

Contingent liability

The Group can, in some cases, identify the existence of a contingent liability defined as follows:

- a potential obligation resulting from past events and that will be confirmed by the occurrence of (or not) of one or several future and uncertain events that are not under the total control of the entity or,
- a current obligation resulting from past events but not accounted for because:
 - it is not probable that a resources output representing an economic benefit will be necessary to settle the obligation or,
 - the amount of the obligation cannot be evaluated with sufficient accuracy.

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4.11 Borrowings

Borrowings are initially recognized at fair value of the amount received less transaction costs. Borrowings are subsequently stated at amortized cost calculated according to the effective interest rate method.

4.12 Deferred taxes

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements as well as on tax losses carried forward. They are calculated using the liability method, for each of the Group's entity, using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets from temporary differences or tax loss carryforwards are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are offset if the entities of the same tax group are entitled to do so under enforceable provisions.

NOTE 5 - MANAGEMENT OF FINANCIAL RISK

a) Foreign exchange risk and Interest rate risk

A significant portion of Haulotte Group sales are in currencies other than the euro including notably the US dollar, Australian Dollar and British pound sterling. Because sales of Group subsidiaries are primarily in their functional currency, transactions do not generate foreign exchange risks at their level.

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

The Group favours floating-rate debt which provides it greater flexibility. To hedge against interest rate risks, the Group seeks to take advantage of market opportunities according to interest rate trends. There is no recourse to systematic interest rate hedging.

Such exposures are managed by Haulotte Group SA. For the main currencies, foreign exchange trading positions in the balance sheet are partially hedged using basic financial instruments (forward exchange sales and purchases against the euro).

To cover market risks (interest rate and foreign exchange exposures), Haulotte Group has recourse to financial instrument derivatives. These derivatives are designed to cover the fair value of assets or liabilities (fair value hedges) or future cash flows (cash flow hedges).

In compliance with the provisions of IAS 32 and IFRS 9, derivatives are recorded at fair value. The fair value of those contracts is determined based on valuation models given by the banks with which the instruments were traded, and can be considered as level 2 valuations as defined in IFRS 7 (level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data).

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b) Credit risk

Credit risk results primarily from exposure to customer credit and notably outstanding trade receivables and transactions.

To limit this risk, the Group has implemented rating procedures (internal or independent) to evaluate credit risk for new and existing customers on the basis of their financial situation, payment history and any other relevant information.

Credit risk is also limited by Haulotte Group's ability in the event of default by one of its customers to repossess the equipment representing the receivable. The provisions for impairment loss on trade receivables are determined based on this principle (cf note 4.6).

c) Liquidity risk

Haulotte Group cash management is centralized. The corporate team manages current and forecasted financing needs for the parent company and subsidiaries.

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

Status of the syndicated credit facility:

As a reminder, a new syndicated credit facility contract has been closed on 30 September 2014. At 31 December 2018, all ratios are respected by the Group. As previously mentioned, maturities of the syndicated loans have been disclosed at short term, in parallel with the renegotiation of a new contract with the current banking pool.

Other financings:

In 2018, Haulotte Group S.A. obtained from bank outside the banking syndicate new loans for 8 M€ (reimbursement on 5 years) and 5 M€ (reimbursement on 7 years).

NOTE 6 - PRINCIPLES AND METHODS OF MEASUREMENT FOR THE INCOME STATEMENT

6.1 Revenue recognition

"Sales and Revenue" includes the goods and services sales comprising notably:

- sales self-financed by the customer,
- sales funded through back-to-back arrangements and the corresponding financial income (cf note 4.6),
- sales including financial guarantees given by Haulotte Group S.A. to allow the customer to obtain financing (cf. note 4.6),
- sales within remarketing agreements with financial institution after they had taken back equipment from defaulting clients,
- equipment rental,
- services offers.

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Revenue from the sale of goods reflect the transfer to the customer of the control of a good or service, in an amount that reflects the consideration to which the seller expects to be entitled when the contractual obligations are fulfilled. Sales of goods are recorded without VAT.

6.2 Cost of sales

The cost of sales includes direct production costs, factory overhead, changes in inventory, provisions for inventory losses, warranty costs, fair value adjustments of currency hedges and interest expense paid in connection with back-to-back arrangements.

6.3 Selling expenses

This item includes notably costs related to sales and commercial activity.

6.4 General and administrative expenses

This item includes indirect leasing costs, administrative and management expenses, and changes in the provision on trade receivables.

6.5 Research and development expenditures

Research expenditures are expensed in the period they are incurred.

Development expenditures are expensed in the period except when they meet the criteria defined under IAS 38 (cf. 4.2.a) for recognition as intangible assets. This concerns expenditures incurred in connection with development projects for new categories of machines or components considered technically viable with a probability of generating future economic benefits.

6.6 Other operating income and expenses

This heading includes:

- gains or losses from disposals (excluding those by rental companies treated as sales of second-hand equipment and recognized consequently under revenue),
- amortization of capitalized development expenditures,
- income or expenses related to litigations of an unusual, abnormal or infrequent nature,
- impairment losses on goodwill.

6.7 Operating income

Operating income covers all income and expenses directly relating to Group activities, whether representing recurring items of the normal operating cycle or events or decisions of an occasional or unusual nature.

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6.8 Cost of net financial debt

Cost of net financial debt includes total finance costs consisting primarily of interest expense (according to the effective interest rate) as well as the fair value adjustments of interest rate hedges.

6.9 Other financial income and expenses

This item includes income from cash and cash equivalents (interest income, gains and losses from the disposal of short-term securities, etc.) and the exchange gains and losses on the financial current accounts.

6.10 Earnings per share

Earnings per share presented at the bottom of the income statement is determined by dividing the net income of Haulotte Group S.A. for the period by the weighted average number of ordinary shares outstanding during the period excluding treasury shares.

Diluted earnings per share are calculated on the basis of the average number of shares outstanding during the year adjusted for the dilutive effects of equity instruments issued by the company such as stock options.

NOTE 7 - SCOPE OF CONSOLIDATION

Companies consolidated at 31 December 2018 are:

Entity	Country	Interest %	Consolidation method as at 31 December 2018	Consolidation method as at 31 December 2017
Haulotte Group S.A.	L'Horme (France)	Mother company		
Acarlar Dis Ticaret Ve Makina Sanayi A.s.Sanayi A.s.	Istanbul (Turkey)	100%	Full consolidation	Full consolidation
Bil Jax Service, Inc.	Archbold (United States)	100%	Full consolidation	Full consolidation
Bil Jax, Inc.	Archbold (United States)	100%	Full consolidation	Full consolidation
Equipro, Inc.	Archbold (United States)	100%	Full consolidation	Full consolidation
Haulotte Access Equipment Manufacturing (Changzhou) Co., Ltd.	Changzhou (China)	100%	Full consolidation	Full consolidation
Haulotte Argentina S.A.	Buenos Aires (Argentina) (Argentina)	100%	Full consolidation	Full consolidation
Haulotte Arges S.R.L.	Arges (Romania)	100%	Full consolidation	Full consolidation
Haulotte Australia Pty. Ltd.	Dandenong (Australia)	100%	Full consolidation	Full consolidation
Haulotte Chile SPA	Santiago (Chili)	100%	Full consolidation	Full consolidation
Haulotte Do Brazil LTDA	Sao Paulo (Brazil)	99,98%	Full consolidation	Full consolidation
Haulotte DSC	Oitesti (Roumania)	100%	Full consolidation	
Haulotte France Sarl	St Priest (France)	99,99%	Full consolidation	Full consolidation
Haulotte Hubarbeitsbühnen GmbH	Eschbach (Germany)	100%	Full consolidation	Full consolidation

