



## First Half Results & Outlook

Pershing Hall Hotel – 5 September 2008

# Agenda



Company presentation



Results and financing



Strategy and targets



TOUAX and the stock market



Q&A

# Company presentation



- The TOUAX Group
- TOUAX businesses

# The TOUAX Group

## Your operational leasing solution

- ▶ Specialised in operational leasing and related services
  - Goal: provide mobile, flexible, and readily-available systems to customers in France and around the world
- ▶ Rapid growth over the past 5 years, with a new scope to serve the needs of increasingly globalised trade
- ▶ A staff of 600 professionals in 13 countries
  - Europe, North America, and Asia
- ▶ Four global divisions, leaders in their field and equipped to serve

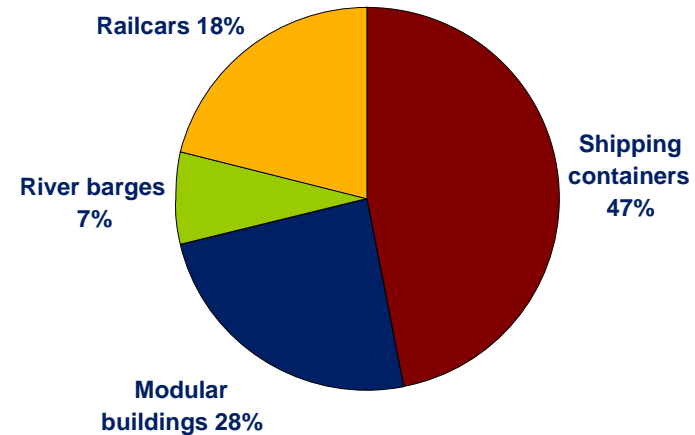
Shipping containers	Modular buildings	River barges	Railcars
			
<ul style="list-style-type: none"><li>▪ Leader in Europe</li><li>▪ 470,000 shipping containers</li><li>▪ 30 employees</li></ul>	<ul style="list-style-type: none"><li>▪ 2nd- largest in Europe</li><li>▪ 33,000 modular units</li><li>▪ 450 employees</li></ul>	<ul style="list-style-type: none"><li>▪ Leader in Europe</li><li>▪ 170 river barges</li><li>▪ 100 employees</li></ul>	<ul style="list-style-type: none"><li>▪ 2nd-largest in Europe</li><li>▪ 6,500 railcars</li><li>▪ 20 employees</li></ul>

# The TOUAX Group

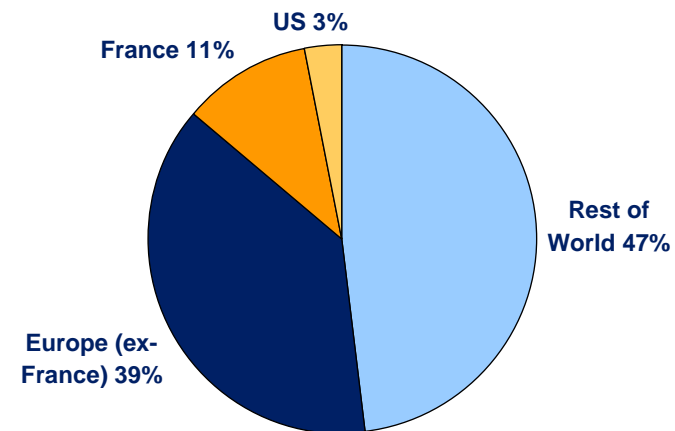
A diversified company

- ▶ Four different businesses operating in international markets
- ▶ 12% revenue growth in the first half 2008
- ▶ €146 million in revenue (89% from outside France)

Revenue by business, H1 2008



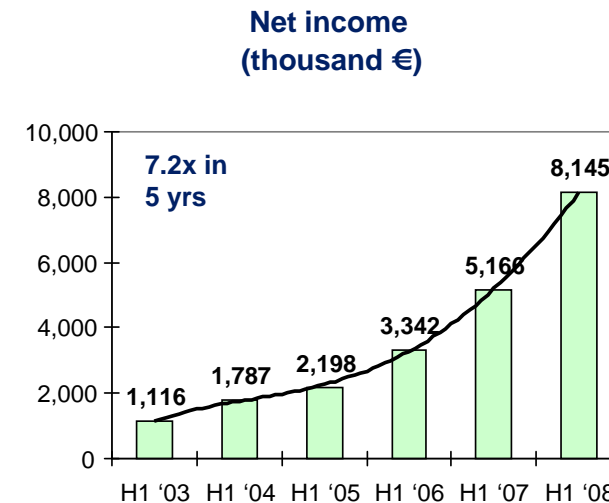
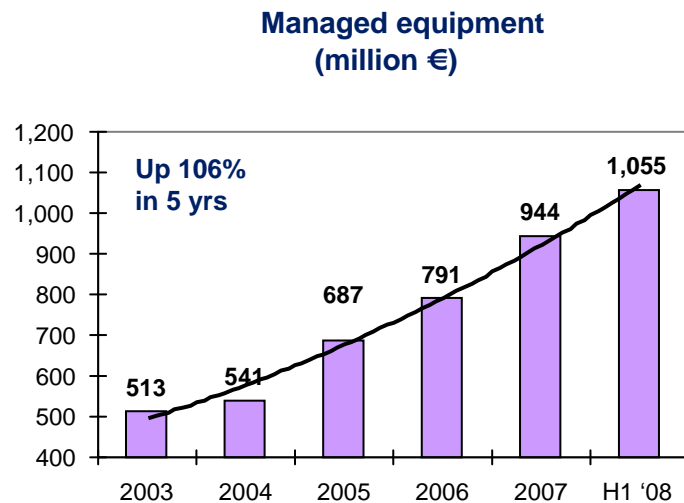
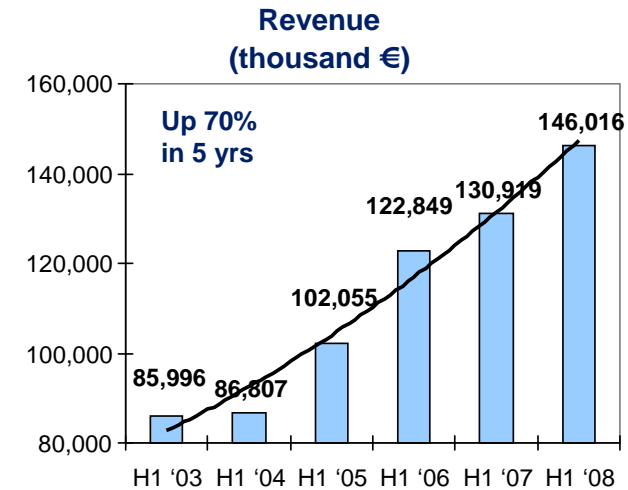
Revenue by region, H1 2008



