



# Results to 30th June 2004

Palais Brongniart, 30 September 2004



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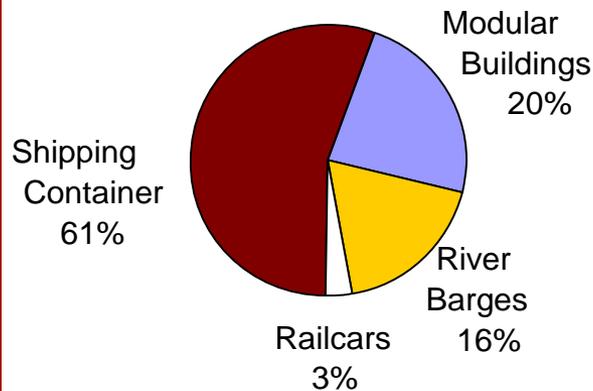
# Presentation of the company

# The TOUAX Group

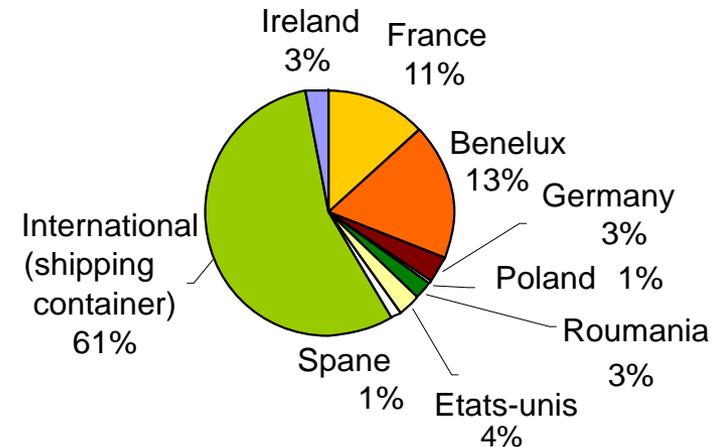
Specialist provider of operational leasing  
Services for companies



**BREAKDOWN OF REVENUES  
1st half 2004  
BY ACTIVITY**



**BREAKDOWN OF REVENUES  
1st half 2004  
BY GEOGRAPHIC REGION**



**TOTAL REVENUES FOR 1ST HALF 2004 : 86,8 M€**

# One business: leasing

Touax's growth is based on a simple concept :



- **Companies are increasingly outsourcing their non-strategic assets** (operational leasing, financial leasing, sale & leaseback transactions)
- **Operational leasing responds to this need by offering :**
  - a flexible service (short- to long-term contracts)
  - recent equipment in good condition
  - ease of use
  - rapid availability
  - subcontracting of maintenance
  - no need for recourse to investment



# Leasing : four products



- **Shipping containers :**  
continuous growth in international commerce and global trade flows
- **Modular buildings :**  
demand for modular buildings for temporary or permanent use linked to low cost, fast delivery of office space and flexibility (offices, classrooms, hospitals, etc.)
- **River barges :**  
economic and ecological benefits
- **Freight railcars:**  
trend towards outsourcing ownership of railcars and need to renew an ageing fleet in Europe. Strong potential following deregulation of the European market on 15 March 2003

# Four products: one strategy



## ☉ Rent of Standardized mobile equipment :

- low risk of obsolescence
- very long life (15 to 50 years)
- High residual market value and disposal liquidity in a global market
- mobility allows optimization of the utilization rate
- long-term contracts ensure recurring cash flow

## ☉ Global market / strong international presence :

- 64% of revenues in USD, 36% in Euros
- a team of around 300 professionals in 11 countries (present in America and Asia)