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Haulotte Iberica S.L.	Madrid (Spain)	98,71%	Full consolidation	Full consolidation
Haulotte India Private Ltd.	Mumbai (India)	100%	Full consolidation	Full consolidation
Haulotte Italia S.R.L.	Milan (Italia)	99%	Full consolidation	Full consolidation
Haulotte Mexico SA de CV	Mexico (Mexico)	99,99%	Full consolidation	Full consolidation
Haulotte Middle East FZE	Dubai (United Arab Emirates)	100%	Full consolidation	Full consolidation
Haulotte Netherlands B.V.	Oosterhout (Netherlands)	100%	Full consolidation	Full consolidation
Haulotte Polska SP Z.O.O.	Janki (Polska)	100%	Full consolidation	Full consolidation
Haulotte Scandinavia AB	Mölnådal (Sweden)	100%	Full consolidation	Full consolidation
Haulotte Services France	Lorette (France)	99,99%	Full consolidation	Full consolidation
Haulotte Services SA de CV	Mexico (Mexico)	99,99%	Full consolidation	Full consolidation
Haulotte Singapore Ltd.	Singapore (Singapore)	100%	Full consolidation	Full consolidation
Haulotte Trading (Shanghai) co. Ltd.	Shanghai (China)	100%	Full consolidation	Full consolidation
Haulotte U.S., INC.	Virginia Beach (United States)	100%	Full consolidation	Full consolidation
Haulotte UK Limited	Telford (UK)	100%	Full consolidation	Full consolidation
Haulotte Vostok	Moscou (Russia)	100%	Full consolidation	Full consolidation
Horizon High Reach Chile SPA	Santiago (Chile)	100%	Full consolidation	Full consolidation
Horizon High Reach Limited	Buenos Aires (Argentina)	100%	Full consolidation	Full consolidation
Levanor Maquinaria de Elevacion S.A.	Madrid (Espagne)	91%	Full consolidation	Full consolidation
Mundilevação, Aluger e Transporte de Plataformas LDA	Paio Pires (Portugal)	81,90%	Full consolidation	Full consolidation
N.D.U Maquinaria y Plataformas Elevadoras, S.L.	Madrid (Spain)	98,71%	Full consolidation	Full consolidation
NOVE. S.R.L.	Rome (Italia)	0%	Sold	Full consolidation
Scaffold Design & Erection	Archbold (United States)	100%	Full consolidation	Full consolidation
Seaway Scaffold & Equipment	Archbold (United States)	100%	Full consolidation	Full consolidation
Telescopelle S.A.S	L'Horme (France)	100%	Full consolidation	Full consolidation

The closing date for financial statements of consolidated companies for each period presented is 31 December except for Haulotte India Private Ltd. which closes books on 31 March of each year.

The subsidiary Digital Support Center SRL has been created in Romania in May 2018, in order to support the IT and digital activities of the Group. This company is owned 100%. Activity started during 2nd semester of 2018.

As mentioned in main facts, NOVE. S.R.L. has been sold and Haulotte Group took over Acarlar Dis Ticaret Ve Makine.

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NOTE 8 - GOODWILL

At 31 December 2018

Entities owned	Gross value	Impairment	Net value
North America CGU	17 405	(8 734)	8 671
Acarlar CGU	23 695	-	23 695
Nove CGU		-	
Horizon CGU	362	-	362
N.D.U. CGU	772	(772)	-
Manufacturing and Distribution outside from North America CGU	54	(54)	-
<i>Haulotte France</i>	54	(54)	-
Total	42 288	(9 560)	32 728

At 31 December 2017

Entities owned	Gross value	Impairment	Net value
North America CGU	16 617	(4 169)	12 448
Nove CGU	2 580	-	2 580
Horizon CGU	694	-	694
N.D.U. CGU	772	(772)	-
Manufacturing and Distribution outside from North America CGU	54	(54)	-
<i>Haulotte France</i>	54	(54)	-
Total	20 717	(4 995)	15 722

The variation presented in goodwill between the two periods (+ 17 006 K€) comes from:

- Takeover of Acarlar (cf main facts),
- Impairment of the North America CGU,
- Currencies translation effect on Horizon CGU and North America,
- Disposal of Nove (cf main facts).

« North America » CGU

The last impairment test for the "North America" region considered as a cash generating unit (CGU) was performed on 30 June 2018. A new impairment test was performed on 31 December 2018 on the CGU that includes the US entities of the Group.

The recoverable value of the « North America » CGU was based on calculations of value in use. These calculations were carried out using forecast future cash flows for a five-year period based on budgets approved by management.

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The main assumptions used to perform this impairment test were as follows:

- significant growth in market share in the sector of the sale of aerial work platforms in the "North American" market, on a 5 years horizon,
- improvement of levels of profitability found on the different activities operated on the North American market,
- the impairment test included cash flow projections over five years, an assumption of long-term growth of 2.0 % and a discount rate (WACC) of 11.2 %.

On the basis of these assumptions, the value in use of the "North America" CGU is below its accounting value, and therefore an impairment of 5 000 KUSD has been recorded (in other operating income and expenses).

Sensitivity analysis have been carried out on the following key assumptions:

- sales forecast: a decrease by 10% would lead to an additional impairment of 853 KUSD,
- Discount rate: increase of this rate by 1 point would lead to an additional impairment of 9 080 KUSD,
- Long term growth rate: a decrease of this rate by 1 point would lead to an additional impairment of 7 022 KUSD.

Acarlar CGU

See main facts.

On 31 December 2018, main captions of the acquired entity are as follows:

Balance sheet at acquisition date:

	KEUR
Business combination fair value	27 373
Fixed assets	44
Customers portfolio	4 695
Inventories	9 463
Receivables	3 919
Provisions	- 74
Net cash	155
Payables	- 11 953
Other assets and liabilities	617
Goodwill	20 508

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Income statement during integration period:

	KEUR
Sales and revenue	3 577
Net profit	440

Income statement as from January 1st to December 31st 2018:

	KEUR
Sales and revenue	18 487
Net profit	2 056

Horizon CGU

Regarding the entity Horizon, on the basis of this test, no impairment was recorded for this CGU and sensibility analysis are sufficient.

NOTE 9 - INTANGIBLE ASSETS

	31/12/2016	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12/2017
Development expenditure	15 828	4 052	-	-	(64)	19 816
Customers portfolio	-	-	-	-	-	-
Concessions, patents, licenses	19 268	583	-	298	(38)	20 111
Other intangible and in progress	1 190	1 105	(96)	(467)	(30)	1 702
Gross value	36 286	5 740	(96)	(169)	(132)	41 629
Depreciation / impairment of development expenditure	5 674	2 183	-	-	-	7 857
Depreciation of customers portfolio	-	-	-	-	-	-
Depreciation of concessions, patents, licenses	11 378	1 891	-	-	(15)	13 254
Depreciation of other intangibles and in progress	68	61	-	-	(9)	120
Accumulated depreciation and impairment	17 120	4 135	-	-	(24)	21 231
Net value	19 166	1 605	(96)	(169)	(108)	20 398

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		Change in 31/12/ 2017 consolidation scope: in	Increase	Decrease	Reclassi- fication and other changes	Translation adjust- ment	Change in consolida- tion scope: out	31/12/ 2018
Development expenditure	19 816	-	4 987	-	(0)	65	-	24 869
Customers portfolio		6 019	-	-	-	900	-	6 920
Concessions, patents, licenses	20 111	-	1 152	(89)	681	(25)	-	21 830
Other intangible and in progress	1 702	0	1 219	(33)	(649)	27	47	2 314
Gross value	41 629	6 019	7 359	(122)	32	968	47	55 932
Depreciation / impairment of development expenditure	7 857	-	2 093	-	1	0	-	9 951
Depreciation of customers portfolio	-	-	263	-	-	(16)	-	247
Depreciation of concessions, patents, licenses	13 254	-	2 053	0	38	(8)	-	15 336
Depreciation of other intangibles and in progress	120	0	66	-	13	5	33	237
Accumulated depreciation and impairment	21 231	0	4 475	0	51	(18)	33	25 771
Net value	20 398	6 019	2 884	(122)	(19)	986	14	30 161

Acquisitions recorded in 2018 are mainly linked to the capitalisation of development costs for 4 987 K€ (cf note 30). The change in scope with Acarlar is also impacted by 6 019 K€ (customer portfolio).

Amortization on developments costs for 2 093 K€ are included in "research and development expenditures" in the P&L change de consolidation.

