

InfoTouax

The bi-annual newsletter of Touax Group

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As 2018 has drawn to a close, we would like to thank our customers, partners, suppliers and all the Touax teams for their loyalty, their total commitment to the Company and for all our shared successes.

In 2018 we have begun the strategic refocusing of the Touax Group in its 3 long-standing transport equipment leasing businesses, the railcars, the river barges and the marine containers.

Among the successful projects we have shared, a special mention must go to:

- the signing of major financing contracts worth over \$150M with our banking and investor partners to support our clients in their development projects;
- the leasing of more than 25,000 new containers to our predominantly Asian and European customers, and the development of our new and used container trading activities;
- the growth of our fleet of freight railcars leased in Europe and Asia, the strengthening of our Fleet Management department at our offices in Hamburg and Paris to further increase the quality of our maintenance services and the launch of our first connected e-railcars in Europe;

- the launch of a new river barge production program to be leased to our major customers working on the Grand Paris site in France, or for Biomass transport on the Rhine.

The current growth of **Gross Domestic Product** and world trade favour our businesses and those of our customers. We are hopeful that the major countries will promote a balanced and harmonious development of trade in order to ensure sustainable growth.

We are also very happy to contribute to the rejuvenation and development of transport infrastructures, to insure greater flexibility and to play our part in the growth of three environmentally-friendly modes of transport (rail, river and intermodal).

We wish all of you and your families all the very best for 2019. Let's hope that it brings you both personal and professional fulfilment!

Fabrice and Raphaël Walewski

Railcar Division

Global business

The Rail Division has enjoyed a favorable market situation in the second half of 2018.

As a consequence, we improved our utilization rate to 86% at the end of the year and we expect it to increase even further above 90% in the coming months.

Our customers confirmed their trust in us by renewing all the contracts of technical maintenance, a service included in over 90% of our lease agreements.

To support the growing demand on the market and prepare for the future, **Touax Rail** is investing even further in equipment in various sectors:

- standard 90' six-axle articulated container wagons (Sggmrss type) for the rail operators



- new optimized car-carrying wagons (Laaers type) for the logistics automotive players
- aggregate boxes and hopper wagons for the construction industry

With a total of around 500 new wagons, **Touax Rail** will benefit from the successful asset management strategy to better serve its clients.

To keep the pace with digitalization, **Touax Rail** began equipping its wagons with the GPS devices which will continue into 2019.

A better tracking of the equipment means higher efficiency for our clients and our Fleet Management Team.

Organization

Thanks to our continuous improvement program at **Touax Rail**, we have adapted our organization to deliver a better service to customers, and successfully manage challenges in a growing European market.

A new “Fleet Management” organization has been put in place and deployed from September 2018 onwards for better interaction, more reactivity and improved efficiency.

New employees joined the **Touax Rail** team to reinforce our competencies and presence in Hamburg, in Paris and in the UK, to be closer to our customers, to the market and to our suppliers.

We are confident our customers will continue to enjoy a positive service from **Touax Rail** in 2019 and continuous wagon availability rate improvement for mutual benefit.

Marine Container Division

Global business

Touax Container renewed with its growth in 2018 through investments in new shipping containers for over 50M\$, enhancing its collaboration with a large portfolio of customers.

In 2018 we maintained our fleet's utilization rate above 98% along the year, with Long Term contracts covering over 85% of our units.

The Resale activity of used containers, after a quieter first semester due to the still high utilization of the fleet, experienced increasing volumes in the second half of the year, with some of the shipping lines returning higher volume of old boxes.

In addition to the dry containers, **Touax Container** started also to sell refrigerated containers redelivered by shipping lines at the end of Sale & Lease back contracts.

We also consolidated our trading activity of new containers, mainly in EMEA and AMERICAS. This activity has been growing at a fast pace in the past 3 - 4 years and, with the leasing and the resale activities, completes the 3 core activities for the Division.

Our objective for 2019 and the following years is to accelerate the pace of the new investments, both for third parties and for the Group, by doubling on a yearly basis the amount committed in 2018.

This growth will also be fueled by equipment diversification that the Company is currently considering for the years to come.

