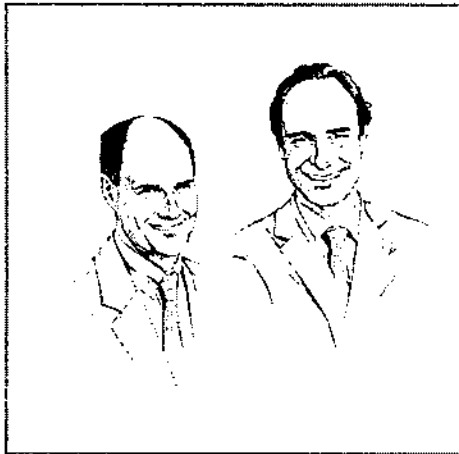


InfoTouax

The bi-annual newsletter of Touax Group

July 2019 - Issue # 3



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We are delighted to be playing an active role in the growth of three environmentally-friendly transportation modes and rebuilding a sustainable base of profitability to continue delivering operational excellence to our customers.

“What is our operational strategy for the next few years?”

With more than 1,5 billion USD of assets under management, our Group aims to be one of the leading companies in the world of leasing, resale and trading of standardized and environmentally-friendly transportation equipment.

Our focus is to increase customer satisfaction and continue to improve our profitability through:

- innovative and high quality equipment answering our clients' needs with a focus on **freight railcars, river barges and logistics containers**;
- added value services including technical advises to source the most suitable equipment, optimized financing solutions including flexible operating lease, sale & lease backs, financial leases, end of life management with resale and trading services;
- third-party asset management in partnership with international banks and infrastructure funds;
- international positioning with a presence on the 5 continents

“What are our strengths to succeed?”

We are counting on our strong and highly competent global teams in close proximity to our customers.

We prioritise long-lasting relationships based on trust with all our business partners.

We also benefit from a diversified range of services covering our clients' requirements.

We have also launched a “CIP” project (Continuous Improvement Program) called “COBRA” which takes the name of our activities (Container - Barges - Railcars - Asset Management) to transform the Group and achieve operational excellence in order to fully satisfy our customers and target sustainable and profitable growth.

The Group has also created a new Merger & Acquisition department to give itself the means to develop external growth and to associate equity partners in the development of its activities.

In this bi-annual newsletter of Touax Group, we have done a special focus on our environmentally responsible approach and our Group's key figures.

Fabrice and Raphaël Walewski

Railcar Division

Global business

Touax Rail continues to enjoy a favorable market situation in the first half of 2019, especially on the intermodal segment.

The current fleet's utilization rate has improved and investments in new wagons are key to absorb the volumes: the Company have already launched the production of new equipment.

Touax Rail is also working on some specific projects to meet its customers' requirements in line with the Group's environmental approach.

To do so, Touax Rail Commercial & Technical departments took inspiration from the principles of the "circular economy".

This is an economic system aimed at minimizing waste and making the most of resources. In a circular process, in which resource input and waste, emission, and energy leakage are minimized by slowing, closing, and narrowing energy and material loops.

In the Rail activity, this can be achieved through long-lasting design, maintenance, repair, reuse, remanufacturing, refurbishing, and recycling wagons.

The freight wagon is a good example of long life cycle asset and Touax Rail has been always very active in this domain.

As an example, we recently ordered the repurposing of the coal hopper wagons into



Aggregate hopper wagon

aggregate hoppers. This wagon type is very demanded by the UK market, while the coal industry is slowing down.

Organization

In order to provide a higher customer experience, Touax Rail enhanced its Fleet Managers' team with:

Flavio CIPANI, Fleet Manager based in Paris

Eddie INIGO, Fleet Manager based in Paris

Anne SCHMIDELY, Fleet Manager based in Hamburg

Other new resources joined the Company in the first half of 2019:

Agnieszka SEWASTIANIUK, as Finance Manager, based in Dublin

Isabelle BIAIS, as Marketing & Commercial coordinator, based in Dublin

Touax with Noah's train: modal shift 30% by 2030

Rail Freight Forward is a coalition of European rail freight companies that are committed to drastically reduce the negative impact of freight transport on the planet and mobility, through

innovation and a more intelligent transport mix. It currently consists of 18 members.

The group targets to reach 30% of rail market share by 2030.

Touax Rail is the ECM of the 2 container wagons supplied by SNCF Logistics for this specific "green" train.

Touax Rail is also member of UIC and ERFA associations, part of the project.