# Highlights of 1st half 2004



# Shipping containers



## Services for shipping lines

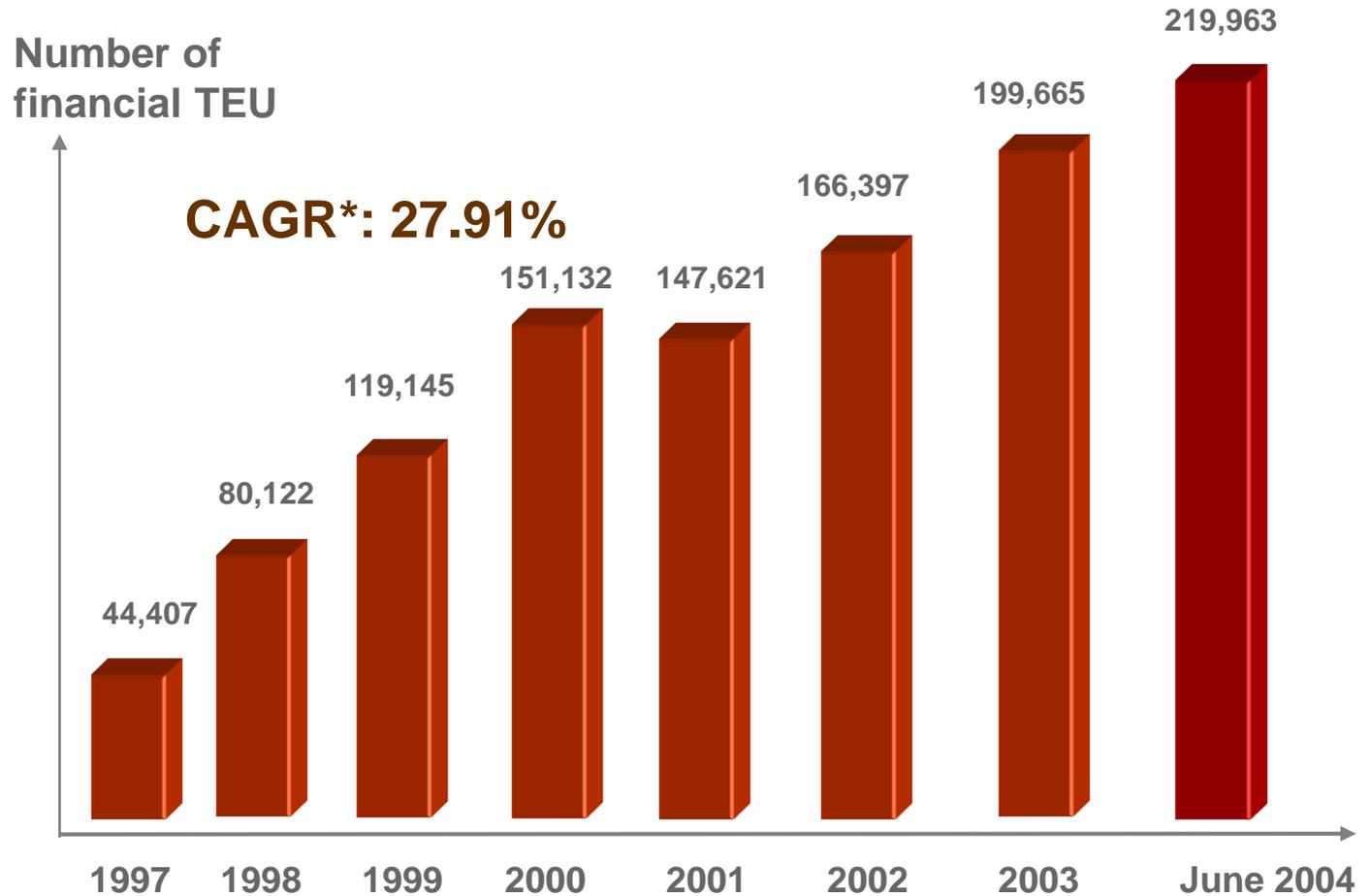
- 2nd in continental Europe and 10th in the world (source: Containerization International)
- Leasing of standard dry containers (20' and 40'), mainly under long-term contracts (79% to 3/5 years at the end of August 2004)
- Established in 38 countries (branches, offices and depots)
- More than 120 shipping lines use our services, 22 of which are in the top 25 (Maersk lines, Zim, MSC, P&O Nedlloyd, China Shipping, etc.).



# Shipping containers



## Growth of the container fleet



\* Compounded Annual Growth Rate



# Shipping containers



## Highlights of 1st half 2004

- The World Trade growth (source WTO).

2000	2001	2002	2003	2004	Average rate 1995/2003
+11%	-1%	+2.5%	+4.5%	+7.5%	+5.5%

- Rise in the average utilization rate (88.3 % in 2003; 91,43% at June 30th 2004)
- Firm orders for new equipment worth a total USD 33 millions leased in the 1st half 2004.
- Wide Asian demand (China)



# Modular buildings

Services for industry / local authorities /  
building & public works



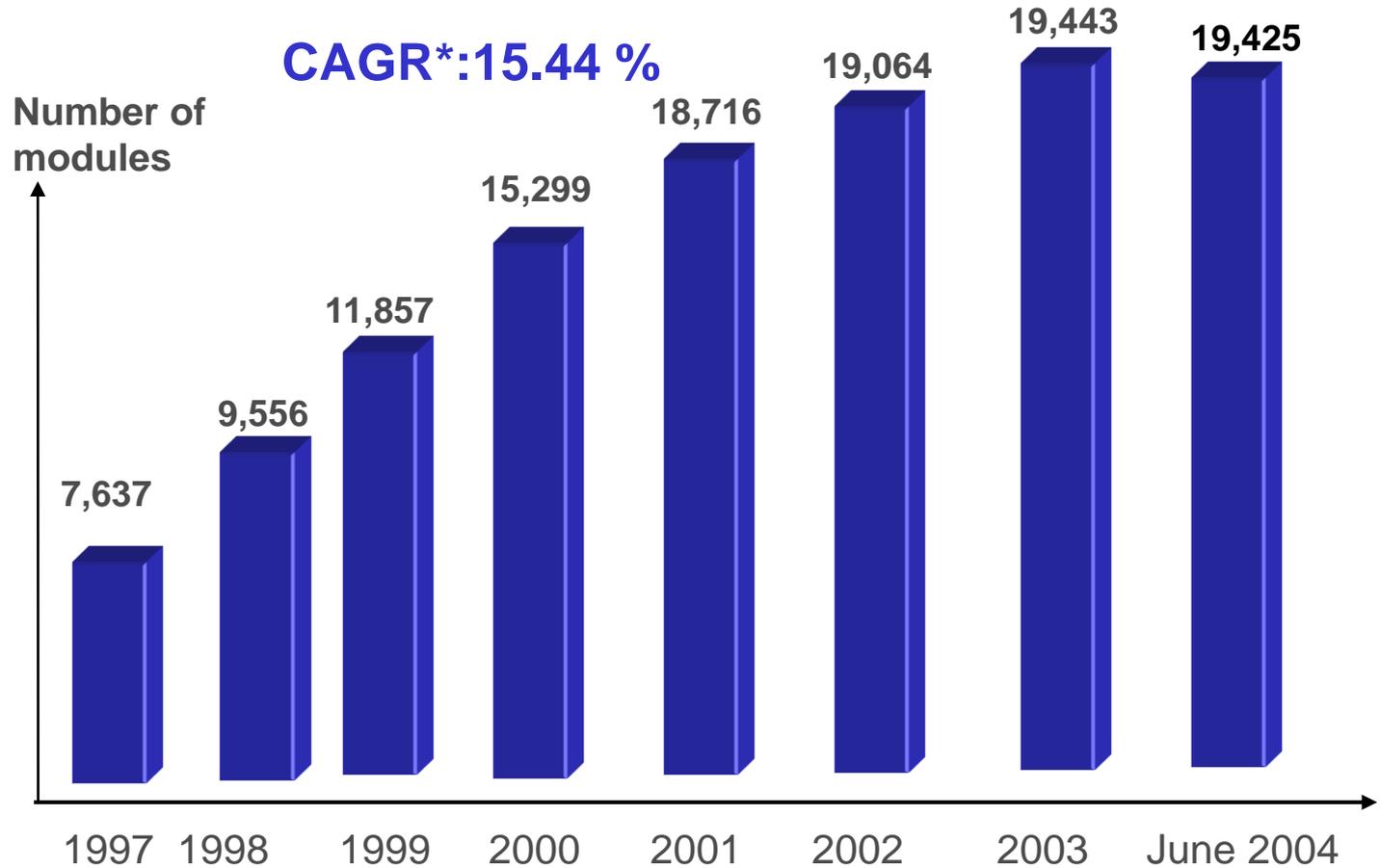
- 3rd largest fleet in Europe and 4th largest in the world (source: TOUAX)
- Activity : leasing, lease-purchase, sale
- Standardized equipment for varied uses (offices, schools, hospitals, laboratories, storage, etc.)
- Touax operates in a range of sectors in Europe and the United States :
  - Industry (Sanofi, Thomson, Renault, Snecma, Peugeot, Total, etc.)
  - Central/local government (armed forces, regional authorities, municipalities, etc.)
  - Building & public works (Bouygues, FCC, Hoechtief, etc).



