2016 Financial Information

ALGECO SCOTSMAN™

BUSINESS SUMMARY

Overview

Algeco Scotsman is the leading global business services provider focused on modular space, secure portable storage solutions, and remote workforce accommodation management with a lease fleet consisting of approximately 274,000 modular and storage units and 10,500 fully managed remote accommodation rooms. We have 235 branch and depot locations and operate in 25 countries across four continents. We seek to capitalize on our breadth and significant scale to focus on geographic market opportunities. Changes in geographic mix can affect our results of operations due to jurisdictional differences, including those related to the level of economic activity and growth and the competitiveness of the particular market.

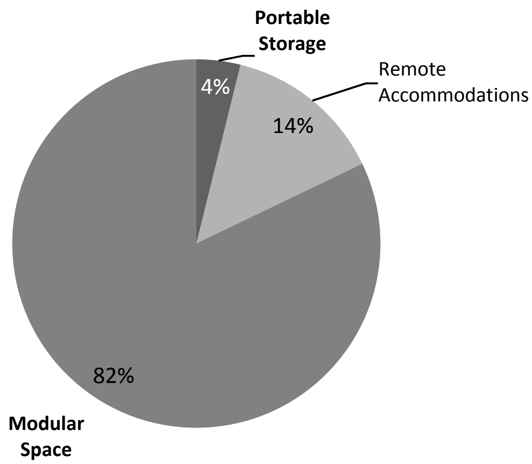
We lease our modular space and portable storage units to customers in diverse end-markets, including energy and natural resources, commercial, industrial, manufacturing, residential and infrastructure construction, government and education. To enhance our product and service offerings and our gross profit margin, we offer delivery, installation and removal of our lease units and other associated add-ons and value-added products and services ("VAPS"), such as the rental of steps, ramps, furniture, fire extinguishers, air conditioning, wireless internet access points, damage waivers and extended warranties . We provide remote facility management solutions to customers working in remote environments through turnkey lodging, catering, transportation, security and logistical services. We also complement our core leasing business by selling both new and used units, allowing us to leverage our scale, achieve purchasing benefits and lower the average age of our lease fleet. Our modular space and remote accommodation products include offices, classrooms, accommodation/sleeper units, work camp products, special purpose temporary spaces and other self-sufficient multi-unit modular structures, which offer our customers flexible, low cost, high quality and timely solutions to meet their space needs, whether short-, medium- or long-term. For the year ended December 31, 2016, we leased or sold our modular space, portable storage, and remote accommodation units to approximately 61,000 customers, with our top 20 customers accounting for approximately 24% of our leasing and services revenue.

We have operations around the globe, serving key markets within Europe, the United States ("US"), Canada, and Mexico ("Americas"), and Australia, New Zealand, and China ("Asia Pacific").

Our geographic scale and our geographic and end-market diversification increase the stability of our cash flows and provide significant operational advantages, including purchasing efficiencies and the ability to optimize fleet utilization. Our size also allows us to opportunistically transfer our fleet to areas of higher or increasing customer demand to optimize our fleet utilization and redeploy excess fleet to developing markets to extend its useful life. Our presence in developing markets enhances our growth profile and presents us with additional opportunities to expand through value-creating "in-market" acquisitions.

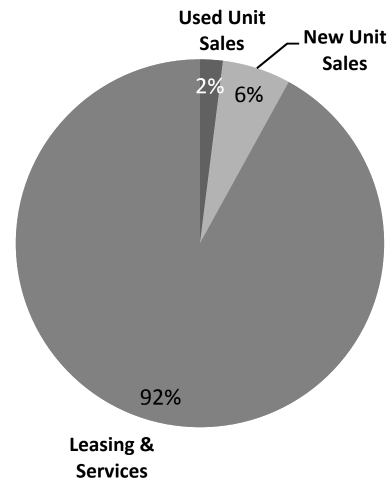
The following charts illustrate the breakdown of our fleet's gross book value between modular space, portable storage, and fully managed remote accommodation products as of December 31, 2016 and our adjusted gross profit (gross profit excluding depreciation of rental equipment) breakdown between our core leasing and services business and our sales business, as well as our revenue mix by geography and end-market for the year ended December 31, 2016.

Fleet Breakdown by Gross Book Value



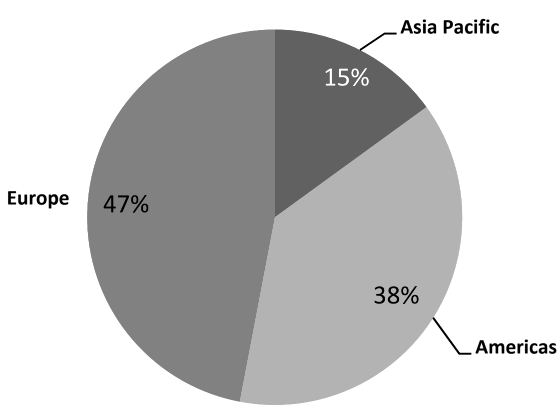
Gross Book Value: $2,928 million

Adjusted Gross Profit Breakdown



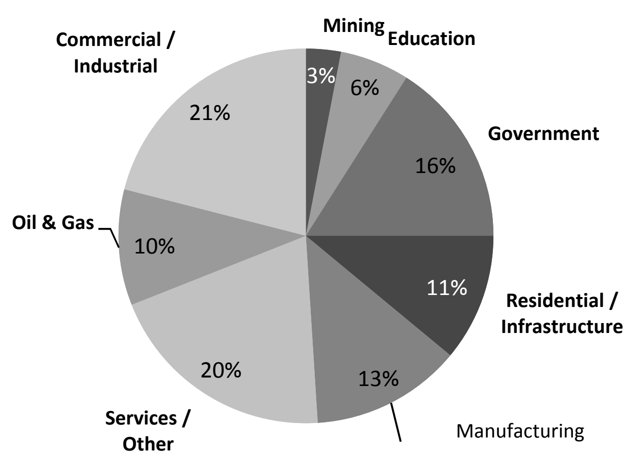
Total Adjusted Gross Profit: $748 million

Revenue Mix by Geography



Revenue: $1,518 million

Revenue Mix by End Market



Our core leasing model is characterized by recurring revenue driven by leases on long-lived assets that require modest maintenance capital expenditures. Our average lease duration is approximately 24 months in Europe, 34 months in the Americas and 22 months in Asia Pacific. The global average age of our fleet is approximately twelve years. We typically recoup our initial investment in purchased units in less than three years, which allows us to obtain significant value over the economic life of our units, which can exceed 20 years. The average age of our fleet compared to its economic life provides us with financial flexibility, allowing us to maintain our cash flow generation during economic downturns by temporarily reducing capital expenditures, without significantly impairing our fleet's value.

Our modular space fleet consists of approximately 232,000 units with a gross book value of approximately $2.4 billion as of December 31, 2016. Our fleet is generally comprised of standardized, versatile products that can be configured to meet a wide variety of customer needs. All of our modular space units are intended to provide convenient, comfortable space for occupants at a location of their choosing. We believe that our global footprint and substantial fleet size provide us with significant competitive advantages. In addition, our scale enables us to purchase units on favorable terms or achieve manufacturing scale benefits, providing incremental margin to both our leasing and sales businesses.

Our remote accommodations business is comprised of approximately 10,500 fully managed rooms, with a gross book value of approximately $0.4 billion as of December 31, 2016. Our remote accommodations business provides living and sleeping space solutions, which are typically utilized for workforces in remote locations. The majority of these units offer full suite "hotel-like" rooms to our customers. In addition to leasing these remote accommodations products to our customers, we may also provide remote facility management solutions which include catering services, recreational facilities and on-site property management.

Our portable storage fleet consisting of approximately 42,000 units, with a gross book value of approximately $0.1 billion as of December 31, 2016, is primarily comprised of steel containers, which address customers' need for secure, temporary, on-site storage on a flexible, low-cost basis. Our portable storage fleet provides a complementary product to cross-sell to our existing modular space customers, as well as new customers.

Our sales business complements our core leasing business by allowing us to offer "one-stop shopping" to customers desiring short-, medium- and long-term space solutions. Our sales business also enhances our core leasing business by allowing us to regularly sell used equipment and replace it with newer equipment. In addition, our ability to consistently sell used units and generate cash flow from such sales allows us to partially offset the cash required for capital expenditures.

Industry Overview

We operate within the modular space, portable storage and remote accommodations markets. We compete in the modular space market in Europe, Asia Pacific and the Americas. We compete in the remote accommodations market in North America and Asia Pacific. We also have a sizable business in the portable storage market, primarily in the US and the United Kingdom ("UK").

Modular Space Market

Modular space units are non-residential structures designed to meet federal, provincial, state and local building codes and, in most cases, are designed to be relocatable. Modular space units are constructed offsite, utilizing lean manufacturing techniques to prefabricate single or multi-story whole building solutions in deliverable modular sections. Units can be constructed of wood, steel or concrete and can be permanent or relocatable. The modular space market is highly fragmented and has expanded rapidly over the last 40 years as the number of applications for modular space has increased and the recognition of its value has grown.

The two key growth drivers in the modular space market are:

- ***Growing need and demand for space***—growing need and demand for space is driven by general economic activity, including gross domestic product growth, industrial production, mining and resources activity, non-residential construction and urbanization. Other factors such as public and education spending and the scale and frequency of special events also impact demand for modular space.
- ***Increasing shift from traditional fixed, on-site built space to modular space solutions***— the increasing shift from traditional fixed, on-site built space to modular space solutions is driven by the speed of installation, flexibility and lower cost of modular space units. Modular space units are also increasingly associated with high levels of quality, as the units are built indoors in controlled environments based on repeatable models and processes. Remote locations also favor modular space solutions over traditional installations, particularly with respect to work camps and work villages. Demand for modular space relative to fixed space has strengthened during economic downturns due to the length of typical leases and because modular space units are typically less expensive than fixed, on-site built space.

Modular space units offer several advantages as compared with fixed, on-site built space, including:

- ***Quick to install***—the pre-fabrication of modular space units allows them to be put in place rapidly, providing potential long-term solutions to needs that may have quickly materialized.
- ***Flexibility***—flexible assembly design allows modular space units to be built cost-effectively to suit a customer's needs and allows customers the ability to adjust their space as their requirements change.
- ***Cost effectiveness***—modular space units provide a cost effective solution for temporary and permanent space requirements and allow customers to improve returns on capital in their core business.
- ***Quality***—the pre-fabrication of modular space units is based on a repeatable process in a controlled environment, resulting in more consistent quality.
- ***Mobility***—modular space units can easily be disassembled, transported to a new location and re-assembled.

Portable Storage Market

The portable storage market is highly fragmented and remains primarily local in nature. Portable storage provides customers with a flexible and low-cost storage alternative to permanent warehouse space and fixed-site self-storage. In addition, portable storage addresses the need for security while providing for convenience and immediate accessibility to customers.

Remote Accommodations Market

Fully managed remote accommodations service energy, oil & gas, mining, infrastructure, immigration housing, and construction customers in geographically isolated areas that typically lack traditional hotel-style lodging options. Modular space complexes are designed and installed on temporary or permanent basis in remote locations to provide customers with dormitories, kitchen/dining halls, recreation and fitness centers. The facilities are supported with lodging management, catering and food services, housekeeping, recreation equipment, laundry, as well as water and wastewater treatment, power generation, communications and personnel logistics, where required. This turnkey managed facilities offering allows customers to provide their employees with high quality accommodations and recreation opportunities in a safe, centralized environment to optimize workforce productivity and maximize staff retention. Additionally, this arrangement establishes a single source supplier and allows customers to direct capital to core investment areas such as energy resource development. Demand is primarily driven by resource exploration (drilling & seismic), facilities construction, infrastructure, development, and ongoing operational phases. Medium to long-term duration requirements by customers in North America and Australia are driven by long-life energy reserves in the Western Canada oil sands market, North Dakota Bakken Shale Basin, Texas Permian Basin and Australia's multiple commodity markets (iron ore, liquid natural gas, and coal).

Products and Services

Our products can be used to meet a broad range of customer needs. Our modular space products are used as, among other things, classrooms, construction site offices, temporary and permanent office space, sales offices, accommodation/sleeper units, work camp products and special events headquarters. We have a lease fleet of approximately 274,000 modular space and portable storage units. Our modular space fleet ranges from single-unit facilities to section modular structures, which combine two or more units into one structure for applications that require more space. Units typically range in size from 8 to 14 feet in width and 16 to 70 feet in length and are wood or aluminum framed mounted on a steel chassis. Some units are fitted with axles and hitches and are towed to various locations while others are easily flat-bed trailer mounted and transported by truck. Most units contain materials used in conventional buildings and are equipped with air conditioning and heating, electrical outlets and, where necessary, plumbing facilities. Additionally, we manage 10,500 remote accommodations rooms where in some cases, we not only provide the facilities, but we also operate the entire workforce camp, providing catering, facility maintenance, housekeeping, utilities, and security. Leasing, delivery and installation of modular space and fully managed remote accommodations rooms represented approximately 77% of our revenue during the year ended 2016. Sales of new and used modular space and storage units to customers represented approximately 23% of our revenue during the year ended December 31, 2016.

Our specific product offerings include:

Product Offering	Approximate Percentage of Fleet (1)	Description
Modular space	**86%**	
Modular space products	*82%*	The majority of our fleet consists of a wide variety of flexible, functional modular space products. Most of these units can be utilized as single units, or assembled into multiple unit buildings. Most of the units can be joined together on any side and certain units can be stacked on top of each other in instances where customers seek to limit their building's footprint. Customers can specify the configuration desired in terms of overall size as well as spacing of interior walls using movable partitions and quantity and spacing of windows and doors. These units have various flooring and lighting alternatives. The units can have air conditioning, heating, ventilation, internet cabling, exterior awnings, and plumbing facilities, as desired. Interiors can be customized to match the customer needs. Our fleet also includes a number of special purpose temporary space units, including portable restroom facilities, generator powered facilities, ticket offices, guard booths, kitchen units and warehouse space.
Portable storage products	*4%*	Portable storage products are former shipping containers typically used for secure storage space. Our portable storage units are primarily ground-level entry storage containers of different sizes with swing doors. These units are made of heavy exterior metals for security and water tightness.

Remote Accommodations	**14%**	Our accommodation/work camp products provide living and sleeping space solutions and are typically utilized for workforces in remote locations, particularly in the energy and resources end-market. The majority of these units offer full service suite "hotel-like" rooms, with individual bathroom/shower facilities combined with each bedroom. Additionally, each camp typically includes restaurant/ dining options, laundries, camp reception/offices, fitness centers, and indoor/outdoor entertainment/relaxation areas.

(1) Based on gross book value as of December 31, 2016

Our modular space and portable storage units leasing business also includes the following products and services:

Delivery and Installation

We provide delivery, site-work, installation and other services to our customers as part of our leasing and sales operations, and we charge our customers a separate fee for such services. Revenue from delivery, site-work and installation results from the transportation of units to a customer's location, site-work required prior to installation and installation of the units which have been leased or sold. Typically, units are placed on temporary foundations constructed by our service technicians and service personnel will also generally install our ancillary products. We also derive revenue from disassembling, unhooking and removing units once a lease expires.

VAPS

We lease furniture, steps, shelving, air conditioners, heaters, fire extinguishers, ramps, internet connectivity devices and other items to our customers for their use in connection with our products. We also offer our lease customers a damage waiver program that protects them in case the leased unit is damaged. For customers who do not select the damage waiver program, we bill them for the cost of any repairs.

For the year ended December 31, 2016, approximately 18% of our modular leasing revenue was derived from value added products and services.

We also complement our core leasing business with the sale of products, as more fully described below:

Sales of Products

We sell modular space and portable storage units from our branch locations. Generally, we purchase new units from our vendors or assemble new units ourselves for sale. We do not generally purchase new units for resale until we have obtained firm purchase orders (which are generally non-cancelable) for such units. Buying units directly for resale adds scale to our purchasing, which is beneficial to overall supplier relationships and purchasing terms. In the normal course of managing our business, we also sell used units directly from our lease fleet either at fair market value or, to a much lesser extent, pursuant to pre-established lease purchase options included in the terms of our lease agreements. The sale of these in-fleet units has historically been both profitable and a cost-effective method to finance replenishing and upgrading our lease fleet. Our sales business includes modifying or customizing units to meet customer requirements.

Customers

Our operating infrastructure is designed to enable us to consistently meet or exceed our customers' expectations by reacting quickly, efficiently and effectively. As a result, we have established strong relationships with a diverse customer base in Europe, Asia Pacific and the Americas, ranging from large multi-national companies to local sole proprietors. During the year ended December 31, 2016, we leased or sold our products to approximately 61,000 customers in several industries, including the oil and gas, mining, commercial and industrial, manufacturing, residential and infrastructure, government, education, services and other end-markets. Our top 20 customers accounted for approximately 24% of our leasing and services revenue during such period, with no customer accounting for more than 9% of our leasing revenue during such period. Approximately 71% of our business is done with repeat customers. We believe that our customers prefer our modular space products over fixed, on-site built space because, among other things, modular space products are a quick, flexible, cost-effective and risk-averse solution for expansion and modular space units are built in controlled environments which offer higher quality than on-site builds.

Our key customer end-markets include the energy and resources, commercial/industrial, residential and heavy construction, government, manufacturing, education, and services and other end-markets:

Energy and Natural Resources (Oil & Gas / Mining) Our products are leased to companies involved in mining exploration and extraction, electricity generation and transmission, oil and gas exploration, production and distribution and other energy-related services. Units are used as accommodations, meeting rooms, reception and visitor centers, work offices, kitchens, dining halls, entertainment rooms and security offices. Customers in oil and gas account for approximately 10% and customers in mining accounting for approximately 3% of our revenue for the year ended December 31, 2016.

Commercial/Industrial Customers in this category span a variety of industries and product uses, including contractors associated with non-residential buildings, commercial offices and warehouses; customers in entertainment, recreation, fast food, transportation, recycling, chemicals, and other general commercial and industrial end-markets. Units are used as temporary offices, meeting rooms, security offices, and certain industry-specific uses. Customers in commercial/industrial end-markets accounted for approximately 21% of our revenue for the year ended December 31, 2016.

Residential and Infrastructure We provide office and storage space to a broad array of contractors associated with residential buildings; highway, street, bridge and tunnel contractors; water, sewer, communication and power line contractors; and special construction trades, including glass, glazing and demolition. Our residential and infrastructure construction customer base is characterized by a wide variety of contractors that are associated with original construction as well as capital improvements in the institutional, residential and municipal arenas. Units are used as temporary offices, break rooms, accommodations and security offices. Customers in residential and infrastructure end-markets accounted for approximately 11% of our revenue for the year ended December 31, 2016.

Government Governmental customers consist of national, state, provincial and local public sector organizations. Modular space and portable storage solutions are particularly attractive to focused niches such as disaster relief, prisons and jails, courthouses, military installations, national security buildings and temporary offices during building modernization. Customers in government end- markets accounted for approximately 16% of our revenue for the year ended December 31, 2016.

Manufacturing Customers in the manufacturing end-market consist of small, medium and large manufacturing companies, who use our products for a variety of purposes, including as storage space, work offices, meeting space and security offices. Customers in manufacturing end-markets accounted for approximately 13% of our revenue for the year ended December 31, 2016.

Education Rapid shifts in populations within regions often necessitate quick expansion of education facilities particularly in elementary, secondary schools and universities/colleges. Regional and local governmental budgetary pressures, as well as classroom size reduction legislation and refurbishment of existing facilities, have made modular space units, especially multi-sectional units, a convenient and cost-effective way to expand classroom, laboratory and library capacity. In addition, our products are used as temporary classrooms when schools are undergoing large scale modernization, allowing continuous operation of a school while modernization progresses. Customers in education end-markets accounted for approximately 6% of our revenue for the year ended December 31, 2016.

Services and Other Customers in this category include retail, special events, and services industries, including professional services, healthcare and pharmaceuticals. Special events include major events such as international athletic competitions, automobile races and other professional and amateur sporting events. Units are used for a variety of purposes, including accommodations, dressing rooms, offices, media work spaces, storage, and temporary restroom facilities. Customers in services and other end-markets accounted for approximately 20% of our revenue for the year ended December 31, 2016.

Sales and Marketing

Our sales and marketing team consisted of approximately 690 employees as of December 31, 2016. Members of our sales group act as our primary customer service representatives and are responsible for fielding calls, visiting customers, developing solutions for customers' needs, processing credit applications, quoting prices and negotiating and handling orders. Our marketing group is primarily responsible for developing and coordinating direct mail and other advertising campaigns, producing company literature and creating promotional sales tools. Our support services groups handle billing, collections and other support functions, allowing our sales and marketing team to focus on addressing the needs of our customers. Our marketing programs emphasize the cost-savings and convenience of using our products versus constructing temporary or permanent facilities. Marketing programs also seek to differentiate our products and services from local market competitors. We use a number of marketing tools to generate new business and customers. Through our marketing and sales efforts, we have successfully expanded the uses for our products. We intend to continue to identify and penetrate other industries that would benefit from the use of our products and services.

Developing new customers is an integral part of the sales process and is monitored by the management team. In addition to our prospect tracking databases, we conduct direct mail campaigns and use print and electronic advertising, including customer trade publications. We have developed telephone number networks in some countries so that our customers can call and speak to a sales representative in the branch location nearest the site where the call was placed. In addition, we participate in numerous regional and national trade shows, and our sales personnel participate in local trade groups and associations. We also design marketing campaigns targeted at specific market niches.

On the national and regional level, our administrative support services and scalable management information systems enhance our service by enabling us to access real-time information on product availability, customer reservations, customer usage history and rates. In addition, we have developed our own proprietary "Lean" operating system, which was implemented globally. The system is a set of processes, procedures and tools, as well as a continuous improvement philosophy, which continually monitors and improves productivity, quality, delivery and responsiveness. We believe that this system has enabled us to shorten our lead times and achieve higher levels of on-time delivery, better product quality and faster response times. Due to our broad geographic capabilities, this program allows us to further differentiate ourselves from many of our local competitors by providing consistent service on a national basis.

Leases

The terms of our leases vary and leases for our units are typically renewable on a month-to-month basis after their expiration, depending on the geographic region as well as the end user. While the initial contractual term of our leases is typically shorter, our average actual lease duration (including month-to-month renewals) is approximately 24 months in Europe, 34 months in the Americas, and 22 months in Asia Pacific. In addition to the monthly lease rates, our customers are generally responsible for the costs of delivery and set-up, dismantling and pick-up and any loss or damage beyond normal wear and tear. Our leases typically require customers to maintain liability and property insurance covering our units during the lease term and to indemnify us from losses caused by the negligence of the customer or their employees.

Branch & Depot Network

As a key element to our market leadership strategy, we maintain a network of 235 branches & depots. Since geographic accessibility to customers is a necessity of the modular space and portable storage industry, we believe that our strategy of employing a broad branch and depot network allows us to better serve our existing customers and attract new customers. This network enables us to increase our product availability and customer service within our regional and local markets. Customers benefit because they are provided with improved service availability, reduced time to occupancy, better access to sales representatives, the ability to inspect units prior to rental, and lower freight costs which are typically paid by the customer. We benefit because we are able to spread regional overhead and marketing costs over a larger lease base, redeploy units within our branch and depot network to optimize utilization, enhance our competitive position by providing ample local supply and offer profitable short-term leases which would not be profitable without a local market presence. We believe that the geographic diversity of our branch and depot network reduces our exposure to changes related to a given region, while presenting us with significant growth opportunities.

Our branches typically have a sales staff dedicated to the local market, with transportation personnel responsible for delivery and pick-up of our units and yard personnel responsible for loading and unloading units and performing modifications, repairs and maintenance. Our branch staff report to local supervisors and management in their respective regions, who are ultimately supervised by one of our three region heads.