As a major intermodal leasing company, we will invest further to support our clients for this modal shift. More information : www.railfreightforward.eu



Marine Container Division

Global business

Despite the ongoing trade dispute between the United States and China that could seemingly threaten the maritime industry and container market, demand for containers has remained strong and it is forecasted to keep the same pace for the remainder of 2019. In this context, along with low turn-in activities and a stable container secondary market environment, **Touax Container** has achieved exceptionally positive results in both the leasing and resale activities. In the first half of the year in line with its plans.

Fleet utilization has been maintained at a level of 98% since the early start of the year. Furthermore, taking advantage of the strong container lease demand, Touax has committed to several investments and supplied over 35M\$ of new containers to various ocean carriers.

This has been possible also thanks to an enlarged portfolio of financing partners, mainly infrastructure funds and third-party investors, which teamed-up with **Touax Container** in the past 12 months.

Several Long Term lease contracts have been renewed by the Company with all the TOP ocean carriers in its portfolio, generating an additional average remaining lease duration for its fleet of over 4 years.

Even though fleet utilisation rate is still high, **Touax Container** has been active also on the secondary market, with around 15 000 units, dry and reefers, spread among the different regional markets.

Touax Container has also been more active in the trading market with around 10 000 one-trip units ordered in the first 6 months of 2019 mainly to serve EMEA and AMERICAS customers. "Conveyor belts" have been implemented to these markets, in order to ensure a constant supply at any period of the year.

Additionally, technical specifications of these containers have been enhanced, with features as a higher number of vents and most important, the right leaf with only one locking rod and a longer handling bar with rubber sleeve, to facilitate the opening of the units to users.

Volume, variety of types, regularity in supply, higher technical specifications and a tailor-

made follow-up are the main drivers of the great customer experience that allowed **Touax Container** to be selected as "preferred vendor" by some of the key players in these regions.

Organization

We recently reshaped our Asian organization to make it leaner and more effective:

Cheryl LEE was nominated as Asia Leasing, Resale & Trading Director, covering these three activities for North and South Asia.

Han Rong HUANG has been appointed as Asia Leasing, Resale & Trading Manager in support to Cheryl LEE.

Belinda TAN took over the responsibility of the Global Leasing Contract Management.

They are all based at our HQ in Singapore.

We also welcomed two new resources to reinforce our Americas Operations & Customer Service department in Miami:

Valentina FRAGA joined us as Operations & Customer Service Manager.

Jeannie PARDO joined us as Operations & Customer Service Executive.

Leaf with only one locking rod and a longer handling bar with rubber sleeve, mainly for the American market



River Barges Division

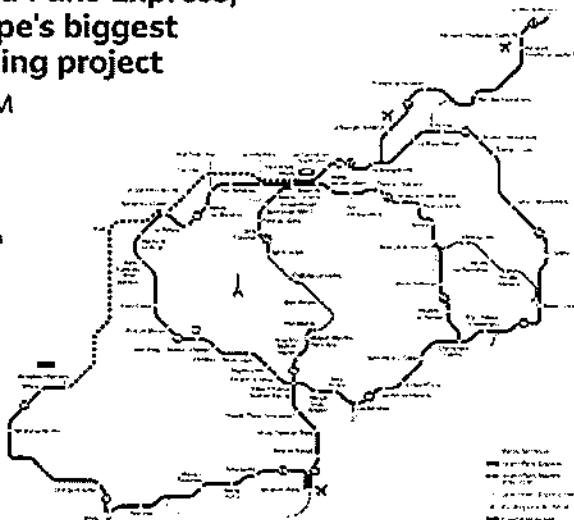
Global business

The river activity in Europe is boosted by some new projects like the "Grand Paris Project" and the "Seine Nord Europe Channel".

The **Grand Paris Project** is one of the largest and most ambitious project of the century. With 200 km of new lines of metro, this project will throw us in the future. The goal is to complete the connection with the Paris Airports before the Olympic Games of 2024. In order to remove the soils and to transport the raw building materials, 30 % of the volumes will be carried via the Seine River. This represents a real challenge for the stakeholders and a wonderful opportunity for **Touax River Barges**.

Grand Paris Express, Europe's biggest building project

200KM of new lines
4 additional lines
90% underground
68 stations
2M passengers every day
100% automatic



London - 18th December 2018

17



Touax

The **Seine Nord Europe Channel** is supposed to join the rivers Seine and Rhine in big capacities for industrial type barges (2500 tons of capacity). This idea has sprung forty years ago, but, since this time, as the Loch Ness Monster, it appears from time to time at the surface!

We have good hopes that the Monster will continue its way and reach its goal very soon. The end of the works for this 107 km-long-channel are expected in 2024.

In the meantime several new projects already materialized.