# Modular buildings



## Growth of the modular fleet



\*Compounded Annual Growth Rate



# Modular buildings



## Highlights of 1st half 2004

- Average utilization rate 72,7% in 1st half 2004 (versus 74.6% in 1st half 2003)
- Revenues down compared to 2003 (-€1.9 million), as result of a decrease in operating income after distribution to investors (-€ 0,9 million), following a decrease in rental prices (-8%).
- **In Europe** : 88% of the fleet
  - Weakness of industrial sector and recovery of construction industry
  - Low demand in France and Benelux
  - Recovery in Germany
  - Spain and Poland, are very dynamic.
- **USA – Florida, Georgia** : 12% of the fleet
  - Recovery of utilization rate and rental prices in USA.



# River barges

## Services for industry



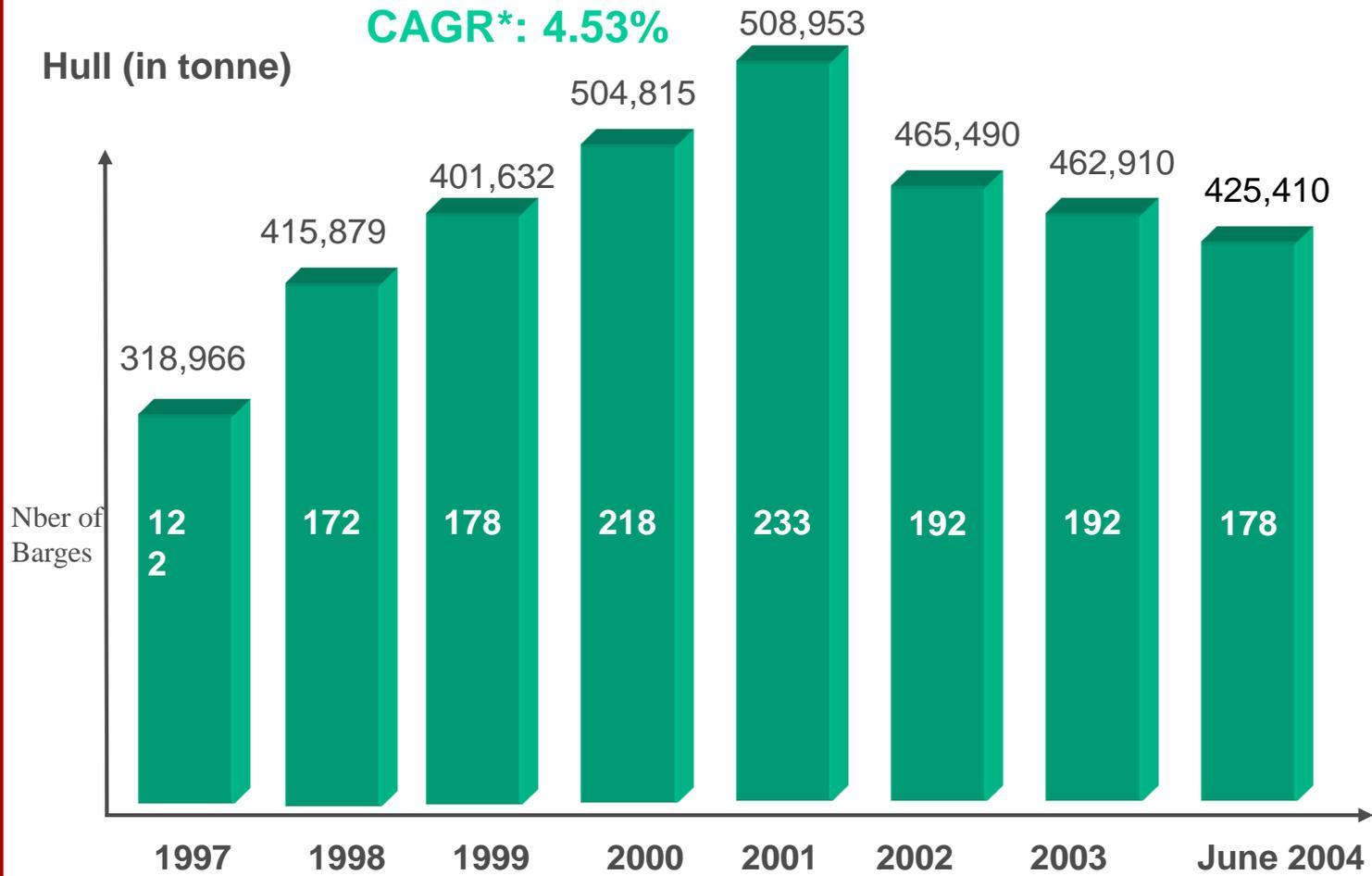
- ➊ Largest barge fleet in Europe for “dry” bulk goods (coal, cereals, minerals, fertilizer, etc.) – source: Touax
- ➋ Main activities: leasing, transport, chartering, storage..
- ➌ Area of operation :
  - Europe (Rhin, Main, Danube, Seine, Rhone, Garonne)
  - United States (Mississippi)
- ➍ Services for large industrial and transport operators (Cargill, Dreyfus, Lafarge, Electrabel, DSM, CFT, Miller, etc.)