# The TOUAX Group

## Robust growth

- ▶ Sharp increases in:
  - Revenue
  - Net income
  - Managed equipment



## The TOUAX Group

Operational leasing is an expanding business

- ▶ Companies are increasingly outsourcing the ownership of non-core assets
  
- ▶ TOUAX's operational leases offer several benefits
  - Flexible contracts (short- or long-term)
  - No need for renters to make a large investment
  - Maintenance is included as part of the service
  - Equipment is readily available
  
- ▶ TOUAX is a preferred business partner

# The TOUAX Group

## Markets with structural growth drivers

- ▶ Booming need for infrastructure
  - **Shipping containers** – Increased global trade has fuelled the use of shipping containers and the demand for container leasing
  - **Freight railcars** – The opening of the EU rail freight market on 1 January 2007, coupled with greater traffic and the need to renew aging fleets (30 years old on avg.), has spurred demand for railcar leasing
  - **Modular buildings** – Manufacturers, builders, and government agencies all need modular buildings, especially as substantial new infrastructure is being built in Eastern Europe
  - **River barges** – Environmental concerns and surging needs for food and commodities have prompted interest in river transport, while aging barges in Europe (Danube and Rhine) and the US (Mississippi) need to be replaced



# The TOUAX Group

A unique strategy for investing in equipment

- ▶ TOUAX's standardised, movable equipment has:
  - Little risk of technical obsolescence
  - A long useful life (15-50 years)
  - A high residual value in a global, liquid market for used equipment
  - Easy portability, resulting in high usage rates
  - Mostly long-term lease contracts, which provide recurring cash flow

## The TOUAX Group

### Concern for the environment

- ▶ River barges and trains are more reliable and environmentally-friendly than trucks
- ▶ On four litres of petrol, a river barge can carry a tonne of cargo 981 km – compared with 704 km for a train and 263 km for a truck

Source: National Waterways Foundation (NWF)

# TOUAX businesses

## Shipping containers



# TOUAX businesses

## Shipping containers

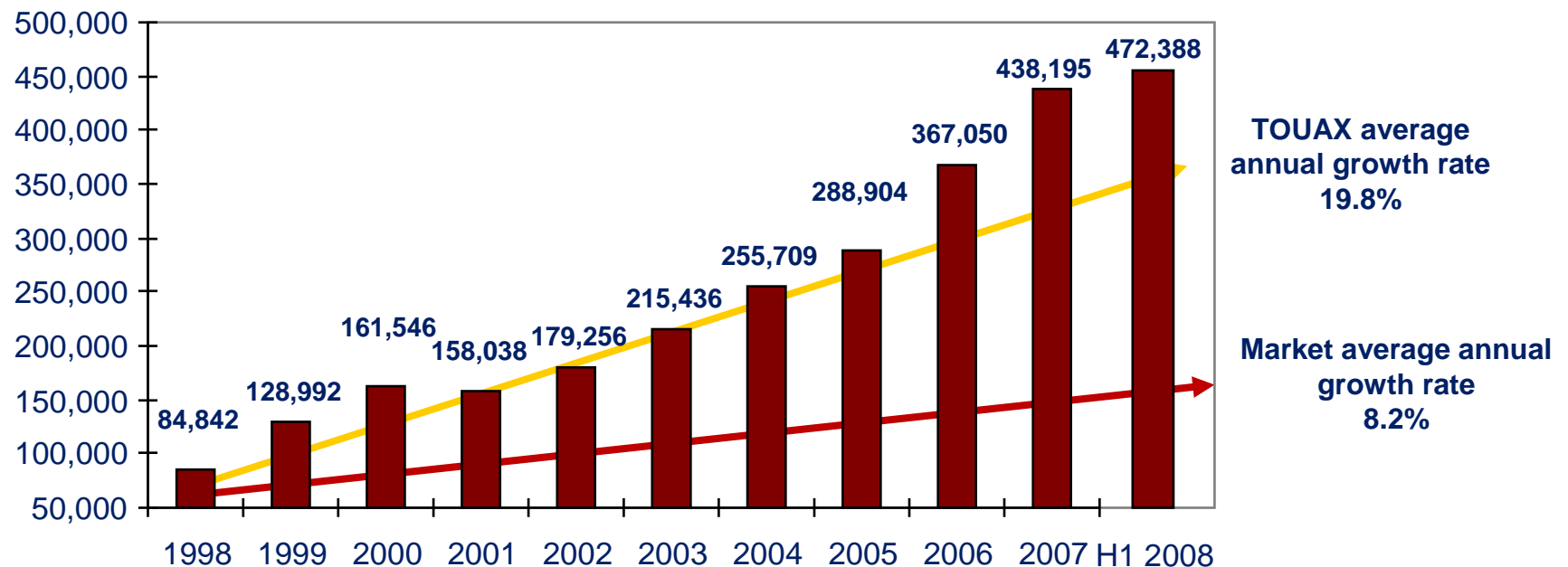
- ▶ Standard dry-goods containers (20' and 40')
  - Long-term leases (80% had 3-7 year leases at end-June 2008)
  - Flexible short-term leases (master leases) or lease-purchase agreements
  
- ▶ TOUAX's strengths
  - New, high-quality containers (<4 years old on average)
  - Dynamic sales force
  - Operations in 40 countries (8 agencies, 5 offices, and 150 warehouses)
  - Clients include over 120 shipping lines, including 24 of the top 25 (Maersk Lines, Evergreen, MSC, China Shipping, CMA-CGM, etc.)

# TOUAX businesses

## Shipping containers

### ► Growth in TOUAX's container fleet

TOUAX container fleet in TEUs



- Booming global trade has expanded the number of shipping containers worldwide from 11.5 million TEUs in 1998 to 23.4 million TEUs in 2007

# TOUAX businesses

## Shipping containers

- ▶ Global trade constitutes a structural growth driver for the shipping container market

### Annual growth rates

	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Container traffic</b>	2%	10%	12%	13%	11%	11%	10%	9%	10%
<b>Container vessels</b>	8%	8%	8%	8%	8%	14%	12%	13%	13%
<b>Container fleet</b>	7%	6%	7%	9%	11%	8%	10%	8%	9%

- ▶ Source: Clarkson Research Studies, August 2008, and Containerisation International, 2007
- ▶ In 2008:
  - Traffic is expected to jump 8%
  - TOUAX invested \$155 million in the first eight months to meet demand
  - TOUAX had 500,000 TEUs, or a 4.3% global market share (of the leasing market), in September
- ▶ Medium-term goal
  - Reach 800,000 TEUs, or a 7% global market share