One month ago, we have signed a building contract for one 90 m length river barge, with a Polish Shipyard. This barge will operate on the Rhine river for transport of Biomass material to supply the recently converted Electric coal plants in the Netherlands. The barge will be delivered before the end of the year and will integrate the Eurobulk fleet on the Rhine.

Additionally, few weeks ago we have signed a contract with a Chinese shipyard for the building of two industrial barges for a European client. This project required complex negotiations to ensure to our clients the best

quality and delay in line with their most stringent criteria.

The construction of the hull will be finalized

by the end of the year and both barges will reach Europe by the first quarter of 2020. Each barge will have a capacity of 2 500 tons of dry bulk material and will operate in a convoy of two barges. It is useful to remind that this kind of convoy can remove 125 trucks from the roads and therefore has a positive impact on the environment impact .

Industrial barge carrying building material



Focus - Our environmentally responsible approach

Mindful of environmental issues, our Group places sustainable development as a priority of its innovation policy and the management of its operations.

With environmentally-responsible solutions at the heart of global trade flows, Touax continually adapts to its market and customers and accompany them in the ongoing research to reduce their sources of pollution and CO₂ emissions.

The logistics and transportation industry is particularly attentive to this global requirement.

Governments encourage rail and river development at the expense of road with incentives such as energy-saving certificates or the introduction of new green taxes.

Industrial companies announce their intentions to reduce CO₂ emissions, particularly by promoting the optimization of their logistics by using rail and river. They have been asked to compare their emissions according to their road-use and tons transported.

A calculator has been established to measure the reduction in CO₂ emissions on the www.ecotransit.org website.

In this context, Touax contributes to the development of alternative forms of transport to road with its Freight Railcar, River Barge and Marine Container businesses.

Rail and inland waterway transports are environmentally-friendly modes of transport and much more economical than road transport.

Containers revolutionize global trade by reducing "transit time" and can be transported by railcars and river barges.

So these modes of transport are little polluting, and additionally they are safe and source of little nuisance.

As an example, a convoy of pushed barges represents up to the equivalent of 3,000

trucks, which is also up to 12 times cheaper than road transport in Europe.

The Rail transportation has also 12 times less external cost for society than road:

- 6 times lower specific energy consumption
- 9 times better in terms of CO₂ emissions
- 8 times better in terms of air pollution
- 85 times fewer casualties

Touax also supports the research for technical solutions, particularly within professional associations, for the development of environmentally friendly components used in the

Touax ranks 135th in a panel of 230 listed companies selected in the 2018 Gaia rating
(ESG rating of Ethifinance¹)

manufacture of equipment.

Touax's end-of-life materials are recycled or re-used for various uses.

In its social and environmental governance, Touax is environmentally responsible and ranks 135th in a panel of 230 listed companies selected in the 2018 Gaia rating (ESG rating of Ethifinance).

AT THE END OF THE LIFE CYCLE



All railcars no longer in use are either sold, or scrapped, then recycled.



Barges are cleaned, dismantled and deconstructed (in other words, broken into pieces) by approved companies. The steel (scrap metal) is resold and melted down in blast furnaces.



Containers are sold on the secondary market for multiple uses (transport, storage, transformation into housing, spare parts, etc.) or recycled, which is easy given the large amount of steel that they are made up of.

¹ Founded in 2004, Ethifinance is the European leader in non-financial research and consulting. For almost 15 years, Ethifinance has been assisting investors and companies in their strategic management of Environmental, Social and Governance risks (ESG)

Finance & Legal

Since the beginning of the year 2019, we have launched several workshops, fully integrated in the COBRA transformation project. We are using the lean methodology for those workshops to ensure a new working way on continuous improvement.

The Group decided to focus as a priority on its Financial activity, from accounting to cash management.

A dedicated team formed with various Corporate and Divisions' finance departments have been working on an enhanced and harmonized cash forecasting. This team keeps working to upgrade the process in a "continuous improvement" environment.

Other Lean workshops have been launched :

- one to analyze the corporate accounting tasks and improve productivity and reliability.
- one in the container finance division about the accuracy and timely delivery of monthly reporting

An additional Lean workshop will involve soon the Railcar Finance team.

Two last workshops will cover the Forecasting and the Audit processes.

The transformation has begun and nothing can stop it now.

Human Resources

A new face in the HR team. Ruddy Henry came on board on May 2nd, as Corporate Human Resources Manager.

M. Henry has an extensive experience in the HR world, most recently within Airbus group. His efforts will focus on reinforcing our teams' competencies, contributing to our lean approach (increased collaboration between HR, corporate functions and business divisions) and on enhancing the team spirit within the Group.