# River barges



## Trend in barges fleet



\*Compounded Annual Growth Rate

# River barges



## Highlights 1<sup>st</sup> half 2004

- Continuation of fleet reorganisation and repositioning of the activity
- Leasing (49 % of the fleet)
  - In France - Seine, Rhone, Garonne** : barge leasing business stable (long-term contracts); utilization rate over 90%.
  - In USA - Mississippi** : long term lease contracts at variable rate for barges a recovery of the business since the 4th quarter 2003.
- Transport, storage et chartering (55% of the fleet)

### In Benelux and in Romania – Rhine, Main, Danube

- Stability of bulk transport on the Rhine – Sale of Eurokor Barging BVBA in 2003
- evolution of the transport of containers by river barges on the Rhine
- Rise of the trafic in the Danube (normal weather conditions ).

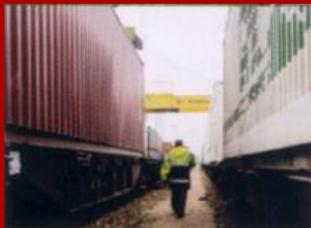


# Railcars

## Services for industry and railway networks



- 2nd largest lessor of intermodal railcars
- 7th lessor of hopper cars in USA with a partnership CFCL
- Long-term leasing of
  - container railcars
  - hopper cars and dry bulk goods cars for the transporting of cement and cereals
  - Average term of existing lease contracts > 7 years
- Customers in Europe and the USA :
  - railway networks and subsidiaries (SNCF, SNCB, CFF, etc.)
  - Clients include large industrial group (Cargill, Lafarge, US Salt, etc)



# Railcars

## Highlights of 2003 1<sup>st</sup> half 2004



- Fleet at 30 June 2004 : 1 714 railcars compared to 1 736 railcars at 31 December 2004



- Utilization rate of the Touax fleet exceeds 99%
- Sale of 66 PD cars (transport of fertilizer) end of May 2004



- 450 new intermodal railcars ordered and 300 secondhand intermodal railcars.



# Results 1st half 2004 and Financing strategy

# Comparative results

## Analytical income statement



In thousands of euros	30.06.2004	30.06.2003	%
<b>Total revenues</b>	<b>86,807</b>	<b>85,996</b>	<b>0.9%</b>
Costs of sales	- 31,778	- 29,120	9.1%
Operating expenses	-26,150	- 28,194	-7.2%
General expenses and overheads	-6,094	- 7,222	-15.6%
Capital gains on disposal of assets *	1,999	1,104	81.1%
<b>EBITDA before distribution to investors</b>	<b>24,784</b>	<b>22,564</b>	<b>9.8%</b>
Depreciation and amortization	-3,683	- 3,969	-7.2%
<b>Operating income</b>	<b>21,101</b>	<b>18,595</b>	<b>13.5%</b>
Distribution to investors	- 16,512	- 15,235	8.4%
Financial result	- 2,338	- 1,561	49.8%
<b>Current income before tax</b>	<b>2,251</b>	<b>1,799</b>	<b>25.1%</b>
Income tax	-546	-478	
<b>Net income from consolidated companies</b>	<b>1,705</b>	<b>1,321</b>	<b>29.1%</b>
Amortization of goodwill	-133	-167	
<b>Net income</b>	<b>1,572</b>	<b>1,154</b>	<b>36.2%</b>
<b>Net income – Group share</b>	<b>1,787</b>	<b>1,116</b>	<b>60.1%</b>

\* For the record, disposals, which are part of the Group's ordinary leasing activity, are included in the operating income