# TOUAX businesses

## Modular buildings



# TOUAX businesses

## Modular buildings

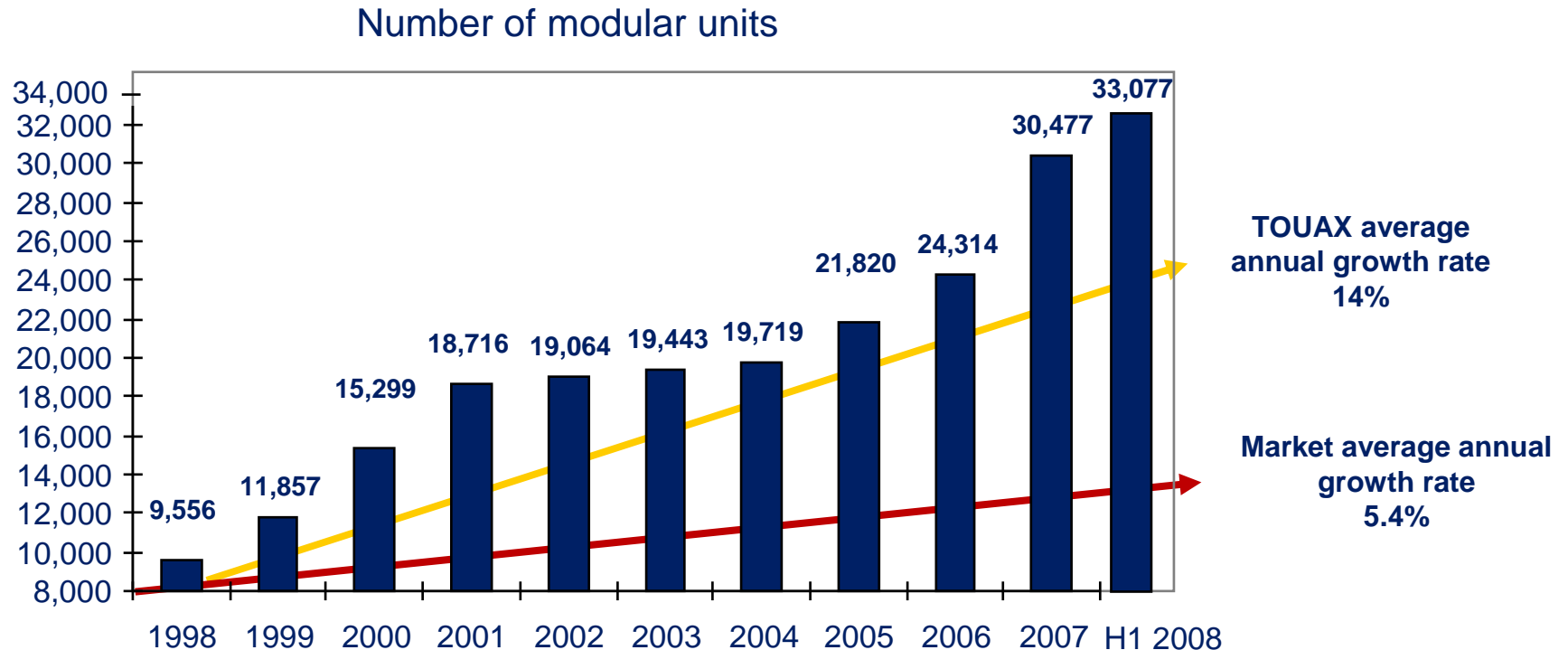
- ▶ TOUAX offers high-quality equipment for a wide range of uses (offices, schools, hospitals, construction sites, etc.) under a variety of contracts
  - Lease
  - Lease-purchase
  - Purchase
  
- ▶ TOUAX's strengths
  - Operations in eight European countries (including Eastern Europe) and the US (Florida and Georgia)
  - Greater productivity and an enhanced offer thanks to new assembly plants in France and the Czech Republic
  - A diverse customer base
    - Manufacturers – Alstom, Thomson, EDF, British Petroleum, Sanofi, EnBW, Siemens, RWE, etc.
    - Governments – Regional councils, city halls, etc.
    - Construction companies – Bouygues, Vinci, Hochtief, Skanska, etc.



# TOUAX businesses

## Modular buildings

### ► Growth in TOUAX's modular buildings



- The number of modular buildings available for lease in Europe rose from 225,000 to 500,000 units in 15 years (Source: TOUAX)
- TOUAX invested over €24 million in equipment in the first half 2008

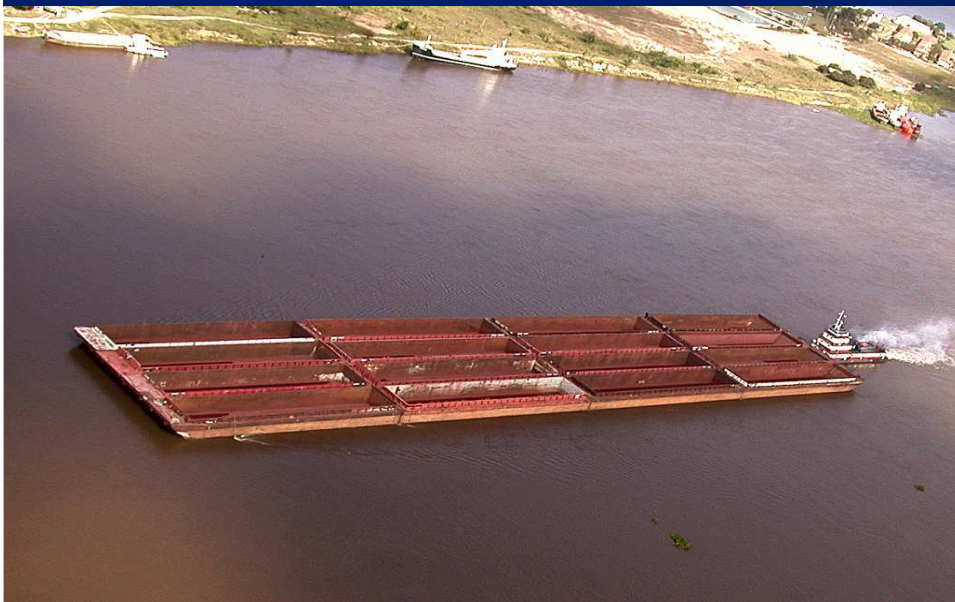
# TOUAX businesses

## Modular buildings

- ▶ In 2008, TOUAX saw:
  - Sustained growth in Germany and Poland
  - Robust activity in France and Benelux
  - A slowdown in Spain and the US
  - The positive impact of acquisitions in Germany and the Czech Republic
  - Higher sales thanks to new assembly plants in France and the Czech Republic
  - The opening of new branches in Europe
- ▶ Medium-term target
  - 10% market share in Europe (6% in 2008), or around 60,000 modular units