Procurement and Maintenance of Fleet

We have made significant investments in our lease fleet, which consists of approximately 274,000 modular and storage units and 10,500 fully managed remote accommodation rooms with a gross book value of approximately $2.9 billion as of December 31, 2016. The average age of our fleet is approximately twelve years. We closely monitor fleet capital expenditures, which include fleet purchases and capitalized costs of improving existing units. Generally, fleet purchases are recommended and coordinated by the field organization with capital allocation and capital expenditure approvals managed at the regional, national and corporate level. All fleet purchases are thoroughly reviewed for necessity and to confirm achievement of internal rate of return on capital thresholds. Typically, the timeline from identifying a need for incremental fleet to taking delivery can range from weeks to months depending on the customer urgency, type of product desired and the degree of customization required.

We assemble and purchase our units with no significant dependence on any particular supplier.

We believe that our fleet purchases are flexible and can be adjusted to match business needs and prevailing economic conditions. We are generally not “locked in” to long-term purchase contracts with manufacturers and can modify our capital spending activities to meet customer demand. In addition, given the long economic life and durability of our rental equipment, we do not have the fleet replacement issues faced by many general equipment leasing companies whose estimated useful life for their fleet assets are generally significantly shorter. Our capital expenditures were approximately $242 million, $278 million, and $201 million for the years ended December 31, 2014, 2015 and 2016, respectively. We supplement our fleet spending with acquisitions. Although the timing and amount of acquisitions are difficult to predict, we consider our acquisition strategy to be opportunistic and will adjust our fleet spending patterns as acquisition opportunities become available. We believe that we have attractive geographic expansion opportunities in both existing and new markets where end-market demand for modular space and portable storage units is underdeveloped or is growing rapidly. We plan to selectively pursue geographic expansion acquisitions that enhance, complement or diversify our product lines, enhance our existing customer relationships and leverage our existing scale and infrastructure.

Each of our leasing units typically undergoes general maintenance at the end of its lease term, such as cleaning and painting, as well as more significant refurbishment during the course of its economic life. We generally have the flexibility to defer certain maintenance to adjust to our needs and the prevailing economic condition, in part due to the durability of our products and the low cost of replacement parts.

Fleet Management Information Systems

Our proprietary management information systems are instrumental to our management of our fleet which includes approximately 274,000 units across twenty-five countries. These systems also empower targeted marketing efforts and allow management to monitor operations at our branches on a daily, weekly and monthly basis. Lease fleet information is updated daily at the branch level and verified through a periodic physical inventory by branch personnel. This provides management with online access to utilization, lease fleet unit levels and rental revenue by branch or geographic region. In addition, an electronic file for each unit showing its lease history and current location/status is maintained in the information system. Branch sales people utilize the system to obtain information regarding unit condition and availability. The database tracks individual units by serial number and provides comprehensive information including cost, condition and other financial and unit specific information.

Competition

Although our competition varies significantly by market, the modular space and remote accommodations industry, in general, is highly competitive and fragmented. We believe that participants in our industry compete on the basis of customer relationships, price, service, delivery speed and breadth and quality of equipment and additional services offered. In several of our markets, we compete with one or more local providers as well as a limited number of large national companies. Some of our competitors may have greater market share in certain areas, less indebtedness, greater pricing flexibility or superior marketing and financial resources. In the Americas, significant modular space and remote accommodations competitors include McGrath Rentcorp, Modspace, Inc. Mobile Mini, Pac-Van, ATCO Structures & Logistics, Civeo and Black Diamond Group. In Europe, significant modular space and remote accommodations competitors include Touax, Wernick, Mobile Mini, Yves Cougnaud Group, Portakabin and A Plant. In Asia Pacific, significant modular space and remote accommodations competitors include ATCO, OnSite, Coates and Civeo. In our Americas portable storage business, we compete with Mobile Mini, Pac-Van, Eagle Leasing and a number of other regional and local companies. With the exception of the UK, we consider competition in Europe to be relatively diffuse. In our UK portable storage business, we compete primarily with Mobile Mini, Wernick and A-Plant.

Employees

As of December 31, 2016, we had approximately 5,100 employees, of whom approximately 1,820 were located in the Americas, 2,780 in Europe, and 500 in Asia Pacific.

Consistent with local legal requirements or market practice, these collective bargaining agreements are typically renewable on an annual or triennial basis. None of our employees in North America are covered by collective bargaining agreements. Management believes that our relationship with our employees is good.

Intellectual Property

We own a number of trademarks important to our business. Our material trademarks are registered or pending applications for registrations in the U.S. Patent and Trademark Office and various non-U.S. jurisdictions.

In each of our markets, we operate under a brand with a strong local history but identify all of our operations as part of Algeco Scotsman. In Europe, we operate under the names Algeco and Elliott. In the Americas we operate principally under the Williams Scotsman brand and also operate as Target Logistics and Hawaii Modular Space. In Asia Pacific, we operate as Ausco in Australia, Portacom in New Zealand and Algeco Chengdong in China.

Regulatory and Environmental Compliance

We are subject to certain Unites States federal, state, and local and foreign environmental, transportation, anti-corruption, import controls, health and safety, and other laws and regulations. We incur significant costs to comply with these laws and regulations, but from time to time we may be subject to additional costs and penalties as a result of non-compliance. The discovery of currently unknown matters or conditions, new laws and regulations or different enforcement or interpretation of existing laws and regulations could materially harm our business or operations in the future.

We are subject to US federal, state, and local and foreign laws and regulations that govern and impose liability for activities which may have adverse environmental effects, including discharges into air and water and handling and disposal of hazardous substances and waste. To date, no environmental matter has been material to our operations. Based on our experience, we believe that any environmental matters relating to us of which we are currently aware will not be material to our overall business or financial condition.

The jurisdictions in which we operate are also subject to anti-bribery laws and regulations, such as the FCPA and the U.K. Bribery Act (the "UKBA"). These regulations prevent companies and their officers, employees and agents from making payments to officials and public entities of foreign countries to facilitate obtaining new contracts. Violations of these laws and regulations may result in criminal sanctions and significant monetary penalties.

A portion of our units are subject to regulation in certain states under motor vehicle and similar registrations and certificate of title statutes. We believe that we have complied in all material respects with all motor vehicle registration and similar certificate of title statutes in states where such statutes clearly apply to mobile office units. We have not taken actions under such statutes in states where it has been determined that such statutes do not apply to mobile office units. However, in certain states, the applicability of such statutes to our mobile office units is not clear beyond doubt. If additional registration and related requirements are deemed to be necessary in such states or if the laws in such states or other states were to change to require us to comply with such requirements, we could be subject to additional costs, fees and taxes as well as administrative burdens in order to comply with such statutes and requirements. We do not believe that the effect of such compliance will be material to our business and financial condition.

Properties

Corporate Headquarters

Our headquarters is located in Baltimore, Maryland. Our executive, financial, accounting, legal, administrative, management information systems and human resources functions operate from this single, leased office.

Branch Locations and Depots

We operate 185 branches located throughout Europe, Asia Pacific, and the Americas. Collectively, we lease approximately 80% of our branch properties and we own the balance.

We maintain approximately 50 depot locations throughout Europe. Our depots operate as staging and storage locations for our rental equipment when not on-hire, and typically also include facilities for maintenance and refurbishment of rental equipment between customer leases.

Assembly Plants / Manufacturing Sites

Our European operations assemble units with assembly plants in the UK, France, and the Czech Republic. Our Asia Pacific operations assemble units with assembly plants located in Australia and New Zealand, with 8 such sites in total.

Management believes that none of our properties, on an individual basis, is material to our operations, and we also believe that satisfactory alternative properties could be found in all of our markets if ever necessary.

Legal Proceedings and Insurance

We are involved in various lawsuits, claims and legal proceedings, the majority of which arise out of the ordinary course of our business. The nature of our business is such that disputes occasionally arise with vendors including suppliers and subcontractors, and customers over warranties, contract specifications and contract interpretations among other things. We assess these matters on a case-by-case basis as they arise. Reserves are established, as required, based on our assessment of our exposure. We have insurance policies to cover general liability and workers' compensation related claims. In the opinion of management, the ultimate amount of liability not covered by insurance, if any, under such pending lawsuits, claims and legal proceedings will not have a material adverse effect on our financial condition or results of operations. See our audited consolidated financial statements and the notes thereto for additional detail.

USE OF NON-GAAP FINANCIAL MEASURES

This business summary includes certain financial measures not calculated and presented in accordance with US Generally Accepted Accounting Principles ("GAAP"), including, but not limited to, Adjusted Gross Profit, and certain ratios and other metrics derived therefrom. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial condition and results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flow from operations or other measures of profitability, liquidity or performance under GAAP. These measures may not be comparable to similarly-titled measures used by other companies. A reconciliation of Gross profit, a GAAP financial measure, to Adjusted Gross Profit, a non-GAAP financial measure, is included below (in millions):

	Year ended December 31, 2016
Gross Profit	$ 543
Fleet Depreciation	205
Adjusted Gross Profit	$ 748

ALGECO SCOTSMAN GLOBAL S.À R.L.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements, which reflect industry outlook, our expectations regarding our future growth, results of operations, operational and financial performance, liquidity and capital resources, business prospects and opportunities, challenges and future events, uses of cash, capital expenditures and investments, strategic transactions, initiatives, the impact of foreign currency fluctuations, accounting and tax estimates, financing plans, and contingent payments. All statements other than statements of historical fact are forward-looking statements. Words such as, but not limited to, "anticipate," "continue," "estimate," "expect," "may," "might," "will," "project," "should," "would," "believe," "intend," "continue," "could," "plan," "predict," and negatives of these words and similar expressions are intended to identify forward-looking statements. In particular, statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements. Although the forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations reflect management's current beliefs based upon information currently available to management and upon assumptions which management believes to be reasonable, actual results or events may differ materially from those stated in or implied by these forward-looking statements. A number of factors could cause actual results, performance, events or achievements to differ materially from the results expressed or implied in the forward-looking statements. Readers should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause our actual results, performance, events and achievements in future periods to differ materially from those expressed or implied by such forward-looking statements. There can be no assurance that the results, performance, events or achievements contemplated in the forward-looking statements will be realized. We cannot assure you that forward-looking statements will prove to be accurate, as actual actions, results and future events could differ materially from those anticipated or implied by such statements. All forward-looking statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations are expressly qualified in their entirety by the foregoing cautionary statements. All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. These forward-looking statements are made only as of the date of this Management's Discussion and Analysis of Financial Condition and Results of Operations and, except as required by law, we undertake no obligation, and specifically decline any obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This discussion of our financial condition and results of operations should be read together with our December 31, 2016 consolidated financial statements and the notes thereto and the risk factors described below.

Introductory Note

Unless the context otherwise requires, all references to "we," "us," "our," and the "Company" refer to Algeco Scotsman Global S.à r.l., a limited liability company incorporated under the laws of Luxembourg, together with its subsidiaries. As used in this discussion, "Americas" means the United States ("US"), Canada, and Mexico, "Europe" means our operations within various countries in Europe, and "Asia Pacific" means Australia, New Zealand, and China. The Company's ultimate parent is Algeco/Scotsman Holding S.à r.l. ("Holdings"), a limited liability company incorporated under the laws of Luxembourg, which is principally owned by a group of investment funds managed by TDR Capital LLP ("TDR").

Risk Factors

The following are certain risk factors that could affect our business, financial condition and results of operations. You should carefully consider the risks described below as well as the other information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations. Additional risks and uncertainties that are not presently known to us or are currently deemed to be immaterial also may materially adversely affect our business, financial condition, and results of operations in the future. If any of the risks actually occur, the trading price of our securities may be negatively affected and as a result you may lose all or part of your original investment. The risk factors described below, as well as any additional risks and uncertainties may cause the forward-looking statements described in this Management's Discussion and Analysis of Financial Condition and Results of Operations to differ from our actual results:

- the duration and severity of economic movements, whether globally or within the geographic region or the industry sectors within which we operate;
- the competitive environment in which we operate;
- certain operational, economic, political and regulatory risks posed by our international operations;
- failure to adequately manage our rental equipment;
- failure to properly design, manufacture, repair and maintain our rental equipment;
- third parties' ability to manufacture our products properly or in a timely manner;
- supply problems resulting from financial or operating difficulties;
- increases in warranty costs;
- our significant level of indebtedness, debt service requirements, and near-to-medium term debt maturities, and the restrictions contained in our debt agreements;
- the effects of adverse capital and credit market conditions, including failure to obtain additional capital;
- any termination or adverse modification to our contract with CoreCivic;
- fluctuations in interest rates, foreign currency exchange rates, and commodity prices, including crude oil;
- increases in the costs of raw materials, including gasoline and labor;
- labor disruptions;
- our dependence upon and ability to retain key personnel;
- we may incur future goodwill and asset impairment charges;
- our ability to identify and consummate acquisitions and to integrate any acquired business;
- the impact on our business and financial results of the United Kingdom ("UK") referendum in which voters approved an exit from the European Union, commonly referred to as "Brexit";
- legal and regulatory matters affecting our products and services;
- the effects of any current or future litigation, judgments, orders or regulatory proceedings against us or involving our assets or operations
- failure to recognize the benefits of our tax attribute carryforwards and, as a result, loss of future tax savings, which could have a negative impact on our liquidity;
- TDR's controlling interest in our capital stock;
- our ability to maintain effective internal controls over financial reporting;
- issues relating to our information systems;
- natural disasters and other business disruptions, including terrorist attacks, cyber-crime and attacks and security breaches; and
- any failure to complete, or delay in the completion of, the previously announced exchange offer for the outstanding PIK loans of a subsidiary of Holdings, including through an English scheme of arrangement or an alternative restructuring transaction.

Although we have attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in or implied by our forward-looking statements, other factors and risks may cause actions, events or results to differ materially from those anticipated, estimated or intended.

Overview

We are the leading global business services provider focused on modular space, secure storage solutions and remote accommodations. Our lease fleet consists of approximately 274,000 modular and storage units and we manage approximately 10,500 rooms in our remote accommodations business. We have 235 branch and depot locations and operate in 25 countries across four continents. We seek to capitalize on our breadth and significant scale to focus on geographic market opportunities. Changes in our geographic mix can affect our results of operations due to jurisdictional differences, including those related to the level of economic activity and growth and the competitiveness of a particular market.

We lease our modular space and portable storage units to customers in diverse end-markets, including energy and natural resources, commercial, industrial, manufacturing, residential and infrastructure construction, government and education. To enhance our product and service offerings and our gross profit margin, we offer delivery, installation and removal of our lease units and other associated add-ons and value-added products and services ("VAPS"), such as the rental of steps, ramps, furniture, fire extinguishers, air conditioning, wireless internet access points, damage waivers and extended warranties. We provide remote facility management solutions to customers working in remote environments through turnkey lodging, catering, transportation, security and logistical services. We also complement our core leasing business by selling both new and used units, allowing us to leverage our scale, achieve purchasing benefits and, through used unit sales, lower the average age of our lease fleet. Our modular space and remote accommodation products include offices, classrooms, accommodation/sleeper units, work camp products, special purpose temporary spaces and other self-sufficient multi-unit modular structures, which offer our customers flexible, low cost, high quality and timely solutions to meet their space needs, whether short-, medium- or long-term.

Our core leasing model is characterized by recurring revenue driven by leases on long-lived assets that require modest maintenance capital expenditures. Our average lease duration is approximately 24 months in Europe, 34 months in the Americas and 22 months in Asia Pacific. The global average age of our fleet is approximately twelve years. We typically recoup our initial investment in purchased units in less than three years, which allows us to obtain significant value over the economic life of our units, which can exceed 20 years. The average age of our fleet compared to its economic life provides us with financial flexibility, allowing us to maintain our cash flow generation during economic downturns by temporarily reducing capital expenditures, without significantly impairing our fleet's value.

Our modular space fleet consists of approximately 232,000 units with a gross book value of approximately $2.4 billion as of December 31, 2016. Our fleet is generally comprised of standardized, versatile products that can be configured to meet a wide variety of customer needs. All of our modular space units are intended to provide convenient, comfortable space for occupants at a location of their choosing. On a global basis, our next largest competitor is less than a third of our size. We believe that our global footprint and substantial fleet size provide us with competitive advantages. In addition, our scale enables us to purchase units on favorable terms, providing incremental margin to both our leasing and sales businesses.

Our remote accommodations business is comprised of approximately 10,500 fully managed rooms with a gross book value of $0.4 billion as of December 31, 2016. Our remote accommodations business provides living and sleeping space solutions, which are typically utilized for workforces in remote locations. The majority of these units offer full suite “hotel-like” rooms to our customers. In addition to leasing these remote accommodations products to our customers, we also provide remote facility management solutions which include catering services, recreational facilities and on-site property management.

Our portable storage fleet of approximately 42,000 units, with a gross book value of approximately $0.1 billion as of December 31, 2016, is primarily comprised of steel containers, which address customers’ need for secure, temporary, on-site storage on a flexible, low-cost basis. Our portable storage fleet provides a complementary product to cross-sell to our existing modular space customers, as well as new customers.

We continue to seek opportunities to further optimize our profitability and lease economics through our ongoing commercial initiatives, procurement, and lean operating initiatives.

Our sales business complements our core leasing business by allowing us to offer “one-stop shopping” to customers desiring short-, medium- and long-term space solutions. Our sales business also enhances our core leasing business by allowing us to regularly sell used equipment and replace it with newer equipment. In addition, our ability to consistently sell used units and generate cash flow from such sales allows us to partially offset the cash required for capital expenditures.

Other Matters Affecting Our Business

Extension of ABL Revolver

As more fully disclosed in Note 7 of our consolidated financial statements, on March 31, 2017, the asset–based revolving credit facility (the “ABL Revolver”) was amended (as amended the “Extended ABL Revolver”) to provide for a maximum availability of the equivalent of $1.1 billion, a maturity date of July 10, 2018, and amended other terms. As amended, an event of default will be triggered if the exchange offer for the PIK Loans is not completed by October 10, 2017, including through a English scheme of arrangement court process, or the associated TDR investment commitment terminates without being fulfilled.

PIK Loans Exchange Offer

As more fully disclosed in Note 20 of our consolidated financial statements, on February 3, 2017, Holdings, Algeco Scotsman PIK S.A. (“AS PIK”), a wholly owned subsidiary of Holdings, the Company and certain of our affiliates, signed a restructuring support agreement for the $400.0 million principal amount payment-in-kind loan agreement (the “PIK Loans”), dated May 1, 2013. Pursuant to the restructuring agreement, on February 13, 2017, AS PIK and certain of its affiliates launched an exchange offer and obtained the consents of a majority in number of holders of the PIK Loans, which persons hold over 90% in principal amount of the PIK Loans. Holdings and AS PIK will thus commence an English scheme of arrangement (or an alternative restructuring process) to implement the terms of the exchange offer such that it will be binding on 100% of the PIK Loans lenders.

TDR Unsecured Loan Agreement

As more fully disclosed in Note 7 of our consolidated financial statements, in March 2017, a subsidiary of the Company, Algeco Scotsman Global Finance plc, entered into a senior unsecured loan agreement with an affiliate of TDR. The agreement provides for borrowings in an aggregate amount of up to $75.0 million; of which $62.0 million was drawn on March 31, 2017 and will be used for general corporate purposes. The Company is required to pay interest in cash on loans outstanding under the agreement at an interest rate of 8.5% per annum, payable semi-annually. The maturity date of the loan is May 31, 2017, but we will undertake to refinance the debt on or prior to the maturity of the loan with the proceeds of an issuance to TDR of additional Senior Secured Notes (defined below) as discussed in the consolidated financial statements.

Accounts Receivable Factoring Agreement

As more fully disclosed in Note 7 of our consolidated financial statements, in November 2016, a French subsidiary of the Company executed an accounts receivable factoring agreement ("AR Factoring Agreement"). Terms of the AR Factoring Agreement provide that the Company can assign up to approximately €28.0 million of accounts receivable in exchange for cash, less a reserve fund, which is controlled by the counterparty. The Company incurs annual commission expense of .14% of the receivables exchanged under the AR Factoring Agreement which can be adjusted annually based on the actual amounts assumed by the counterparty.

US Litigation Relating to the North American Remote Accommodations Business

Our remote accommodations business in the Americas has one facility that accounted for approximately 54 percent of our remote accommodations rooms on rent as of December 31, 2016. That facility is operated by our customer on behalf of a US government agency. That US government agency is involved in litigation, which we are not a party to, which asserts the US government agency is violating a 1997 consent decree and related settlement agreement. The US government agency is contesting this matter. We cannot predict what impact, if any, this litigation will have on the operations of that facility. Any court decision or government action that impacts this facility could affect our financial condition and results of operations.

Amendment of CoreCivic Contract

In October 2016, Target Logistics Management, LLC ("Target Logistics"), a subsidiary of the Company, modified its lease and services agreement with CoreCivic, formerly Corrections Corporation of America, regarding the South Texas Family Residential Center. Target Logistics will continue to sublease and provide services at the South Texas Family Residential Center to CoreCivic in Dilley, Texas, as it has since 2014. The modification provides for a lower monthly payment with a new term of five additional years through September 2021. Target Logistics is a sub-contractor to CoreCivic, which is providing residential services to US Immigration and Customs Enforcement at the South Texas Family Residential Center.

Sale of Eurobras

As more fully disclosed in our consolidated financial statements as of and for the year ended December 31, 2015, on October 30, 2015 we sold our Brazilian subsidiary, Eurobrás Construções Metálicas Moduladas Ltda ("Eurobras"), to a third party. Eurobras had approximately 10,800 modular units and previously operated eight branch locations. The sale of Eurobras resulted in the Company ceasing operations in Brazil.

Components of Our Historical Results of Operations

Revenue

Our revenue consists mainly of leasing, services and sales revenue. We derive our leasing and services revenue primarily from the leasing of our modular space, portable storage units and remote accommodations. Included in our modular space leasing revenue are VAPS such as rentals of steps, ramps, furniture, fire extinguishers, air conditioners, wireless internet access points, damage waivers, and extended warranties. Modular space delivery and installation revenue includes fees that we charge for the delivery and pick-up of our leasing equipment to and from our customers' premises, and repositioning our leasing equipment. Our remote accommodations leasing and services revenue is comprised of the leasing and operation of our remote workforce accommodations where we provide housing, catering, and transportation to meet our customers' requirements.

The key drivers of changes in leasing revenue are the number of units in our lease fleet, the average utilization rate of our lease units, the average rental rate per unit, the total number of beds under management in remote accommodations, the average remote accommodation rooms on rent, the average remote accommodation daily rate, and changes in the level of enhancement services provided. The utilization rate of our lease units is the ratio, at the end of each period, of (i) the number of units in use (which includes units from the time they are on hire to a customer until the time they are returned to us) to (ii) the total number of lease units in our fleet. Our average rental rate per unit for a period is equal to the ratio of (i) our rental income, excluding services and VAPS, for that period to (ii) the average number of lease units hired out to customers during that period. Our average remote accommodation rooms on rent is calculated as (i) the number of rooms on rent at the end each month during the period, divided by (ii) the number of months in the period. Our average remote accommodation daily rate is the ratio of (i) our remote accommodations revenue to (ii) the average daily remote accommodations rooms on rent during that period.

The table below sets forth the average number of units on rent in our modular space lease fleet, the average utilization of our lease units, the average rental rate per unit, the average remote accommodation rooms on rent, and the average remote accommodation rate for the periods specified below:

	Year Ended December 31,		
	2016	**2015**	**2014**
Modular units on rent (average during the period)	210,871	213,363	222,741
Average modular utilization rate	76.6%	73.5%	74.0%
Average modular monthly rental rate*	$ 213	$ 226	$ 256
Average remote accommodation rooms on rent	4,717	5,787	5,225
Average remote accommodation daily rate	$ 101	$ 104	$ 102

** based on the reclassification of certain revenue from rental income to VAPS*

In addition to our leasing revenue, we also generate revenue from sales of new and used modular space and portable storage units to our customers as well as delivery, installation, maintenance, removal services, and other incidental items related to accommodation services for our customers. Included in our sales revenue are charges for modifying or customizing sales equipment to customers' specifications.