# Comparative results



## Breakdown of EBITDA by activity

In thousands of euros	30.06.2004	30.06.2003	%
Shipping containers	17,619	14,938	17.9%
Modular buildings	5,744	6,749	-14.9%
River barges	1,825	1,319	38.4%
Railcars	1,181	836	41.3%
Sundry (overheads)	-1,585	- 1,278	24.0%
<b>EBITDA before distribution to investors</b>	<b>24,784</b>	<b>22,564</b>	<b>9.8%</b>
Distributions to investors	-16,512	-15,235	8.4%
<b>EBITDA after distribution to investors</b>	<b>8,272</b>	<b>7,329</b>	<b>12.9%</b>



# Results to 30.06.2004



## Performance trend

In thousands of euros	30.06.2004	31.12.2003
EBITDA after distribution to investors	16,544	12,204
Gross fixed assets	140,525	139,999
<b>Return on fixed assets (ROFA*)</b>	<b>11.8%</b>	<b>8.7%</b>

\*return on fixed assets

### The EBITDA increase is due to :

- The increase in the rental activity and sales of equipments ;
- The capital gain on sales contribution

The capital gains recorded by a lessor on disposals of equipment are recurrent but may give rise to varying amounts in half-year and annual reports. Over the last ten years, the capital gains are on average €2,5 M per year.



# Results to 30.06.2004



## Performance trend

Return on gross fixed assets (ROFA*) excluding central costs	30.06.2004	31.12.2003
Shipping containers	26.0%	15.4%
Modular buildings	12.0%	11.9%
River barges	8.2%	5.6%
Railcars	19.0%	11.9%
<b>ROFA excluding central costs</b>	<b>14.0%</b>	<b>10.8%</b>

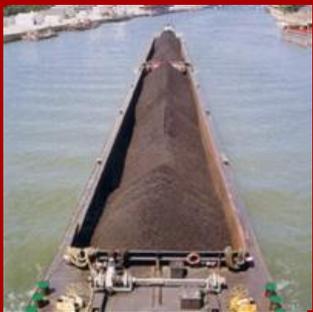
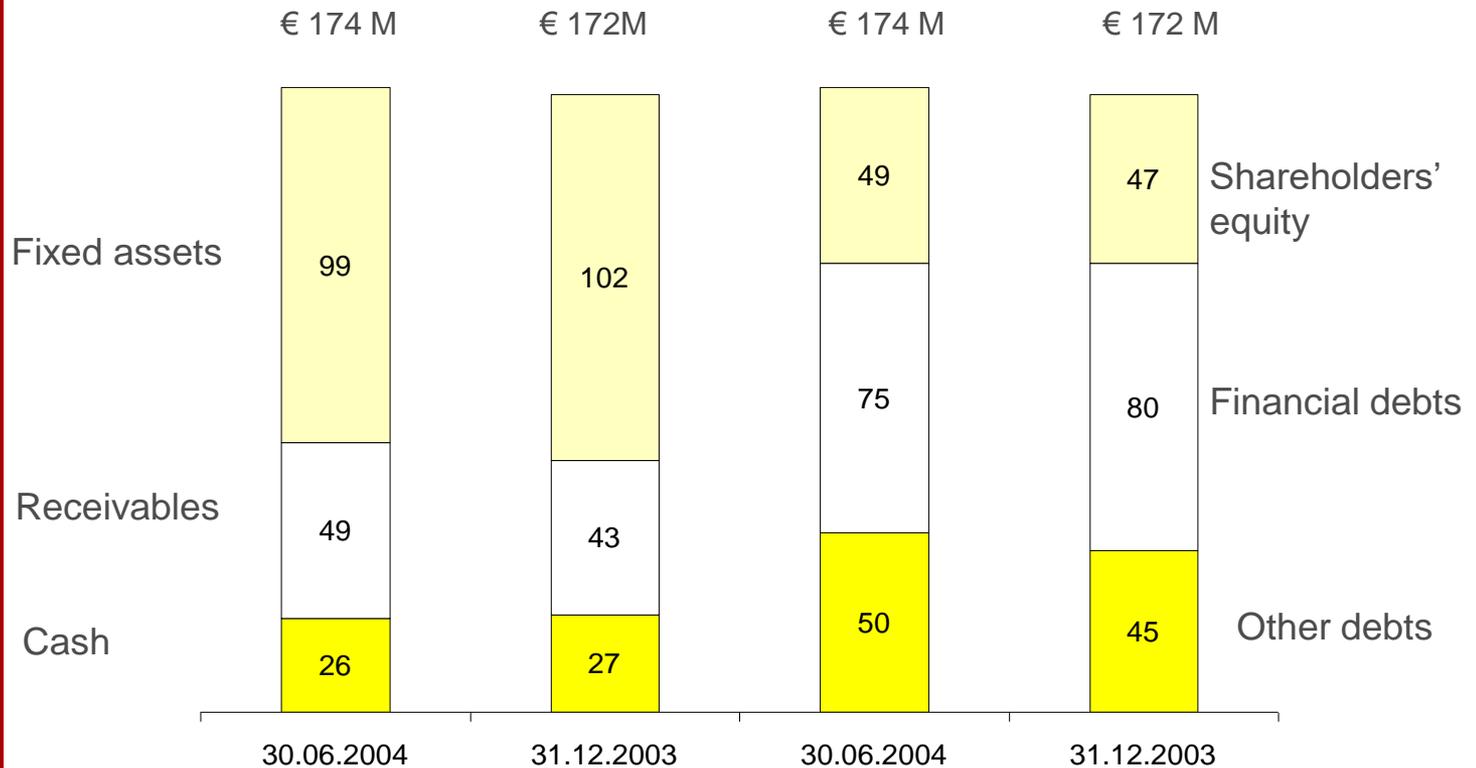
\*return on fixed assets