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NOTE 10 - TANGIBLE ASSETS

	31/12/2016	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12/2017
Land	6 306	-	-	-	(137)	6 169
Building	47 430	497	(7)	218	(1 922)	46 216
Plant machinery	34 975	1 352	(49)	35	(1 165)	35 148
Equipment for rental	32 034	7 783	(3 905)	1 591	(3 390)	34 113
Other PPE	13 271	992	(147)	252	(735)	13 633
Fixed assets in progress	3 353	1 740	(155)	(1 992)	(416)	2 530
Gross value	137 369	12 364	(4 263)	104	(7 765)	137 809
Depreciation/impairment of building	24 806	1 642	(20)	(11)	(1 154)	25 263
Depreciation/impairment of plant machinery	27 491	2 257	(328)	(267)	(926)	28 227
Depreciation/impairment of equipment for rental	15 383	4 102	(3 213)	257	(1 013)	15 516
Depreciation/impairment of other PPE	10 900	1 307	(13)	12	(584)	11 622
Accumulated depreciation and impairment	78 580	9 308	(3 574)	(9)	(3 677)	80 628
Net value	58 789	3 056	(689)	113	(4 088)	57 181

	31/12/2017	Change in conso. scope: in	Increase	Decrease	Reclassification and other changes	Translation adjustment	Change in conso. scope: out	31/12/2018
Land	6 169	1	-	-	-	38	-	6 209
Building	46 216	-	499	(336)	92	426	-	46 897
Plant machinery	35 148	4	1 945	(435)	861	284	-	37 808
Equipment for rental	34 113	-	7 175	(6 466)	(71)	721	(14 170)	21 302
Other PPE	13 633	373	1 432	(986)	410	98	(1 437)	13 522
Fixed assets in progress	2 530	-	3 927	(700)	(1 729)	(171)	-	3 857
Gross value	137 809	378	14 978	(8 922)	(437)	1 396	(15 607)	129 594
Depreciation/impairment of building	25 263	1	1 495	(197)	0	291	-	26 853
Depreciation/impairment of plant machinery	28 227	2	2 426	(396)	41	245	-	30 544
Depreciation/impairment of equipment for rental	15 516	-	2 466	(3 417)	(0)	1 384	(8 779)	7 170
Depreciation/impairment of other PPE	11 622	339	1 419	(919)	(410)	103	(1 120)	11 033
Accumulated depreciation and impairment	80 628	342	7 805	(4 929)	(369)	2 023	(9 898)	75 601
Net value	57 181	36	7 174	(3 993)	(68)	(627)	(5 709)	53 993

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* Amounts indicated under « Reclassifications and other changes » mainly concern the transfer of "Fixed assets in progress" into the other Assets captions, as well as presentation reclassifications.

The increase in "Equipment for rental" for 7 175 K€ is mainly linked to the acquisition of aerial working platforms by the rental subsidiaries, Horizon Argentine for 3 652 K€, Horizon Chile for 1 776 K€ and to a fitful need of rental need in distribution entities for 1 747 K€.

In 2018, decrease on this caption are linked to the sale for 6 466 K€ (gross value) of rental machines in distribution entities (related to the fitful needs in the past).

Amounts reported in the column "change in consolidation: out" are related to the sale of our rental company in Italy (see Note 2.2).

The amortization accruals of rental equipments are booked in costs of sales in the P&L. The amortization accruals of Land, building and other PPE are booked in cost of sales and/or commercial and administrative costs in the P&L.

A provision for impairment is recorded when the carrying value of an intangible asset falls below its recoverable value. The recoverable value of rental equipment is based on the estimated realizable inventory value on the market.

NOTE 11 - OTHER FINANCIAL ASSETS

Financial assets include loans, deposits and guarantees to non-Group entities. Their changes over the period are as follows:

	31/12/2017	Increase	Decrease	Translation adjustment	Change in consolidation scope	31/12/2018
Financial assets	3 724	418	(1 206)	50	(77)	2 908

As described in notes 34 and 35, Haulotte Group recorded a provision and discounted loans for an amount of 656 K€.

NOTE 12 - INVENTORY

At 31/12/2018	Gross value	Provision	Net value
Raw materials	54 083	(1 252)	52 831
Work in progress	3 588	(1)	3 587
Semi finished and finished goods	105 721	(1 384)	104 337
Trade goods	20 547	(2 353)	18 194
Total	183 939	(4 990)	178 949

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At 31/12/2017	Gross value	Provision	Net value
Raw materials	39 482	(1 100)	38 382
Work in progress	2 996	(2)	2 994
Semi finished and finished goods	55 236	(1 540)	53 696
Trade goods	15 998	(2 338)	13 660
Total	113 712	(4 980)	108 732

The inventory valuation does not include idle capacity.

The increase in inventory of 70 217 K€ on 31 December 2018 versus an increase of (2958) K€ at 31 December 2017 is recognized under the cost of sales in the income statement.

Provisions for inventory impairment losses break down as follows:

	31/12/2017	Increase	Decrease	Translation adjustment	31/12/2018
Provision for inventory impairment losses	4 980	2 639	(2 701)	71	4 990

NOTE 13 - TRADE RECEIVABLES

At 31 December 2018	Gross value	Provision	Net value
Non-current assets			
Receivables from financing activities exceeding one year	23 122	(1 412)	21 710
<i>including finance lease receivables</i>	6 497	(1 412)	5 085
<i>including guarantees given</i>	16 625		16 625
Sub-total	23 122	(1 412)	21 710
Current assets			
Trade receivables	136 190	(12 617)	123 573
Receivables from financing activities less than one year	14 063	(1 219)	12 844
<i>including finance lease receivables</i>	4 801	(1 219)	3 582
<i>including guarantees given</i>	9 518		9 518
Sub-total	150 253	(13 836)	136 417
Total	173 375	(15 248)	158 127

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At 31 December 2017	Gross value	Provision	Net value
Non-current assets			
Receivables from financing activities exceeding one year	20 162		20 162
<i>including finance lease receivables</i>	3 537		3 537
<i>including guarantees given</i>	16 625		16 625
Sous-total	20 162		20 162
Current assets			
Trade receivables	129 314	(14 166)	115 148
Receivables from financing activities less than one year	10 669	(676)	9 993
<i>including finance lease receivables</i>	3 488	(676)	2 812
<i>including guarantees given</i>	7 181		7 181
Sub-total	139 983	(14 842)	125 141
Total	160 145	(14 842)	145 303

At 31 December 2018, receivables assigned, for the balance factoring contract, amounted 8.9 M€ compared to 11.1 M€ at 31 December 2017.

The fair value of "Trade receivables" recorded under current assets equals the carrying value given their short maturity (less than one year).

In accordance with IAS 17, fair value of receivables from back-to-back equipment leases and finance leases represents the lower of the fair value of the item at the inception (cash sales price net of rebates) or the discounted value of lease payments at the lease's implicit interest rate.

As described in note 4.6, the fair value of receivables guarantees granted by Haulotte Group to the lending institution of the customer, represents:

- either the amount of capital remaining due by the customer of Haulotte Group to the financial institution,
- or the maximum amount of the risk incurred by Haulotte Group.

The corresponding receivables and payables are discharged as customers make lease payments to the financial institution.

As described in notes 34 and 35, Haulotte Group discounted account receivables and financial lease receivables for 2 717 K€, this amount is deducted from their gross value.

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Provisions for trade receivables break down as follows:

	31/12/2017	Increase	Decrease	Trans- lacion adjust- ment	Change consolida- tion scope: in	Change consolida- tion scope: out	31/12/2018
Provisions for trade receivables	14 842	7 066	(2 427)	(39)	7	(4 201)	15 248

Amounts reported in the column "change in consolidation: out" are related to the sale of our rental company in Italy (see Note 2.2).

Increase in provision is mainly linked to the situation described in notes 34 and 35. Haulotte Group recorded a provision for write-off part of the corresponding assets for an amount of 6 142 K€.

The trade receivables net amount split as follows by maturity date:

	Total	Not due or less than 30 days	Due		
			less than 60 days	60 to 120 days	more than 120 days
Net trade receivables 2018	158 127	134 456	4 998	4 322	14 351
Net trade receivables 2017	145 303	134 740	3 834	2 503	4 226

Trade receivables that are due are analysed notably on the basis of the customer rating established by the Group (cf. note 5.c). Considering this rating and the resulting risk assessment, the Group determines the necessity of recording a provision. When applicable, provisions are recorded for the difference between the carrying value of the receivable and the estimated resale value of the equipment determined in reference to historical sales' prices.