We believe that customers with identified long-term needs for modular space or portable storage solutions prefer to purchase, rather than lease, such units. As a result, shifts in our end-market mix can affect the proportion of our revenue derived from our leasing and sales businesses.

Gross Profit
Cost of revenues associated with our leasing business includes payroll and payroll-related costs for branch personnel, material and other costs related to the repair, maintenance, storage, and transportation of our rental equipment. Cost of revenues associated with our remote accommodations business includes the costs of running our owned and operated facilities, such as employee costs, catering, transportation, occupancy, and other facilities and services costs. Cost of revenue also includes depreciation expense associated with our rental equipment and remote accommodation equipment. Cost of revenues associated with our new unit sales business includes the cost to purchase, assemble, transport, and customize units that are sold. Cost of revenues for our rental unit sales consist primarily of the net book value of the unit at date of sale.

SG&A
Our selling, general, and administrative ("SG&A") expense includes all costs associated with our selling efforts, including marketing costs and salaries and benefits, including commissions of sales personnel. It

also includes our overhead costs, such as salaries of our administrative and corporate personnel and the leasing of facilities we occupy.

Other Depreciation and Amortization

Other depreciation and amortization includes depreciation of all assets other than rental equipment and includes amortization of our intangibles assets.

Impairment on Goodwill and Intangible Assets

The Company recognizes goodwill and intangible asset impairment charges associated with its reporting units as a result of declines in the operating results associated with customers in industries on which our performance relies.

Impairment Losses on Rental Equipment

Impairment losses on rental equipment represent the excess of the carrying value of the rental equipment being evaluated for impairment and its estimated fair value.

Restructuring Costs

Restructuring costs include costs associated with certain restructuring plans designed to streamline operations and reduce costs. Our restructuring plans are generally country or region specific and generally completed within a one year period. The restructuring costs include the cash costs to exit locations and reduce the size of the workforce or facilities in impacted areas. The restructuring costs also include the non-cash impairment associated with certain owned facilities that will be disposed.

Currency Gains (Losses), net

Currency gains (losses), net include unrealized and realized gains and losses on monetary assets and liabilities denominated in foreign currencies at the reporting date other than the subsidiary's functional currency.

Fluctuation in foreign currency exchange rates can have a material impact on our financial results. Our reporting currency is the US dollar. We hold assets, incur liabilities, earn revenue, and pay expenses in a variety of currencies other than the US dollar, primarily the euro, the British pound sterling, the Australian dollar, and the Canadian dollar. Changes in exchange rates have had and may continue to have a significant, and potentially adverse, effect on our results of operations. We have financing agreements, loans, advances, and amounts due to and from our subsidiaries that are denominated in currencies other than the functional currency of the subsidiary. Our primary foreign currency exchange rate risk is caused by fluctuations in the following exchange rates: US dollar/euro, US dollar/British pound sterling and US dollar/Australian dollar. The exposure of our income from operations to fluctuations in foreign currency exchange rates is mitigated in part because a majority of the costs that we incur in connection with our foreign operations are also denominated in local currencies.

Change in Fair Value of Contingent Considerations

Contingent considerations represent the change in the fair value of the contingent liability of the Earnout Agreement (as defined below). In connection with its acquisition of Target Logistics, the Company entered into an earnout agreement (the "Earnout Agreement"). The Earnout Agreement provides the former owners of Target Logistics the opportunity to earn additional consideration (the "Earnout") dependent on cumulative value creation to be achieved over the subsequent years between acquisition and an exit event, as defined in the Earnout Agreement. Amounts payable under the Earnout Agreement are to be paid in shares of Holdings if such cumulative value creation goals are achieved. Contingent considerations represent the change in the fair value of the contingent liability of the Earnout Agreement.

Other Expense, Net
Our other expense, net primarily consists of gain or (loss) on disposal of other property, plant and equipment and other financing related costs.

Interest Expense
Interest expense consists of cost of external debt including the Company's ABL Revolver, $1,095.0 million and €275.0 million of fixed rate senior secured notes due October 15, 2018 (the "Senior Secured Notes"), $745.0 million of fixed rate senior unsecured notes due October 15, 2019 (the "Senior Unsecured Notes"), other debt and financing obligations, and amortization of deferred financing fees and deferred debt gain.

Income Tax Expense (Benefit)
We are subject to income taxes in Luxembourg and numerous foreign jurisdictions in which we operate. Our overall effective tax rate is affected by a number of factors, such as the relative amounts of income we earn in differing tax jurisdictions, tax losses in certain jurisdictions where we record a valuation allowance against such tax losses, and certain non-deductible expenses such as excess interest expense and certain stewardship costs. The rate is also affected by discrete items that may occur in any given year, such as reserves for uncertain tax positions. These discrete items may not be consistent from year to year. Income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect our best estimate of current and future taxes to be paid.

Use of Constant Currency

We believe that currency exchange rates are an important factor in understanding period-to-period comparisons of our financial results. Accordingly, we present financial results on a constant currency basis in addition to our reported actual currency results. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. We calculate constant currency results by calculating current year results using prior-year currency exchange rates. We generally refer to such amounts as excluding or adjusting for the impact of foreign currency or being on a constant currency basis. These constant currency results should be considered in addition to, as opposed to as a substitute for, our actual currency results. Constant currency results, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with US generally accepted accounting principles ("GAAP").

Critical Accounting Policies

Our discussion and analysis of our financial condition, results of operations, liquidity and capital resources is based on our consolidated financial statements, which have been prepared in accordance with GAAP. GAAP requires that we make estimates and judgments that affect the reported amount of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. We base these estimates on historical experience and on various other assumptions that we consider reasonable under the circumstances. We reevaluate our estimates and judgments. The actual results experienced by us may differ materially and adversely from our estimates. We believe that the following critical accounting policies involve a higher degree of judgment or complexity in the preparation of financial statements.

Revenue Recognition
The Company generates revenue from leasing rental equipment, delivery, installation, maintenance and removal services, remote accommodation services, including other services related to accommodation services, and sales of new and used rental equipment. The Company enters into arrangements with a

single deliverable as well as multiple deliverables. Revenue under arrangements with multiple deliverables is recognized separately for each unit of accounting with the arrangement consideration allocated based on the relative selling price method.

Income from operating leases is recognized on a straight-line basis over the lease term. Delivery, installation, maintenance and removal services associated with rental activities are recognized upon completion of the related services.

The Company’s lease arrangements typically include lease deliverables such as the lease of modular or portable storage units and related services including delivery, installation, maintenance and removal services. Arrangement consideration is allocated between lease deliverables and non-lease deliverables based on the relative estimated selling (leasing) price of each deliverable. Estimated selling (leasing) price of the lease deliverables is based on the price of those deliverables when sold separately or based upon the best estimate of selling price method.

Revenue related to remote accommodations such as lodging and related ancillary services is recognized in the period in which services are provided pursuant to the terms of contractual relationships with the customers. In some contracts, rates may vary over the contract term. In these cases, revenue may be deferred and recognized on a straight-line basis over the contract.

When leases and services are billed in advance, recognition of revenue is deferred until services are rendered. If equipment is returned prior to the contractually obligated period, the excess, if any, between the amount the customer is contractually required to pay over the cumulative amount of revenue recognized to date, is recognized as incremental revenue upon return.

Sales revenue is primarily generated by the sale of new and used units. Revenue from the sale of new and used units is recognized upon delivery when the significant risks and rewards of ownership have been transferred to the buyer, the price is fixed and determinable and collectability is reasonably assured.

For direct financing leases where the Company is a lessor, the revenue recognized consists of the amortization of the unearned income over the lease term to produce a constant periodic rate of return on the net investment in the lease. For sales-type leases, sales revenue and the related receivable are recognized upon delivery and installation of the equipment and the unearned income is recognized over the lease term on a basis which results in a constant periodic rate of return on the net investment in the lease.

A portion of the Company’s results are derived from long-term contracts to customers for the sale of equipment and provision of services. Revenue under these construction-type contracts is generally recognized using percentage of completion accounting. Construction-type contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that those variations will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract determined by reference to the proportion of the costs incurred to date compared to estimated total costs under the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss. For construction contracts in progress, a single asset (costs in excess of billings) or liability (deferred revenue) is presented for the total of costs incurred and recognized profits, net of progress payments and recognized losses, in the consolidated balance sheets.

Business Combinations
Business combinations are accounted for using the acquisition method. Consideration transferred for acquisitions is measured at fair value at the acquisition date and includes assets transferred, liabilities assumed and equity issued. Acquisition costs incurred are expensed and included in SG&A expenses. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Any contingent consideration transferred by the acquirer is recognized at fair value at the acquisition date. Any subsequent changes to the fair value of contingent consideration are recognized in profit or loss. If the contingent consideration is classified as equity, it is not re-measured and subsequent settlement is accounted for within equity.

Goodwill
The Company evaluates goodwill for impairment at least annually at the reporting unit level. A reporting unit is the operating segment, or one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's reporting units that are expected to benefit from the combination. The Company evaluates changes in its reporting structure to assess whether that change impacts the composition of one or more of its reporting units. If the composition of the Company's reporting units change, goodwill is reassigned between reporting units using the relative fair value allocation approach.

The Company performs the annual impairment test of goodwill at October 1. In addition, the Company performs impairment tests during any reporting period in which events or changes in circumstances indicate that impairment may have occurred. In assessing the fair value of the reporting units, the Company considers the market approach, the income approach, or a combination of both. Under the market approach, the fair value of the reporting unit is based on quoted market prices of companies comparable to the reporting unit being valued. Under the income approach, the fair value of the reporting unit is based on the present value of estimated cash flows. The income approach is dependent on a number of significant management assumptions, including estimated future revenue growth rates, gross margin on sales, operating margins, capital expenditures, tax rates and discount rates.

If the carrying amount of the reporting unit exceeds the calculated fair value, the implied fair value of the reporting unit's goodwill is determined. The Company allocates the fair value of the reporting unit to the respective assets and liabilities of the reporting unit as if the reporting unit had been acquired in separate and individual business combinations and the fair value of the reporting unit was the price paid to acquire the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to their respective assets and liabilities is the implied fair value of goodwill. An impairment charge is recognized to the extent the carrying amount of goodwill exceeds the implied fair value.

Rental Equipment
Estimates are used in the determination of useful lives and residual values for rental equipment. Estimates are also used in the determination of the fair value of assets held for sale.

Rental fleet assets are depreciated on a straight-line basis over their estimated useful lives which generally range from 3 to 20 years with a residual value of 0% to 50%. These useful lives and residual values vary based on the type of unit and local operating conditions. Depreciation methods, useful lives and residual values are reviewed periodically and adjusted prospectively, if appropriate.

Receivables and Allowances for Doubtful Accounts
Receivables primarily consist of amounts due from customers from the lease or sale of mobile offices, modular buildings storage products and their delivery and installation and remote accommodation. The trade accounts receivable are recorded net of an allowance for doubtful accounts. The allowance for doubtful accounts is based upon the amount of losses expected to be incurred in the collection of these accounts. The estimated losses are based upon a review of outstanding receivables, including specific accounts and the related aging, and on historical collection experience. Specific accounts are written off against the allowance when management determines the account is uncollectible.

Reserves and Contingencies
We maintain reserves in a number of areas to provide coverage against exposures that arise in the ordinary course of business. These reserves cover areas such as uninsured losses, termination liabilities and reorganization activities. We recognize or disclose a reserve when an assessment of the risk of loss is probable and can be reasonably estimated. Significant judgment is involved in determining whether these conditions are met. If we determine these conditions are not met, no reserves are recognized. Reserves are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, if appropriate, the risks specific to the obligation. Significant judgment is involved in assessing the exposures in these areas and hence in setting the level of the required reserve.

Income Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made in such interpretation, or future changes to such assumptions, could necessitate future adjustments to tax benefit and expense already recorded. We establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which we operate. The amount of such provisions is based on GAAP guidance for uncertainty in income taxes. The ultimate resolution of tax audits and interpretations of tax regulations could necessitate future adjustments to provisions established, which would likely affect our income tax benefit expense and profit (loss).

Deferred tax assets are recognized for all unused tax losses to the extent that it is more likely than not that taxable profit will be available against which the losses can be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Selected Historical Consolidated Financial Data

The following summarizes our operating results for the years ended December 31, 2016, 2015 and 2014:

	Year ended December 31			2016 vs. 2015	2015 vs. 2014
	2016	2015	2014	$ Change	$ Change
Revenues					
Leasing and services revenue:					
Modular leasing	$ 744,020	$ 748,173	$ 862,478	$ (4,153)	$ (114,305)
Modular delivery and installation	239,928	231,558	264,882	8,370	(33,324)
Remote accommodations	184,836	225,337	206,103	(40,501)	19,234
Sales:					
New units	314,551	314,955	357,491	(404)	(42,536)
Rental units	34,929	28,293	43,745	6,636	(15,452)
Total revenues	1,518,264	1,548,316	1,734,699	(30,052)	(186,383)
Costs					
Cost of leasing and services:					
Modular space leasing	192,631	193,595	212,965	(964)	(19,370)
Modular space delivery and installation	216,725	214,744	241,545	1,981	(26,801)
Remote accommodations	73,915	100,055	103,650	(26,140)	(3,595)
Cost of sales:					
New units	268,280	259,814	301,204	8,466	(41,390)
Rental units	18,988	17,764	26,839	1,224	(9,075)
Depreciation on rental equipment	205,050	217,106	214,164	(12,056)	2,942
Gross profit	542,675	545,238	634,332	(2,563)	(89,094)
Expenses					
Selling, general and administrative expense	358,961	366,765	421,713	(7,804)	(54,948)
Other depreciation and amortization	28,465	46,262	57,573	(17,797)	(11,311)
Impairment losses on goodwill and intangibles	74,495	209,009	71,090	(134,514)	137,919
Impairment losses on rental equipment	-	2,391	12,003	(2,391)	(9,612)
Loss on sale of business	2,450	33,335	-	(30,885)	33,335
Restructuring costs	2,759	11,448	13,739	(8,689)	(2,291)
Currency losses, net	119,494	140,477	144,176	(20,983)	(3,699)
Change in fair value of contingent considerations	(4,581)	(50,500)	48,515	45,919	(99,015)
Other expense, net	1,498	1,041	2,423	457	(1,382)
Operating loss	(40,866)	(214,990)	(136,900)	174,124	(78,090)
Interest expense, net	202,719	197,834	207,414	4,885	(9,580)
Loss on extinguishment of debt	-	-	2,324	-	(2,324)
Loss before income tax	(243,585)	(412,824)	(346,638)	169,239	(66,186)
Income tax expense (benefit)	(1,724)	(49,727)	(7,073)	48,003	(42,654)
Net loss	$ (241,861)	$ (363,097)	$ (339,565)	$ 121,236	$ (23,532)

Revenue:

2016

Total revenue decreased $30.0 million, or 1.9%, to $1,518.3 million for the year ended December 31, 2016 from $1,548.3 million for the year ended December 31, 2015. The effect of unfavorable foreign currency movements resulted in a reduction in revenue of $35.8 million as most currencies were weaker against the US dollar during the 2016 period, on a comparative basis. Excluding the effects of foreign currency, total revenue increased 0.4%. That increase was attributable to a (8.8%), 5.0%, and 11.1% increase (decrease) in revenues in the Americas, Europe, and Asia Pacific, respectively. The (8.8%) revenue decrease in the Americas was primarily the result of lower Remote Accommodations revenue in the US due to lower camp occupancy as well as lower modular leasing and new unit sales in Canada, both attributable to reduced demand from the oil & gas sector. The 5.0% revenue increase in Europe was primarily as a result of increased modular space revenue driven by additional units on rent related to the various asylum seeker opportunities in Germany, as well as an increase in VAPS revenue throughout Europe. Revenue in Asia Pacific increased 11.1% as a result of an increase in modular space delivery and installation revenue and an increase in new sales driven by several large projects throughout Asia Pacific.

Average modular units on rent for 2016 and 2015 were 210,871 and 213,363, respectively. The decrease was mainly due to the sale of Eurobras in 2015 and declines in Canada related to the reduced commodity sector demand, partially offset by increases in units on rent in Germany. The average modular utilization rate during 2016 was 76.6%, as compared to 73.5% during 2015. The increase in average modular utilization rate was driven by higher utilization in Germany, the UK, the US, and Asia Pacific. The average modular monthly rental rate decreased to $213 from $226, partially due to the effects of foreign currency as most currencies weakened against the U.S. dollar. At constant currency, the average modular monthly rate was $218 for 2016, the decline primarily due to lower rates in Canada and Asia Pacific. Average remote accommodation rooms on rent for the years ended December 31, 2016 and 2015 were 4,717 and 5,787, respectively. The average remote accommodation daily rate at both reported and constant currencies was $101 during 2016, as compared to $104 during 2015. The declines in both rooms on rent and average daily rates were due to reduced commodity sector demand in the Americas and Asia Pacific. We anticipate a reduction in the average remote accommodation daily rate in 2017 associated with the modification of our lease and services agreement with CoreCivic.

2015

Total revenue decreased $186.4 million, or 10.7%, to $1,548.3 million for the year ended December 31, 2015 from $1,734.7 million for the year ended December 31, 2014. The effect of unfavorable foreign currency movements resulted in a reduction in revenue of $163.9 million as most currencies were weaker against the US dollar during the 2015 period, on a comparative basis. Excluding the effects of foreign currency, total revenue decreased 1.3%. That decline was attributable to a (1.0%), 6.6%, and (20.3%) increase (decrease) in revenues in the Americas, Europe, and Asia Pacific, respectively. The (1.0%) revenue decrease in the Americas was primarily the result of lower modular leasing and new unit sales in Canada and the sale of Eurobras, which were nearly offset by an increase in remote accommodation revenue associated with a new facility. The 6.6% revenue increase in Europe was primarily as a result of increased new unit sales. Revenue in Asia Pacific declined 20.3% as a result of the continued weak economic climate in Australia largely due to reduced commodity sector demand.

Average modular units on rent for 2015 and 2014 were 213,363 and 222,741, respectively. The decrease was mainly due to the sale of Eurobras, as well as declines in units on rent in Asia Pacific and Canada. The average modular utilization rate during 2015 was 73.5%, as compared to 74.0% during 2014. The decrease in average modular utilization rate was driven by lower utilization in Asia Pacific, Canada, and Brazil. The average modular monthly rental rate decreased to $226 from $256, mainly due to the effects of foreign currency as most currencies weakened against the U.S. dollar. At constant currency, the average modular monthly rate was $250 for 2015. Average remote accommodation rooms on rent for the years ended December 31, 2015 and 2014 were 5,787 and 5,225, respectively. The average remote accommodation daily rate was $104 during 2015 as compared to $102 during 2014. At constant currency, the average remote accommodation daily rate was $109 for 2015. The increases in both rooms on rent and average daily rates were driven by the Americas as a result of additional rooms on rent associated with a new facility.

Gross Profit:

2016

Our gross profit was 35.7% and 35.2% for the years ended December 31, 2016 and 2015, respectively. Our gross profit, excluding the effects of depreciation, was 49.3% and 49.2% for the years ended December 31, 2016 and 2015, respectively.

Gross profit decreased $2.5 million, or 0.5%, to $542.7 million for the year ended December 31, 2016 from $545.2 million for the year ended December 31, 2015. The effects of unfavorable foreign currency movements reduced gross profit by $10.5 million, as most currencies were weaker against the US dollar, on a comparative basis. The increase in gross profit, excluding the effects of foreign currency, was driven by higher modular space volume and improved margins, primarily in Germany and the US, as well as an increase in rental unit sales in the Americas. The increase was partially offset by decreases in remote accommodation gross profit in the Americas as a result of fewer rooms on rent and a decrease in new unit sales in Europe. The increase in European modular space and the Americas rental unit sales gross profit increases for 2016 included two non-recurring transactions which contributed approximately $11 million in gross profit (approximately $8 million in Europe and $3 million in the Americas). The increase in gross profit was also affected by a $12.1 million reduction in depreciation of rental equipment.

2015

Our gross profit was 35.2% and 36.6% for the years ended December 31, 2015 and 2014, respectively. Our gross profit, excluding the effects of depreciation, was 49.2% and 48.9% for the years ended December 31, 2015 and 2014, respectively.

Gross profit decreased $89.1 million, or 14.0%, to $545.2 million for the year ended December 31, 2015 from $634.3 million for the year ended December 31, 2014. The effects of unfavorable foreign currency movements reduced gross profit by $56.3 million, as most currencies were weaker against the US dollar, on a comparative basis. The decrease in gross profit, excluding the effects of foreign currency, was driven by declines in modular leasing and modular delivery and installation volume, primarily in Asia Pacific, Canada and Brazil, as well as an increase in depreciation and amortization in the Americas. The decrease was partially offset by increases in remote accommodation gross profit in the Americas as a result of higher rooms on rent associated with a new facility and an increase in new unit sales in Europe.

SG&A:

2016

SG&A expense decreased $7.8 million, or 2.1%, to $359.0 million for the year ended December 31, 2016, compared to $366.8 million for the year ended December 31, 2015. Approximately $8.7 million of the decrease was attributable to the effects of foreign currency as most currencies weakened against the US dollar. The remaining increase was driven by Europe infrastructure investments, partially offset by lower employee costs, occupancy costs, and a reduction in legal and professional fees at Corporate.

2015

SG&A expense decreased $54.9 million, or 13.0%, to $366.8 million for the year ended December 31, 2015, compared to $421.7 million for the year ended December 31, 2014. Approximately $36.9 million of the decrease was attributable to the effects of foreign currency as most currencies weakened against the

US dollar. The remaining decrease was driven by lower employee related costs, reductions in legal and professional expenses, and lower costs as a result of the sale of Eurobras.

Other Depreciation and Amortization:

2016

Other depreciation and amortization decreased $17.8 million, or 38.4%, to $28.5 million for the year ended December 31, 2016, compared to $46.3 million for the year ended December 31, 2015 primarily as a result of the full amortization of certain intangibles and the sale of Eurobras.

2015

Other depreciation and amortization decreased $11.3 million, or 19.6%, to $46.3 million for the year ended December 31, 2015, compared to $57.6 million for the year ended December 31, 2014 primarily as a result of the full amortization of certain intangibles and the sale of Eurobras.

Impairment Losses on Goodwill and Intangibles:

2016

Impairment losses on goodwill and intangibles were $74.5 million for the year ended December 31, 2016 as compared to $209.0 million for the year ended December 31, 2015. As more fully disclosed in Note 5 in the 2016 consolidated financial statements, the 2016 impairment losses on goodwill relate to our reporting units in Australia, Mexico, Italy and Benelux (Belgium and the Netherlands).

2015

Impairment losses on goodwill and intangibles were $209.0 million for the year ended December 31, 2015 as compared to $71.1 million for the year ended December 31, 2014. As more fully disclosed in Note 5 in the 2016 consolidated financial statements, the 2015 impairment losses on goodwill and tradename intangibles relate to our reporting unit in Australia as well as our remote accommodations reporting unit in North America. As of December 31, 2015, the goodwill associated with our remote accommodation reporting unit in the Americas was fully impaired.

Impairment Losses on Rental Equipment

2016

Impairment losses on rental equipment were zero for the year ended December 31, 2016 as compared to $2.4 million for the year ended December 31, 2015. The impairment charge recognized during 2015 pertains to the reporting unit in Australia and is as a result of lower demand for certain rental equipment unit types in the region.

2015

Impairment losses on rental equipment were $2.4 million for the year ended December 31, 2015 as compared to $12.0 million for the year ended December 31, 2014. The impairment charge recognized during 2015 pertains to the reporting unit in Australia and is as a result of lower demand for certain rental equipment unit types in the region. During 2014, the Company recognized impairments as a result of exiting operations in certain countries and the planned sale of one of the Company's remote accommodation camps.

Loss on Sale of Business:

2016

Loss on sale of business was $2.5 million for the year ended December 31, 2016 as compared to $33.3 million for the year ended December 31, 2015. On October 30, 2015, the Company completed the sale of Eurobras, which resulted in the Company ceasing operations in Brazil. As more fully disclosed in Note 12 in the 2016 consolidated financial statements, the Company recognized a loss on sale of Eurobras for the year ended December 31, 2015 of $33.3 million. The Company recognized an additional loss on the sale of Eurobras of $2.5 million during the year ended December 31, 2016 associated with a write-off of assets that were retained under the terms of the Eurobras sale.