# Comparative balance sheets



Simplified balance sheet (in € m)



# Financing strategy



## Management of the Group's debt

- Net financial debt down from € 52 M at 31/12/2003 to € 49 M at 30/06/2004.
- Improvement in ratio of net financial debt to Group equity (gearing) to 1 at 30/06/2004 versus 1,12 at 31/12/2003.
- Ratio of net financial debt to Group EBITDA after distribution to investors (leverage) at 30/06/2004 stands to 2,95 versus 4,28 at 31/12/2003.
- End of July 2004, set up of € 15M revolving credit line to finance the railcar activity. Financing concerning Touax Rail without recourse against the Group.
- Forecast of a slight increase in the net financial debt as of end of 2004 to finance the investments related to the Group's growth.



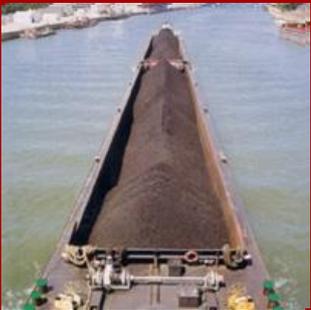
# Financing strategy



## Group financing

	Value	%	Average rate	% variable rate
Short-term credit	25.5M€	34%	3.17%	100%
Medium and long-term credit	49.1M€	66%	4.71%	56.7%

- 12 % of the Group's debt is in US dollars
- Forecast for repayment of medium- and long-term debt of € 10,9 M in 2004 (including € 6.1 million as yet unutilized facilities for long-term drawing)
- € 11,5 M of short-term debt relates to 18 months to 4 years revolving credit lines, € 3.75 million of which expire in 2005.
- 14M€ of short-term is in the form of annually renewable credit lines, almost all has been already renewed until 2005.
- The Group did not have put in place new hedging transactions during the first half 2004, considering the distribution of the debt 50% at fixed rate 50% at variable rate satisfactory.
- To meet its theoretical commitments in 2nd half 2004 amounting to around € 6 M (including € 1 million of estimated financial charges), the Group has cash flow resources (€ 31.8 million over the last three years) and € 16.3 million at 30/06/04 and 6 million of bank lines.