# TOUAX businesses

## River barges



# TOUAX businesses

## River barges

- ▶ Europe's largest river barge fleet for bulk dry goods, with 170 units and 370,099 tonnes of capacity (for coal, grain, ore, fertilizer, cement, etc.; Source: TOUAX)
- ▶ Main operations are shipping, chartering, and leasing
- ▶ TOUAX's strengths
  - Unique international experience
    - In all major European river basins – Rhine, Main, Meuse, Moselle, Danube, Seine, and Rhone
    - On the Mississippi in the US and the Paraná in Paraguay
  - Customers comprised of large manufacturing and shipping companies (Bungee, Dreyfus, Lafarge, Electrabel, ArcelorMittal, CFT, Miller, etc.)
  - Over 150 years of experience

# TOUAX businesses

## River barges

- ▶ In 2008:
  - All river basins saw buoyant activity
  - Orders began to pick-up
  
- ▶ Medium-term targets
  - Anchor TOUAX's positioning and win new, long-term leasing and shipping contracts
  - Make selected investments in South America and Europe
  - Take advantage of opportunities provided by structural growth in river transport

# TOUAX businesses

## Railcars



# TOUAX businesses

## Railcars

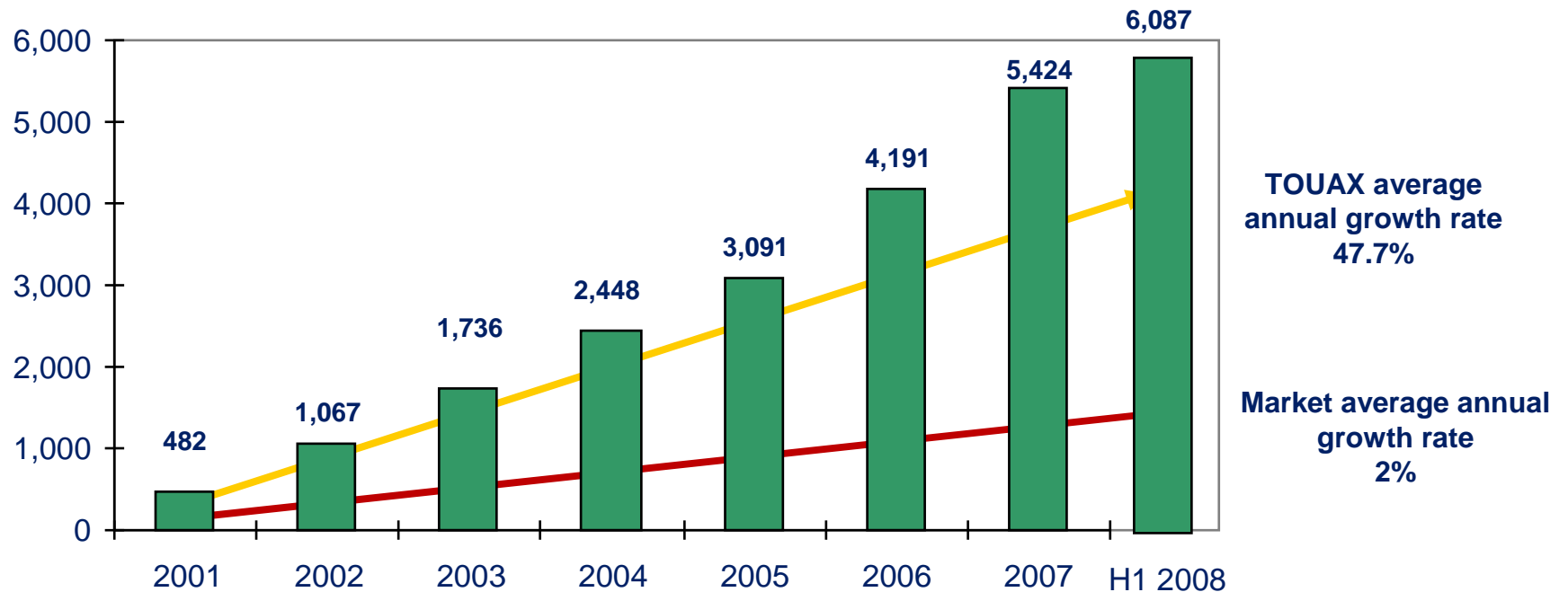
- ▶ TOUAX provides long-term leases for:
  - Container railcars
  - Vehicle carriers
  - Hoppers railcars for bulk goods (cement, grain, etc.)
- ▶ TOUAX's strengths
  - Services that meet customers' needs, following the opening of the EU rail freight market
  - A partnership with CFCL, the 7th-largest lessor of hopper cars in the US
  - New railcars to respond to the need to replace an aging fleet
  - Average lease term of over five years
  - Customers comprised of major railway operators (SNCF, DB, SBB-CFF, etc.), private operators, and manufacturers (Cargill, Lafarge, Gefco, etc.)

# TOUAX businesses

## Railcars

### ► Growth in TOUAX's railcar fleet

Number of railcars (platforms)



- European intermodal railway traffic up 9% in 2007, vs. 15% in 2006 (Source: UIRR Statistics 2007)
- TOUAX's leasing services are an attractive option for railway operators



# TOUAX businesses

## Railcars

- In 2008, TOUAX:
  - Invested over €80 million in long-term leases in Europe
  - No investments in the US
- Medium-term targets
  - A managed fleet of 10,000 railcars by early 2010
  - Secure the company's place as the 2nd-largest leaser of intermodal railcars in Europe

# Results and financing



- Income statement, EBITDA, and ROI
- Summary balance sheet
- Investments
- Debt
- Risk management
- Breakdown of managed equipment