2015

On October 30, 2015, the Company completed the sale of Eurobras, which resulted in the Company ceasing operations in Brazil. As more fully disclosed in Note 12 in the 2016 consolidated financial statements, the Company recognized a loss on sale of Eurobras for the year ended December 31, 2015 of $33.3 million.

Restructuring Costs:

2016

Restructuring costs were $2.8 million for the year ended December 31, 2016 as compared to $11.4 million for the year ended December 31, 2015. The 2016 restructuring charges relate primarily to the Company’s corporate function and the operations in North America and consist of employee termination costs.

2015

Restructuring costs were $11.4 million for the year ended December 31, 2015 as compared to $13.7 million for the year ended December 31, 2014. The 2015 restructuring costs primarily relate to actions to streamline operations and reduce costs in Australia and North America.

Currency Losses, Net:

2016

Currency losses, net decreased by $21.0 million to $119.5 million for the year ended December 31, 2016 compared to $140.5 million for the year ended December 31, 2015. The decrease in currency losses was primarily attributable to the impact of foreign currency exchange rate changes on loans and borrowings and intercompany receivables and payables denominated in a currency other than the subsidiaries’ functional currency. Our currency losses, net are primarily attributable to fluctuations in the following exchange rates: US dollar / euro, US dollar / British pound sterling, and US dollar / Australian dollar.

2015

Currency losses, net decreased by $3.7 million to $140.5 million for the year ended December 31, 2015 compared to $144.2 million for the year ended December 31, 2014. The decrease in currency losses was primarily attributable to the impact of foreign currency exchange rate changes on loans and borrowings and intercompany receivables and payables denominated in a currency other than the subsidiaries’ functional currency. Our currency losses, net are primarily attributable to fluctuations in the following exchange rates: US dollar / euro, US dollar / British pound sterling, and US dollar / Australian dollar.

Change in Fair Value of Contingent Considerations:

2016

Contingent considerations was income of $4.6 million for the year ended December 31, 2016, compared to a $50.5 million in income for the year ended December 31, 2015. The income in 2016 was a result of a decrease in fair value of the Earnout due to lower expected earnings before interest, taxes, depreciation and amortization (“EBITDA”) multiple as a result of the weighting of possible exit events. The income in 2015 was a result of decreases in fair value of the Earnout due to of projected softness in occupancy for customers in the oil and gas segments.

2015
Contingent considerations was income of $50.5 million for the year ended December 31, 2015, compared to a $48.5 million expense for the year ended December 31, 2014. The income in 2015 was a result of decreases in fair value of the Earnout due to of projected softness in occupancy for customers in the oil and gas segments.

Other Expense, Net:
2016
Other expense, net was $1.5 million for the year ended December 31, 2016 and $1.0 million for the year end December 31, 2015.

2015
Other expense, net was $1.0 million for the year ended December 31, 2015 and $2.4 million for the year end December 31, 2014.

Interest Expense, Net:
2016
Interest expense increased $4.9 million, or 2.5%, to $202.8 million for the year ended December 31, 2016 from $197.8 million for the year ended December 31, 2015. This increase decrease is primarily due to an increase in other debt, including capital leases. See Note 7 to our 2016 consolidated financial statements for additional information regarding our loans and borrowings.

2015
Interest expense decreased $9.6 million, or 4.6%, to $197.8 million for the year ended December 31, 2015 from $207.4 million for the year ended December 31, 2014. This decrease is primarily due to fluctuations in foreign currency exchange rates. See Note 7 to our 2016 consolidated financial statements for additional information regarding our loans and borrowings.

Loss On Extinguishment of Debt:
2015
Loss on extinguishment of debt, net, was $2.3 million for the year ended December 31, 2014. As more fully disclosed in Note 7 of the 2016 consolidated financial statements, the 2014 loss on extinguishment of debt related to the repayment of certain financing in conjunction with amending our ABL Revolver.

Income Tax Benefit:
2016
Income tax benefit decreased $48.0 million to a $1.7 million benefit for the year ended December 31, 2016 compared to a $49.7 million benefit for the year ended December 31, 2015. This increase was principally due to the increase in our operating loss in 2016. Additionally, in 2015 the Company recognized a one-time, out of period, non-cash tax benefit of $16.5 million related to the reduction of deferred tax liabilities arising from an adjustment of the tax basis of certain assets, and a $2.7 million tax benefit related to the favorable resolution of prior year uncertain tax positions.

2015
Income tax benefit increased $42.6 million to a $49.7 million benefit for the year ended December 31, 2015 compared to a $7.1 million benefit for the year ended December 31, 2014. This increase was principally due to the increase in our operating loss, a one-time, out of period, non-cash tax benefit of $16.5 million related to the reduction of deferred tax liabilities arising from an adjustment of the tax basis of certain assets, and a $2.7 million tax benefit related to the favorable resolution of prior year uncertain tax positions.

Adjusted EBITDA

In managing our business, management focuses on growing leasing revenues in new and existing markets, EBITDA, and allocation of capital expenditures. In comparing EBITDA (a non GAAP financial measure) from year to year, we further adjust EBITDA to exclude certain non-cash items and the effect of what we consider transactions or events not related to our core business operations to arrive at what we define as adjusted EBITDA ("Adjusted EBITDA"). Capital expenditures primarily consist of purchases and upgrades for fleet expansion and enhancement.

The reconciliation of our consolidated net loss before taxes to Adjusted EBITDA for the years ended December 31, 2016, 2015 and 2014, in thousands of dollars, is as follows:

	2016	2015	2014
Net loss before taxes	$ (243,585)	$ (412,824)	$ (346,638)
Interest expense, net	202,719	197,834	207,414
Depreciation and amortization	233,515	263,368	271,737
EBITDA	192,649	48,378	132,513
Currency losses, net	119,494	140,477	144,176
Change in fair value of contingent considerations	(4,581)	(50,500)	48,515
Loss on sale of business	2,450	33,335	-
Goodwill and other impairment charges	74,495	211,400	83,093
Restructuring costs	2,759	11,448	13,739
Sponsor management fees	6,919	9,719	8,934
Loss on extinguishment of debt	-	-	2,324
Other expense	8,567	5,758	7,522
Adjusted EBITDA	$ 402,752	$ 410,015	$ 440,816

EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered as alternatives to net loss or other performance measures derived in accordance with GAAP, or as alternatives to cash flow from operating activities as measures of our liquidity. EBITDA and Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as measures of cash that will be available to us to meet our obligations. In addition, our measurement of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. We believe that EBITDA and Adjusted EBITDA provide useful information to investors about us and our financial condition and results of operations for the following reasons: (i) they are among the measures used by our management team to evaluate our operating performance; (ii) they are among the measures used by our management team to make day-to-day operating decisions and (iii) they are frequently used by securities analysts, investors and other interested parties as a common performance measure to compare results across companies in our industry.

The following provides a discussion of non-cash items and what we consider transactions or events not related to our core business operations that are excluded to arrive at Adjusted EBITDA:

Currency losses, net:
We incurred currency gains and losses on monetary assets and liabilities denominated in foreign currencies other than the subsidiaries' functional currency. Substantially all such currency gains (losses)

are unrealized. In addition, currency gains and losses include any mark-to-market and periodic cash settlements related to our currency forward contracts.

Change in fair value of contingent consideration:
We recorded the non-cash change in fair value of an acquisition related earnout agreement. See Note 15 in our consolidated financial statements for more information on the fair value of the earnout.

Loss on sale of business:
On October 30, 2015, we completed the sale of Eurobras, which resulted in the Company ceasing operations in Brazil. As such, we recognized a loss for the year ended December 31, 2015 of $33.3 million. We incurred additional losses on the sale of Eurobras in 2016 of $2.5 million.

Goodwill and other impairment charges:
We incurred non-cash costs associated with impairment charges to goodwill during the year ended December 31, 2016. We also incurred impairment charges on goodwill, intangible assets, rental equipment and property, plant and equipment during the year ended December 31, 2015. We also incurred impairment charges on goodwill and rental equipment during the year ended December 31, 2014. See Notes 3, 4, and 5 in our consolidated financial statements for more information on the rental equipment; property, plant and equipment; goodwill and other intangible impairment charges.

Restructuring costs:
We incurred costs associated with restructuring plans designed to streamline operations and reduce costs. See Note 16 in our consolidated financial statements for more information on restructuring charges.

Sponsor management fees:
We incurred costs from our principal owner, TDR, for monitoring fees and consulting and management advisory services. See Note 19 in our consolidated financial statements for more information on sponsor management fees.

Other expense:
Other expense includes consulting expenses related to certain one-time projects, financing costs not classified as interest expense, gains and losses on disposals of property, plant, and equipment, and non-cash charges for our share-based compensation plans.

Business Segments

Our financial results are aggregated into three geographic areas, Americas, Europe, and Asia Pacific and operating results are similarly defined, and reviewed by management, geographically. All of our locations operate in their local currency and fluctuations in foreign currency exchange rates can have a major impact on our financial results. As discussed above, we believe that the presentation of results on a constant currency basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods.

The following tables and discussion summarize our geographical financial information, in millions of dollars, for the years ended December 31, 2016, 2015 and 2014, on a constant currency basis. In the comparison of 2016 to 2015, the 2016 results have been translated at the 2015 actual exchange rates. In the comparison of 2015 to 2014, the 2015 results have been translated using the 2014 actual exchange rates.

Business Segment Results
Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments, and Eliminations	Consolidated
Year Ended December 31, 2016	**Americas**	**Europe**	**Asia Pacific**	**Total**			
Leasing and services revenue:							
Modular space leasing	$ 286.3	$ 418.4	$ 59.9	$ 764.6	$ (20.5)	$ (0.1)	$ 744.0
Modular space delivery and installation	82.5	125.4	37.4	245.3	(5.4)	-	239.9
Remote accommodations	154.0	-	31.2	185.2	(0.3)	-	184.9
Sales:							
New unit sales	39.5	190.7	93.8	324.0	(8.7)	(0.7)	314.6
Rental units sales	22.1	8.5	5.2	35.8	(0.9)	-	34.9
Revenue	$ 584.4	$ 743.0	$ 227.5	$ 1,554.9	$ (35.8)	$ (0.8)	$ 1,518.3
Adjusted EBITDA	$ 221.2	$ 190.4	$ 21.8	$ 433.4	$ (7.4)	$ (23.2)	$ 402.8
Capital expenditures	$ 71.8	$ 120.4	$ 13.6	$ 205.8	$ (5.4)	$ 0.1	$ 200.5
Year Ended December 31, 2015							
Leasing and services revenue:							
Modular space leasing	$ 303.7	$ 378.1	$ 66.4	$ 748.2	$ -	$ -	$ 748.2
Modular space delivery and installation	84.0	124.5	23.0	231.5	-	0.1	231.6
Remote accommodations	182.4	-	42.9	225.3	-	-	225.3
Sales:							
New unit sales	54.6	196.1	68.9	319.6	-	(4.7)	314.9
Rental units sales	15.9	8.9	3.5	28.3	-		28.3
Revenue	$ 640.6	$ 707.6	$ 204.7	$ 1,552.9	$ -	$ (4.6)	$ 1,548.3
Adjusted EBITDA	$ 224.2	$ 176.4	$ 38.3	$ 438.9	$ -	$ (28.9)	$ 410.0
Capital expenditures	$ 182.4	$ 85.8	$ 8.2	$ 276.4	$ -	$ 2.1	$ 278.5

Americas

Revenue:

Total revenue decreased $56.2 million, or 8.8%, to $584.4 million for the year ended December 31, 2016 from $640.6 million for the year ended December 31, 2015. Modular space leasing revenue declined $17.4 million, or 5.7%, due primarily to lower utilization and modular rental rates in Canada associated with reduced commodity sector demand and the sale of Eurobras in 2015. Remote accommodations revenue declined $28.4 million, or 15.6%, due to a reduction in average rooms on rent. New unit sales revenue decreased $15.1 million, or 27.7%, associated with reduced sale opportunities in US and Canada and decreased major projects revenue as a result of a strategic shift away from this market. Rental unit sales revenue increased $6.2 million, or 39.0%, offsetting a portion of the decrease.

Adjusted EBITDA:

Adjusted EBITDA decreased $3.0 million, or 1.3%, to $221.2 million for the year ended December 31, 2016 from $224.2 million for the year ended December 31, 2015. This decrease was primarily driven by lower remote accommodations volume and margin, reduced new sales activity in the US and Canada, and lower modular space margin in Canada due to declines in volume and rental rates. This decrease was partially offset by VAPS gross profit driven by higher volumes, as well as reduced SG&A expenses principally associated with the sale of Eurobras.

Capital Expenditures:

Capital expenditures decreased $110.6 million, or 60.6%, to $71.8 million for the year ended December 31, 2016 from $182.4 million for the year ended December 31, 2015. That decrease was driven by reduced remote accommodation capital expenditures, from the higher than usual 2015 capital expenditures related to a new remote accommodation facility, reduced capital expenditures in the US from the higher level experienced in 2015, and reduced capital expenditures Canada due to current market conditions.

Europe

Revenue:

Total revenue increased $35.4 million, or 5.0%, to $743.0 million for the year ended December 31, 2016 from $707.6 million for the year ended December 31, 2015. The revenue increase was driven by a $40.3 million, or 10.7%, increase in modular space leasing revenue as a result of increases in units on rent, rental rates, and VAPS volume. These increases include the impact of the asylum seeker opportunity in Germany. This increase was partially offset by new unit sales revenue and rental unit sales revenue which decreased by $5.4 million, or 2.8%, and $0.4 million, or 4.5%, respectively. These decreases were driven by reduced new sale opportunities in France and the UK, and lower volume of rental unit sales in the smaller countries as utilization rates improved.

Adjusted EBITDA:

Adjusted EBITDA increased $14.0 million, or 7.9%, to $190.4 million for the year ended December 31, 2016 from $176.4 million for the year ended December 31, 2015. The increase was primarily driven by higher modular space leasing margins related to the asylum seeker opportunity in Germany and VAPS volume throughout Europe. The increase in modular space leasing gross profit included a non-recurring contract termination fee which contributed approximately $8 million in Adjusted EBITDA. The increase in SG&A expenses partially offset the improved gross profit.

Capital Expenditures:
Capital expenditures increased $34.6 million, or 40.3%, to $120.4 million for the year ended December 31, 2016 from $85.8 million for the year ended December 31, 2015. That increase was primarily driven by increased new fleet investment and fleet refurbishment in Germany, partially associated with the asylum seeker opportunity, as well as additional fleet investment in France and the UK.

Asia Pacific

Revenue:
Total revenue increased $22.8 million, or 11.1%, to $227.5 million for the year ended December 31, 2016 from $204.7 million for the year ended December 31, 2015. The increase is primarily the result of a $24.9 million, or 36.1%, increase in new unit sales revenue and a $14.4 million, or 62.6%, increase in modular space delivery and installation revenue driven by several large projects in Australia and New Zealand. Rental unit sales revenue increased $1.7 million, or 48.6%. The increase was offset by a $6.5 million, or 9.8%, decline in modular space leasing revenue driven by lower rental rates, and an $11.7 million, or 27.3%, decline in remote accommodations revenue associated with market conditions in Australia spurred by continued downward pricing pressure in the commodities related energy and natural resources sectors.

Adjusted EBITDA:
Adjusted EBITDA decreased $16.5 million, or 43.1%, to $21.8 million for the year ended December 31, 2016 from $38.3 million for the year ended December 31, 2015. The decrease was primarily a result of lower gross profit, partially offset by lower SG&A expenses. The decline in gross profit is primarily associated with the lower modular rental rates and the lower remote accommodations camp occupancy.

Capital Expenditures:
Capital expenditures increased $5.4 million, or 65.9%, to $13.6 million for the year ended December 31, 2016 from $8.2 million for the year ended December 31, 2015. The increase was driven by additional modular fleet investments in China associated with the leasing volume growth. We continue to minimize capital investments in Asia Pacific given current market conditions.

Corporate Adjustments and Eliminations

Revenue:
Total corporate adjustments and eliminations to consolidated revenue were ($0.8) million and ($4.6) million for the years ended December 31, 2016 and 2015, respectively. The corporate adjustments to revenue primarily pertain to the elimination of intercompany leasing and sales transactions between the business segments.

Adjusted EBITDA:
Total corporate adjustments and eliminations to consolidated adjusted EBITDA decreased $5.7 million, to ($23.2) million for the year ended December 31, 2016 from ($28.9) million for the year ended December 31, 2015. The decrease was primarily a result of lower corporate SG&A expenses as a result of reduced headcount, reduced employee incentives and lower legal and professional fees.

Capital Expenditures:
Total corporate adjustments to consolidated capital expenditures were $0.1 million and $2.1 million for the years ended December 31, 2016 and 2015, respectively. These amounts are primarily the capital expenditures attributable to the corporate functions.

Business Segments
Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments, and Eliminations	Consolidated
Year Ended December 31, 2015	**Americas**	**Europe**	**Asia Pacific**	**Total**			
Leasing and services revenue:							
Modular space leasing	$ 314.6	$ 437.8	$ 79.3	$ 831.7	$ (83.5)	$ -	$ 748.2
Modular space delivery and installation	86.1	144.5	27.2	257.8	(26.2)	-	231.6
Remote accommodations	183.0	-	51.7	234.7	(9.4)	-	225.3
Sales:							
New unit sales	56.8	224.1	81.4	362.3	(41.7)	(5.7)	314.9
Rental units sales	16.6	10.6	4.2	31.4	(3.1)	-	28.3
Revenue	$ 657.1	$ 817.0	$ 243.8	$ 1,717.9	$ (163.9)	$ (5.7)	$ 1,548.3
Adjusted EBITDA	$ 226.6	$ 205.5	$ 46.0	$ 478.1	$ (38.7)	$ (29.4)	$ 410.0
Capital expenditures	$ 183.6	$ 100.2	$ 9.5	$ 293.3	$ (16.8)	$ 2.1	$ 278.6
Year Ended December 31, 2014							
Leasing and services revenue:							
Modular space leasing	$ 324.8	$ 438.0	$ 100.3	$ 863.1	$ -	$ (0.6)	$ 862.5
Modular space delivery and installation	85.0	147.0	32.4	264.4	-	0.5	264.9
Remote accommodations	139.5	-	66.6	206.1	-	-	206.1
Sales:							
New unit sales	89.4	168.7	100.5	358.6	-	(1.1)	357.5
Rental units sales	24.9	12.6	6.2	43.7	-	-	43.7
Revenue	$ 663.6	$ 766.3	$ 306.0	$ 1,735.9	$ -	$ (1.2)	$ 1,734.7
Adjusted EBITDA	$ 216.6	$ 190.3	$ 75.0	$ 481.9	$ -	$ (41.1)	$ 440.8
Capital expenditures	$ 116.9	$ 94.7	$ 28.7	$ 240.3	$ -	$ 2.0	$ 242.3

Americas

Revenue:
Total revenue decreased $6.5 million, or 1.0%, to $657.1 million for the year ended December 31, 2015 from $663.6 million for the year ended December 31, 2014. This decrease was primarily attributable to a $32.6 million, or 36.5%, decline in new unit sales revenue associated with reduced sale opportunities in the US and Canada, as well as a $10.2 million, or 3.1%, decline in modular space leasing revenue due primarily to lower utilization and modular rental rates in Canada associated with reduced commodity sector demand. The revenue decline also included an $8.3 million, or 33.3%, decline in rental unit sales revenue in the US and Canada. These declines were offset by a $43.5 million, or 31.2%, increase in remote accommodations revenue as a result of additional rooms on rent associated with a new facility.

Adjusted EBITDA:
Adjusted EBITDA increased $10.0 million, or 4.6%, to $226.6 million for the year ended December 31, 2015 from $216.6 million for the year ended December 31, 2014. This increase was primarily driven by an increase in gross profit and a decrease in SG&A costs. The increase in gross profit was due to improved remote accommodations gross profit, associated with a new facility. The decrease in SG&A costs was driven by lower employee costs associated with reduced headcount. These increases to adjusted EBITDA were partially offset by reduced modular space gross profit in Canada and Brazil associated with lower utilization.

Capital Expenditures:
Capital expenditures increased $66.7 million, or 57.1%, to $183.6 million for the year ended December 31, 2015 from $116.9 million for the year ended December 31, 2014. The net increase was driven by increased new fleet investment and modular refurbishment expenditures in the US primarily offset by a market driven reduction of new fleet purchases in Canada.

Europe

Revenue:
Total revenue increased $50.7 million, or 6.6%, to $817.0 million for the year ended December 31, 2015 from $766.3 million for the year ended December 31, 2014. The revenue increase was driven by a $55.4 million, or 32.8%, increase in new unit sales revenue due to volume increases in France, Germany, and the UK.

Adjusted EBITDA:
Adjusted EBITDA increased $15.2 million, or 8.0%, to $205.5 million for the year ended December 31, 2015 from $190.3 million for the year ended December 31, 2014. The increase was primarily a result of higher gross profit, driven by higher new sales and VAPS gross profit as a result of higher volumes, as well as by lower SG&A associated with reduced employee costs and bad debt expense.

Capital Expenditures:
Capital expenditures increased $5.5 million, or 5.8%, to $100.2 million for the year ended December 31, 2015 from $94.7 million for the year ended December 31, 2014. That increase was driven by increased new fleet investment and fleet refurbishment in France and Germany partially offset by reduced fleet refurbishment in the UK.

Asia Pacific

Revenue:
Total revenue decreased $62.2 million, or 20.3%, to $243.8 million for the year ended December 31, 2015 from $306.0 million for the year ended December 31, 2014. The decrease is primarily the result of a $21.0 million, or 20.9%, decline in modular space leasing revenue and a $19.1 million, or 19.0%, decline in new unit sales revenue due to market conditions in Australia spurred by continued downward pricing pressure in the commodities related energy and natural resources sectors. Remote accommodations revenue declined $14.9 million, or 22.4%, due to reduced utilization and rental rates associated with the lower demand.

Adjusted EBITDA:
Adjusted EBITDA decreased $29.0 million, or 38.7%, to $46.0 million for the year ended December 31, 2015 from $75.0 million for the year ended December 31, 2014. The decrease was primarily a result of lower gross profit, partially offset by lower SG&A expenses. The decline in gross profit is primarily associated with the lower modular units on rent and the lower remote accommodations occupancy.

Capital Expenditures:
Capital expenditures decreased $19.2 million, or 66.9%, to $9.5 million for the year ended December 31, 2015 from $28.7 million for the year ended December 31, 2014. We continue to minimize capital investments in Asia Pacific given current market conditions.

Corporate Adjustments and Eliminations

Revenue:
Total corporate adjustments and eliminations to consolidated revenue were ($5.7) million and ($1.2) million for the years ended December 31, 2015 and 2014, respectively. The corporate adjustments to revenue primarily pertain to the elimination of intercompany leasing and sales transactions between the business segments.

Adjusted EBITDA:
Total corporate adjustments and eliminations to consolidated adjusted EBITDA decreased $11.7 million, to ($29.4) million for the year ended December 31, 2015 from ($41.1) million for the year ended December 31, 2014. The decrease was primarily a result of lower corporate SG&A expenses as a result of reduced headcount, reduced employee incentives and lower legal and professional fees.

Capital Expenditures:
Total corporate adjustments to consolidated capital expenditures were $2.1 million and $2.0 million for the years ended December 31, 2015 and 2014, respectively. These amounts are primarily the capital expenditures attributable to the corporate functions.