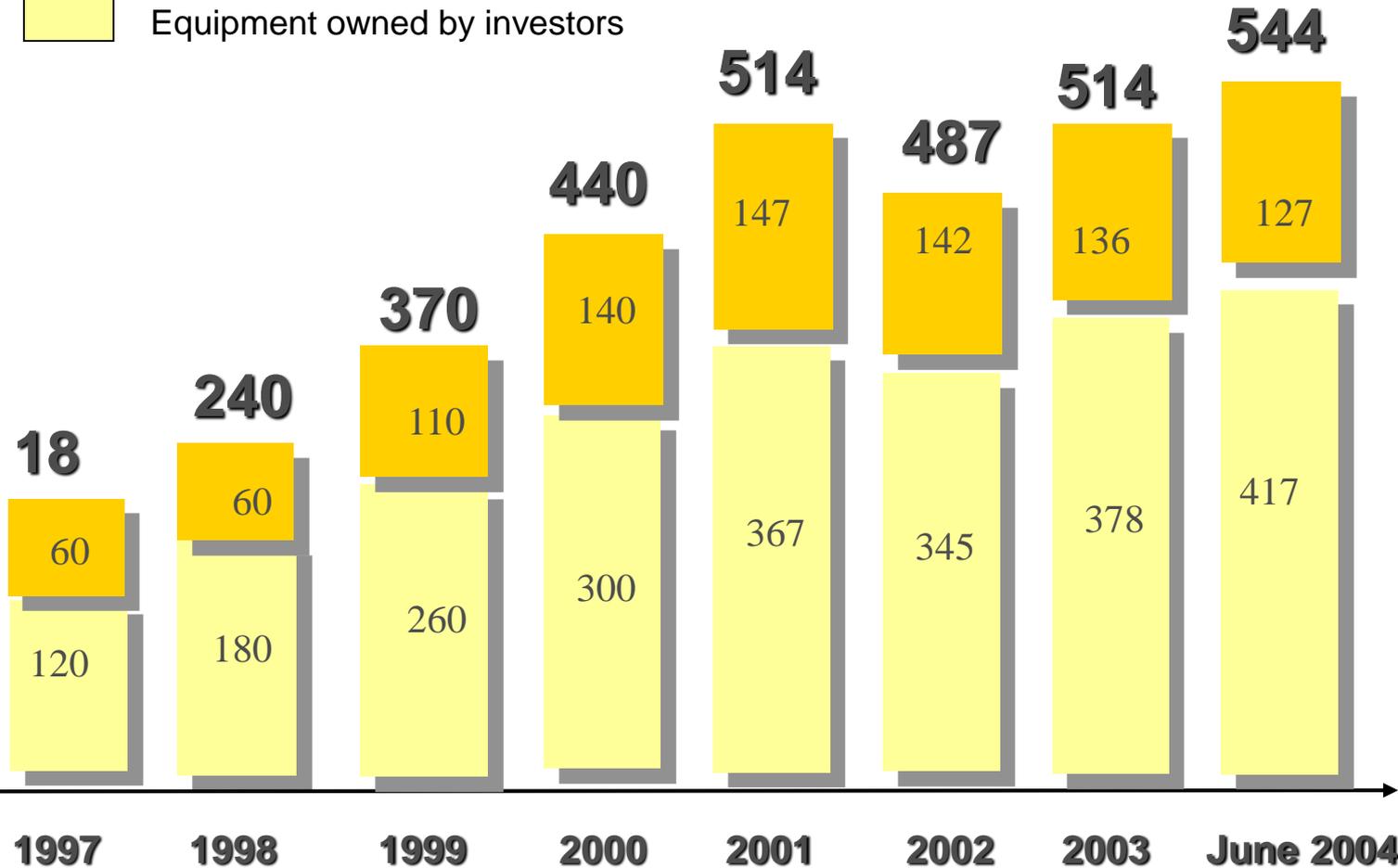


# Financing strategy



## Breakdown of gross tangible assets

- Equipment owned by the Group
- Equipment owned by investors



More than the half of fixed assets managed by the Group are recorded in us dollar



# Financing strategy



## Management on behalf of third parties

- 77 % of managed assets belong to third-party investors
  - Of the € 417 million of assets held by third-party investors, 29% form a part of securitization programs and , and 71% form part of management programs
  - All these programs are without recourse to the Group and without guaranteed minimum revenues
  - Strong investor interest in the assets managed by Touax in a context of very low interest rates and uncertain financial markets.
- The Group has already concluded management programs worth € 38 million
- for 1st half 2004 in shipping container, modular building and railcars activities enabling it to finance growth with only limited recourse to debt.





# 5-year Outlook from 2004

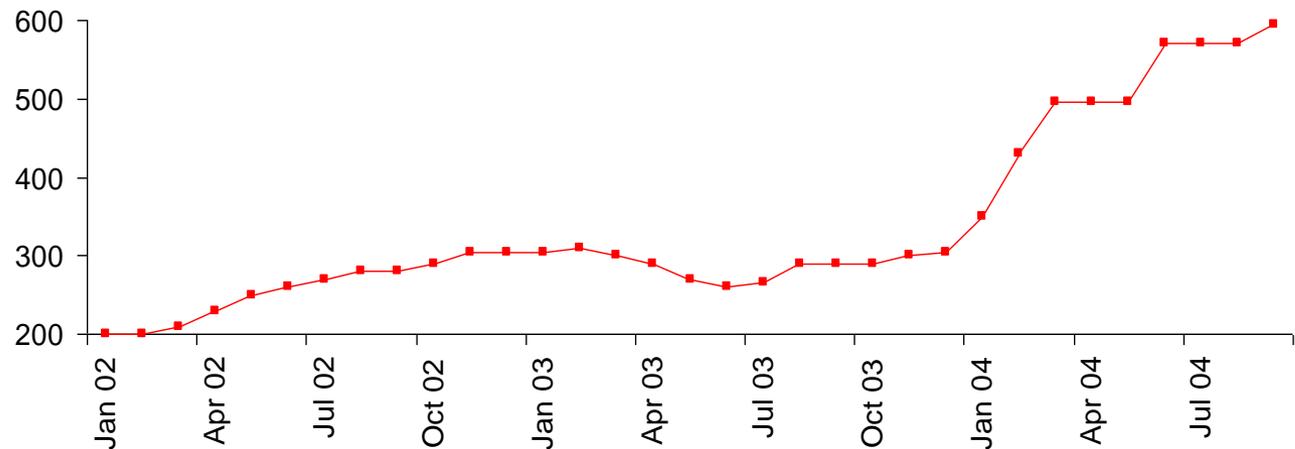


# Strategies and outlook



## The steel and our equipment

Recent evolution of steel price (Hot rolled – source Bloomberg)



### Consequences :

- Increase of the fleet value
- Unprecedented connection between the equipment value and leasing prices.