We will be also very active on the Resale & Trading activity. Part of our fleet on lease, including the refrigerated containers, has reached its maturity and will be returned by the ocean transport operators.

This will insure that **Touax Container** will be in the position to satisfy the demand of its buyers of used containers.

Finally, with higher volumes ordered and an improved know-how in positioning new containers for sale (one-trip units) around the globe, we will also meet the requirements of the particular buyers looking for these units specifically built for inland purposes.

Newly produced twenty-foot containers ready for pick-up



Organization

We recently welcomed several new experienced members at global and regional level to enhance our growing organization:

Utz ISBERNER—Global Resale & Trading Director, based in Hamburg.

Lionel TEO - Global Operations & Customer Service Director, based in Singapore.

Elena VAZQUEZ - Americas Operations & Customer Service Manager, based in Miami

Cheryl LEE - North East Asia Leasing, Resale & Trading Director, based in Singapore.

Demetrius CASTRO was promoted to Americas Resale & Trading Director.

In order to improve our customers' experience, all the Regional Operations and Customer Service Departments have been progressively merged along 2018.

Focus - Containers' Resale & Trading activity

At **Touax Container** we strongly believe that a used container for the secondary market is not a commodity. There are myriad uses for either new or used containers, whether at sea, in construction sites, or as storage, which make every unit different.

Is the container required to bring goods to a remote place? Or to store some stuff in the back-yard? Our mission is to cater the right container to the right customer depending on the final purpose the buyer is looking for.

To do so, our selling and trading platform is strategically well placed and interconnected through its regional offices to constantly meet our customers' requirements.

We have a proven track record of selling different types of used containers to a large panel of diversified customers across different industrial and service sectors, from factories and governments to logistics.