Liquidity and Capital Resources

The following summarizes our cash flows for the years ended December 31, 2016, 2015 and 2014 on an actual currency basis (in thousands):

	Year ended December 31,		
	2016	2015	2014
Cash flow from operating activities	$ 92,764	$ 173,644	$ 231,708
Cash flow from investing activities	(155,942)	(244,947)	(197,557)
Cash flow from financing activities	74,597	81,009	(31,157)

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations, borrowings under our Extended ABL Revolver and financing arrangements from TDR and other providers. The availability under our ABL Revolver was $50.7 million at December 31, 2016, after consideration of the applicable covenant thresholds. Under the terms of the Extended ABL Revolver, the availability at December 31, 2016 would have been $40.7 million. The amount which the Company can borrow under the ABL Revolver is based on a defined formula of available assets, principally tangible assets calculated monthly (the “borrowing base”). The borrowing base at December 31, 2016 was the equivalent of $1,065.6 million. The borrowing base was reduced by $27.2 million in February 2017 as a result of the semi-annual borrowing base valuation process.

We anticipate that our principal uses of cash will be to fund capital expenditures, provide working capital, meet debt service requirements and finance our strategic plans. Our Senior Secured Notes and Senior Unsecured Notes, with an aggregate principal amount of approximately $2,129 million as of December 31, 2016, provide for semi-annual interest payments on April 15th and October 15th. Accordingly, our cash flow requirements during April 2017, October 2017 and April 2018 each include approximately $100 million of interest payments associated with our Senior Secured Notes and Senior Unsecured Notes. We will also seek to finance our capital expenditures and other cash requirements through purchase money, capital lease, sale-leaseback or other debt arrangements, including those from our primary equity owner, that provide liquidity or favorable borrowing terms, or through other means such as one or more sale of assets, to the extent that they are permitted under the terms of our borrowing arrangements. We have entered into financing agreements with our primary equity owner in the amount of approximately $97.0 million during 2016 and have borrowed $94.8 million under these facilities through December 31, 2016. As more fully described in Note 7 of our consolidated financial statements, in March 2017, we entered into a $75.0 million senior unsecured loan agreement with an affiliate of TDR. Also, as more fully described in Note 7 of our consolidated financial statements, in February 2017, we amended the terms of the existing sale-leaseback agreements with an entity controlled by our primary equity owners that increased that facility by €50 million.

The Company has taken a number of actions to fund its continued operations and meet the Company’s obligations. Based on our current level of operations, estimated cash generated from operations, working capital requirements, estimated capital expenditures and debt service requirements and the consideration of our existing sources of liquidity, including available cash and availability under our Extended ABL Revolver we will be required to enter into additional facilities to provide liquidity or otherwise raise cash to fund our current obligations, projected working capital requirements, debt service requirements, and capital spending requirements in the twelve months from the date of issuance. Those additional sources of liquidity may include purchase money, capital leases, deferral of payment of management fees to our primary equity owner, sale-leaseback or other debt arrangements, including those from our primary equity owner, or through other means such as reducing capital expenditures or additional asset sales. Based on our current level of operations and available cash, management believes our cash flows from operations, together with the availability under the Extended ABL Revolver and additional sources of financing, including those from the our primary equity owner, will provide sufficient liquidity to fund our current obligations, projected working capital requirements, debt service requirements, and capital spending requirements for one year from the date of the issuance of our consolidated financial statements on March 31, 2017.

Sale-Leaseback Agreements

As more fully disclosed in Note 7 and 19 of our consolidated financial statements, in 2016, the Company entered into sale-leaseback agreements with affiliates of TDR, variable interest entities, for certain rental fleet. Under the terms of those sale-leaseback agreements, the TDR affiliates have the ability to require the Company to repurchase those fleet units two years after the commencement of the sale-leaseback program. At December 31, 2016, the maximum availability to the Company under the sale-leaseback agreements was €50.0 million. In February 2017, the availability of the sale-leaseback agreements increased by €50 million to an aggregate amount of €100 million. The TDR affiliates, or its creditors, do not have recourse to the general credit of entities included in the Company. Under the terms of the agreements, lease payments include interest at 12.5% per annum. The terms of the agreements, including the TDR affiliates’ ability to require the Company to repurchase the fleet units, result in these transactions being accounted for as capital leases. We believe that the terms of the sale-leaseback agreements were at arm’s length.

Receivables Sale Agreement

As more fully disclosed in Note 7 and 19 of our consolidated financial statements, The Company has €21.8 million in outstanding debt with a TDR affiliate. The debt arose from a receivables sale agreement that a French subsidiary of the Company entered into in July 2016 with the TDR affiliate. The receivables sale agreement was amended on October 31, 2016. That amendment resulted in the receivables being transferred back to the French subsidiary and extended the maturity date to April 1, 2017. The TDR affiliate has agreed to defer repayment of the outstanding principal and interest under this agreement until April 2018. The interest rate under this agreement is 2.17% per annum.

Additional Senior Secured Notes

In November 2016, a subsidiary of the Company, Algeco Scotsman Global Finance plc, issued $20.0 million of additional Senior Secured Notes to an affiliate of TDR. As a result of this issuance, there were $1,095.0 million and €275.0 million of Senior Secured Notes outstanding.

Senior Unsecured Loan Agreement

As more fully disclosed in Note 7 of our consolidated financial statements, in March 2017, a subsidiary of the Company, Algeco Scotsman Global Finance plc, entered into a senior unsecured loan agreement with an affiliate of TDR. The agreement provides for borrowings in an aggregate amount of up to $75.0 million; of which $62.0 million was drawn on March 31, 2017 and will be used for general corporate purposes. The Company is required to pay interest in cash on loans outstanding under the agreement at an interest rate of 8.5% per annum, payable semi-annually. The maturity date of the loan is May 31, 2017, but the Company will undertake to refinance the debt on or prior to the maturity of the loan with the proceeds of an issuance to TDR of additional Senior Secured Notes.

Cash Flows from Operating Activities

Cash provided by operating activities for the year ended December 31, 2016 was $92.8 million as compared to cash provided by operating activities of $173.6 million for year ended December 31, 2015. This decrease in cash provided by operating activities is primarily due to the lower level of cash provided by working capital including negative working capital impacts of accounts receivable, inventory and accounts payables and accrued liabilities in 2016 as compared to 2015.

Cash provided by operating activities for the year ended December 31, 2015 was $173.6 million as compared to cash provided by operating activities of $231.7 million for year ended December 31, 2014. This decrease in cash provided by operating activities is primarily due to the lower level of cash provided by working capital including negative working capital impacts including the negative working capital impacts of deferred revenue and customer deposits, associated with a deposit received in 2014 related to a remote accommodation project in the Americas, and accounts payables and accrued liabilities in 2015 as compared to 2014.

Cash Flows from Investing Activities

Cash used in investing activities for the year ended December 31, 2016 totaled $155.9 million as compared to $244.9 million for the year ended December 31, 2015, a decrease of $89.0 million. The decrease in cash used in investing activities was principally the result of a decrease in cash used of $75.6 million for the purchase of rental equipment and the effects of higher sales of rental equipment. We incurred capital expenditures for the purchase of rental equipment of $186.0 million and $261.6 million during the years ended December 31, 2016 and 2015, respectively. The decrease in capital expenditures is primarily due to a reduction of modular capital expenditures in the US from the higher level experienced in 2015 as a result of strategic capital improvements to existing fleet units and due to reduced remote accommodation capital expenditures, from the higher than usual prior year capital expenditures related to a new facility. We received proceeds from the sale of rental equipment of $39.6 million and $28.3 million during the years ended December 31, 2016 and 2015, respectively.

Cash used in investing activities for the year ended December 31, 2015 totaled $244.9 million as compared to $197.6 million for the year ended December 31, 2014, an increase of $47.3 million. The increase in cash used in investing activities was principally the result of an increase in cash used of $41.6 million for the purchase of rental equipment and the effects of lower sales of rental equipment. We incurred capital expenditures for the purchase of rental equipment of $261.6 million and $220.0 million during the years ended December 31, 2015 and 2014, respectively. We received proceeds from the sale of rental equipment of $28.3 million and $43.7 million during the years ended December 31, 2015 and 2014, respectively.

Cash Flows from Financing Activities

Cash provided by financing activities for the year ended December 31, 2016 totaled $74.6 million as compared to cash provided of $81.0 million for the year ended December 31, 2015, a decrease of $6.4 million. Cash provided by financing activities for the year ended December 31, 2016 includes $77.2 million of borrowings, net of repayments, from related parties.

Cash provided in financing activities for the year ended December 31, 2015 totaled $81.0 million as compared to cash used of $31.2 million for the year ended December 31, 2014, an increase of $112.2 million. The increase was primarily due to a $120.8 million increase in the level of net receipts of borrowings in 2015 compared to net proceeds from borrowings in 2014. The increase was partially offset by an increase in cash used for the payment of financing costs and capital lease obligations in 2016.

Our financing activities are more fully disclosed in Note 7 of our consolidated financial statements.

Contractual Obligations

The following table presents information relating to our contractual obligations and commercial commitments as of December 31, 2016, after giving effect to the Extended ABL Revolver (in thousands):

	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Long-term indebtedness, including current portion and interest (a)	$ 3,601,916	$ 289,955	$ 3,286,727	$ 25,234
Contingent consideration (b)	-	-	-	-
Joint Venture obligation (c)	4,874	4,874	-	-
Capital lease obligations	93,326	13,134	63,184	17,008
Operating lease obligations	209,026	47,342	110,042	51,642
	$ 3,909,142	$ 355,305	$ 3,459,953	$ 93,884

(a) As more fully disclosed in Note 7 of our consolidated financial statements, long-term indebtedness includes borrowings and interest under our Senior Secured Notes, Senior Unsecured Notes, ABL Revolver, other debt, and financing obligations.
(b) As more fully disclosed in Note 15 of our consolidated financial statements, we have entered into an agreement that may require us to make additional payments to the former owners.
(c) As more fully disclosed in Note 10 of our consolidated financial statements, we hold an equity interest in a joint venture. The remaining amount of committed capital contributions to the joint venture is approximately $4.9 million which we are required to fund during 2017.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Seasonality

Although demand from certain of our customers is seasonal, our operations, as a whole, are not impacted in any material respect by seasonality.

Impact of Inflation

We believe that inflation has not had a material effect on our results of operations.

Qualitative and Quantitative Disclosure about Market Risk

Our primary ongoing market risks relate to foreign currency exchange rates and changes in interest rates.

Foreign Currency Risk

Our primary risk of loss regarding foreign currency exchange rate risk is caused by fluctuations in the following exchange rates: US dollar/euro, US dollar/British pound sterling, US dollar/Canadian dollar, and US dollar/Australian dollar. We have agreements with certain subsidiaries for repayment of a portion of the investments and advances made to these subsidiaries. We recognize the unrealized gains and losses, including those associated with investments and advances made to our subsidiaries, in foreign currency transaction gain (loss) on the consolidated statements of comprehensive income.

We are also exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of our subsidiaries.

We manage a portion of our exposure to fluctuations in currency risk associated with the interest payments on certain intercompany debt held in foreign currencies by entering into foreign currency forward contracts with maturities ranging from one to twenty-four months. These foreign currency forward contracts are intended to mitigate the impact of foreign currency movements on the interest payments. For further information on the foreign currency forward contracts refer to Note 14 in our consolidated financial statements.

Interest Rate Risk

Borrowings under our Extended ABL Revolver are variable rate debt. Interest rate changes generally impact the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. An increase in interest rates by 100 basis points on our variable rate debt would increase annual interest expense by approximately $8.5 million.

CONSOLIDATED FINANCIAL STATEMENTS

Algeco Scotsman Global S.à r.l.
Years Ended December 31, 2016, 2015 and 2014
With Report of Independent Auditors

Algeco Scotsman Global S.à r.l.

Table of Contents

Report of Independent Auditors........ 3
Consolidated Statements of Operations........ 4
Consolidated Statements of Comprehensive Loss........ 5
Consolidated Balance Sheets........ 6
Consolidated Statements of Changes in Shareholders' Deficit........ 7
Consolidated Statements of Cash Flows........ 8
Notes to Consolidated Financial Statements........ 9

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Building a better working world

Report of Independent Auditors

To the Shareholders of Algeco Scotsman Global S.à r.l.

We have audited the accompanying consolidated financial statements of Algeco Scotsman Global S.à r.l., which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, changes in shareholders' deficit and cash flows for each of the three years in the period ended December 31, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Algeco Scotsman Global S.à r.l. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016 in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

March 31, 2017

Algeco Scotsman Global S.à r.l.
Consolidated Statements of Operations
(Dollars in thousands)

	Year ended December 31,		
	2016	2015	2014
Revenues			
Leasing and services revenue:			
Modular space leasing	$ 744,020	$ 748,173	$ 862,478
Modular space delivery and installation	239,928	231,558	264,882
Remote accommodations	184,836	225,337	206,103
Sales:			
New units	314,551	314,955	357,491
Rental units	34,929	28,293	43,745
Total revenues	1,518,264	1,548,316	1,734,699
Costs			
Cost of leasing and services:			
Modular space leasing	192,631	193,595	212,965
Modular space delivery and installation	216,725	214,744	241,545
Remote accommodations	73,915	100,055	103,650
Cost of sales:			
New units	268,280	259,814	301,204
Rental units	18,988	17,764	26,839
Depreciation of rental equipment	205,050	217,106	214,164
Gross profit	542,675	545,238	634,332
Expenses			
Selling, general and administrative expenses	358,961	366,765	421,713
Other depreciation and amortization	28,465	46,262	57,573
Impairment losses on goodwill and intangibles	74,495	209,009	71,090
Impairment losses on rental equipment	-	2,391	12,003
Loss on sale of business	2,450	33,335	-
Restructuring costs	2,759	11,448	13,739
Currency losses, net	119,494	140,477	144,176
Change in fair value of contingent considerations	(4,581)	(50,500)	48,515
Other expense, net	1,498	1,041	2,423
Operating loss	(40,866)	(214,990)	(136,900)
Interest expense, net	202,719	197,834	207,414
Loss on extinguishment of debt	-	-	2,324
Loss before income tax	(243,585)	(412,824)	(346,638)
Income tax benefit	(1,724)	(49,727)	(7,073)
Net loss	(241,861)	(363,097)	(339,565)
Less: Net income (loss) attributable to noncontrolling interest	400	(397)	(726)
Net loss attributable to Algeco Scotsman Global S.à r.l.	$ (242,261)	$ (362,700)	$ (338,839)

See the accompanying notes which are an integral part of these consolidated financial statements.

Algeco Scotsman Global S.à r.l.
Consolidated Statements of Comprehensive Loss
(Dollars in thousands)

	Year ended December 31,		
	2016	**2015**	**2014**
Net loss	$ (241,861)	$ (363,097)	$ (339,565)
Other comprehensive income (loss), net of tax			
Foreign currency translation	94,856	40,921	474
Defined benefit plan actuarial gain (loss), net of tax (expense) benefit of ($142), $201, and $144 in 2016, 2015 and 2014, respectively	907	242	(322)
Other comprehensive income (loss), net of tax	95,763	41,163	152
Comprehensive loss	(146,098)	(321,934)	(339,413)
Less: Comprehensive income (loss) attributable to noncontrolling interest	400	(397)	(726)
Comprehensive loss attributable to Algeco Scotsman Global S.à r.l.	$ (146,498)	$ (321,537)	$ (338,687)

See the accompanying notes which are an integral part of these consolidated financial statements.

Algeco Scotsman Global S.à r.l.
Consolidated Balance Sheets
(Dollars in thousands)

	December 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 70,128	$ 60,657
Trade receivables, net of allowances for doubtful accounts of $24,999 and $24,653, respectively	267,571	264,841
Inventories	41,560	40,482
Prepaid expenses and other current assets	37,205	40,554
Total current assets	416,464	406,534
Rental equipment, net	1,708,024	1,782,654
Other property, plant and equipment, net	185,527	202,436
Goodwill	311,221	395,653
Other intangible assets, net	255,036	264,713
Other non-current assets	16,150	15,398
Total assets	$ 2,892,422	$ 3,067,388
Liabilities		
Current liabilities		
Accounts payable	$ 156,084	$ 171,957
Accrued liabilities	114,816	106,365
Accrued interest	46,130	46,283
Deferred revenue and customer deposits	87,789	89,763
Current portion of long-term debt	58,842	11,949
Total current liabilities	463,661	426,317
Long-term debt	3,209,780	3,249,204
Deferred tax liabilities	148,187	170,269
Deferred revenue and customer deposits	53,308	58,209
Other non-current liabilities	50,544	50,519
Total liabilities	3,925,480	3,954,518
Redeemable non-controlling interests	2,884	2,684
Shareholders' Deficit		
Common stock: $1.00 par, 213,289,086 shares issued and outstanding	737,831	737,831
Additional paid-in capital	1,613,356	1,612,986
Accumulated other comprehensive income	182,698	86,935
Accumulated deficit	(3,569,827)	(3,327,566)
Total shareholders' deficit	(1,035,942)	(889,814)
Total liabilities and shareholders' deficit	$ 2,892,422	$ 3,067,388

See the accompanying notes which are an integral part of these consolidated financial statements.

Algeco Scotsman Global S.à r.l.
Consolidated Statements of Changes in Shareholders' Deficit
(Dollars in thousands)

	Shares of common stock	Common stock	Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total shareholders' equity (deficit)
Balance at January 1, 2014	**213,289,086**	**737,831**	**1,614,571**	**45,620**	**(2,626,027)**	**(228,005)**
Net loss	-	-	-	-	(338,839)	(338,839)
Other comprehensive income	-	-	-	152	-	152
Balance at December 31, 2014	**213,289,086**	**737,831**	**1,614,571**	**45,772**	**(2,964,866)**	**(566,692)**
Net loss	-	-	-	-	(362,700)	(362,700)
Other comprehensive income	-	-	-	41,163	-	41,163
Decrease in redeemable non-controlling interest	-	-	(1,585)	-	-	(1,585)
Balance at December 31, 2015	**213,289,086**	**$ 737,831**	**$ 1,612,986**	**$ 86,935**	**$ (3,327,566)**	**$ (889,814)**
Net loss	-	-	-	-	(242,261)	(242,261)
Other comprehensive income	-	-	-	95,763	-	95,763
Increase in redeemable non-controlling interest	-	-	370	-	-	370
Balance at December 31, 2016	**213,289,086**	**$ 737,831**	**$ 1,613,356**	**$ 182,698**	**$ (3,569,827)**	**$ (1,035,942)**

See the accompanying notes which are an integral part of these consolidated financial statements.

Algeco Scotsman Global S.à r.l.
Consolidated Statements of Cash Flows
(Dollars in thousands)

	Year ended December 31, 2016	2015	2014
Operating activities			
Net loss	$ (241,861)	$ (363,097)	$ (339,565)
Adjustments for non-cash items:			
Depreciation and amortization	233,515	263,368	271,737
Provision for doubtful accounts	7,575	7,008	11,344
Loss on sale of business	2,450	33,335	-
Impairment losses on rental equipment	-	2,391	12,003
Impairment losses on goodwill and other intangible assets	74,495	209,009	71,090
Gain on sale of rental equipment and other property, plant and equipment	(15,942)	(8,256)	(15,975)
Loss on extinguishment of debt	-	-	2,324
Amortization of deferred debt gain	(52,472)	(50,350)	(48,398)
Amortization of deferred financing fees	15,695	15,766	16,659
Change in fair value of contingent consideration	(4,581)	(50,500)	48,515
Deferred income tax benefit	(13,772)	(59,227)	(24,319)
Restructuring impairment costs	-	1,882	-
Foreign currency adjustments	114,708	148,383	143,499
Changes in operating assets and liabilities (net of businesses acquired):			
Net trade receivables	(22,702)	24,939	16,032
Inventories	(4,424)	3,911	(6,548)
Prepaid expenses and other current assets	1,480	16,888	325
Accrued interest	(7)	584	(3,864)
Accounts payable and other accrued liabilities	3,782	(25,540)	(2,717)
Deferred revenue and customer deposits	(5,175)	3,150	79,566
Net cash flows from operating activities	92,764	173,644	231,708
Investing activities			
Proceeds from sale of rental equipment	39,623	28,293	43,745
Purchase of rental equipment	(186,008)	(261,602)	(219,956)
Proceeds from the sale of property, plant and equipment	4,904	2,035	988
Purchase of property, plant and equipment	(14,461)	(16,885)	(22,334)
Proceeds from sale of business	-	3,212	-
Net cash flows from investing activities	(155,942)	(244,947)	(197,557)
Financing activities			
Receipts from borrowings	689,979	757,002	897,954
Receipts from related party borrowings	77,616	-	-
Payment of financing costs	(3,092)	-	(3,493)
Repayment of borrowings	(683,485)	(669,241)	(927,503)
Repayment of related party borrowings	(458)	-	-
Principal payments on capital lease obligations	(5,963)	(6,752)	(488)
Capital contribution from non-controlling partner	-	-	2,373
Net cash flows from financing activities	74,597	81,009	(31,157)
Effect of exchange rate changes on cash and cash equivalents	(1,948)	(6,616)	(5,538)
Net change in cash and cash equivalents	9,471	3,090	(2,544)
Cash and cash equivalents at beginning of year	60,657	57,567	60,111
Cash and cash equivalents at end of year	$ 70,128	$ 60,657	$ 57,567
Supplemental cash flow information:			
Interest paid	$ 241,514	$ 233,761	$ 244,485
Income taxes paid, net of refunds received	$ 5,820	$ 4,200	$ 26,816
Assets acquired under capital leases	$ 4,856	$ 3,627	$ 12,458

See the accompanying notes which are an integral part of these consolidated financial statements.

1. Summary of Significant Accounting Policies

Organization and Nature of Operations

Algeco Scotsman Global S.à r.l. along with its subsidiaries (the "Company") is a limited liability company incorporated under the laws of Luxembourg. The Company, through its operating subsidiaries, engages in the leasing and sale of mobile offices, modular buildings and storage products and their delivery and installation throughout Europe, North America and Asia Pacific. The Company also provides full-service remote workforce accommodation solutions in North America and Asia Pacific.

The Company carries out its business activities principally trading under the names Williams Scotsman and Target Logistics in the United States ("US") and Canada, Algeco in Europe, Elliott in the United Kingdom ("UK"), Ausco in Australia, Portacom in New Zealand and Algeco Chengdong in China. The Company's ultimate parent is Algeco/Scotsman Holding S.à r.l. ("Holdings"), a limited liability company incorporated under the laws of Luxembourg, which is principally owned by a group of investment funds managed by TDR Capital LLP ("TDR").

Basis of Presentation

The consolidated financial statements are prepared in conformity with US generally accepted accounting principles ("GAAP").

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries that it controls due to ownership of a majority voting interest. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The Company continually evaluates its involvement with variable interest entities to determine whether it has variable interest and is the primary beneficiary of such entities. When these criteria are met, the company is required to consolidate the variable interest entity. The consolidated financial statements also reflect the impact of non-controlling interests. All intercompany balances and transactions are eliminated.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

Uses and Sources of Liquidity

The Company's principal sources of liquidity consist of existing cash and cash equivalents, cash generated from operations, borrowings under its Extended ABL Revolver, as defined in Note 7, and financing arrangements from TDR. The availability under the Company's ABL Revolver, as defined in

Note 7, was $50.7 million at December 31, 2016, after consideration of the applicable covenant thresholds. Under the terms of the Extended ABL Revolver the availability at December 31, 2016 would have been $40.7 million. The amount which the Company can borrow under the ABL Revolver is based on a defined formula of available assets, principally tangible assets calculated monthly (the "borrowing base"). The borrowing base at December 31, 2016 was the equivalent of $1,065.6 million. The borrowing base was reduced by $27.2 million in February 2017 as a result of the semi-annual borrowing base valuation process.