# Results and financing

## Income statement

<i>(thousand €)</i>	H1 2008	H1 2007	Change
Leasing revenues	92,984	78,824	
Sales of equipment and sundry items	53,032	52,095	
<b>Revenue</b>	<b>146,016</b>	<b>130,919</b>	<b>12%</b>
Gains on asset disposals	609	309	
<b>Total revenue from ordinary activities</b>	<b>146,625</b>	<b>131,228</b>	<b>12%</b>
Cost of sales	(47,292)	(48,420)	
Operating expenses	(35,731)	(30,594)	
Selling, general, and administrative expenses	(7,684)	(6,085)	
Overhead costs	(2,335)	(2,116)	
<b>EBIDTA before investor distributions</b>	<b>53,583</b>	<b>44,013</b>	<b>22%</b>
Depreciation, amortisation, and impairments	(7,619)	(5,037)	
<b>Operating income before investor distributions</b>	<b>45,964</b>	<b>38,976</b>	<b>18%</b>
Total investor distributions	(29,568)	(29,010)	
<b>Operating income after investor distributions</b>	<b>16,396</b>	<b>9,966</b>	<b>65%</b>
Other operating income and expenses	0	0	
<b>Operating income</b>	<b>16,396</b>	<b>9,966</b>	<b>65%</b>
Net financial income	(5,778)	(3,308)	
<b>Pre-tax underlying earnings</b>	<b>10,618</b>	<b>6,658</b>	<b>59%</b>
Corporate income tax	(2,478)	(1,492)	
<b>Consolidated net income</b>	<b>8,140</b>	<b>5,166</b>	<b>58%</b>
Minority interests	5	0	
<b>Attributable net income</b>	<b>8,145</b>	<b>5,166</b>	<b>58%</b>
<b>Earnings per share</b>	<b>1.86</b>	<b>1.33</b>	<b>40%</b>

## Results and financing

### EBITDA

- ▶ The increase in EBITDA after investor distributions reflects the strategy of investing in company-owned equipment

<i>(thousand €)</i>	EBITDA before investor distributions	Investor distributions	EBITDA after investor distributions
Shipping containers	28,439	-22,944	5,495
Modular buildings	15,711	-2,389	13,322
River barges	1,890	-143	1,747
Railcars	9,765	-4,092	5,673
Other (overheads, sundry items, and eliminations)	-2,222		-2,222
<b>30/06/2008</b>	<b>53,583</b>	<b>-29,568</b>	<b>24,015</b>
<b>30/06/2007</b>	<b>44,013</b>	<b>-29,010</b>	<b>15,003</b>

- EBITDA = earnings before interest, taxes, depreciation, and amortisation

## Results and financing

### Return on investment (ROI)

- ▶ The ROI is broken down as follows:

<i>(thousand €)</i>	H1 2008	H1 2007
EBITDA after investor distributions	24,015	15,003
Average property, plant, and equipment	270,895	191,178
<b>ROI on property, plant, and equipment</b>	<b>17.7%</b>	<b>15.7%</b>

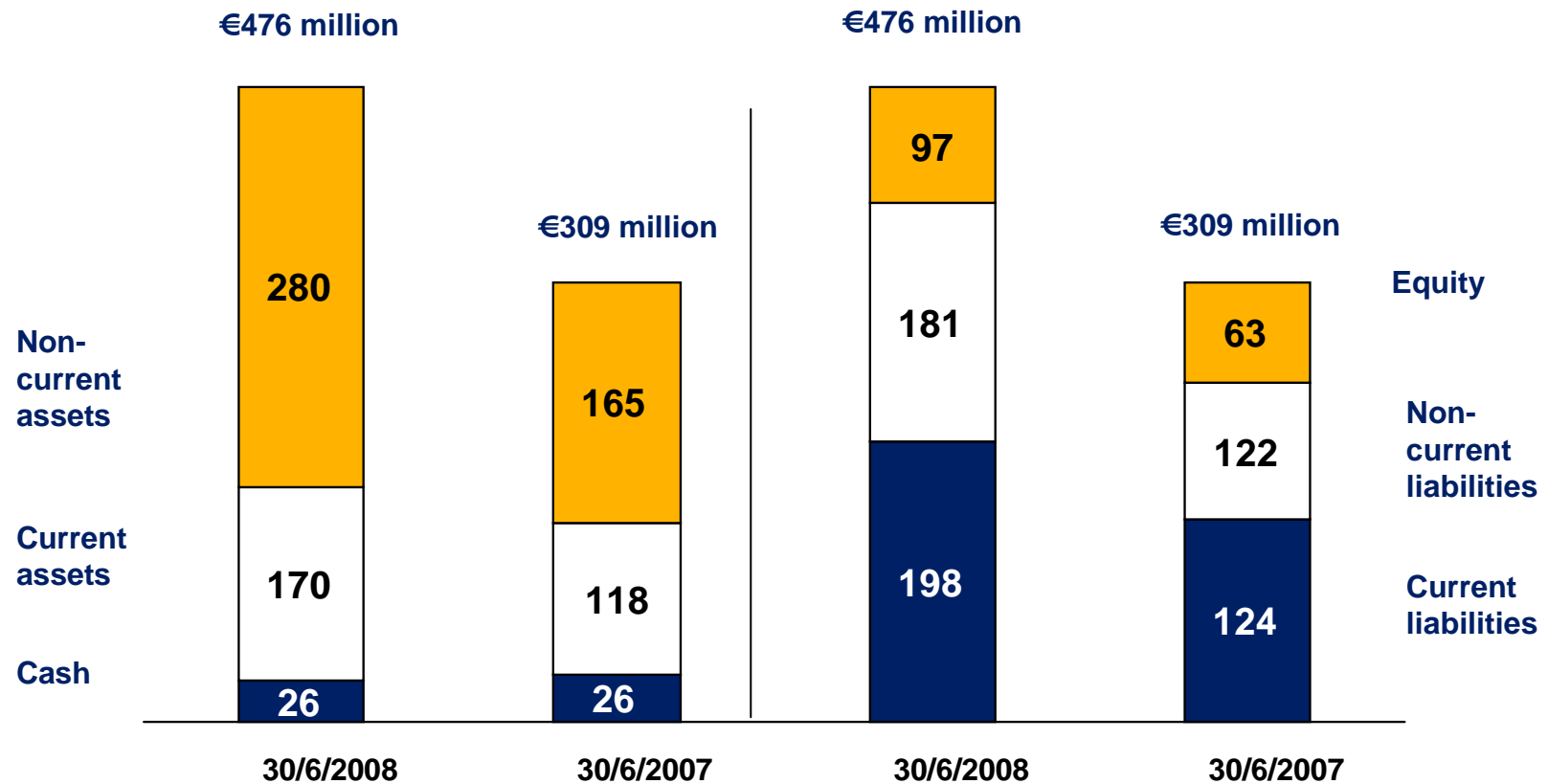
- ▶ \*annualised

- ▶ **ROI by business** (excluding overhead costs, based on average asset values) **is broken down as follows:**

<i>(thousand €)</i>	H1 2008	H1 2007
Shipping containers	72%	68%
Modular buildings	18%	14%
River barges	8%	12%
Railcars	19%	22%
<b>ROI for all businesses</b>	<b>20%</b>	<b>19%</b>