NOTE 14 - OTHER ASSETS

	31/12/2018	31/12/2017
Other current assets	30 555	29 318
Advances and instalments paid on orders	1 203	1 348
Prepaid expenses	1 834	3 526
Depreciation of other current assets	(220)	(220)
Total other current assets	33 372	33 972
Other non-current assets	4 572	4
Total other assets	37 944	33 976

The caption « Other current assets » includes mainly VAT receivables for 11 973 K€, tax credits for 8 077 K€ and various debtors for 8 461 K€ (of which an accrued income from an insurance policy of 2 659 K€ for the payment (virtually certain) of a claim recorded on 31 December 2017 and 3 100 K€ recorded for a positive outcome as mentioned in note 34).

At 31 December 2018, other non-current assets are corresponding to reclassification of tax credits non usable at short term (they were considered as short term on 31 December 2017 because of a project of pre-financing).

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NOTE 15 - RECEIVABLES BY MATURITY

At 31/12/2018	Total	less than 1 year	1 to 5 years
Trade receivables*	125 573	123 573	-
Trade receivables from financing activities	34 554	12 844	21 710
Other assets	37 944	33 372	4 572
Total	196 071	169 789	26 282

*Including receivables overdue or less than 30 days for € 23 671 thousand (cf. note 13).

At 31/12/2017	Total	less than 1 year	1 to 5 years
Trade receivables*	115 148	115 148	-
Trade receivables from financing activities	30 155	9 993	20 162
Other assets	33 972	33 972	4
Total	179 275	159 113	20 166

*Including receivables overdue or less than 30 days for € 10 563 thousand (cf. note 13).

NOTE 16 - FOREIGN EXCHANGE RISK MANAGEMENT

The following table presents the foreign currency exposures of trade receivables and payables:

At 31/12/2018 in thousands of €	EUR	AUD	GBP	USD	BRL	Others	TOTAL
Trade receivables	81 807	15 068	3 886	48 110	2 503	22 001	173 375
Trade payables	(63 067)	(996)	(365)	(10 518)	(68)	(11 270)	(86 284)
Net amount	18 740	14 072	3 521	37 592	2 435	10 731	87 091

Au 31/12/2017 in thousands of €	EUR	AUD	GBP	USD	BRL	Autres	TOTAL
Trade receivables	77 921	15 683	6 831	46 325	1 229	12 156	160 145
Trade payables	(48 668)	(481)	(182)	(7 431)	(98)	(5 492)	(62 352)
Net amount	29 253	15 202	6 649	38 894	1 131	6 664	97 793

A 10 % increase in the value of the euro against the pound sterling would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of 320 K€.

A 10 % increase in the value of the euro against the US dollar would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of 3 417 K€.

A 10 % increase in the value of the euro against the Australian dollar would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of 1 279 K€.

A 10 % increase in the value of the euro against the Brazilian real would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of 221 K€.

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NOTE 17 - CASH AND CASH EQUIVALENTS

	31/12/2018	31/12/2017
Cash at bank and in hand	23 694	23 319
Money market funds	416	1 162
Total	24 110	24 481

NOTE 18 - SHARE CAPITAL AND PREMIUMS

	31/12/2018	31/12/2017
Number of shares	31 371 274	31 371 274
Nominal value in euros	0,13	0,13
Share capital in euros	4 078 266	4 078 266
Share premiums in euros	91 720 123	91 720 123

By decision of the Board of Directors of 13 March 2018, a restricted stock unit plan (plan d'attribution d'actions gratuites) was adopted for the benefit of a selected category of employees. The plan highlights are as follows:

Board of Directors date	13/03/2018
Beneficiaries	Non-officers employees
<u>Total of shares free of charge attributed:</u>	70 000
Attributed to officers	0
Shares acquisition date ⁽¹⁾	14/03/2021
Ending date of conservation period	n/a
Shares subscribed as at 31/12/18	0
Cumulated actions canceled or voided	0
Shares attributed free of share still available as at 31/12/2018	70 000

⁽¹⁾ The vesting of shares is subject to the condition whereby the beneficiary remains an employee of the company and achievement of non-market performance conditions. The share price on the grant date was €19.12.

Treasury shares are as follows:

	31/12/2018	31/12/2017
Number of treasury shares	1 836 567	1 777 898
Treasury shares as a percentage of capital	5,85%	5,67%
Market value of treasury shares in K€	16 217	28 677

⁽¹⁾ Based on quoted value of the last business day of the year.

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Since 14 April 2015, Haulotte Group S.A appointed Exane BNP Paribas for the implementation of a liquidity contract on its shares. This liquidity contract complies with the Charter of Ethics established by the AMAFI and approved by the "Autorité des Marchés Financiers". This contract is yearly renewable by tacit agreement.

For the implementation of this contract, the following resources have been allocated to the liquidity account:

- 102 171.80 Euros in cash,
- the equivalent of 11 524.85 Euros in money market funds,
- 139 418 Haulotte Group S.A. shares.

Change in treasury shares during the years 2018 and 2017 was as follows:

TYPE		2018	2017
Liquidity agreement	Number of shares purchased	334 048	248 048
	Purchase price of shares (*)	4 786 486	3 692 601
	Average price per share	14,3	14,9
	Number of shares sold	275 379	282 380
	Original value of shares sold	4 518 027	3 999 745
	Sale price of shares sold (*)	4 077 629	4 262 090
	Net gain / (loss)	(440 397)	262 346
	Number of shares cancelled	-	-
	Number of shares at December 31	138 162	79 493
	Original value of shares at December 31	1 506 809	1 238 349
Buyback autorisation	Number of shares purchased	-	-
	Purchase price of shares	-	-
	Average price per share	-	-
	Number of shares sold	-	-
	Original value of shares sold	-	-
	Selling price of shares sold	-	-
	Net gain / (loss)	-	-
	Number of shares cancelled	-	-
	Number of shares at December 31	1 698 405	1 698 405
	Initial value of shares at December 31	13 183 551	13 183 551
Global	Number of shares at December 31	1 836 567	1 777 898
	Original value of shares at December 31	14 690 360	14 421 900
	Provision for treasury shares at December 31	-	-
	Closing quoted value of shares at December 31	8,83	16,13

* Cash flows generated from treasury shares correspond to the sale price of the shares less the purchase price of shares purchased. This amounted to (709) K€ thousand for the year ended 31 December 2018.

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NOTE 19 - BORROWINGS AND FINANCIAL LIABILITIES

	31/12/2018	31/12/2017
Syndicated loan	-	29 279
Biljax's credit line	-	-
Other borrowings	26 436	19 755
Other advances	314	496
Leasing contracts	2 710	1 857
Guarantees	16 624	16 625
Non-current financial liabilities	46 084	68 012
Syndicated loan	66 423	-
Other borrowings	5 592	4 225
Other advances	182	257
Leasing	1 082	1 000
Guarantees	9 518	7 181
Others	31	26
Syndicated loan - overdrafts	13 978	1 593
Other overdrafts	5 247	11
Current financial liabilities	102 053	14 293
Total borrowings and financial liabilities	148 137	82 305

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

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Movements in the syndicated credit facilities in the 2018 financial period may be summarised as follows:

	31/12/17	Repayment schedule	Net change of the revolving credit line	Net change of the bank overdraft	Amortization of fees	Balance at 31/12/18	Balance available for future drawing on 31/12/18
Refinancing	14 589	-	-	-	-	14 589	-
Revolving credit limit	15 000	-	37 000	-	-	52 000	-
Total excluding overdrafts	29 589	-	37 000	-	-	66 589	-
Overdraft	1 594	-	0	12 384	-	13 978	6 022
Commissions and fees	(317)	-	-	-	151	(166)	
Total	30 866	-	37 000	12 384	151	80 401	6 022

In exchange for this syndicated credit facility, the following commitments were granted to the new banking syndicate:

- a pledge of the Haulotte Group S.A. business,
- a pledge of Haulotte France securities held by Haulotte Group S.A., or 99.99% of the share capital,
- a pledge of the current account balance between Haulotte Group S.A. and Haulotte US in the amount of US\$50 000 thousand,
- a pledge of the current account balance between Haulotte Group S.A. and Haulotte Australia in the amount of AUD 10 000 thousand.