Information technology

Our IT department is currently studying new solutions to support the digital transformation and the different COBRA projects and Lean workshops. Revamp of the Corporate Website, Railcar maintenance & logistic solutions (Aprixon, Comap), new Accounting Robot

software (GEC Connect) are some of the IT soft projects we focused on.

In parallel, all major IT systems have been successfully audited without any non-conformity. We have also modernized our Windows and SQL servers and upgraded our AS400 server to the last IBM generation Power7.

Asset management

The Asset Management Team has re-organized.

Karen Barrozzi has been named Alternative Investment Marketing Manager for the Americas, on behalf of the Touax Group as the operating partner for the Real Asset Income Fund world-wide. This key role will contribute to accelerating the growth of both direct investment and our operating partnership with the Real Asset Income Fund. She will also be directly responsible for the development of U.S. based marketing for the operating partner, under the direction of Gildas Laforge, the Project Director at the operating partner for the Real Asset Income Fund.

Pedro Escobar, Director of Asset Managed and Structured Lease Products, will refocus his energy on direct investment on world-wide basis. This will cover the full investment process as introducing the company and the market to potential new partners, finalizing commercial terms, executing documentation and ensuring deals' monitoring.

Louis Cao, with more than 30 years of experience with Touax supports the whole team on reporting and administration issues.

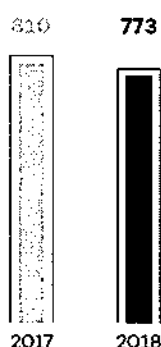
Focus - TOUAX Group in numbers

EVOLUTION OF THE MANAGED FLEETS (in € millions)

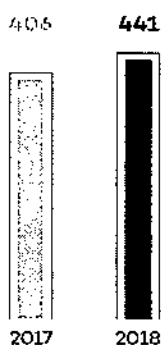
1,214

1,216
in
2017

Assets owned by investors (in € millions)



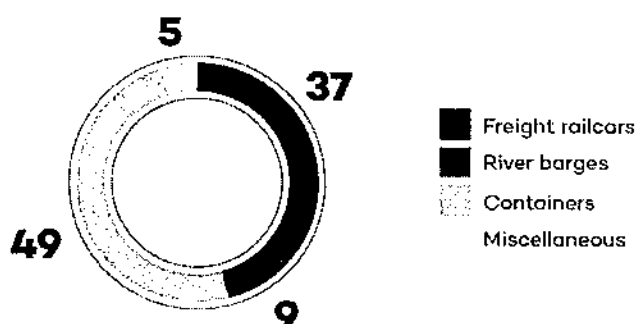
Assets owned by the Group (in € millions)



REVENUES FROM ACTIVITIES 2018 (in € millions)

154.5

DISTRIBUTION OF REVENUE BY ACTIVITY ON 31 DECEMBER 2018 (as a percentage)



CURRENT OPERATING INCOME (in € millions)

8

7.6
in
2017

EBITDA (in € millions)

25.7

26.9
in
2017

TOTAL BALANCE SHEET AT 31/12/2018 (in € millions)

439

LOAN TO VALUE (as a percentage)

52

54
in
2017

262
employees
all over
the world
at 31/12/2018

Due to its international nature, the Group welcomes numerous different cultures and nationalities. We firmly believe in the values of the diversity and consider that it is a key asset for the energy and the evolution of TOUAX Group. The diverse origin of our Collaborators stimulate creativity and allow us to better understand our customers' requirements.

Events



At **Intermodal Asia** in May 2019, the renewed Asian team of the Marine Containers Division welcomed its business partners. An occasion to confirm Touax willingness to consolidate further its presence in the region.



Touax Rail exhibited at **Transport & Logistics** in Munich in June 2019, the largest fair in Europe. A great opportunity to meet our partners, benchmark ourselves to the market and confirm the positive trend for the rail industry.

As part of the on-going direct investment marketing effort the Asset Management Team participated in a due diligence session with an investor who has committed to a new container program, including refrigerated units. This took place at the main office of our container business in Singapore and included a visit to a manufacturer, a depot and a client. The investor left impressed by the Container Operational platform and we continue to look together for ways to grow our relationships.



Happy 65th anniversary Touax Rail !

Touax Rail made its first investments in freight wagons in 1954.

65 years of great rail experience, serving our clients from the railways, the logistics and industrial segments.

We had the chance to celebrate this anniversary with our clients at the Transport Logistic Fair in Munich.

Next 2019 rendez-vous with our customers and business partners



October 2nd - 4th

ASUNCION



November 4th - 7th

HAMBOURG



November 27th - 28th

LIEGE

Publication Director: Marco Poggio

Any questions, ideas or comments on InfoTouax, please contact:

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