# Results and financing

## Summary balance sheet (million €)



## Results and financing

### Investments

- ▶ Investments totalled €130.6 million in the first semester 2008, vs. €88.9 million in the 1st semester 2007
  - Investments in capitalised and stored assets: €82 million (vs. €47.8 million in the 1st semester 2007)
  - Investments in managed equipment: €48.3 million (vs. €41.1 million in the 1st semester 2007)

(million €)	Capitalised assets and inventory	Managed equipment	Total investments
Shipping Containers	15.1	39.1	54.2
Modular buildings	25.2	-0.7	24.4
River barges	14.9	-	14.9
Railcars	27	10.0	37.0
<b>Total</b>	<b>82.2</b>	<b>48.4</b>	<b>130.6</b>

# Results and financing

## Debt

	H1 2008	2007
Net debt with recourse	€133.0m	€110.3m
Gearing with recourse (Net debt with recourse /equity ratio)	1.4	1.6
Leverage (Net debt with recourse/EBITDA)	2.8	3.2

- ▶ The gearing and Leverage ratio fell as a result of a share issue in the first half 2008, returns on investments, and the management of the Groups' debt
- ▶ We expect an increase in these ratios in the second half of 2008 in line with investments and within internal and external guidelines



# Results and financing

## Debt

	Balance sheet amount	% of total	Avg. interest rate	% variable rate
Short-term credit	€26.4m	11%	5.28%	100%
Medium- and long-term credit	€133.0m	54%	5.66%	48%
Non recourse debt	€87.9m	36%	5.29%	64%
<b>Total</b>	<b>€247.3m</b>	<b>100%</b>	<b>5.47%</b>	<b>62%</b>

- ▶ 36% of the company's debt is non recourse
- ▶ 13.6% of the debt is in USD

Theoretical repayments due in the year

**H2 2008 – H1 2009**

**€78m**

- ▶ Only €20 million of the theoretical repayments is contractual reimbursement of debt
- ▶ The remaining €58 million consists of short-term credit facilities that are renewed annually, most of which have been confirmed until 2009

# Results and financing

## Risk management

- ▶ The company faces limited liquidity risk, thanks to:
  - €243 million of plant, property, and equipment, €99million of inventory, and €26 million of cash and marketable securities
  - €31.2 million of cash flow (operating cash flow plus the market price of assets sold) on average over the past three years (€18.5 million as at 30 June 2008)
  - €57 million of lines of credit available
  - A €23.3 million share issue in March 2008
- ▶ The company's two credit lines for asset backed financing were renewed at higher levels until 2009
- ▶ Since the beginning of 2008, TOUAX has obtained €120m of new credit facilities from banks in order to ensure funding for its investments.

# Results and financing

## Risk management

### ▶ Interest rate risk

- After accounting for rate swaps: the interest rates on the company's debt are 62% variable and 38% fixed
- For its stable debt (excluding pre-financing) the rates are 56% variable and 44% fixed
- The company's average interest rate has held flat since end-2007
- A 1% change in interest rates (on variable-rate loans) would change the company's borrowing costs by 11% (€ 1.5m out of €13m of theoretical financial costs)

### ▶ Currency risk

- A recovery in the USD will boost the company's earnings in 2009, since half its revenue is generated in dollars
- The company has hedged its 2008 earnings in USD based on a budgeted exchange rate of 1 EUR = 1.53 USD
- The company has also hedged the purchase of barges in USD in China in 2008

## Results and financing

### Equipment managed for third parties

- ▶ TOUAX's shipping containers and railcars businesses concluded €48 million of management programmes in the first half 2008, thereby securing their continued growth
- ▶ 64% of the company's managed equipment (€674 million) belongs to investors of which 90% in management programs
- ▶ All the programs are without recourse against TOUAX, and without a minimum guaranteed revenue
- ▶ Investors continue to invest in equity, which is not sensitive to the financial markets (diversification strategy)
- ▶ Over €100 million of management programmes are already scheduled for the second half of 2008, which provides a good visibility on the company's financing capacity

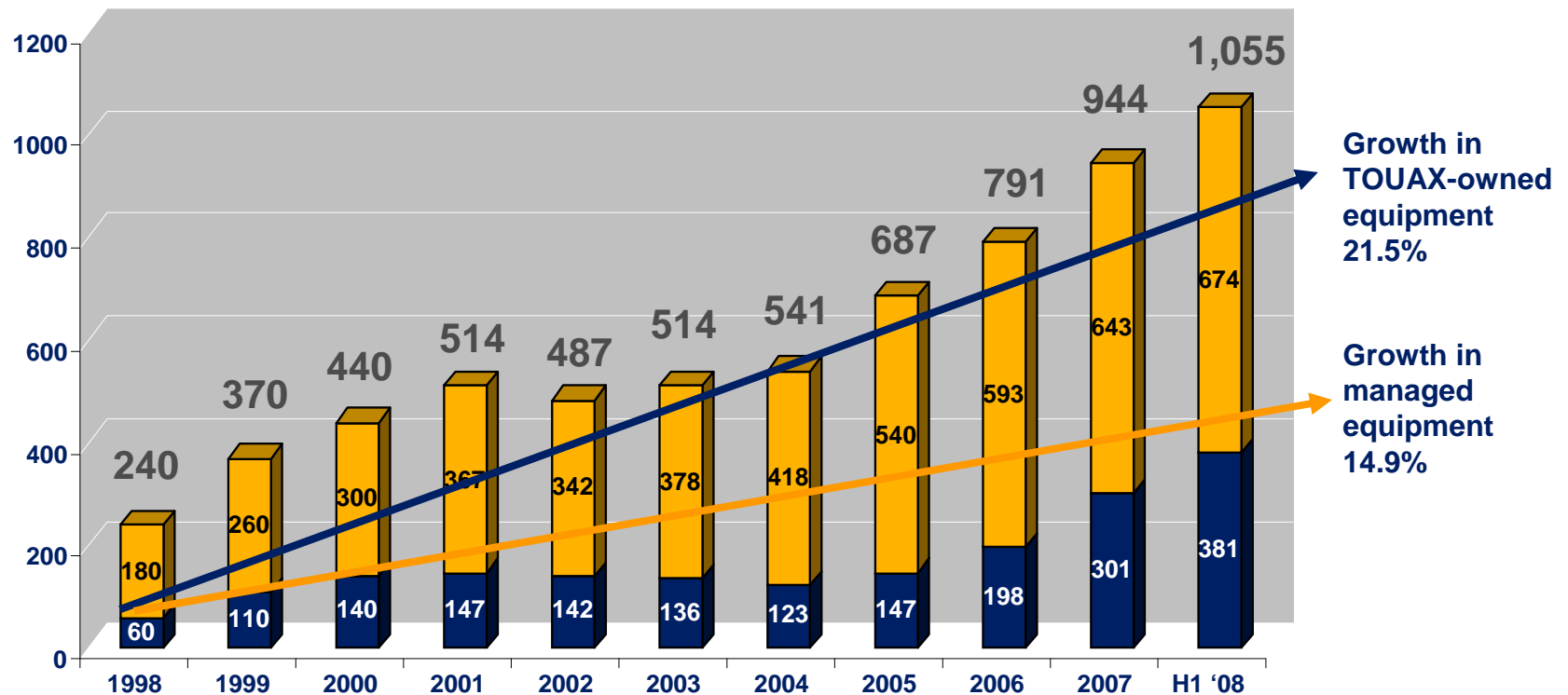
# Results and financing

## Breakdown of managed equipment

▶ (million €)