This syndicated credit facility also provides for compliance by the company with a certain number of standard obligations during the term of the facility. Finally, a certain number of ratios will be measured every six months based on the selected ratios derived from the consolidated financial statements for the half-year periods ended 30 June and 31 December of each year (notably Group EBITDA, shareholders' equity, net debt).

On 31 December 2018, the bank ratios were respected.

In 2018, Haulotte Group S.A. obtained from bank outside the banking syndicate new loans for 8 M€ (reimbursement on 5 years) and 5 M€ (reimbursement on 7 years).

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Group debt is denominated in the following currencies (excluding guarantees given):

Translated value in thousands of euros	31/12/2018	31/12/2017
Euros	121 365	57 340
GBP	-	-
USD	-	-
Others	631	1 159
Total	121 996	58 499

The variation of financial debts is disclosed in the following table, according to IAS 7:

	Opening	Cash Flows			Non-cash Flows		Closing
	31/12/2017	Issue / Refund*	Interests	Overdraft	Conversion	Other	31/12/2018
Court terme	14 293	38 178		17 622	(269)	32 229	102 053
Long terme	68 012	6 556	1 593		(181)	(29 896)	46 084
Total	82 305	44 734	1 593	17 622	(450)	2 333	148 137

* The difference between the amount of issues and refunds of borrowings disclosed in the table above and the amount disclosed in the consolidated statement of cash flow comes from flows on financial assets (deposits or loans).

Non-cash flows are mainly impacted by reclassification at short term of the syndicated loan maturities for (29.9) M€ and the change in guarantees on financing operations.

NOTE 20 - MANAGEMENT OF INTEREST-RATE RISKS

Borrowings, excluding guarantees given, break down as follows:

	31/12/2018	31/12/2017
Fixed rate borrowings	36 402	27 628
Variable rate borrowings	85 594	30 871
Total	121 996	58 499

A 1 % rate increase would result in a maximum additional interest expense, excluding hedges, of 856 K€.

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NOTE 21 - PROVISIONS

	31/12/2017	Allowance	Provision used in the period	Reversal of unused provision	Other changes	Translation adjustment	31/12/2018
Provisions for product warranty	5 626	2 714	(598)	(198)		9	7 553
Provision for litigation	5 455	209	(3 645)	(65)		28	1 982
Short-term portion of pensions provisions	18						18
Current provisions	11 099	2 923	(4 243)	(263)		37	9 553
Long-term portion of pensions provisions	5 583	541	(173)	(22)	(888)	14	5 055
Non-current provisions	5 583	541	(173)	(22)	(888)	14	5 055
Total provisions	16 682	3 464	(4 416)	(285)	(888)	51	14 608

Change in customer warranties are mainly impacted by the increasing number of machines under warranty.

Haulotte Group used a provision of 3.6 M€ recorded in 2017 linked with commitments for past transactions. Outcome of the operations did not complementary expenses during the exercise.

Contingent liabilities:

The distribution subsidiary of Haulotte Group in Brazil, Haulotte do Brazil is currently being the subject of a proceeding concerning the settlement of import tax duties prior to 2010. The Group is currently studying with its counsel the actual risk of this proceeding. At 31 December 2018, it was not possible to reliably measure this risk (notably as the amounts cited were considered as very excessive) and this litigation is in consequence classified as a contingent liability.

In October 2018, a liquidation plan for N.D.U. Maquinarias y Plataformas Elevedaros SL, a company that ceased operations in 2010, was reopened by the Barcelona Courts which could result in the payment of compensation to some of its former creditors. The company has filed an appeal and the current proceedings do not allow us to determine with reliability the amounts involved. This item was in consequence classified as a contingent liability at 31 December 2018.

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NOTE 22 - PENSION AND RELATED BENEFITS

Main assumptions used for the valuation of liabilities

The only post-employment benefits of Group employees correspond to retirement severance benefits and long-service awards, mainly in the French entities.

Provisions are recorded for retirement liabilities according to the principles described in paragraph 4.9, taking into account the following assumptions:

	31/12/2018	31/12/2017
Turnover rate	based on historical data available to the Group with no changes between the two periods	
Rate of wage increases (according to seniority, the projected career profile, collective bargaining agreements, and long-term inflation rate)	2%	2%
Discount rate	1,65%	1,5%
Retirement age	Employees born before 1 January 1950 Management Supervisors / office employees and workers Employees born after 1 January 1950 Management Supervisors / office employees and workers	62 years 60 years 65 years 63 years

With respect to retirement severance payments, the scenario adopted is voluntary departure of employees whereby social charges are taken into account (45 %). This calculation method complies with the framework of the Fillon Law (enacted on 21 August 2003, and amended by Law 2010-1330 of 9 November 2010 for the reform of retirement systems published in the French official journal on 10 November 2010). The Group does not hold any plan assets.

Sensitivity of accumulated benefit obligations to changes in the discount rate.

A general decline in the discount rate of 0.25 points would result in a 4.0 % increase in benefit obligations.

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Change in accumulated benefit obligations

	31/12/2018	31/12/2017
Present value of the commitment at the beginning of the period	5 601	5 257
Service costs of the year	253	403
Discount costs	62	61
Subtotal of amounts recognised in profit or loss	315	464
Benefits paid in the period	(98)	(105)
Subtotal of outflows (benefits and contributions paid by the employer)	(98)	(105)
Changes in assumptions	(104)	27
Actuarial (gains) and losses arising from experience adjustments	235	(42)
Translation adjustments	-	-
Subtotal amounts recognised in other comprehensive income	(131)	(15)
Change in consolidation scope	(888)	
Currency translation	12	
Present value of the commitment at the end of the period	5 073	5 601

Total amounts recognized in Other Comprehensive Income

	31/12/2018	31/12/2017
Total amounts recognised in OCI at the beginning of the period	1 944	1 959
Revaluation of net liabilities / assets of the period	131	(15)
Total amounts recognised in OCI at the end of the period	2 075	1 944

NOTE 23 - PAYABLES BY MATURITY

31/12/2018	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	128 912	82 828	42 434	3 650
<i>Including guarantees given</i>	26 142	9 518	16 624	
Bank overdrafts	19 225	19 225	-	-
Trade payables	86 284	86 284	-	-
Other current liabilities	24 846	24 846	-	-
Total	259 267	213 183	42 434	3 650

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31/12/2017	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	80 701	12 689	63 202	4 810
<i>Including guarantees given</i>	<i>23 806</i>	<i>7 181</i>	<i>16 625</i>	
Bank overdrafts	1 604	1 604	-	-
Trade payables	62 352	62 352	-	-
Other current liabilities	31 068	31 068	-	-
Total	175 725	107 713	63 202	4 810

NOTE 24 - OTHER CURRENT LIABILITIES

	31/12/2018	31/12/2017
Down payments received	3 487	6 265
Tax and employee-related liabilities	18 876	17 037
Prepaid income	1 099	305
Others	1 384	7 461
Total	24 846	31 068

NOTE 25 - DEFERRED TAXES

Deferred tax assets are offset by deferred tax liabilities generated in the same tax jurisdiction.

Deferred tax assets resulting from temporary differences or tax losses carried forward are recognized only to the extent that is really probable that future taxable profit will be available against which the temporary differences can be utilized. When this probability cannot be demonstrated, deferred tax assets are capped to the amount of deferred tax liabilities recognized on the same tax jurisdiction and deferred tax assets on tax losses carried forward are not recognized.

The global amount of tax losses carried forward for which no deferred tax assets were recorded amount to 76 201 K€ for the Group at 31 December 2018 (78 746 K€ at 31 December 2017).

The amount of deferred tax assets that were not recognized due to the capping of deferred tax assets up to the amount of deferred tax liabilities with the same maturity at 31 December 2018 is 2 256 K€ (1 414 K€ at 31 December 2017).