The Sectors that We Serve



CONTAINER DEALERS
FREIGHT/LOGISTICS PROVIDERS
OCEAN CARRIERS



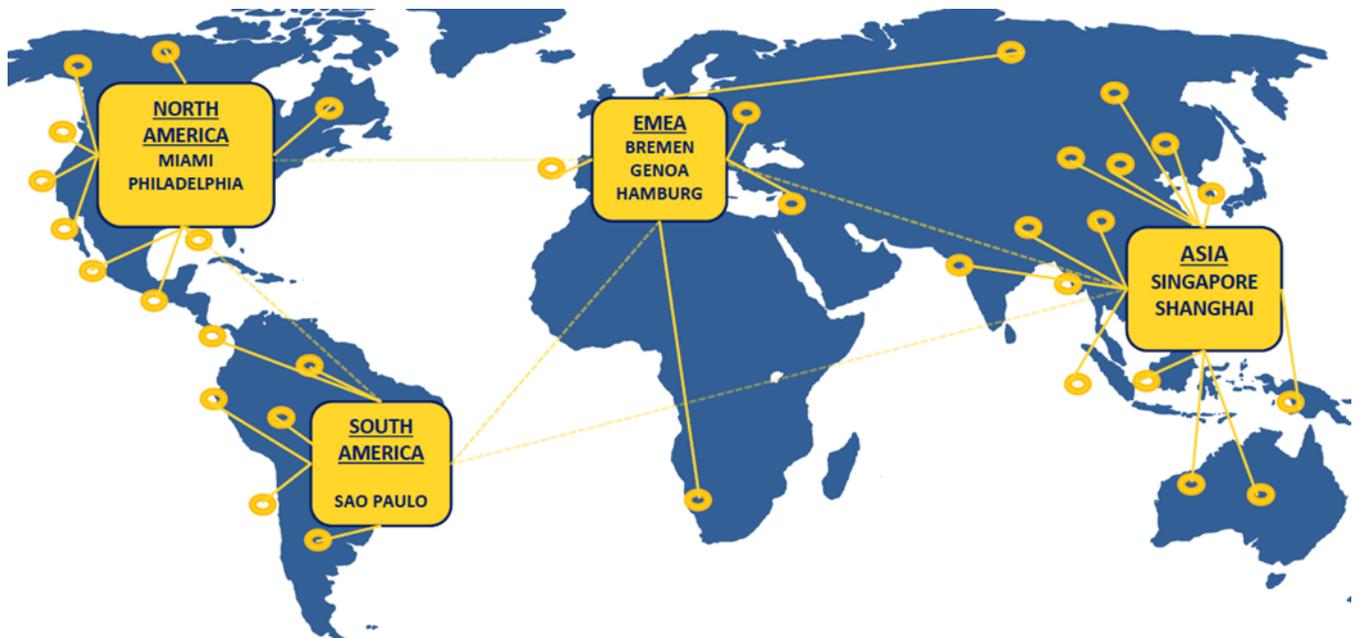
DOMESTIC STORAGE OPERATORS
CONTAINER HOUSING/OFFICES
RAILWAY COMPANIES



MANUFACTURING/ENGINEERING
CONSTRUCTION/INFRASTRUCTURE
MILITARY/GOVERNMENT PROJECTS

Also, the quality of the repairs as well as transparency on the origin and the conditions of our containers for sale are key factors of differentiation, which is particularly appreciated by our business partners.

With the same dedication we also supply a wide range of new containers for more "inland" applications: standard or special dry units, desert tan or blue, with or without lock-box, customized with specific logos or neutral, we can offer a wide panel of new units to satisfy our customers' request on a global scale.



"The Touax team is eager to serve all container users in the Americas regions and work with our partners to drive customers' projects to greater heights. Our colleagues in Asia and Europe, Middle East and Africa share the same objective"

Demetrius CASTRO, Americas Resale & Trading Director

River Barges Division

Global business

165 years after having provided, with an Imperial decree signed by Napoleon the Third, a towing service on the Seine and the Oise rivers in France, **Touax River Barges** still continues to lease barges on the Seine, but also on the Rhine, the Danube, and in North and South America.

The 100 barges of our fleet are no longer operated by our own means, rather they are rented to operators who use them to transport their goods.

Two of our push-barges, TAF 804 and TAF 805, departed from Rotterdam last November for a short transfer by sea to Heligoland. These barges will be used by one of our clients for a dredging job that will last for a couple of months.

This will assure the project will be carried out in an environmental friendly and safe manner. We are very glad to be part of this project that showcases our international possibilities.

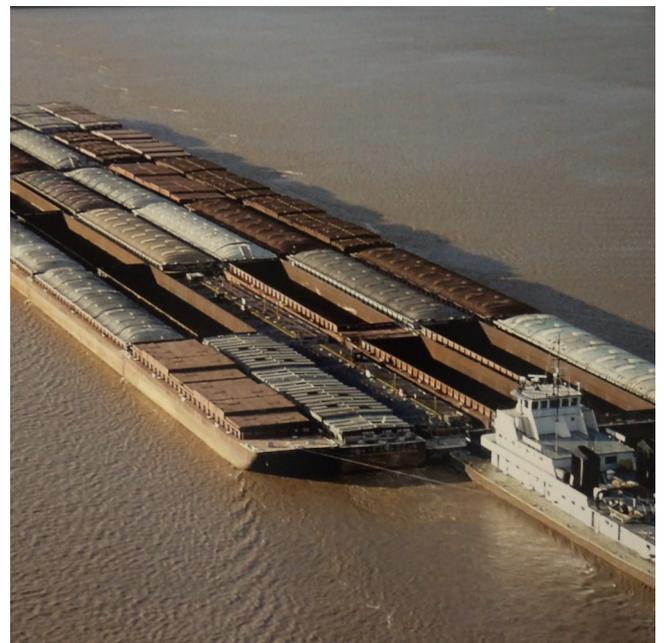


Heligoland which means “Holy land” is a small German archipelago located in the South East of the North Sea. It has successively belonged to Denmark, to the United Kingdom and then to Germany since 1890.

During the last two world wars, Heligoland has sheltered a submarine base. In 1947 the most powerful conventional explosion (6000 tons of TNT) destroyed all the British military infrastructures from WWII.



Touax TAF 804 at its arrival in Heligoland



River barges convoy in South America

Organization

Didier BACON was promoted to Managing Director of the Division.

Finance & Legal

Following the strategic refocusing on the transportation assets of the Group, Touax Corporate Finance Department successfully refinanced at end of May 2018 asset backed facilities in Container and Freight Railcar divisions for a total of €110 million.

At the beginning of the second semester of the year, we also issued a bond of €16 million at the Corporate level, the first step of a more global refinancing plan.