- Equipment owned by investors
- Equipment owned by TOUAX

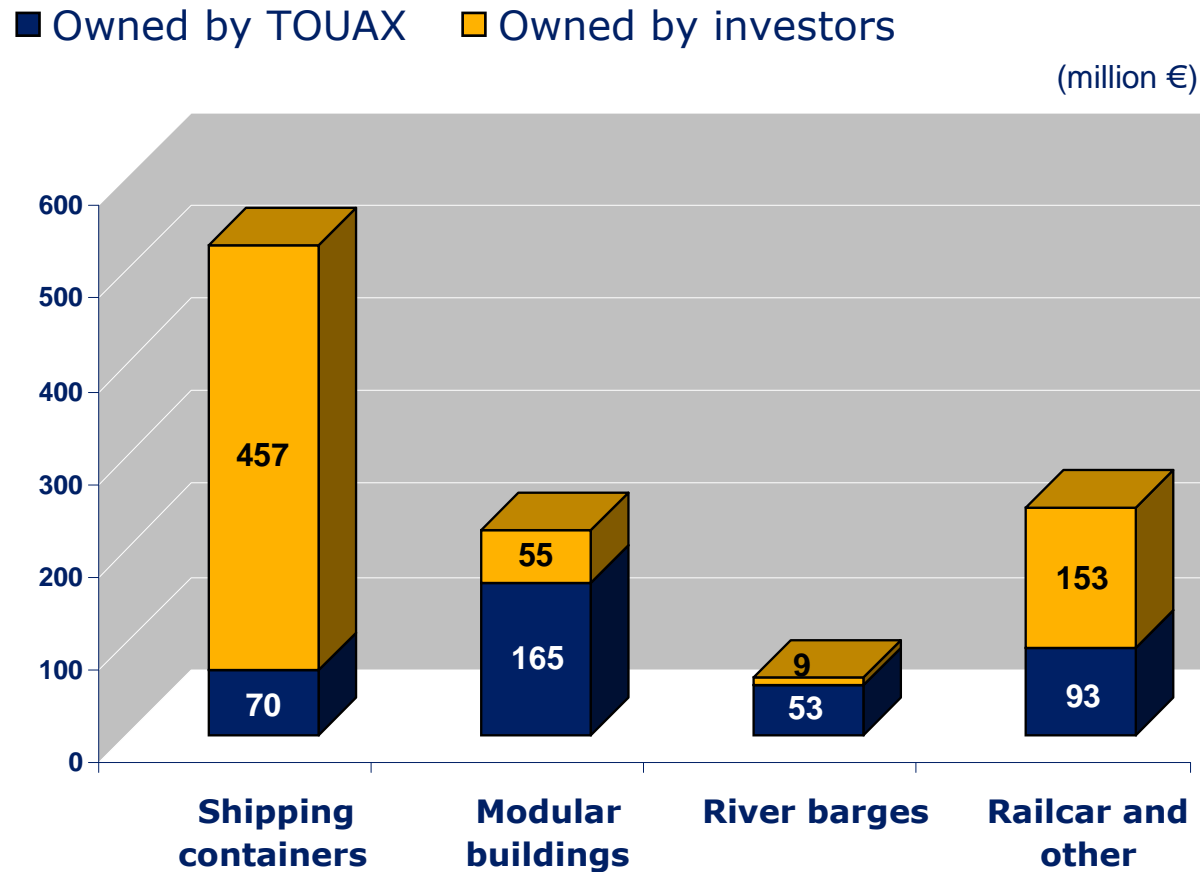
Average annual growth in equipment 16.9%



▶ Over half of the managed equipment is valued in USD (1 EUR = 1.5764 USD)

# Results and financing

## Breakdown of equipment by business



# Strategy and targets



- Growth strategy
- Distribution of risks
- 2008 targets

# Strategy and targets

## Growth strategy

- ▶ TOUAX's growth strategy
  - Invest financial resources to expand the fleet of new equipment in each of its four businesses
    - Invest at least €200 million/year
    - Secure long-term leases
  
- ▶ Maintain double-digit revenue growth, in order to gain market share in each business and enhance economies of scale



## Strategy and targets

### Distribution of risks

- ▶ Breakdown of managed equipment
  - 25% owned by TOUAX
  - 75% managed for investors
  
- ▶ Owned equipment provides a substantial recurring revenue stream, and bolsters the company's prospects through opportunities for gains on future sales
  
- ▶ Equipment managed for investors:
  - Generates additional earnings
  - Improves the company's ROE without the need to invest additional capital

# Strategy and targets

## 2008 targets

- ▶ Management raised its profit growth target for FY 2008, from +30% to at least 40%, reflecting:
  - A strong first half 2008
  - Investments made in 2008
  - A healthy 2008 order book

## Strategy and targets

### 2009 outlook targets

- ▶ The outlook for 2009 remains positive
- ▶ The IMF forecasts 3.7% global growth in 2008, which should extend into 2009, and a 9% jump in shipping container traffic by volume (source: Clarkson)
- ▶ TOUAX benefits from:
  - A diversified business model offering protection from economic cycles
  - Operations in several regions, including emerging markets
  - Long-term contracts offering good revenue visibility
  - Strategic investments in 2008 that should boost earnings in 2009
  - Structural growth drivers in key markets (railway and river transport) for 2009, 2010, and beyond