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The change in net deferred tax breaks down as follows:

	31/12/2018	31/12/2017
Deferred taxes from adjustments of the fair value of rental equipment	(200)	(403)
Deferred taxes from adjustments on finance leases and back-to-back leases	1	(27)
Deferred taxes from provisions of pensions	1 362	1 142
Deferred taxes from adjustments of internal margins on inventory and fixed assets	5 203	6 151
Deferred taxes from non-deductible provisions	4 821	4 489
Deferred taxes from differences in depreciation periods and R&D costs	(5 213)	(4 047)
Deferred taxes on Acarlar customers portfolio	(1 468)	0
Deferred taxes from tax losses	8 869	8 402
Deferred taxes from other consolidation adjustments	(1 211)	(1 828)
Deferred taxes from other temporary differences	2 038	77
Impact of the capping of deferred tax assets	(2 256)	(1 414)
Total	11 945	12 542

The change in net deferred tax breaks down as follows:

	31/12/2018	31/12/2017
Opening net balance	12 542	6 528
Income / (loss) from deferred taxes from continued activities	1 321	3 894
Income / (loss) from deferred taxes from discontinued activities	(702)	
Deferred taxes recognised in other comprehensive income	(330)	3 601
Change in consolidation scope	(1 324)	
Translation adjustment	438	(1 481)
Closing net balance	11 945	12 542

Deferred taxes recognized in other comprehensive income concerned mainly the net impact of unrealized foreign exchange losses and gains on current accounts classified as net investments.

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NOTE 26 - INCOME STATEMENTS OF DISCONTINUED OPERATIONS

	31/12/2018		31/12/2017	
Sales and revenue	4 512	100%	10 509	100%
Cost of sales	(2 883)	-64%	(6 610)	-63%
Selling expenses	(523)	-12%	(1 128)	-11%
General and administrative expenses	(1 017)	-23%	(1 908)	-18%
CURRENT OPERATING INCOME	89	2%	863	8%
Other operating income and expenses	6 663	148%	(519)	-5%
OPERATING INCOME	6 752	150%	345	3%
Cost of net financial debt	(13)	0%		0%
Other financial income and expenses	(101)	-2%	(231)	-2%
PROFIT BEFORE TAXES	6 638	147%	114	1%
Income tax	(693)		(84)	
NET PROFIT	5 945	132%	30	0%

Other operating income and expenses are mainly including the profit recorded on the disposal.

NOTE 27 - SALES AND REVENUE FOR CONTINUING OPERATIONS

Note 39 on segment reporting provides with details on sales and revenue.

NOTE 28 - COST OF SALES FOR CONTINUING OPERATIONS

	31/12/2018	31/12/2017
Production cost of sales	(415 714)	(366 594)
Change in inventory provisions	604	2 845
Warranty costs	(9 045)	(6 704)
Total	(424 155)	(370 453)

NOTE 29 - GENERAL AND ADMINISTRATIVE EXPENSES FOR CONTINUING OPERATIONS

	31/12/2018	31/12/2017
Administrative expenses	(42 924)	(38 384)
Provision for depreciation of trade receivables	(275)	222
Management expenses	(11 546)	(10 422)
Others	-	87
Total	(54 745)	(48 497)

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NOTE 30 - RESEARCH AND DEVELOPMENT EXPENDITURES FOR CONTINUING OPERATIONS

	31/12/2018	31/12/2017
Development expenditures recognised as intangible assets	4 768	4 052
Amortisation of development expenditures	(2 093)	(2 183)
Research tax credit	2 310	2 313
Development expenditures	(13 732)	(12 644)
Total	(8 747)	(8 462)

NOTE 31 - EXCHANGE GAINS AND LOSSES FOR CONTINUING OPERATIONS

In current operating income	31/12/2018	31/12/2017
Realised exchange gains and losses	(2 533)	321
Unrealised exchange gains and losses	533	(1 536)
Total	(2 000)	(1 215)

In financial income	31/12/2018	31/12/2017
Realised exchange gains and losses	(1 317)	(2 236)
Unrealised exchange gains and losses	1 027	(8 630)
Total	(290)	(10 866)

Total	(2 290)	(12 081)
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Foreign exchange gains and losses related to underlying considered as financing items (mainly of our subsidiaries) are presented within the financial result.

For the year ended 31/12/18, the application of IAS 29 for Argentinian entities (reevaluation of the accounts in pesos and conversion of the income statement at closing rate) generated a profit of 4 701 K€ in foreign exchange gains and losses and recognized as a financial income.

NOTE 32 - EXPENSES BY NATURE OF CURRENT OPERATING INCOME FOR CONTINUING OPERATIONS

	31/12/2018	31/12/2017
Purchases of raw materials and other consumables and changes in finished products inventory	(311 835)	(278 521)
External charges	(101 382)	(85 222)
Taxes and related items	(6 106)	(5 493)
Staff costs	(91 439)	(82 680)
Net depreciation, impairment and provisions	(13 737)	(2 617)
Currency gains and losses	(2 000)	(1 214)
Other operating income and expenses	4 198	(2 544)
Total	(522 300)	(458 291)

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NOTE 33 - STAFF COSTS FOR CONTINUING OPERATIONS

	31/12/2018	31/12/2017
Salaries and wages	(68 066)	(60 748)
Social security and related expenses	(22 752)	(21 593)
Employee profit-sharing	(837)	(404)
Pensions costs	216	65
Total	(91 439)	(82 680)

Staff costs are allocated to the appropriate captions of the income statement by function.

NOTE 34 - OTHER OPERATING INCOME AND EXPENSES FOR CONTINUING OPERATIONS

	31/12/2018	31/12/2017
Net proceeds from other asset disposals	-	1
Cost of litigation net of increases/ decreases in provisions	(4 192)	(5 406)
Miscellaneous adjustments for prior periods	-	25
Revaluation at fair value of investments in affiliates	4 689	-
Goowill depreciation	(4 232)	-
Others	(750)	(62)
Total	(4 485)	(5 442)

Costs of litigations are mainly composed of the following items:

- Group recognized an income of 2 949 K€ linked to the outcome of a past litigation.
- In December 2017, the Group has identified some financial assets for which the reimbursements will not intervene according to the initial schedules. During 2018 second semester, a litigation has risen with the concerned debtor and the probable outcome of the latter has led the Group to book a provision of 6 142 K€ regarding a part of the underlying assets.

As at December 31,2018, the Group has booked a capital gain of 4 689 K€ linked to the mechanic revaluation generated by the step acquisition of Acarlar; and a depreciation of 4 232 K€ of the goodwill of the CGU North America.

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NOTE 35 - COST OF NET FINANCIAL DEBT, OTHER FINANCIAL INCOME AND EXPENSES FOR CONTINUING OPERATIONS

	31/12/2018	31/12/2017
Interest expenses and fees on loans and bank overdrafts	(1 406)	(1 557)
Cost of transfers of financial assets	(162)	(122)
Interests on leasing contracts	(12)	(14)
Cost of net financial debt	(1 580)	(1 693)
Change in the fair value of financial derivative instruments	-	(50)
Gains on realization of financial instruments	(309)	581
Others	(1 516)	(3 664)
Other financial income and expenses	(1 825)	(3 133)
Total	(3 405)	(4 826)

Linked with the litigation described in the note 34, the Group maintains the discount of the future cash flows (at 10%) regarding assets and according to the schedules under negotiation with the debtor. 2018 impact of (797) K€ is disclosed in the caption "other" of other incomes and expenses and deducted of the underlying assets.

NOTE 36 - CORPORATE INCOME TAX FOR CONTINUING OPERATIONS

	31/12/2018	31/12/2017
Current tax	(8 671)	(7 214)
Deferred tax	1 321	3 894
Total	(7 350)	(3 320)

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2018, Haulotte France S.A.R.L, Haulotte Services and Telescopelle S.A.S.

Haulotte US Inc is the head of a US tax consolidation that included on 31 December 2018, Equipro Inc. and its subsidiaries.

Under these tax sharing agreements, the income tax of entities are incurred by subsidiaries as if they were not included in a tax group.