The Company anticipates that the principal uses of cash will be to fund capital expenditures, provide working capital, meet debt service requirements and finance the Company's strategic plans. The Company's Senior Secured and Unsecured Notes, as defined in Note 7, with an aggregate principal amount of approximately $2,129 million as of December 31, 2016, provide for semi-annual interest payments on April 15th and October 15th. Accordingly, the Company's cash flow requirements during April 2017, October 2017 and April 2018 each include approximately $100 million of interest payments associated with its Senior Secured and Unsecured Notes. The Company will also seek to finance capital expenditures and other cash requirements through purchase money, capital lease, sale-leaseback or other debt arrangements, including those from the Company's primary equity owner, that provide liquidity or favorable borrowing terms, or through other means such as one or more sales of assets, to the extent that they are permitted under the terms of the Extended ABL Revolver. The Company has entered into financing agreements with its primary equity owner in the amount of approximately $97.0 million during 2016 and has borrowed $94.8 million under these facilities through December 31, 2016. As more fully described in Note 7, in March 2017, the Company entered into a $75.0 million senior unsecured loan agreement with an affiliate of TDR. Also, as more fully described in Note 7, in February 2017, the Company amended the terms of the existing sale-leaseback agreements with an entity controlled by its primary equity owners in order to increase the facility by €50 million.

The Company has taken a number of actions to fund its continued operations and meet the Company's obligations. Based on the Company's current level of operations, estimated cash generated from operations, working capital requirements, estimated capital expenditures and debt service requirements and the consideration of its existing sources of liquidity, including available cash and availability under its Extended ABL Revolver, the Company will be required to enter into additional facilities to provide liquidity or otherwise raise cash to fund its current obligations, projected working capital requirements, debt service requirements, and capital spending requirements in the twelve months from the date of issuance of these financial statements. Those additional sources of liquidity include purchase money, capital leases, deferral of payment of management fees to the Company's primary equity owner, sale-leaseback or other debt arrangements, including those from its primary equity owner, or through other means such as reducing capital expenditures or additional asset sales. Based on the Company's current level of operations and available cash, management believes the Company's cash flows from operations, together with the availability under the Extended ABL Revolver and additional sources of financing, including those from its primary equity owner, will provide sufficient liquidity to fund the Company's current obligations, projected working capital requirements, debt service requirements, and capital spending requirements for one year from the date of the issuance of these financial statements on March 31, 2017.

(amounts in thousands, unless stated otherwise)

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

Receivables and allowances for doubtful accounts

Receivables primarily consist of amounts due from customers from the lease or sale of rental equipment, their delivery and installation, and remote accommodation services. The trade accounts receivable are recorded net of an allowance for doubtful accounts. The allowance for doubtful accounts is based upon the amount of losses expected to be incurred in the collection of these accounts. The estimated losses are based upon a review of outstanding receivables, including specific accounts and the related aging, and on historical collection experience. Specific accounts are written off against the allowance when management determines the account is uncollectible. Activity in the allowance for doubtful accounts was as follows:

	Year ended December 31,		
	2016	2015	2014
Balance at beginning of year	$ 24,653	$ 33,024	$ 38,043
Net charges to bad debt expense	7,575	7,008	11,344
Write-offs	(6,341)	(6,535)	(12,119)
Foreign currency translation and other	(888)	(8,844)	(4,244)
Balance at the end of the year	$ 24,999	$ 24,653	$ 33,024

Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade receivables. Concentrations of credit risk with respect to trade receivables are mitigated due to the Company's large number of customers in various geographic areas and many industry sectors. No single customer accounts for more than 5% of the Company's receivables at December 31, 2016 and 2015. The Company performs on-going credit evaluations of its customers. Receivables related to sales are generally secured by the product sold to the customer. The Company generally has the right to repossess its rental units in the event of non-payment of receivables relating to the Company's leasing operations.

Inventories

Inventories consist of raw materials, rental equipment in assembly (work in process), and parts and supplies (finished goods), and are measured at the lower of cost or market value. The cost of inventories is based on the weighted average cost and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing the inventories to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overhead based on normal operating capacity.

Rental equipment

Rental equipment (rental fleet) is comprised of assets held for rental to customers. Items of rental fleet are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Costs of improvements and betterments to rental equipment are capitalized when such costs extend the useful life of the equipment or increase the rental value of the unit. Costs incurred for equipment to meet a particular customer specification are capitalized and depreciated over the lease term. Maintenance and repair costs are expensed as incurred.

Depreciation of rental fleet assets is computed using the straight-line method over estimated useful lives and considering the residual value of those assets, as follows:

	Estimated Useful Life	Residual Value
Modular space fleet	3-20 years	0 – 50%
Remote accommodations	3-15 years	0 – 25%

These useful lives and residual values vary within the Company based on the type of unit, local operating conditions and local business practices. Depreciation methods, useful lives and residual values are adjusted prospectively, if a revision is determined to be appropriate.

Other property, plant and equipment

Other property, plant and equipment is stated at cost, net of accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Assets leased under capital leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated. Maintenance and repair costs are expensed as incurred.

Depreciation is generally computed using the straight-line method over estimated useful lives, as follows:

Buildings	15-40 years
Machinery and equipment	3-10 years
Furniture and fixtures	3-10 years
Software	3-7 years

Depreciation methods, useful lives and residual values are reviewed and adjusted prospectively, if appropriate.

Business combinations

Business combinations are accounted for using the acquisition method. Consideration transferred for acquisitions is measured at fair value at the acquisition date and includes assets transferred, liabilities assumed and equity issued. Acquisition costs incurred are expensed and included in selling, general and administrative expenses. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Any contingent consideration transferred by the acquirer is recognized at fair value at the acquisition date. Any subsequent changes to the fair value of contingent consideration are recognized in profit or loss. If the contingent consideration is classified as equity, it is not re-measured and subsequent settlement is accounted for within equity.

Goodwill

The Company evaluates goodwill for impairment at least annually at the reporting unit level. A reporting unit is the operating segment, or one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's reporting units that are expected to benefit from the combination. The Company evaluates changes in its reporting structure to assess whether that change impacts the composition of one or more of its reporting units. If the composition of the Company's reporting units change, goodwill is reassigned between reporting units using the relative fair value allocation approach.

The Company performs the annual impairment test of goodwill at October 1. In addition, the Company performs impairment tests during any reporting period in which events or changes in circumstances indicate that impairment may have occurred. In assessing the fair value of the reporting units, the Company considers the market approach, the income approach, or a combination of both. Under the market approach, the fair value of the reporting unit is based on quoted market prices of companies comparable to the reporting unit being valued. Under the income approach, the fair value of the reporting unit is based on the present value of estimated cash flows. The income approach is dependent on a number of significant management assumptions, including estimated future revenue growth rates, gross margin on sales, operating margins, capital expenditures, tax rates and discount rates.

If the carrying amount of the reporting unit exceeds the calculated fair value, the implied fair value of the reporting unit's goodwill is determined. The excess of the fair value of the reporting unit over the fair values of their respective assets and liabilities is the implied fair value of goodwill. An impairment charge is recognized to the extent the carrying amount of goodwill exceeds its implied fair value.

Intangible assets other than goodwill

Intangible assets that are acquired by the Company and determined to have an indefinite useful life are not amortized, but are tested for impairment at least annually. The Company's indefinite-lived intangible assets consist of trade names. The Company calculates fair value by comparing a relief-from-royalty method to the carrying amount of the indefinite-lived intangible asset. This method is used to estimate the cost savings that accrue to the owner of an intangible asset who would otherwise have to pay royalties or license fees on revenues earned through the use of the asset. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment charge would be recorded to the extent the recorded indefinite-lived intangible asset exceeds the fair value.

Other intangible assets that have finite useful lives are measured at cost less accumulated amortization and impairment losses, if any. Subsequent expenditures for intangible assets are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. Amortization is recognized in profit or loss on an accelerated basis or a straight-line basis over the estimated useful lives of intangible assets. The Company has customer relationship assets with lives ranging from 5 to 12 years and a non-compete agreement with a useful life of 5 years. Amortization of intangible assets is included in other depreciation and amortization on the consolidated statements of operations.

Impairment of long-lived assets

Fixed assets including rental equipment and other property, plant and equipment and amortizable intangible assets are reviewed for impairment as events or changes in circumstances occur indicating that the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If future net undiscounted cash flows exceed the carrying amount of an asset, no impairment is recognized. If not, such assets are considered to be impaired and the impairment is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Debt Issuance Costs

Costs associated with the issuance of debt and financing arrangements by the Company are deferred and amortized over the terms of the related debt based on the effective interest rate method. Debt issuance costs are presented by the Company as a direct deduction from the related debt.

Debt Refinancing

The Company analyzes debt refinancing on a lender by lender basis, if such lenders act as principals, to determine whether the transaction should be accounted for as a modification or extinguishment of debt. Debt that has been modified continues to be recognized at the carrying value of the original debt, plus or minus any day one increase or repayment, and an effective interest rate is determined to amortize the debt based on the new cash flows. Fees previously capitalized are amortized over the term of the new debt based on the effective interest rate method. Third-party fees directly related to the modification (such as legal fees) are expensed immediately. Fees associated with any new lender are deferred and amortized over the term of the debt based on the effective interest rate method.

If the debt is deemed to be extinguished, fees previously capitalized and any new fees incurred related to the extinguishment of debt are expensed to loss on extinguishment of debt in the consolidated statements of operations. Third-party fees directly related to the modification (such as legal fees) are amortized over the term of the new debt based on the effective interest rate method.

Any non-cash consideration provided to a lender in settlement of debt is recognized as a repayment of debt based on the fair value of the consideration transferred.

Derivative financial instruments

The Company holds derivative financial instruments to manage exposure to fluctuations in foreign currency exchange rates. Derivative financial instruments are viewed as risk management tools and have not been used for speculative or trading purposes. In addition, derivative financial instruments are entered into with major financial institutions in order to manage the Company's exposure to counterparty nonperformance on such instruments. All derivatives are recorded on the balance sheet as either assets or liabilities and are measured at fair value. The fair value of derivative financial instruments is classified as current or non-current based on the maturity of the underlying instrument. The fair value of derivative financial instruments is included in prepaid expenses and other current assets, other non-current assets, accrued liabilities and other non-current liabilities on the Company's consolidated balance sheets. The Company does not offset the derivative assets and liabilities in the consolidated balance sheets. Hedge accounting is not applied to these derivative instruments. Changes in the fair value of all derivatives are recognized within currency losses, net in the consolidated statements of operations.

Retirement benefit obligation

The Company provides post-employment benefits to certain of its employees under defined benefit plans. The fair value of defined benefit obligations is determined annually on December 31. The Company's net obligation for defined benefit pension plans is calculated separately for each plan by first estimating the net present value of future benefits that employees have earned in return for their service in the current and prior periods. Any unrecognized past service costs and the fair value of any plan assets are deducted to arrive at the net obligation. The discount rate used in the present value calculation is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually using the projected unit credit method.

The Company recognizes the underfunded or overfunded status of its defined benefit post-employment plans as a liability or asset in the balance sheet, with changes in the funded status recorded through comprehensive income in the year in which those changes occur.

The expected return on plan assets is determined using the expected rate of return and a calculated value of plan assets referred to as the market-related value of plan assets. Differences between assumed and actual returns are amortized on a straight-line basis over the average remaining service period to retirement date of active plan participants or, for retired participants, the average remaining life expectancy.

The Company uses the corridor approach in the valuation of defined benefit plans. The corridor approach defers all actuarial gains and losses resulting from variances between actual results and economic estimates or actuarial assumptions. For defined benefit pension plans, these unrecognized gains and losses are amortized when the net gains and losses exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. The amount in excess of the corridor is amortized over the average remaining service period to retirement date of active plan participants or, for retired participants, the average remaining life expectancy.

Asset Retirement Obligations

The Company recognizes asset retirement obligations ("ARO"s) related to legal obligations associated with the operation of the Company's remote accommodation facilities and certain branches. The fair values of these AROs are recorded on a discounted basis, at the time the obligation is incurred and accreted over time for the change in present value. The Company capitalizes asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these costs over the remaining useful life.

Redeemable Non-controlling Interest

Redeemable interest held by third parties in subsidiaries owned or controlled by the Company is reported on the consolidated balance sheets outside permanent equity. As these redeemable non-controlling interests provide for redemption features not solely within the control of the issuer, the Company classifies such interests outside of permanent equity in accordance with ASC 480-10, *Distinguishing Liabilities from Equity*. All redeemable non-controlling interest reported in the consolidated statements of operations reflects the respective interests in the income or loss after income taxes of the subsidiaries attributable to the other parties, the effect of which is removed from the net loss available to the Company. The Company measures the interest at the amount of cash that would be paid under the conditions specified in the contract if settlement occurred at the reporting date.

Common stock

The Company's outstanding shares are classified as equity. Incremental costs directly attributable to the issuance of those shares are recognized as a deduction from equity, net of any tax effects.

Share-based payments

The Company maintains certain share-based payment plans. The terms of those plans result in the awards being treated as liability plans. When the liability is dependent on a performance condition outside of the Company's control no accrual is made unless the performance condition is probable of being achieved. The cost of awards under these plans is measured initially at fair value at the grant date, which is the date at which the Company and the participants have a shared understanding of the terms and conditions of the arrangement. The fair value is expensed over the applicable service period with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date with changes in fair value attributed to vested awards recognized as expense in the period.

Foreign currency transactions and translation

The Company's reporting currency is the US Dollar ("USD"). Exchange rate adjustments resulting from foreign currency transactions are recognized in profit or loss, whereas effects resulting from the translation of financial statements are reflected as a component of accumulated other comprehensive income (loss), a component of shareholders' equity.

The assets and liabilities of subsidiaries whose functional currency is different from the USD are translated into USD at exchange rates at the reporting date and income and expenses are translated using average exchange rates for the respective period.

Exchange rate adjustments resulting from transactions in foreign currencies (currencies other than the Company entities' functional currencies) are translated to the respective functional currencies using exchange rates at the dates of the transactions and are recognized in profit or loss.

Foreign exchange gains and losses arising from a receivable or payable to a consolidated Company entity, the settlement of which is neither planned nor anticipated in the foreseeable future, are considered to form part of a net investment in the Company entity and are included within accumulated other comprehensive income.

Revenue recognition

The Company generates revenue from leasing rental equipment, delivery, installation, maintenance and removal services, remote accommodation services, including other services related to accommodation services, and sales of new and used rental equipment. The Company enters into arrangements with a single deliverable as well as multiple deliverables. Revenue under arrangements with multiple deliverables is recognized separately for each unit of accounting with the arrangement consideration allocated based on the relative selling price method.

Leasing and services revenue

Income from operating leases is recognized on a straight-line basis over the lease term. Delivery, installation, maintenance and removal services associated with rental activities are recognized upon completion of the related services.

The Company's lease arrangements typically include lease deliverables such as the lease of modular or portable storage units and related services including delivery, installation, maintenance and removal services. Arrangement consideration is allocated between lease deliverables and non-lease deliverables based on the relative estimated selling (leasing) price of each deliverable. Estimated selling (leasing) price of the lease deliverables is based on the price of those deliverables when sold separately or based upon the best estimate of selling price method.

Revenue related to remote accommodations such as lodging and related ancillary services is recognized in the period in which services are provided pursuant to the terms of contractual relationships with the customers. In some contracts, rates may vary over the contract term. In these cases, revenue is generally recognized on a straight-line basis over the contract.

When leases and services are billed in advance, recognition of revenue is deferred until services are rendered. If equipment is returned prior to the contractually obligated period, the excess, if any, between the amount the customer is contractually required to pay over the cumulative amount of revenue recognized to date, is recognized as incremental revenue upon return.

Sales revenue

Sales revenue is primarily generated by the sale of new and used units. Revenue from the sale of new and used units is recognized upon delivery when the significant risks and rewards of ownership have been transferred to the buyer, the price is fixed and determinable and collectability is reasonably assured.

For direct financing leases where the Company is a lessor, the revenue recognized consists of the amortization of the unearned income over the lease term to produce a constant periodic rate of return on the net investment in the lease. For sales-type leases, sales revenue and the related receivable are recognized upon delivery and installation of the equipment and the unearned income is recognized over the lease term on a basis which results in a constant periodic rate of return on the net investment in the lease.

A portion of the Company's results are derived from long-term contracts to customers for the sale of equipment and provision of services. Revenue under these construction-type contracts is generally recognized using percentage of completion accounting. Construction-type contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that those variations will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract determined by reference to the proportion of the costs incurred to date compared to estimated total costs under the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss. For construction contracts in progress, a single asset (costs in excess of billings) or liability (deferred revenue) is presented for the total of costs incurred and recognized profits, net of progress payments and recognized losses, in the consolidated balance sheets.

Advertising and Promotion

Advertising and promotion expense, which is expensed as incurred, was $7,333, $7,730 and $8,824 for the years ended December 31, 2016, 2015 and 2014, respectively.

Shipping Costs

The Company includes costs to deliver rental equipment to customers in cost of leasing and services and cost of sales.

Income taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes that it is more likely than not that these assets will be realized. In making such determination, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent results of operations. Valuation allowances are recorded to reduce the deferred tax assets to an amount that will more likely than not be realized.

Deferred tax liabilities are recognized for the income taxes on the undistributed earnings of wholly-owned foreign subsidiaries unless such earnings are permanently reinvested, or will only be repatriated when possible to do so at minimal additional tax cost. Current income tax relating to items recognized directly in equity is recognized in equity and not in profit (loss) for the year.

The Company assesses the likelihood that each of the deferred tax assets will be realized. To the extent management believes realization of any deferred tax assets are not more likely than not the Company establishes a valuation allowance. When a valuation allowance is established or there is an increase in an allowance in a reporting period, tax expense is generally recorded in the Company’s consolidated statement of operations. Conversely, to the extent circumstances indicate that a valuation allowance is no longer necessary, that portion of the valuation allowance is reversed, which generally reduces the Company’s income tax expense.

Fair value measurements

The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The inputs are prioritized into three levels that may be used to measure fair value:

Level 1: Inputs that reflect quoted prices for identical assets or liabilities in active markets that are observable.

Level 2: Inputs that reflect quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3: Inputs that are unobservable to the extent that observable inputs are not available for the asset or liability at the measurement date.

Recently issued accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, with amendments in 2015 and 2016. The guidance clarifies the principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance affects entities that enter into contracts with customers to transfer goods or services, and supersedes prior GAAP guidance, namely Accounting Standards Codification ("ASC") *Topic 605 − Revenue Recognition*. The new standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized in retained earnings as of the date of adoption ("modified retrospective basis"). The new standard will be effective as of the beginning of the fiscal year ending December 31, 2018. The Company expects to adopt this standard on the modified retrospective basis, and it is currently evaluating the impact of the pronouncement on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This guidance revises existing practice related to accounting for leases under ASC Topic 840 *Leases (ASC 840)* for both lessees and lessors. The new guidance requires lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The lease liability will be equal to the present value of lease payments and the right-of-use asset will be based on the lease liability, subject to adjustment such as for initial direct costs. For income statement purposes, the new standard retains a dual model similar to ASC 840, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current accounting by lessees for operating leases under ASC 840) while finance leases will result in a front-loaded expense pattern (similar to current accounting by lessees for capital leases under ASC 840). While the new standard maintains similar accounting for lessors as under ASC 840, the new standard reflects updates to, among other things, align with certain changes to the lessee model. The new standard will be effective as of the beginning of the fiscal year ending December 31, 2019. Early adoption is permitted. The Company is currently evaluating the impact of the pronouncement on its consolidated financial statements.

(amounts in thousands, unless stated otherwise)

2. Inventories

The classification of inventories at December 31 was as follows:

	2016	2015
Raw materials and consumables	$ 29,083	$ 29,799
Work in process	8,351	5,326
Finished goods	4,126	5,357
	$ 41,560	$ 40,482

3. Rental equipment, net

Rental equipment, net at December 31 consisted of the following:

	2016	2015
Modular space fleet	$ 2,526,810	$ 2,548,514
Remote accommodations	400,914	401,267
	2,927,724	2,949,781
Less: accumulated depreciation	(1,219,700)	(1,167,127)
Rental equipment, net	$ 1,708,024	$ 1,782,654

Included in rental equipment are certain assets under capital leases. The gross cost of rental equipment assets under capital leases was $75,970 and $14,196 as of December 31, 2016 and 2015, respectively. The accumulated depreciation related to rental equipment assets under capital leases totaled $16,491 and $8,312 as of December 31, 2016 and 2015, respectively. The depreciation expense of these assets is presented in depreciation of rental equipment in the consolidated statements of operations. As more fully disclosed in Note 7, the Company has entered into an equipment financing arrangement. The net book value of the assets acquired through the financing arrangement that are included in rental equipment was $15,469 and $16,615 as of December 31, 2016 and 2015, respectively.

In 2015 and 2014 the Company recognized impairment charges of rental equipment of $2,391 and $12,003, respectively. Generally, these impairment charges are associated with the Company’s intent to dispose of the related rental equipment. The impairment charge recognized during 2015 pertains to the reporting unit in Australia and is as a result of lower demand for certain unit types in the region. During 2014, the Company recognized impairments as a result of exiting operations in certain countries and the planned sale of one of the Company’s remote accommodation camps.

The fair value of these assets was determined by a method that trends the historic cost of the assets and considers other factors such as physical deterioration, functional obsolescence and economic obsolescence. Fair value was also evaluated based upon the sales value of comparable assets. The inputs utilized by management to estimate the fair value of the fleet are representative of a Level 2 fair value measurement.

(amounts in thousands, unless stated otherwise)

4. Other property, plant and equipment, net

Other property, plant and equipment, net at December 31 consisted of the following:

	2016	2015
Land	$ 103,762	$ 108,345
Buildings and leasehold improvements	134,654	138,756
Manufacturing and office equipment	111,364	116,408
Software and other	60,152	58,896
	409,932	422,405
Less: accumulated depreciation	(224,405)	(219,969)
Other property, plant and equipment, net	$ 185,527	$ 202,436

Depreciation expense related to other property, plant and equipment was $23,547, $25,187 and $27,487 for the years ended December 31, 2016, 2015 and 2014, respectively.

Included in other property, plant and equipment are certain assets under capital leases. The gross cost of property, plant and equipment assets under capital leases was $10,044 and $11,095 as of December 31, 2016 and 2015, respectively. The accumulated depreciation related to property, plant and equipment assets under capital leases was $7,609 and $8,182 as of December 31, 2016 and 2015, respectively. The depreciation expense of these assets is presented in other depreciation and amortization in the consolidated statement of operations. As more fully disclosed in Note 7, the Company has entered into various sale leaseback transactions associated with several of its branches in North America. The net book value of the assets under sale leaseback transactions that are included in property, plant, and equipment was $29,715 and $10,192 as of December 31, 2016 and 2015, respectively.

5. Goodwill and other intangible assets

The changes in the carrying amount of goodwill were as follows:

	Goodwill
Balance at January 1, 2015	$ 665,443
Impairment losses	(205,333)
Effect of movements in foreign exchange rates	(64,457)
Balance at December 31, 2015	395,653
Impairment losses	(74,495)
Effect of movements in foreign exchange rates	(9,937)
Balance at December 31, 2016	$ 311,221

The Company recognized goodwill impairment charges in 2016, 2015 and 2014 of $62,852, $89,393 and $54,585, respectively, associated with its reporting unit in Australia. The 2016 impairment was primarily a result of a decrease in anticipated cost reduction benefits and a higher weighted average cost of capital utilized in the income approach. The 2015 and 2014 impairments were primarily the result of a decline in the operating results associated with customers in the mining and extractive industries.

The Company recognized a goodwill impairment charge in 2016 of $5,531, associated with its reporting unit in Mexico. The impairment was the result of a decline in the operating results and a reevaluation of future growth.

The Company modified its reporting structure in Europe during 2016 that resulted in a reassessment of reporting units. As a result, goodwill was re-allocated to new reporting units for Benelux (Belgium and the Netherlands) and Italy using a relative fair value allocation approach. The Company also performed a goodwill impairment assessment for these reporting units and recognized impairment charges of $6,112 in 2016.

The Company recognized a goodwill impairment charge of $115,940 in 2015 associated with its remote accommodations reporting unit in North America. The impairment was the result of a decline in the operating results associated with customers in the oil and gas industries.

The Company recognized goodwill impairments in 2014 of $16,505 associated with the Brazil reporting unit as a result of declines in operating results and a reevaluation of future growth.