# TOUAX and the stock market

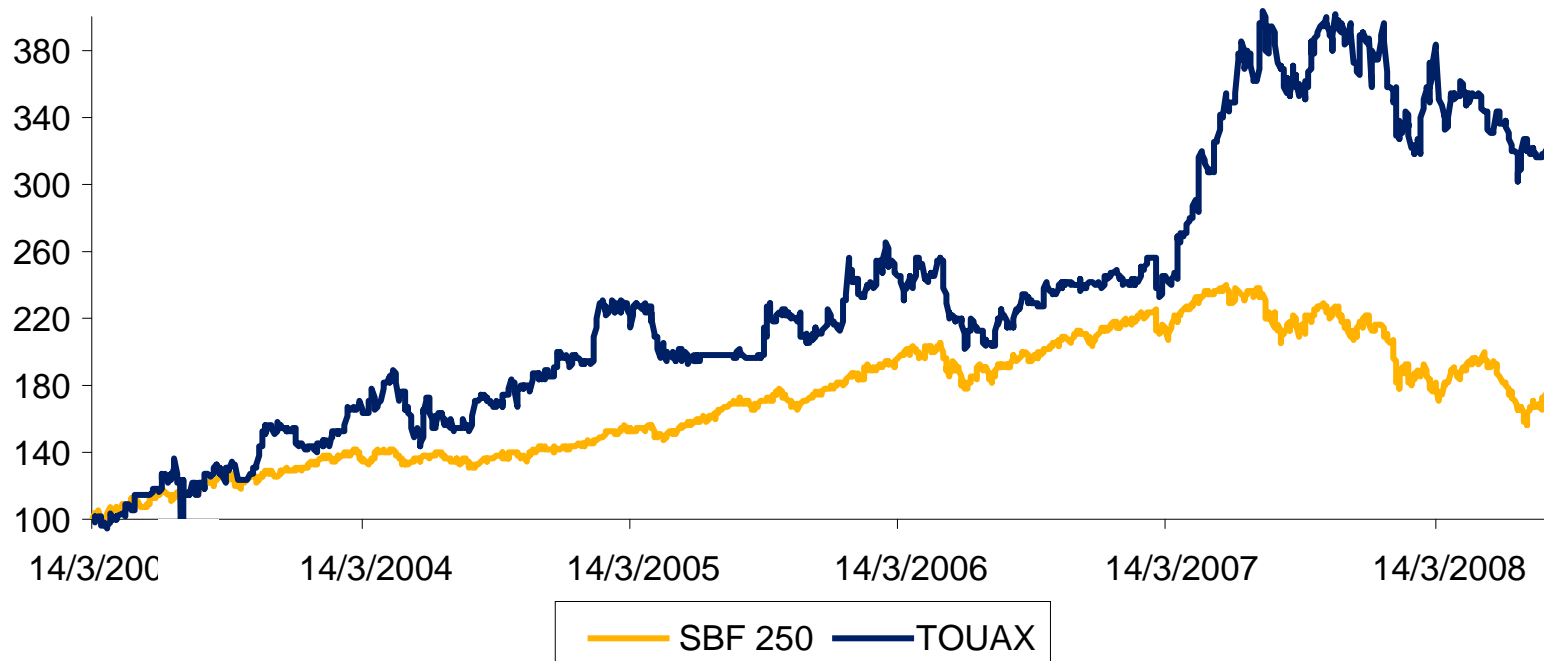


- TOUAX share price
- TOUAX share data
- Strengths of the TOUAX share

# TOUAX and the stock market

## TOUAX share price

5-year TOUAX share price data (base of 100 on 21 August 2008)



- ▶ TOUAX was added to the SBF 250 and CAC Small 90 indices on 28 August 2008

## TOUAX and the stock market

### TOUAX share data

	30/6/2008	2007	2006	2005
<b>Number of shares (thousands)</b>	4,683	3,898	3,886	3,765
<b>Market cap (million €)</b>	152.76	156.65	97.52	88.29
<b>Equity attributable to parent company shareholders (million €)</b>	97.46	68.50	60.47	56.22
<b>Share price high (€)</b>	40.60	41.99	27.30	23.72
<b>Share price low (€)</b>	31.86	22.50	20.00	19,25
<b>Daily avg. trading volume (number of shares)</b>	5,824	6,177	5,578	4 385
<b>Annualised EPS (€)</b>	3.72 <sup>5</sup>	3.01 <sup>4</sup>	1.86 <sup>2</sup>	1.40 <sup>3</sup>
<b>P/E ratio</b>	8.77 <sup>6</sup>	13.35	13.49	16.75
<b>Dividend per share (€)</b>	1	1	0.75	0.70
<b>Dividend yield</b>	3.1%	2.5%	3.0%	3.0%
<b>Closing share price</b>	32.62	40.19	25.10	23.45

1. Weighted average number of ordinary shares = 2,923,486
2. Weighted average number of ordinary shares = 3,873,294
3. Weighted average number of ordinary shares = 3,888,828
4. Weighted average number of ordinary shares = 4,369,008
5. Calculated using the closing price at 30 June 2008 and the H1 2008 EPS multiplied by two (for a full year)

## TOUAX and the stock market

### A growing number of market peers

	Country	P/E ratio
<b>Shipping containers</b>		
Textainer (NYSE: TGH)	USA	9.89
TAL International (NYSE: TAL)	USA	18.69
CAI International (NYSE: CAP)	USA	13.48
<b>Average P/E ratio</b>		<b>14.02</b>
<b>Modular buildings</b>		
Mobile Mini (Nasdaq GS: MINI)	USA	19.38
McGrath RentCorp (Nasdaq GS: MGRC)	USA	16.00
<b>Average P/E ratio</b>		<b>17.69</b>
<b>River barges</b>		
Seacor Holding (NYSE: CKH)	USA	10.45
Kirby Corp. (NYSE: KEX)	USA	16.78
American Commercial Lines (Nasdaq GS: ACLI)	USA	14.00
<b>Average P/E ratio</b>		<b>13.74</b>
<b>Railcars</b>		
VTG AG NPV (VT9.F)	Germany	16.44
GATX (NYSE: GMT)	USA	10.32
<b>Average P/E ratio</b>		<b>13.38</b>
<b>Overall average P/E ratio</b>		<b>14.71</b>

Source: Yahoo Finance 28 August 2008 and VTG restated 2007 results (from the VTG website)

## TOUAX and the stock market

### Strengths of the TOUAX share

- ▶ Security – TOUAX's equipment retains a high market value due to its standard features and long useful life, giving the company a recurring cash flow
- ▶ Diversification and global exposure which help spread regional and macroeconomic risks, especially during economic slowdowns
- ▶ Two of its main markets – railway and river transport – have structural growth drivers
- ▶ A growth and value stock based on tangible assets
- ▶ Good visibility for the second semester 2008, which is typically better than the first
- ▶ A positive outlook for 2009
- ▶ An environmentally responsible company : railway and river transport have low CO<sub>2</sub> emissions. TOUAX plans in the short term to offer HQE certified modular buildings made from recyclable materials



## Q&A



□ For more information, please visit the Touax website

[www.touax.com](http://www.touax.com)