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NOTE 37 - EFFECTIVE INCOME TAX RECONCILIATION FOR CONTINUING OPERATIONS

The difference between the effective tax rate of 29.08 % (15.83 % in December 2017) and the standard rate applicable in France of 34.43 % breaks down as follows:

	31/12/2018		31/12/2017	
Consolidated income before tax	25 279		20 978	
Tax (Income)/ Expense calculated at the tax rate applicable to the parent company's profit	8 704	34,43%	7 223	34,43%
Effect of differential in tax rates	(1 657)		(4 107)	
Effect of permanently non-deductible expenses or non-taxable income	(333)		1 466	
Effect of use of loss carry forwards previously not recognised	(178)		(659)	
Effect of tax assets not recognised	2 032		(421)	
Effect of loss carry forwards not recognised	1 000		356	
Effect of tax consolidation and income tax credits	(1 510)		201	
Effect of the reversal of unused deferred tax assets	-		-	
Tax relating to previous years	(296)		(741)	
Others	(410)		2	
Effective tax (Income)/ Expense	7 350	29,08%	3 320	15,83%

NOTE 38 - EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit or loss of the Group for the period by the weighted average number of shares outstanding during the period, excluding treasury shares acquired.

Diluted earnings per share are calculated by adjusting the weighted number of shares outstanding in order to take into account all shares issued on conversion of potentially dilutive securities, and notably stock options. A calculation is made to determine the number of shares acquired at fair value (the annual average for traded shares) according to the monetary value of rights attached to outstanding stock options. The resulting number of shares is then compared with the number of shares that would have been issued if the options have been exercised.

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In Euros	31/12/2018	31/12/2017
Net income for the Group in thousands of euros	23 803	17 610
Total number of shares	31 371 274	31 371 274
Number of treasury shares	1 836 567	1 777 898
Number of shares used for the earnings per share and the diluted earnings per share calculation	29 534 707	29 593 376
Earnings per share attributable to shareholders		
- basic	0,81	0,60
- diluted	0,81	0,60

NOTE 39 - SEGMENT REPORTING

39.1. Sales breakdown

Sales by business segment	31/12/2018	%	31/12/2017	%
Sales of handling and lifting equipment	488 949	88	431 815	84
Rental of handling and lifting equipment	16 067	3	18 089	6
Services ⁽¹⁾	50 889	9	49 538	10
Consolidated sales	555 905	100	499 442	100

⁽¹⁾ Mainly spare parts, repairs and financing.

Sales by geographic segment	31/12/2018	%	31/12/2017	%
Europe	334 732	60	282 797	57
North America	78 594	14	77 731	16
Latin America	42 222	8	41 563	8
Asia Pacific	100 357	18	97 351	19
Consolidated sales	555 905	100	499 442	100

Main contributors for each zone are Haulotte Group SA, Haulotte France, Haulotte GmbH and Haulotte Iberica for Europe ; for North America Haulotte US and BiJax Inc. ; for Latin America, Haulotte Mexico and Haulotte Argentina; and for Asia-Pacific, Haulotte Middle-East and Haulotte Australia.

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39.2. Main indicators by business segment

The column « Others » includes items not allocated to the Group's three business segments as well as inter-segment items.

Please note that 2017 balance sheet data disclosed below include the Italian renting activity sold in 2018.

31 December 2018	Manufacturing and Sale of equipment	Equipment rental	Services and financing	Others	Total
Income statement highlights					
Sales and revenues to external customers	488 949	16 067	50 889		555 905
Operating profit	45 801	2 845	2 598	(22 123)	29 121
Assets					
Fixed assets	87 726	17 012	2 014	13 038	119 791
<i>including goodwill</i>	32 366	362	-	-	32 728
<i>including intangible assets</i>	22 979	-	45	7 137	30 161
<i>including tangible assets</i>	31 979	16 625	1 969	3 420	53 993
<i>including financial assets</i>	402	25	-	2 481	2 908
Inventories	164 415	-	14 534	-	178 949
Trade receivables and linked accounts	91 564	5 303	26 707	-	123 573
Liabilities					
Trade payables	83 791	795	1 698	-	86 284
Bank borrowings	4 679	579	26 727	116 151	148 137
Other information					
Depreciation and impairment charge in the period	14 128	1 553	173	-	15 853

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31 December 2017 ^(*)	Manufacturing and Sale of equipment	Equipment rental	Services and financing	Others	Total
Income statement highlights					
Sales and revenues to external customers	431 815	18 089	49 538		499 442
Operating profit	54 000	5 858	3 074	(27 224)	35 708
Assets					
Fixed assets	56 819	26 047	2 830	20 002	105 697
<i>including goodwill</i>	12 448	3 274	-	-	15 722
<i>including intangible assets</i>	13 281	-	50	7 066	20 398
<i>including tangible assets</i>	30 121	22 665	2 059	2 336	57 181
<i>including financial assets</i>	968	108	721	10 599	12 396
Inventories	95 750	249	12 732	-	108 732
Trade receivables	85 114	8 631	21 403	-	115 148
Liabilities					
Trade payables	56 999	1 574	605	3 174	62 352
Bank borrowings	3 662	917	21 403	53 919	82 305
Other information					
Depreciation and impairment charge in the period	10 359	1 570	145	-	12 074

^(*): Information for prior periods has been updated to facilitate the comparability for the tables.

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39.3. Main indicators by geographic segment

The column « Others » includes items not allocated to the Group's four geographic segments as well as inter-segment items.

Please note that 2017 balance sheet data disclosed below include the Italian renting activity sold in 2018.

31 December 2018	Europe	North America	Latin America	Asia Pacific	Others	Total
Income statement highlights						
Sales and revenues to external customers	334 732	78 594	42 222	100 357		555 905
Operating profit	27 372	(2 038)	3 099	688		29 121
Assets						
Fixed assets	56 766	20 193	9 958	32 874	-	119 791
<i>including goodwill</i>	-	8 671	362	23 695	-	32 728
<i>including intangible assets</i>	20 771	2 246	19	7 125	-	30 161
<i>including tangible assets</i>	34 098	9 273	9 541	1 082	-	53 993
<i>including financial assets</i>	1 897	3	36	973	-	2 908
Inventories	103 148	28 511	10 352	36 938	-	178 950
Trade receivables and linked accounts	41 930	14 299	14 848	52 497	-	123 573
Liabilities						
Trade payables	69 736	4 908	585	11 056	-	86 284
Bank borrowings	147 562	-	578	(2)	-	148 137
Other information						
Depreciation and impairment charge in the period	7 968	5 530	1 871	483	-	15 853

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31 December 2017 ^(*)	Europe	North America	Latin America	Asia Pacific	Others	Total
Income statement highlights						
Sales and revenues to external customers	282 797	77 731	41 563	97 351	-	499 442
Operating profit	21 910	2 596	5 059	6 143	-	35 708
Assets						
Fixed assets	65 003	21 287	7 979	2 756	8 672	105 697
<i>including goodwill</i>	2 580	12 448	694	-	-	15 722
<i>including intangible assets</i>	19 131	759	-	508	-	20 399
<i>including tangible assets</i>	40 938	8 077	7 118	1 049	-	57 181
<i>including financial assets</i>	2 354	2	168	1 199	8 672	12 395
Inventories	65 855	20 550	5 686	16 641	-	108 732
Trade receivables	51 875	12 781	12 363	38 128	-	115 148
Liabilities						
Trade payables	52 571	3 724	487	5 570	-	62 352
Bank borrowings	81 180	-	917	208	-	82 305
Other information						
Depreciation and impairment charge in the period	8 653	1 255	1 738	427	-	12 074

^(*): Information for prior periods has been updated to facilitate the comparability for the tables.

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Notes 40 to 42 provide with information regarding the cash flow statement.

NOTE 40 - ANALYSIS OF CHANGE IN WORKING CAPITAL

	31/12/2018	31/12/2017
Change in inventories	(62 775)	(1 298)
Change in provision for inventories	(299)	(2 772)
Change in trade receivables	(15 642)	(7 786)
Change in provision for trade receivables	(1 273)	(5 394)
Charge in trade payables	20 472	10 765
Change in other assets and liabilities	(11 521)	1 808
Change in operating working capital continued operations	(71 038)	(4 677)

	31/12/2018	31/12/2017
Change in inventories	29	23
Change in provision for inventories	-	-
Change in trade receivables	286	163
Change in provision for trade receivables	146	(178)
Charge in trade payables	(5)	293
Change in other assets and liabilities	(1 111)	(66)
Change in operating working capital discontinued operations	(655)	235

NOTE 41 - ANALYSIS OF CHANGE IN RECEIVABLES FROM FINANCING ACTIVITIES

	31/12/2018	31/12/2017
Change in gross value	(2 714)	2 385
Change in provisions		(99)
Change in receivables from financing activities	(2 714)	2 286

Revenue from financing activities includes back-to-back arrangements, direct financing leases, lease payment obligations and risk pool commitments.