The Company estimated the implied fair value of goodwill using the income and market approaches. The estimate of fair value required the Company to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of reporting units and the markets in which they operate.

Accumulated goodwill impairment losses were $1,167,153, $1,092,658, and $927,170 as of December 31, 2016, 2015, and 2014 respectively.

(amounts in thousands, unless stated otherwise)

Intangible assets other than goodwill at December 31 consisted of the following:

	2016			
	Weighted average remaining life in years	**Gross carrying amount**	**Accumulated amortization**	**Net book value**
Intangible assets subject to amortization:				
Customer relationships	5.3	$ 189,711	$ (176,429)	$ 13,282
Non-compete agreements	1.2	11,400	(8,835)	2,565
Total		$ 201,111	$ (185,264)	$ 15,847
Indefinite-lived intangible assets:				
Trade names		239,189	-	239,189
Total intangible assets other than goodwill		$ 440,300	$ (185,264)	$ 255,036

	2015			
	Weighted-average remaining life in years	**Gross carrying amount**	**Accumulated amortization**	**Net book value**
Intangible assets subject to amortization:				
Customer relationships	6.5	$ 190,443	$ (174,155)	$ 16,288
Non-compete agreements	2.2	11,400	(6,555)	4,845
Total		$ 201,843	$ (180,710)	$ 21,133
Indefinite-lived intangible assets:				
Trade names		243,580	-	243,580
Total intangible assets other than goodwill		$ 445,423	$ (180,710)	$ 264,713

The Company recognized intangible impairment charges in 2015 of $776 and $2,900, associated with the trade names of its reporting units in Australia and the remote accommodations business in North America, respectively. The facts and circumstances leading to the impairments and the method for determining the fair value was consistent with the goodwill impairment charges in Australia and North America in 2015.

The aggregate amortization expense for intangible assets subject to amortization was $4,918, $21,075 and $30,086 for the years ended December 31, 2016, 2015 and 2014, respectively.

(amounts in thousands, unless stated otherwise)

The estimated aggregate amortization expense for each of the next five years is as follows:

2017	$ 4,822
2018	2,815
2019	2,405
2020	2,405
2021	2,405

6. Accrued liabilities

Accrued liabilities at December 31 consisted of the following:

	2016	2015
Accrued expenses	$ 39,042	$ 43,145
Employee benefits	47,592	38,319
Insurance reserve	5,942	6,470
Legal and other reserves	7,849	4,714
Accrued income taxes	5,349	1,996
Amounts due to affilitates	3,696	4,213
Accrued restructuring	2,565	5,714
Other accrued liabilities	2,781	1,794
	$ 114,816	$ 106,365

(amounts in thousands, unless stated otherwise)

7. Debt

The carrying value of debt outstanding at December 31 consisted of the following:

Debt description	Interest rate	Year of maturity	2016	2015
Senior secured notes – USD	8.50%	2018	$1,112,160	$1,101,726
Senior secured notes – EUR	9.00%	2018	295,670	308,042
Senior unsecured notes – USD	10.75%	2019	848,978	880,059
ABL facility – USD	varies	2018	587,875	640,912
ABL facility – CAD	varies	2018	37,860	48,345
ABL facility – GBP	varies	2018	101,562	128,379
ABL facility – AUD	varies	2018	121,558	109,028
Other debt			21,087	1,295
Related party debt and financing obligations			72,567	-
Capital lease and other financing obligations			69,305	43,367
Total debt			3,268,622	3,261,153
Less: current maturities			(58,842)	(11,949)
Total long-term debt			$3,209,780	$3,249,204

As more fully described below, the carrying value of the debt includes the excess carrying value of the modified debt that was refinanced in 2012 and 2009. Additionally, the carrying value of the debt includes debt issuance costs, including deferred lender fees incurred as a result of the 2012 refinancing. The aggregate principal amount of debt outstanding at December 31, 2016 and 2015 was $3,147.9 million and $3,099.9 million. The excess of the carrying value of debt, net of the deferred lender fees over the principal due, will be amortized as a reduction of interest expense over the remaining contractual terms of the senior secured notes, senior unsecured notes and ABL revolver as follows: 2017 - $41.7 million, 2018 - $49.3 million, and 2019 - $33.1 million.

The aggregate annual principal maturities of debt and capital lease obligations for each of the next five years are as follows:

2017	$	58,842
2018		2,303,373
2019		748,959
2020		1,610
2021		5,658

Senior Secured Notes, Senior Unsecured Notes

The Company’s senior secured and senior unsecured notes were originally issued to include $1,075.0 million and €275.0 million of fixed rate senior secured notes due October 15, 2018 (the “Senior Secured Notes”) and $745.0 million of fixed rate senior unsecured notes due October 15, 2019 (the “Senior

Unsecured Notes”). In November 2016, $20.0 million of additional 8.5% Senior Secured Notes due October 15, 2018 were issued to a TDR affiliate. As a result of this issuance, as of December 31, 2016 the total outstanding Senior Secured Notes were $1,095.0 million and €275.0 million. The Senior Secured Notes and Senior Unsecured Notes bear interest payable semi-annually. Certain of the Company’s subsidiaries organized in Australia, Canada, Hungary, New Zealand, the UK, the US, France, Germany, Luxembourg and Spain guarantee the Senior Secured Notes and the Senior Unsecured Notes.

ABL Revolver

Certain of the Company’s subsidiaries in the US, Canada, the UK, Australia and New Zealand are borrowers (the “Borrowers”) under a multicurrency asset–based revolving credit facility (the “ABL Revolver”). The ABL Revolver was amended on March 31, 2017 (see ‘Extended ABL Revolver’ below). The ABL Revolver had a maximum availability of the equivalent of $1.355 billion. The ABL Revolver was scheduled to mature on October 11, 2017. The amount which the Company could borrow was based on a defined formula of available assets, principally tangible assets calculated monthly (the “borrowing base”). The ABL Revolver was secured by a first lien on these tangible assets which comprise substantially all rental equipment, property, plant and equipment and trade receivables in the US, Canada, the UK, Australia and New Zealand. The ABL Revolver included certain financial covenants, a leverage ratio and a fixed charge coverage ratio, calculated on a Company level. These financial covenants were only subject to monitoring in the event that the Company’s borrowings under the ABL exceeded 90% of the available facility. At December 31, 2016, the financial covenants effectively limited the Company’s borrowings under the ABL to 90% of the available facility. The Company had greater than 10% availability under the ABL Revolver throughout 2016; as such, the Company was not subject to the financial covenants. The availability under the ABL Revolver was $50.7 million after consideration of the 90% covenant threshold at December 31, 2016. The borrowing base at December 31, 2016 was the equivalent of $1,065.6 million. The borrowing base was reduced by $27.2 million in February 2017 as a result of the semi-annual borrowing base valuation process.

Borrowings under the ABL Revolver bore interest payable on the first day of each quarter for the preceding quarter at a variable rate based on LIBOR or another applicable regional bank rate plus a margin. The margin varied based on the amount of total borrowings under the ABL Revolver with the margin increasing as borrowings increased. At December 31, 2016 that margin was 2.5% and the weighted average interest rate for borrowings under the ABL Revolver was 3.51%. The ABL Revolver required the payment of an annual commitment fee on the unused available borrowings of between 0.375% and 0.5% per annum.

The Company had a letter of credit sublimit of $175 million that was subject to the borrowing capacity available under the ABL Revolver. Letters of credit and bank guarantees carried fees of 2.625% of the outstanding balance and reduced the amount of available borrowings. At December 31, 2016, the Company had issued letters of credit under the ABL Revolver in the amount of $22.8 million.

Extended ABL Revolver

On March 31, 2017, the ABL Revolver was amended (as amended the “Extended ABL Revolver”) to provide for a maximum availability of the equivalent of $1.1 billion, a maturity date of July 10, 2018 and amended other terms as discussed below. As amended, an event of default will be triggered if the Exchange Offer for the PIK Loans, as more fully described in Note 20, is not completed by October 10, 2017, including through a Court Process, or the associated TDR investment commitment terminates without being fulfilled. At December 31, 2016, the outstanding borrowings under the ABL Revolver are classified as long-term debt as a result of the amendment.

Consistent with the ABL Revolver, the amount which can be borrowed under the Extended ABL Revolver is based on a defined formula of available assets, principally tangible assets calculated monthly (the “borrowing base”) and is secured by a first lien on these tangible assets which comprise substantially all rental equipment, property, plant and equipment and trade receivables in the US, Canada, the UK, Australia and New Zealand. Additionally, the Extended ABL Revolver has an availability block of $100.0 million, requires a minimum of $30.0 million of excess availability, and requires minimum cash, on the last day of each month, of $20.0 million. Availability under the Extended ABL Revolver, would have been $40.7 million at December 31, 2016 after consideration of the availability block and the excess availability requirement. The Extended ABL Revolver also includes a financial covenant regarding minimum quarterly latest twelve month “Consolidated EBITDA”, as defined in the Extended ABL Revolver, on a Company level, but no longer includes the leverage ratio and a fixed charge coverage ratio financial covenants discussed above.

Borrowings under the Extended ABL Revolver bear interest payable on the first day of each quarter for the preceding quarter at a variable rate based on LIBOR or another applicable regional bank rate plus a margin of 3.75%. The Extended ABL Revolver requires the payment of an annual commitment fee on the unused available borrowings of between 0.375% and 0.5% per annum.

The Extended ABL Revolver includes a letter of credit sublimit of $100 million that is subject to borrowing capacity. Letters of credit and bank guarantees carry fees of 3.875% of the outstanding balance and reduce the amount of available borrowings.

Other debt

The Company’s other debt at December 31, 2016 consisted of $17.5 million associated with an accounts receivable factoring agreement and $3.6 million of third-party debt associated with the Company’s subsidiaries that are not guarantors under the Senior Secured Notes and the Senior Unsecured Notes.

In 2016 a French subsidiary of the Company executed an accounts receivable factoring agreement (“AR Factoring Agreement”). Terms of the AR Factoring Agreement provide that the Company can assign up to approximately €28.0 million of accounts receivable in exchange for cash, less a reserve fund, which is controlled by the counterparty. The reserve fund is equal to 8% of the transferred accounts receivables and serves to cover accounts receivable transferred that are uncollectible due to claims, invoicing errors, and advance payments. Under the AR Factoring Agreement, the Company transfers the full right of payment for each of the receivables. The Company incurs annual commission expense of .14% of the receivables exchanged under the AR Factoring Agreement which can be adjusted annually based on the actual amounts assumed by the counterparty.

As the Company has continuing involvement in the accounts receivables balances that are transferred, the arrangement is treated as secured financing and the accounts receivables remain on the Company's consolidated balance sheet. At December 31, 2016, other debt includes $17.5 million associated with the AR Factoring Agreement.

Related party debt and financing obligations

During 2016, the Company entered into sale-leaseback agreements with affiliates of TDR, variable interest entities, for certain rental fleet. As the Company does not control the decision-making for these affiliates of TDR, the Company has concluded it is not the primary beneficiary of these variable interest entities and, accordingly these affiliates are not consolidated in the financial statements. Under the terms of those sale-leaseback agreements, the TDR affiliates have the ability to require the Company to repurchase those fleet units two years after the commencement of the sale-leaseback program, or in June 2018. At December 31, 2016, the maximum availability to the Company under the sale-leaseback agreements was €50.0 million. In February 2017, the availability of the sale-leaseback agreements increased by €50M to an aggregate amount of €100M. The TDR affiliates, or its creditors, do not have recourse to the general credit of entities included in the Company. Under the terms of the agreements, lease payments include interest at 12.5% per annum. The terms of the agreements, including the TDR affiliates' ability to require the Company to repurchase the fleet units, result in these transactions being accounted for as capital leases. At December 31, 2016, related party debt and financing obligations includes $49.7 million, net of deferred financing fees of $0.7 million associated with these sale-leasebacks.

The Company has €21.8 million in outstanding debt with a TDR affiliate. The debt arose from a receivables sale agreement that a French subsidiary of the Company entered into in July 2016 with the TDR affiliate. The receivables sale agreement was amended on October 31, 2016. That amendment resulted in the receivables being transferred back to the French subsidiary and extended the maturity date to April 1, 2017. The TDR affiliate has agreed to defer repayment of the outstanding principal and interest under this agreement until April 2018. The interest rate under this agreement is 2.17% per annum. At December 31, 2016, related party debt and financing obligations includes $22.8 million associated with the outstanding debt with the TDR affiliate.

In March 2017 a subsidiary of the Company, Algeco Scotsman Global Finance plc, entered into a senior unsecured loan agreement with an affiliate of TDR. The agreement provides for borrowings in an aggregate amount of up to $75.0 million; of which $62.0 million was drawn on March 31, 2017 and will be used for general corporate purposes. The Company is required to pay interest in cash on loans outstanding under the agreement at an interest rate of 8.5% per annum, payable semi-annually. The maturity date of the loan is May 31, 2017, but the Company will undertake to refinance the debt on or prior to the maturity of the loan with the proceeds of an issuance to TDR of additional Senior Secured

Notes previously discussed. The agreement contains covenants and events of default and complies with the terms of the Company's long-term financing arrangements.

Capital lease and other financing obligations

The Company's capital lease and financing obligations at December 31, 2016 primarily consisted of $24.3 million associated with an equipment financing arrangement, $22.4 million under sale-leaseback transactions, and $22.6 million of capital leases. The Company's capital lease and financing obligations are presented net of $1.7 million of deferred financing fees.

The $24.3 million related to the equipment financing agreement is due in March 2019 and bears interest at 11.1%. Under this agreement, the Company transferred title and ownership of certain rental equipment, assigned a portion of future lease payments, and can repurchase the rental equipment for $1 in March 2019. The outstanding amount under this agreement was $20.0 million at December 31, 2015. The agreement was amended in December 2016 for an additional $10.8 million of equipment financing.

In 2016, the Company sold four branch locations in North America for aggregate proceeds of $24.2 million and simultaneously leased the associated properties back from the various purchasers. The terms of the lease arrangements range from approximately eighteen months to ten years. Due to the terms of the lease agreements, these transactions are treated as financing arrangements. The interest rates implicit in these lease arrangements is approximately 8%.

The Company's capital leases primarily relate to real estate, equipment and vehicles and have interest rates ranging from 1.0% to 20.7%.

Carrying value of debt

The Company restructured its debt agreements in 2009 and 2012. The Company determined under ASC 470-50 *Modification and Extinguishments* that debt held by continuing lenders who participated in the refinancings represented a modification of the existing debt and as such the Company would continue to recognize the carrying value of the original debt, plus or minus any day one increases or repayments, and adjusts the effective interest rate based on the future cash flows under the new terms.

The carrying value of the original debt in excess of the current debt principal attributable to the accounting for continuing lenders as a result of the refinancing transactions that occurred in 2009 and 2012 was $145.5 million and $197.9 million as of December 31, 2016 and 2015, respectively. The impact of amortizing this excess carrying value results in a reduction in interest expense of $52.4 million, $50.4 million, and $48.4 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Loss on extinguishment of debt

The Company previously held other debt in the amount of $38.5 million to finance certain rental equipment. This debt was repaid in January 2014 in the amount of $40.8 million including interest and penalties associated with the early termination of the agreement. The Company recognized a loss on extinguishment of debt of $2.3 million for the year ended December 31, 2014 associated with the repayment of this debt.

8. Employee benefits

Defined contribution plan

For its North American employees, the Company sponsors defined contribution benefit plans that have discretionary matching contribution and profit-sharing features. For the years ended December 31, 2016, 2015 and 2014, the Company made matching contributions of $1,980, $2,488 and $1,181 to these plans, respectively. The Company did not contribute under the profit-sharing feature during 2016, 2015 and 2014.

For its European operations, the Company also sponsors defined contribution plans. The principal plans are located in the UK, Finland and the Netherlands. For the years ended December 31, 2016, 2015 and 2014 the Company contributed $1,361, $1,735 and $1,949 to these plans, respectively.

Deferred compensation plan

The Company sponsors long service reward plans in France, Germany, Belgium and the Netherlands. At December 31, 2016 and 2015, the liability recognized in the consolidated balance sheet in respect of these plans was $1,482 and $1,444, respectively.

Defined benefit plans

The Company sponsors various post-employment defined benefit plans in several countries. The largest plans are located in France, Germany and the Netherlands. The defined benefit plan in France and one of the plans in Germany are unfunded. At December 31, 2016 and 2015, the aggregate liability associated with all plans was $17,920 and $17,848, respectively. At December 31, 2016 and 2015, the fair value of all plan assets was $3,758 and $3,430, respectively. The net periodic pension costs of all plans, including reclassifications out of accumulated other comprehensive income, were $1,184, $1,071 and $1,387 for the years ended December 31, 2016, 2015 and 2014, respectively. Current pension liabilities are recorded in accrued liabilities in the consolidated balance sheet. Non-current pension liabilities are recorded in other non-current liabilities in the consolidated balance sheet.

(amounts in thousands, unless stated otherwise)

9. Other non-current liabilities

Other non-current liabilities at December 31 consisted of the following:

	2016	2015
Employee benefits	$ 21,009	$ 23,530
Contingent consideration	-	4,582
Asset retirement obligations	7,810	7,409
Other long-term liabilities	21,725	14,998
	$ 50,544	$ 50,519

10. Redeemable non-controlling interest

In 2013, the Company entered into a joint venture agreement (the "Joint Venture Agreement") with Beijing Chengdong International Modular Housing Corporation ("Beijing Chengdong"). In connection therewith, in March 2014, Algeco Chengdong International Modular Housing Co., Ltd. ("Algeco Chengdong") was established as a joint venture between the Company and Beijing Chengdong. Algeco Chengdong leases and sells modular space solutions under the brand name Algeco Chengdong.

In April 2014, the Company made an initial contribution of $2,474, representing a 51% equity interest in Algeco Chengdong. In May 2015, the Company made an additional contribution of $4,686, which increased its equity interest in Algeco Chengdong to 60%. In April 2016, the Joint Venture Agreement was amended to provide for an increase in the Company's equity interest from 60% to 65% upon regulatory approval and for an extension to September 2017 of the deadline for the Company to make additional contribution(s) totaling RMB 41,000 (approximately $5,878 based on exchange rates at December 31, 2016). The increase in the Company's equity interest became effective in September 2016. In December 2016, the Company made a contribution of RMB 6,951 (approximately $1,003 based on exchange rates at December 31, 2016).

The Joint Venture Agreement allows Beijing Chengdong the option to sell its equity interest in Algeco Chengdong (the "put option") back to the Company beginning in 2019, subject to several conditions. At December 31, 2016 and 2015, the Company measured the value of the put option at its current redemption value of approximately $2,884 and $2,684, respectively.

The Company determined that due to its ownership of the majority voting rights of Algeco Chengdong and the level of control over the operational and management policies that it is the controlling parent of Algeco Chengdong. Therefore, the Company has consolidated Algeco Chengdong in its financial statements.

The net income (loss) and comprehensive income (loss) attributable to the non-controlling interest is separately stated in the consolidated statements of operations and the consolidated statements of comprehensive loss. The net income (loss) and comprehensive income (loss) of Algeco Chengdong that was attributable to the Company was $614, ($580) and ($760) for the years ended December 31, 2016, 2015 and 2014.

(amounts in thousands, unless stated otherwise)

11. Equity

Common Stock

The Company has ten classes of shares (Classes A-J) issued and outstanding. Each share class has different dividend rights.

The Company's issued and outstanding shares are pledged to secure the obligations (the "PIK Loans") of Algeco Scotsman PIK S.A. ("AS PIK"), a wholly owned subsidiary of Holdings, under its $400.0 million original principal amount payment-in-kind loan agreement, dated May 1, 2013 (the "PIK Loan Agreement"). Neither the Company nor any of its subsidiaries are obligors or guarantors under the PIK Loans. However, to secure the obligations of AS PIK under the PIK Loans, Holdings and certain of its subsidiaries that hold minority interests in the Company granted a pledge over all of the issued and outstanding shares of the Company.

Legal reserve

Under Luxembourg law, 5% of the net profit of the year must be allocated to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution.

Accumulated other comprehensive income

Accumulated other comprehensive income at December 31 consisted of the following:

	2016	2015
Accumulated other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	$ 185,132	$ 90,276
Pension liability adjustments	(2,434)	(3,341)
	$ 182,698	$ 86,935

The following table sets forth the amounts reclassified from accumulated other comprehensive loss and into consolidated net loss for the years ended December 31, 2016, 2015 and 2014:

Accumulated Other Comprehensive Loss Components	2016	2015	2014	Affected Line Items in the Consolidated Statement of Operations
Amortization of defined pension benefit items:				
Prior service costs (net of taxes of $6, $6, and $7)	$ 27	$ 27	$ 33	SG&A Expenses
Net actuarial losses (net of taxes of $35, $42, and $18)	98	138	69	SG&A Expenses
Foreign currency translation adjustments				
Sale of foreign business (net of taxes of $0)	-	25,262	-	Loss on sale of business
Total reclassifications for the period	$ 125	$ 25,427	$ 102	

The effects of the defined benefit pension plans and sale of foreign business on accumulated other comprehensive income are discussed further in Note 9 and Note 12, respectively.

(amounts in thousands, unless stated otherwise)

12. Sale of Eurobras

On October 30, 2015, the Company completed the sale of its Brazilian subsidiary ("Eurobras"). The aggregate sale price of Eurobras was approximately $7.2 million including both amounts payable at closing and a note receivable of $5.0 million. The note receivable is payable over a seven-year period and bears interest at LIBOR. Under the terms of the transaction, the Company retained any debt associated with Eurobras. The proceeds received by the Company at closing were principally used to repay any outstanding debt of Eurobras at closing. In addition, the Company provided certain customary indemnities to the purchaser. To the extent the Company is responsible for any of these indemnities, such amounts will be deducted from amounts payable by the purchaser under the note receivable.

The sale of Eurobras resulted in the Company ceasing operations in Brazil. The carrying value of the net assets sold was $14.8 million. The total loss on the sale of Eurobras recognized for the year ended December 31, 2015 is $33.3 million, including $25.3 million in cumulative translation adjustment reclassified from accumulated other comprehensive income to loss on sale of business in the consolidated statement of operations and $0.4 million of transaction expenses.

The Company recognized an additional loss on the sale of Eurobras of $2,450 during the year ended December 31, 2016. That additional loss was associated with assets retained under the terms of the Eurobras sale.

13. Income taxes

The components of the provision for income taxes for the years ended December 31, 2016, 2015 and 2014 are comprised of the following:

	2016	2015	2014
Luxembourg			
Current	$ 220	$ 1,314	$ 499
Deferred	-	(128)	-
Foreign			
Current	(12,268)	(10,813)	(17,745)
Deferred	13,772	59,354	24,319
Total income tax benefit	$ 1,724	$ 49,727	$ 7,073

Loss before and after income taxes for the years ended December 31, 2016, 2015 and 2014 was as follows:

	2016	2015	2014
Net loss	$ (241,861)	$ (363,097)	$ (339,565)
Total income tax benefit	1,724	49,727	7,073
Loss before income tax	$ (243,585)	$ (412,824)	$ (346,638)

(amounts in thousands, unless stated otherwise)

Income tax results differed from the amount computed by applying the Luxembourg statutory income tax rate to loss before income taxes for the following reasons for the years ended December 31, 2016, 2015 and 2014:

	2016		2015		2014	
	Tax	%	Tax	%	Tax	%
Statutory income tax benefit	**$ 71,175**	**29%**	**$ 120,627**	**29%**	**$ 101,288**	**29%**
Effect of tax rates in foreign juridictions	(8,553)	-4%	2,255	1%	435	0%
Change in tax rate	7,546	3%	(1,185)	0%	15	0%
Non-deductible items, net	(4,505)	-2%	23,034	6%	(22,083)	-6%
Income taxed in multiple jurisdictions	1,853	1%	6,459	1%	7,365	2%
Non-deductible goodwill impairment	(22,803)	-9%	(39,885)	-10%	(16,456)	-5%
Valuation allowances	(37,284)	-15%	(62,231)	-15%	(59,247)	-17%
Other	(5,705)	-2%	653	0%	(4,244)	-1%
Reported income tax benefit	**$ 1,724**	**1%**	**$ 49,727**	**12%**	**$ 7,073**	**2%**

In 2016, the tax benefit is mainly driven by pretax losses, the release of an uncertain tax position related to capital loss and a state net operating loss benefit from prior years, offset by the Company's profitable European entities.