The Group will be therefore assured of the investment capabilities required to achieve growth in a favourable environment.

To follow this strategic finance activity, 3 new professionals joined the Department in 2018, all based in Paris:

- **Christelle PEYREL**, as Financing & Treasury Director
- **Antoine ROUCHY**, as Financing Analyst
- **Isabelle SCHWEIZER**, as Legal Counsel

Information technology

Based in Paris, the Information Technology Department is a shared service provided to all the Divisions.

Its goal is to serve the business and divisions for optimum cost and maximum security without interruption of service.

It provides network, applications and daily support to all our international sites in the USA, France, Ireland, Germany, Morocco and Singapore. To date, all IT resources are accessible 24/7 securely by the locations as well as by all the field staff remotely.

Since spring 2018, in addition to our daily tasks, we are fully involved in the internal transformation COBRA project, focused on the transportation activities which goal is to improve our productivity and meet the future

needs of our customers through smart digitalization. We have developed an in-house social network platform to enhance internal knowledge and communication. We are also working on our new strategic workshop "IT Master Plan" which will neatly design the roadmap of the digital modernization of the Group for the next 3 / 5 years.

Asset management

The Touax Asset Management Team launched a Luxembourg Fund structure in July 2016 to simplify the investment in assets managed by the Group for our existing and future third party investors. The Real Asset Income Fund S.C.A. is a Luxembourg SICAV-SIF investing in freight railcars leased to state owned and private rail operators and industrial customers, containers rented to worldwide logistics operators and river barges rented to river logistics operators and industrial customers.

Investors can invest in a EUR sub-fund for assets generating revenues in Euros (mostly European freight railcars with the possibility to include barges) and in a USD sub-fund for assets generating revenues USD (mostly containers).

After its launch in July 2016, the equity in the EUR sub-fund has been invested in two SPVs registered in Ireland, which own a total 3,175 railcars leased to public railways, industrial customers

The Group will be assured of the investment capabilities required to achieve growth in a favourable environment.

and private rail operators. More than 300 additional

railcars have been acquired in the last semester of 2018.

Launched in March 2018, the equity invested in the USD sub-fund has been invested in a SPV registered in Ireland, which already owns containers leased to international transportation companies. Going forward the focus on investments will be for New equipment with an annual target of USD 100 million.

Events

In order to celebrate the Group's 165th anniversary in 2018, 165 new twenty foot containers with a special logo were built last November in Ningbo.

These units will be soon travelling around the world.



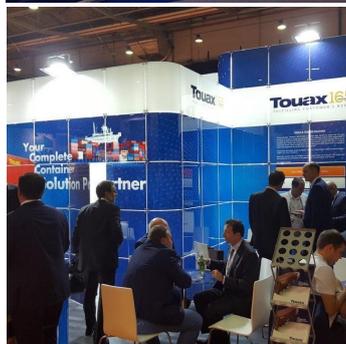
If you find one of them, take a picture and send it us !!



Touax River Barges attended the main event dedicated to the inland waterway and multimodal transport solution, **River Dating**, organized by "Voies Navigables de France", took place in Strasbourg on the 28th and 29th of November.

Professionals of river transportation from France, Belgium, Netherlands, Germany and Luxembourg have only 30 minutes to convince their potential business partner.

When the bell rings, it is time to enter another speed-date.



The Marine Containers Division was pleased to welcome its business partners on its stand during the **Intermodal Europe** in November 2018.

More than 1 000 people visited the 66sqm booth especially designed to facilitate meetings and exchanges.

The Railcar Division team was present on the stand too!

Touax Rail team attended other industry exhibitions as InnoTrans in Berlin and Logitrans in Istanbul.

IICL President, Steven Blust, announced that Marco Poggio, Managing Director of TOUAX Container Leasing Pte Ltd, has been elected to the position of Chairman of the IICL for 2019.

Organized in 1971, the IICL is a trade association, representing lessors of maritime containers and intermodal chassis. Its member companies own or manage a significant portion of the global leased container and U.S. chassis fleets.



Next 2019 rendez-vous with our customers and business partners:



May 22nd - 24th

SHANGHAI



June 4th - 7th

MUNICH

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