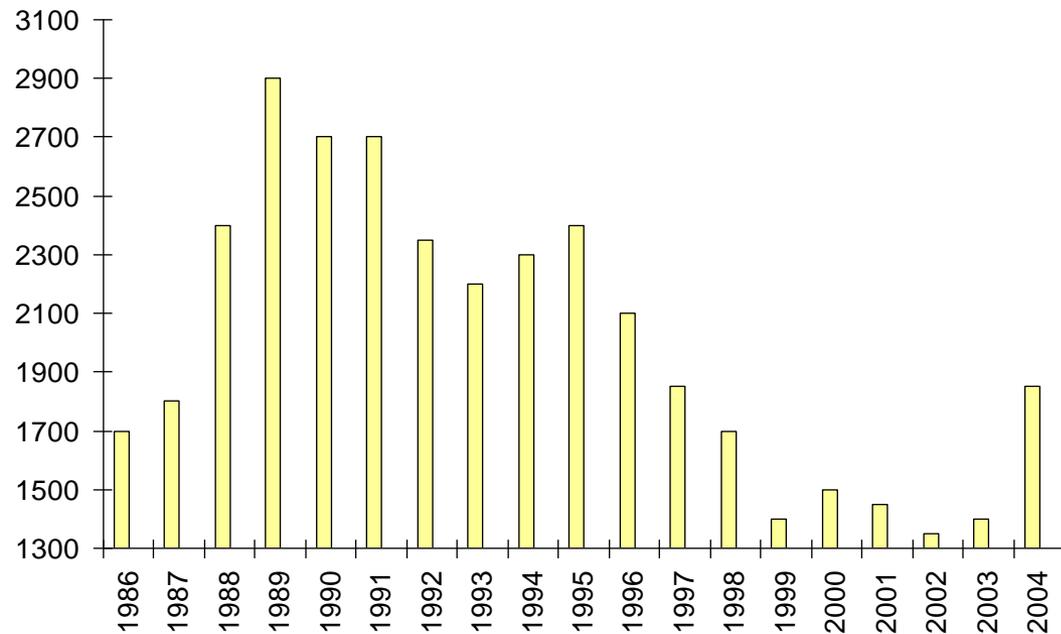


# Strategies and outlook



## The steel and our business

Example of connection between purchase costs of shipping containers and leasing prices



■ Average purchase prices per TEU (US\$) ■ Average rental prices per TEU (US\$)



# Strategies and outlook



## Shipping containers

The growth of maritime transport in 2004 is favourable to leasing

	1999	2000	2001	2002	2003	2004 Estimated
Containerized traffic	+10%	+11%	+2%	+10%	+10%	+10%
Fleet of container carriers	+4%	+8%	+8%	+8%	+7%	+8%
<b>Balance</b>	<b>+6%</b>	<b>+3%</b>	<b>-6%</b>	<b>+2%</b>	<b>+3%</b>	<b>+2%</b>

Source : Clarkson Research Studies – July 2004

### 2004 Outlook

- Continued investment under long-term contracts

### 5-year outlook

- Reach a fleet size > 300,000 TEU (3.5% global market share) and 10% market share for new leasing equipment
- Achieve economies of scale



# Strategies and outlook



## Modular buildings

### 2004 Outlook

#### In Europe:

- No recovery in France but a sudden recovery expected in 2005
- Utilization rates recovery in Germany and Benelux
- Sustained rental activity in Spain and Poland
- Development of long-term contracts (industry and local government)
- Development of management on behalf of third parties

#### In the USA (Floride, Géorgie)

- Significant recovery in utilization rates and prices further to hurricanes

### 5-year outlook

#### In Europe:

- Market share target of 10% (5% en 2003) around 40,000 modules
- Development of long-term lease contracts, lease-purchase and sales

#### In the USA

- Development in the south-east of the USA
- Positioning in long-term contracts



# Strategies and outlook



## River Barges

### 2004 Outlook

- Favorable trend but negative impact of oil price
- Leasing business stable in Europe and rising in the USA.
- Transport activity stable in the Rhine and in improvement on the Danube
- Significant increase of shipping container transport on the Rhine (automobile market)

### 5-year outlook

- Positioning in and development of long-term transport and lease contracts.



# Strategies and outlook



## Railcars

### 2004 Outlook

- Recovery in investments under long-term contracts in Europe and the USA

### 5-year outlook

- Reach a fleet size in excess of 10,000 railcars
- Consolidate our position as 2nd largest European lessor of intermodal railcars



# Strategies and outlook



## Outlook for results 2004

- **2004 revenues +5%** (conditioned to the evolution of American dollar)
- **2004 net income** general trend favourable.





# Touax and the stock market

# Touax and the stock market



TOUAX - Historic chart  
SBF 250

in %



Member of NextPrime quality segment of Euronext  
Code ISIN : FR0000033003

# Touax and the stock market



## Stock market data

	30.06.2004	2003	2002	2001	2000
Number of share in thousands	2,838	2,838	2,838	2,838	2,365
Market capitalization (in € m)	48.25	42.43	34.99	51.25	77.81
Consolidated shareholders' equity (€ m)	48.60	46.76	51.31	56.12	42.49
Highest price (€)	19.80	16.75	19.50	27.44	38.99
Lowest price (€)	14.55	9.80	11.00	14.80	25.50
Average daily volume (in number of shares)	911	764	364	639	1,777
EPS (€)	0.63*	0.91	0.89	1.03	0.85
P/E	13.49	16.43	13.85	17.53	38.47
Overall yield of the stock	4.26%**	6.02%	7.30%	4.31%	3.13%
Closing price	17.00	14.95	12.33	18.06	32.90

\* EPS is calculated on a biannual basis. At 30 June 2003 the EPS was equal to € 0.39.

\*\* The overall yield of the stock calculation is based on a gross annual global distribution of € 0.725/share..



# Touax and the stock market



## A yield stock

### ● A policy of regular dividend distribution :

- 1998 : € 1.42 million
- 1999 : € 1.52 million
- 2000 : € 1.62 million
- 2001 : € 1.70 million
- 2002 : € 1.70 million
- 2003 : € 1.70 million \*

### ● Frequent distribution of free shares :

- 1990 : 1 new share for 3 old shares
- 1992 : 1 for 3
- 1995 : 1 for 2
- 2001 : 1 for 5

\* Including an exceptional distribution of € 1 million subject to extraordinary general meeting approval fixed to 1st October 2004.



# Touax and the stock market



## Stock market data

- **Security:**  
Recurring cash flows linked to the standardization and long life of the equipment, enabling it to retain high market values.
- **Internationalization** :  
Allows better spread of geographic and currency risks
- **Diversification:**  
Allows better spread of sector and market risks
- **Attractive valuation :**  
A yield stock based on tangible assets.





# Results to 30th June 2004

Palais Brongniart, 30 september 2004