In 2015, the tax benefit includes an immaterial correction of an error of $16.5 million related to the reduction of deferred tax liabilities arising from a non-cash adjustment of the tax basis of certain assets from 2007 through 2012 and $2.7 million of tax benefits related to the favorable resolution of prior year uncertain tax positions.

In 2014, the tax benefit includes a $5.1 million reversal of an existing uncertain tax position upon the dissolution of the entity.

Non-deductible items, net include taxes related to certain expenses which the Company is unable to deduct under the income tax laws in various countries. These non-deductible expenses principally include interest expense, certain stewardship costs and monitoring fees charged by TDR, as well as changes to the amount of Target's contingent consideration under its Earnout Agreement. Income taxed in multiple jurisdictions includes state income taxes, taxes on intercompany dividends and taxes related to earnings of foreign subsidiaries, which are not indefinitely reinvested.

Deferred Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases, as well as from net operating loss and carryforwards. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2016	2015
Deferred tax assets		
Loans and borrowings	$ 155,232	$ 158,092
Employee benefit plans	7,975	8,113
Other liabilities	28,887	32,879
Currency losses, net	24,928	20,418
Other - net	16,646	6,983
Tax loss carryforwards	1,113,761	871,641
Deferred tax assets, gross	1,347,429	1,098,126
Valuation allowance	(1,155,359)	(914,503)
Net deferred income tax asset	192,070	183,623
Deferred tax liabilities		
Rental equipment and other property, plant, and equipment	(284,031)	(291,664)
Intangible assets	(38,736)	(44,322)
Other - net	(16,801)	(17,608)
Deferred tax liability	(339,568)	(353,594)
Net deferred income tax liability	$ (147,498)	$ (169,971)

Tax loss carryovers totaled $4,389.7 million at December 31, 2016. Approximately $4,254.2 million of the tax loss carryforwards have an indefinite carryforward period. The remaining $135.5 million of tax loss carryforwards expire between 2017 and 2036. The availability of these tax losses to offset future income varies by jurisdiction. Furthermore, the ability to utilize the tax losses may be subject to additional limitations upon the occurrence of certain events, such as a change in the ownership of the Company. A valuation allowance has been established against the deferred tax assets of certain of the Company's tax loss carryforwards to the extent it is not more likely than not they will be realized.

The Company's tax loss carryforwards are as follows at December 31, 2016 (in millions):

Jurisdication	Loss Carryover	Expiration	Valuation Allowance
United States	$ 76.1	2017-2036	None
France	282.9	Indefinite	50%
Luxembourg	3,463.6	Indefinite	100%
Spain	146.8	Indefinite	100%
United Kingdom	248.9	Indefinite	100%
Other	171.4	Various	Various
Total	$ 4,389.7		

Undistributed earnings of certain of the Company's foreign subsidiaries amount to approximately $156.3 million at December 31, 2016. $43.9 million of those undistributed earnings are not considered indefinitely reinvested or have already been subject to tax at the applicable Company parent, and as a result the Company has recorded $16.8 million of deferred taxes. The remaining $112.4 million of those earnings are considered indefinitely reinvested and accordingly no income taxes have been provided thereon. Upon repatriation of those earnings, in the form of dividends or otherwise, the Company could be subject to potential additional income taxes. Determination of the amount of unrecognized deferred income taxes on such earnings is not practicable due to the complexities associated with its hypothetical calculation.

Unrecognized Tax Positions

The Company is subject to taxation in Luxembourg and various foreign and state jurisdictions. The Company's tax returns are subject to examination by the applicable tax authorities prior to the expiration of statute of limitations for assessing additional taxes, which generally ranges from two to five years after the end of the applicable tax year. Therefore, as of December 31, 2016, tax years for 2011 through 2016 generally remain subject to possible examination by the tax authorities. In addition, in the case of certain tax jurisdictions in which the Company has loss carryforwards, the tax authority in some of these jurisdictions may examine the amount of the tax loss carryforward based on when the loss is utilized rather than when it arises.

The Company classifies interest on tax deficiencies and income tax penalties within income tax expense. For the years ended December 31, 2016, 2015 and 2014, the Company recorded tax expense (benefit) of $0.2 million, $(0.1) million and $(3.0) million, respectively, related to interest expense (income). Additionally, the Company recognized $0.1 million of tax benefit related to penalties for each of the years ended December 31, 2016, 2015 and 2014, respectively.

It is reasonably possible that a decrease of up to $0.4 million in unrecognized tax benefits related to a lapse of the statute of limitations may be necessary within the coming year.

14. Derivative financial instruments

The Company manages a portion of its exposure to fluctuations in currency risk associated with the interest payments on certain intercompany debt held in foreign currencies by entering into foreign currency forward contracts with maturities ranging from one to twenty-four months. These foreign currency forward contracts are intended to mitigate the impact of foreign currency movements on the interest payments. The foreign currency forward contracts are utilized as economic hedges, but are not designated as fair value or cash flow hedges.

The following summarizes the contractual notional amount of forward contracts as of December 31, 2016 and 2015 (amounts in millions):

	Position as of December 31,							
	2016				2015			
Currencies	**Buy**		**Sell**		**Buy**		**Sell**	
USD / AUD	$	4.5	A$	6.3	$	24.3	A$	33.1
USD / GBP	$	6.0	£	3.9	$	20.0	£	13.3
USD / EUR	$	8.5	€	7.6	$	38.7	€	34.8

The foreign currency forward contracts outstanding at December 31, 2016 expire during 2017.

The following summarizes the realized and unrealized gains (losses) recorded in the consolidated statements of operations for the years ended December 31, 2016, 2015 and 2014 (amounts in millions):

	Gain (Loss) for the year ended December 31,											
	2016				2015				2014			
Currencies	**Realized**		**Unrealized**		**Realized**		**Unrealized**		**Realized**		**Unrealized**	
USD / AUD	$	(0.4)	$	(0.5)	$	2.7	$	(0.3)	$	-	$	1.0
EUR / AUD		-		-		(0.3)		-		-		-
USD / GBP		1.4		1.0		0.7		0.1		0.2		0.2
USD / EUR		(0.6)		(0.1)		1.9		0.3		-		0.4
Total Gain	$	0.4	$	0.4	$	5.0	$	0.1	$	0.2	$	1.6

15. Fair value

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has assessed that the fair value of cash and short-term deposits, trade receivables, trade payables, bank overdrafts, other current liabilities, related party debt and other debt approximate their carrying amounts largely due to the short-term maturities of these instruments.

(amounts in thousands, unless stated otherwise)

The carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy, are as follows:

December 31, 2016	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Financial assets (liabilities) measured at fair value				
Contingent consideration	$ -	$ -	$ -	$ -
Derivative assets	1,675	-	1,675	-
Derivative liabilities	(53)	-	(53)	-
Total	$ 1,622	$ -	$ 1,622	$ -
Financial assets (liabilities) not measured at fair value				
Senior notes	$(2,256,808)	$ -	$(1,812,315)	$ -
ABL facility	(848,855)	-	(853,160)	-
Total	$(3,105,663)	$ -	$(2,665,475)	$ -

December 31, 2015	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Financial assets (liabilities) measured at fair value				
Contingent consideration	$ (4,582)	$ -	$ -	$ (4,582)
Derivative assets	1,830	-	1,830	-
Derivative liabilities	(403)	-	(403)	-
Total	$ (3,155)	$ -	$ 1,427	$ (4,582)
Financial assets (liabilities) not measured at fair value				
Senior notes	$(2,289,827)	$ -	$(1,432,314)	$ -
ABL facility	(926,664)	-	(936,611)	-
Total	$(3,216,491)	$ -	$(2,368,925)	$ -

There were no transfers of financial instruments between the three levels of the fair value hierarchy during the years ended December 31, 2016 and 2015.

Senior Notes and ABL Facility

The fair value of the Company’s Senior Secured Notes and Senior Unsecured Notes is based on their last trading price at the end of each period obtained from a third party, which is considered a Level 2 input in the fair value hierarchy, as there is not an active market for these notes. The fair value of the Company’s ABL Revolver is primarily based upon observable market data such as market interest rates.

Derivatives

The Company's foreign currency forward contracts are measured on a recurring basis utilizing foreign currency spot rates and forward rates quoted by banks or foreign currency dealers.

Contingent consideration

In connection with its acquisition of Target Logistics Management, LLC (“Target Logistics”), the Company entered into an earnout agreement (the “Earnout Agreement”), which provides for contingent consideration (the “Target Earnout”) to the former owners of Target Logistics. The contingent consideration under the Earnout Agreement is dependent on cumulative value creation over the years between the acquisition and an exit event, as defined in the Earnout Agreement. Amounts payable under the Earnout Agreement upon an exit event are to be paid in shares of Holdings if such cumulative value creation goals are achieved. At December 31, 2016 and December 31, 2015 the fair value of the Target Earnout liability was $0 and $4,582, respectively.

The Target Earnout is based on the future amounts of EBITDA and capital expenditures of Target Logistics and the future EBITDA exit multiple value of Target Logistics or the Company at an exit event.

An increase in the exit multiple of 1.0x at December 31, 2016 and 2015 would result in increases in the fair value of the contingent consideration of zero and $3.0 million, respectively.

16. Restructuring

The Company incurred costs of $2,759, $11,448 and $13,739, net of reversals, during the years ended December 31, 2016, 2015 and 2014, respectively, associated with restructuring plans designed to streamline operations and reduce costs.

(amounts in thousands, unless stated otherwise)

The following is a summary of the activity in the Company's restructuring accruals for each year:

	Employee termination costs	Contract termination costs	Impairment of long-lived assets	Total
Balance at January 1, 2014	$ 3,552	$ 7,244	$ -	$ 10,796
Charges during the period	12,228	1,511	-	13,739
Cash payments during the period	(10,812)	(3,325)	-	(14,137)
Foreign currency & other	(633)	(298)	-	(931)
Balance at December 31, 2014	4,335	5,132	-	9,467
Charges during the period	9,566	-	1,882	11,448
Cash payments during the period	(8,763)	(2,025)	-	(10,788)
Non-cash utilization	-	-	(1,882)	(1,882)
Foreign currency & other	(652)	(227)	-	(879)
Balance at December 31, 2015	4,486	2,880	-	7,366
Charges during the period	2,759	-	-	2,759
Cash payments during the period	(4,830)	(2,580)	-	(7,410)
Foreign currency & other	5	(155)	-	(150)
Balance at December 31, 2016	$ 2,420	$ 145	$ -	$ 2,565

The 2016 restructuring charges relate primarily to the Company's corporate function and the operations in North America and consist of employee termination costs. The Company may recognize additional costs during 2017 as it finalizes previous estimates and actions in connection with the plan. The 2015 restructuring costs relate primarily to the Company's operations in North America and Australia and consist of employee termination costs and the impairment of long-lived assets to be disposed at their estimated fair value. The 2014 restructuring costs relate primarily to the Company's operations in France, Spain, the Netherlands, the UK, Australia and Brazil and consist of employee and contract termination costs.

The Company anticipates that the remaining actions contemplated under the $2,565 accrual as of December 31, 2016, will be substantially completed during 2017.

17. Share-based payments

Long-term Incentive Plan

The Company implemented a management incentive plan (the "Plan") in October 2010. Participants in the Plan include participants in a previous plan who exchanged shares in that plan for B and/or D shares in the Plan and new participants ("Joiners") who received C or E shares. These participants received shares of Algeco Scotsman Management S.C.A. ("ASM"), a subsidiary of Holdings outside the Company. Other than the potential payout described below, holders of shares of ASM have no rights.

Participants in the Plan are entitled to a payout, the amount of which depends on the enterprise value ("EV") of the Company at a sale (of all equity securities or substantially all assets), listing or liquidation

(“Exit”). The payout increases as the EV increases and is payable in either cash or shares depending on the level of EV. The share-based payment awards under the Plan are considered to contain both service and performance conditions and the performance conditions would not be considered probable until an Exit occurs. Therefore, the Company has not recognized any significant compensation expense related to the Plan in the consolidated financial statements.

In June 2014, the Company implemented a long term cash incentive plan (“LTCIP”) for active employees who participate in the Plan. The LTCIP is a cash award plan with annual allocations to a bonus pool based on the Company’s annual performance during 2012, 2013, 2014 and 2015 and is payable, in certain circumstances, on an Exit which, for purposes of the LTCIP does not include a liquidation. Participants vest over a four-year period beginning with the effective date of their award and fully vest at an Exit. At an Exit, a participant will receive the higher of the award under the Plan or the LTCIP. Payment will be made under the Plan first with any additional amount, if applicable, paid from LTCIP. Any amounts payable under the LTCIP are payable in cash. The share-based payment awards under the LTCIP are considered to contain both service and performance conditions and the performance conditions would not be considered probable until an Exit occurs. Therefore, the Company has not recognized any compensation expense related to the LTCIP in the consolidated financial statements.

The estimated fair value of the payout under the Plan and the LTCIP upon an Exit, based upon the estimated EV of the Company was $38,745 and $42,285 at December 31, 2016 and 2015, respectively.

Ausco plan

Ausco maintains a Management Share Plan (the “Ausco Share Plan”) where a subsidiary of Ausco issues management shares to various members of Ausco management. Employees are required to pay the allotted issue price, either by cash, or by a non-recourse note in order to participate in the plan. The total issue price for the grants outstanding under the Ausco Share Plan as of December 31, 2016 was $1,220.

Management shares issued under the plan were 1,692,500 at December 31, 2016 and2015.

Management shares are subject to time-vesting, which relates to the period that the employees are employed by Ausco from issuance. 25% of the total management shares vest on the first year of issuance with the remaining shares vesting $1/36^{th}$ each month for the next 3 years or until an exit event occurs. An exit event is deemed to be a sale of the business by the ultimate parent entity, either by trade sale or initial public offering. Conversion under an exit event entitles each participant to convert into a number of common shares, as determined by the Ausco Share Plan. A cash-out of equity ratchet option is available to Ausco in lieu of conversion.

The management shares can be put to Ausco by the plan participants on any date on or after July 1, 2016. The Company records a liability associated with the fair value of this obligation based upon the outstanding management shares, the estimated fair value of the shares and vesting. The liability recognized was $1,220 and $1,232 as of December 31, 2016 and 2015, respectively. The Company has not recognized any significant compensation expense related to the Plan in the consolidated financial statements.

(amounts in thousands, unless stated otherwise)

The estimated fair value that the participants in the Management Share Plan would be entitled to upon exit is $14.6 million and $14.8 million at December 31, 2016 and 2015, respectively.

18. Commitments, guarantees and contingencies

Commitments

The Company leases certain equipment, vehicles and real estate under non-cancellable operating leases, the terms of which vary and generally contain renewal options. Total rent expense under these leases is recognized ratably over the initial term of the lease. Any difference between the rent payment and the straight-line expense is recorded as a liability.

Rent expense included in the consolidated statements of operations for cancelable and non-cancelable leases was $60,859, $68,844 and $67,315 for the years ended December 31, 2016, 2015 and 2014, respectively.

Future minimum lease payments at December 31, 2016, by year and in the aggregate, under non-cancelable operating leases are as follows:

	Operating Leases
2017	$ 47,342
2018	35,742
2019	27,598
2020	24,691
2021	21,559
Thereafter	51,642
Total	$ 208,574

At December 31, 2016 and 2015, commitments for the acquisition of rental equipment and property, plant and equipment were $6,596 and $5,684, respectively.

Warranties

The Company provides product and service warranties for modular space units sold and rented. The types of warranties offered generally range from one year to limited lifetime, while certain products carry no warranty. Historical warranty and service claim experience forms the basis for warranty obligations recognized. Adjustments are recorded to the warranty liability as new information becomes available. Current warranty provisions are recorded within accrued liabilities in the consolidated balance sheet (see Note 6). Non-current warranty provisions, if any, are recorded in other non-current liabilities in the consolidated balance sheet.

Contingencies

Legal claims

The Company is involved in various lawsuits or claims in the ordinary course of business. Management is of the opinion that there is no pending claim or lawsuit which, if adversely determined, would have a material impact on the Company's financial condition.

19. Related parties

The ultimate parent of the Company is Holdings and the ultimate controlling shareholder of Holdings and the Company is TDR.

TDR charged the Company $6,919, $9,719 and $8,934 for monitoring fees and consulting and management advisory services during the years ended December 31, 2016, 2015 and 2014, respectively. These fees are included within selling, general and administrative expenses in the consolidated statements of operations.

The Company had amounts receivable due from affiliates in the amount of $1,636 and $1,403 as of December 31, 2016 and 2015. Receivables due from affiliates are included in prepaid expenses and other current assets in the consolidated balance sheets. Additionally, the Company had payables due to affiliates of $3,696 and $4,213 as of December 31, 2016 and 2015, respectively. Payables due to affiliates are included in accrued liabilities in the consolidated balance sheets.

As more fully disclosed in Note 7, in 2016, the Company entered into sale-leaseback agreements with affiliates of TDR for certain rental fleet. Under the terms of those sale-leaseback agreements, the TDR affiliates have the ability to require the Company to repurchase those fleet units in two years after the first sale-leaseback. At December 31, 2016, the Company had $49.7 million of financing obligations, $0.9 million of accrued interest, and $2.3 million of other receivables associated with the affiliated entity of TDR. Additionally, the Company incurred interest expense of $2.7 million for the year ended December 31, 2016, respectively, associated with this sale-leaseback arrangement.

As disclosed in Note 7, in July 2016, a French subsidiary of the Company entered into a receivables sale agreement with an affiliate of TDR. Under the agreement, the Company sold €21.8 million of receivables to the affiliate of TDR in exchange for €21.8 million. On October 31, 2016, the agreement was amended to transfer the receivables back to the French subsidiary and extended the maturity date to April 1, 2017. The TDR affiliate has agreed to defer repayment of the outstanding principal and interest under this agreement until April 2018. This agreement bears interest at 2.17% per annum. At December 31, 2016, other related party debt and financing obligations includes $22.8 million associated with this agreement and is included in current portion of long-term debt The Company incurred interest expense of $0.2 million for the year ended December 31, 2016 associated with this agreement.

In October 2016 a subsidiary of the Company, Algeco Scotsman Global Finance plc, entered into a senior unsecured loan agreement with an affiliate of TDR. The Agreement provided for borrowings in an aggregate amount of up to $20.0 million; all of which was drawn on October 11, 2016 and was used for general corporate purposes. The Company was required to pay interest in cash on loans outstanding under the Agreement at an interest rate of 8.5% per annum, payable semi-annually in arrears. As more fully disclosed in Note 7, the loan was refinanced in November 2016 through the issuance of $20.0 million of additional Senior Secured Notes. The Company incurred interest expense of $0.4 million for the year ended December 31, 2016 associated with both of these arrangements.

20. Subsequent events

PIK Loans Exchange Offer

On February 3, 2017, Holdings, AS PIK, the Company and certain of their affiliates signed a restructuring support agreement (the "Restructuring Agreement") with holders (the "Ad Hoc Committee") of approximately 72% in aggregate principal amount of the PIK Loans made to AS PIK pursuant to the PIK Loan Agreement, among, AS PIK, as borrower, Holdings, as parent and guarantor, the several lenders and holders from time to time parties thereto (each a "PIK Lender" and, collectively, the "PIK Lenders"), and Wilmington Trust (London) Limited, as administrative agent.

Pursuant to the Restructuring Agreement, on February 13, 2017, AS PIK and certain of its affiliates (collectively, the "Offerors") launched an exchange offer and consent solicitation (the "Exchange Offer") for all outstanding PIK Loans in exchange for the consideration described below. Holders were invited to exchange any and all outstanding interests in their PIK Loans for a *pro rata* portion (based on the principal amount of PIK Loans exchanged by such PIK Lender relative to the aggregate principal amount of all PIK Loans outstanding on the settlement date of the Exchange Offer (the "Settlement Date")) of the following consideration: (i) aggregate cash consideration of $95.0 million to be funded by affiliates of TDR (the "Cash Consideration"); and (ii) class B limited partnership interests (the "Class B Partnership Interests") to be issued on the Settlement Date by a newly formed partnership (the "Partnership") that will be a direct subsidiary of Holdings and will hold almost all of the equity interests in the Company.

As part of the Exchange Offer, an affiliate of TDR has committed though an equity commitment letter addressed to the Ad Hoc Committee to (i) procure the Cash Consideration that is paid on the Settlement Date and (ii) invest an additional $250 million into the Company over a several month period after the Settlement Date by contributing cash, indebtedness of the Holdings and its subsidiaries (the "Algeco Group") (calculated at the face value of such indebtedness, other than in certain TDR-led liability management transactions), or other investments as agreed with holders of a majority of the Class B Partnership Interests. TDR retains flexibility to determine when (during the commitment period) it makes an investment, whether it invests cash or indebtedness and whether it contributes indebtedness in connection with restructuring transactions involving Algeco Group indebtedness. This commitment may be terminated should the Company commence certain insolvency proceedings. If the commitment terminates, a majority of Class B Partnership Interest holders may elect (i) to retain the Class B Partnership Interests; or (ii) for the Class B Limited Partners who, in the aggregate repay the Cash Consideration, to exercise a pro rata option to obtain the remaining interests in the Partnership.

The Exchange Offer expired on March 21, 2017. At the expiration time, the Offerors had obtained the consents of a majority in number of holders of the PIK Loans, which persons hold over 90% in principal amount of the PIK Loans to the Exchange Offer. The Offerors will thus commence an English scheme of arrangement (or an alternative restructuring process) (a "Court Process") to implement the terms of the Exchange Offer such that it will be binding on 100% of the PIK Lenders. The Offerors have agreed to a timeline with the majority PIK Lenders for the implementation of the Court Process and it is expected that the Court Process will be completed around June 19, 2017. PIK Lenders shall receive no less consideration under a Court Process as they would have received had 100% of the PIK Loans participated in the Exchange Offer. If PIK Lenders who did not tender their PIK Loans prior to the expiration time seek to tender their PIK Loans after the expiration time, the Offerors may, with the consent of the majority PIK Lenders, accept such PIK Loans for exchange after the expiration time and effectuate the PIK Exchange without commencing a Court Process.

Subsequent events evaluation

The Company has evaluated subsequent events through March 31, 2017, the date of issuance of these financial statements and determined that no subsequent events had occurred that would require recognition in its consolidated financial statements for the year ended December 31, 2016 and that, other than the matter discussed above and the matters discussed in Note 7, no subsequent events have occurred that would require disclosure in the notes thereto.

Algeco Scotsman Global S.à r.l.

Statement of EBITDA and Adjusted EBITDA

(Dollars in thousands)

	Year Ended December 31, 2016
Net loss before taxes	$ (243,585)
Interest expense, net	202,719
Depreciation and amortization	233,515
EBITDA	192,649
Currency losses, net	119,494
Change in fair value of contingent considerations	(4,581)
Loss on sale of business	2,450
Goodwill and other impairment charges	74,495
Restructuring charges	2,759
Sponsor management fees	6,919
Other expense, net and acquisition costs	8,567
Adjusted EBITDA	$ 402,752

EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered as alternatives to net loss or other performance measures derived in accordance with GAAP, or as alternatives to cash flow from operating activities as measures of our liquidity. EBITDA and Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as measures of cash that will be available to us to meet our obligations. In addition, our measurement of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. We believe that EBITDA and Adjusted EBITDA provide useful information to investors about us and our financial condition and results of operations for the following reasons: (i) they are among the measures used by our management team to evaluate our operating performance; (ii) they are among the measures used by our management team to make day-to-day operating decisions and (iii) they are frequently used by securities analysts, investors and other interested parties as a common performance measure to compare results across companies in our industry.

ALGECO SCOTSMAN

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