Transactions involving risk pool commitments and lease payment obligations by Haulotte Group SA represent transactions for which receivables and payables are fully offset. In consequence, they do not generate cash flow. The receivables and payables (for the same amount) are discharged as customers make lease payments to their financial institution. In consequence, these transactions are eliminated in the cash flow statement because they have no impact on net cash.

Changes in back-to-back lease arrangements and finance leases are presented as a cash component of the above business. In contrast, changes in the corresponding payable (fully matched by the receivable or resulting from a comprehensive financing arrangement after the back-to-back lease agreements were repurchased through a syndicated loan) are presented under cash flows from financing activities.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 42 - CASH COMPONENTS

	31/12/2018	31/12/2017
Cash on hand and deposit accounts	23 694	23 319
Money market funds and negotiable instruments	416	1 162
Cash and cash equivalent - balance sheet	24 110	24 481
Bank overdrafts (refer to note 21)	(19 227)	(1 604)
Cash and cash equivalent - cash flow statement	4 885	22 877
including cash from cash flow statement - continued activities	4 885	22 809
including cash from cash flow statement - discontinued activities	-	68

NOTE 43 - INFORMATION ON RELATED PARTIES

43.1. Related parties transactions

Solem S.A.S. is the majority shareholder of Haulotte Group S.A., with 54.40 % of the share capital at 31 December 2018.

Solem paid to Haulotte Group S.A. income of €30 thousand in 2018 and €30 thousand in 2017, and invoiced charges of €1 027 thousand in 2018 and €839 thousand in 2017 corresponding to the expenses incurred for the Group by two Directors as described in the note below.

In 2018, Telescopelle paid €49 thousand to Solem (€45 thousand in 2017) under the terms of a financial recovery clause following a debt waiver granted on 31 December 2001 for €1 220 thousand. The debt waiver balance for which the payment is expected amounted to €548 thousand at 31 December 2018.

43.2. Fees allocated to directors and officers

Amounts allocated to Board members paid by the Group amounts to €806 thousand for 2018 and €908 thousand for 2017. This whole amount corresponds to short term advantages (fix and variable wages).

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

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

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

In addition, a portion of the amount allocated concerns the chargeback for a consulting service performed by one of the members of the board of directors.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 44 - OFF-BALANCE SHEET COMMITMENTS

Commitments given	31/12/2018	31/12/2017
Repurchase commitments*	60	100
Portion of balance sheet debt secured by collateral**	66 589	29 589
Commitments given under repayment clauses	0	581
Commitments given by Haulotte Group SA to GE Capital for the benefit of Haulotte US***	4 232	4 348
Bank guarantees****	2 601	3 182
Guarantees on export financing*****	1 869	1 964
Other commitments*****	0	1 000

(*) : Repurchase commitments cover guarantees for the residual values granted by the Group in connection with customer financing agreements

(**) : At 31 December 2015, in exchange for the syndicated credit facility, as described in note 21 : pledge of the Haulotte Group S.A. business and of Haulotte France securities, pledge of the current account balance between Haulotte Group S.A. and Haulotte US in the amount of USD 50,000 thousand and pledge of the current account balance between Haulotte Group S.A. and Haulotte Australia in the amount of AUD 10,000 thousand.

(***) : In connection with product financing agreements executed in 2014, Haulotte Group SA is the first call guarantor in the event of default by Haulotte US Inc., for up to US\$5,000 thousand, in favour of different GE Group companies (General Electric Capital Corporation US, GE Commercial Distribution Finance Corporation US, GE Canada Equipment Financing G.P.). This commitment will expire on 19 December 2021.

(****) : In connection with the so-called Macron law, the Group received customer down payments for deliveries scheduled until 2019. The customers requested remittance of a bank security guaranteeing the down payment's refund in the event the equipment is not delivered.

(*****) : Financing export agreements are put in place for some customers. Specialized financial institutions guarantee these agreements to the banks for a certain percentage. Then, the Group gives an additional guarantee to the financial institution for the percentage not covered.

(*****): The Group concluded in 2014 a disposal agreement regarding rental assets and rental goodwill owned in Spain, including a warranty granted to the buyer, exclusively limited to tax liabilities (as defined in the law 58/2003 of the Spanish General Tax Law) generated before the selling date, until those liabilities are legally extinguished. This warranty is capped to a global amount of €1 000 thousand.

Classification by maturity of the off-balance sheet commitments is as follows:

31/12/2018	Gross	Less than 1 year	1 to 5 years	More than 5 years
Repurchase commitments	60	4	56	0
Portion of balance sheet debt secured by collateral	66 589	66 589	-	-

CONSOLIDATED FINANCIAL STATEMENTS

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31/12/2017	Gross	Less than 1 year	1 to 5 years	More than 5 years
Repurchase commitments	100	46	53	1
Portion of balance sheet debt secured by collateral	29 589		29 589	-

NOTE 45 - AVERAGE NUMBER OF EMPLOYEES

	31/12/2018	31/12/2017
Average headcount for the year	1 927	1 687
<i>Including headcounts of discontinued activities</i>		45

NOTE 46 - AUDITORS' FEES

In euros (excluding VAT)	Pricewaterhouse-Coopers Audit SAS		BM&A	
Reports on financial statements	195 140	94%	101 000	100%
Other services	12 500	6%		0%
TOTAL	207 640	100%	101 000	100%

Other services are related to the independent report on corporate social responsibility information and diligences on bank ratios.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

PricewaterhouseCoopers Audit

Grand Hôtel Dieu
3 Cour du Midi, CS 30259
69287 Lyon Cedex 02

BM&A

11, rue de Laborde
75008 Paris
France

Haulotte Group SA

La Péronnière
BP9
42152 L'Horme
France

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of Haulotte Group SA

OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Haulotte Group SA for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

BASIS FOR OPINION***Audit framework***

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

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (Code de déontologie) for Statutory Auditors.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

MEASUREMENT OF EQUITY INVESTMENTS, RECEIVABLES FROM INVESTMENTS AND GROUP TRADE RECEIVABLES

Description of risk

At 31 December 2018, goodwill for the North America CGU (cash-generating unit) came to €17,405 thousand gross and €8,671 thousand net, out of a balance sheet total of €536,933 thousand. A depreciation of €4,232 thousand has been accounted during the fiscal year 2018, the value in use of this CGU amounting less than its book value.

The procedures for the impairment tests used are described in Notes 4.1 and 8 to the consolidated financial statements.

The recoverable amount of the North America CGU is determined based on its value in use, which is calculated using the discounted value of cash flows expected over a period of five years from the group of assets allocated to the North America CGU. Forecast data includes assumptions in terms of volume, sale price and production costs and the use of a long-term growth rate.

We deemed the evaluation of goodwill to be a key audit matter given the materiality of goodwill in the consolidated financial statements and because the determination of its recoverable value implies a significant use of estimate by the direction for the determination of the future projected cash-flows and the assumptions used.

How our audit addressed this risk

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

For valuations based on historical data:

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

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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For valuations based on forecast data:

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

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

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

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements to the Shareholders

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

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment terms required by Article D.441-4 of the French Commercial Code (code de commerce).

Report on corporate governance

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

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L. 225-37-5 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on our work, we have no observations to make on this information.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Other information

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

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

As at 31 December 2018, BM&A and PricewaterhouseCoopers Audit were in the fourth year and the twenty-first year of total uninterrupted engagement, which are the fourth year and the twenty-first year since securities of the Company were admitted to trading on a regulated market, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or quality of management of the affairs of the Company.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon, 30 April 2019
The Statutory Auditors

PricewaterhouseCoopers Audit

Natacha Pelisson

BM&A

Alexis Thura