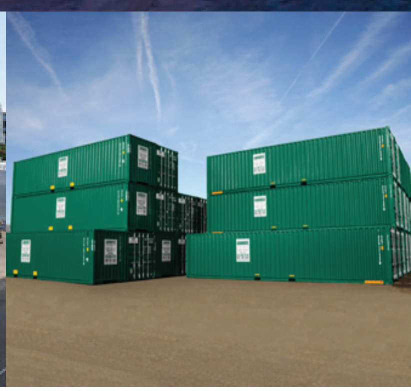
Q2 2016 Financial Information








ALGECO SCOTSMAN™

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 June 30, 2016 and December 31, 2015 consolidated financial statements and the notes thereto and the risk factors described in our fourth quarter 2015 Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introductory Note

Unless the context otherwise requires, all references to "we," "us," "our," the "Group" 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 Group'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

Our business operations and the implementation of our business strategy are subject to significant risks inherent in our business, including, without limitation, the risks and uncertainties disclosed in our management discussion and analysis for the year ended December 31, 2015 (the "Annual Report"). In addition to those risks and uncertainties on June 23, 2016, the United Kingdom (the "U.K.") held a referendum in which voters approved an exit from the European Union (the "E.U."), commonly referred to as "Brexit". As a result of the referendum, it is expected that the British government will begin negotiating the terms of the U.K.'s withdrawal from the E.U. A withdrawal could, among other outcomes, disrupt the free movement of goods, services and people between the U.K. and the E.U., undermine bilateral cooperation in key policy areas and significantly disrupt trade between the U.K. and the E.U. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate. Given the lack of comparable precedent, it is unclear what financial, trade and legal implications the withdrawal of the U.K. from the E.U. would have and how such withdrawal would affect us.

The occurrence of any one or more of the risks disclosed in the Annual Report or this quarterly report could have a material adverse effect on our consolidated balance sheet, statement of operations, comprehensive income and cash flows and could cause actual results to differ materially from our historical results. While we believe we have identified and discussed the key risk factors affecting our business in our management discussion and analysis for the year ended December 31, 2015, there may be additional risks and uncertainties not presently known or currently believed not to be significant that may adversely affect our business, operations, industry, financial position and financial performance in the future. As well as other variables affecting our operating results, past financial performance should not be considered a reliable indicator of future performance and historical trends may not be consistent with results or trends in future periods. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements.

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 275,000 modular and storage units and we manage approximately 11,200 rooms in our remote accommodations business. We have 238 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 23 months in Europe, 33 months in the Americas and 22 months in Asia Pacific. The global average age of our fleet is approximately eleven 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 $2.5 billion as of June 30, 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 11,200 fully managed rooms with a gross book value of $0.4 billion as of June 30, 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 43,000 units, with a gross book value of approximately $0.1 billion as of June 30, 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 and Recent Developments

Proposed Merger with ModSpace

On March 16, 2016, we entered into a conditional agreement ("the Merger Agreement') with Modular Space Corporation ("ModSpace") to merge ModSpace's North American modular space operations with the modular space operations of Williams Scotsman International, Inc. (WSII), a subsidiary of the Company. On August 13, 2016, WSII terminated the Merger Agreement, in accordance with the terms of the Merger Agreement and as a result of the transactions contemplated thereunder not being completed by the expiration date established by the Merger Agreement. Alternative options, including an alternative transaction that could result in the combination of the North American modular space operations of ModSpace and WSII, are being considered, though no assurance can be given that any such transaction will occur.

US litigation relating to the North American Remote Accommodations Business

Our remote accommodations business in the Americas has one facility that accounted for approximately 51 percent of our remote accommodations rooms on rent as of June 30, 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.

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 Group 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:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Modular units on rent (average during the period)	211,712	213,726	209,827	213,624
Average modular utilization rate	77.0%	72.9% .	76.0%	72.5%
Average modular monthly rental rate*	$ 221	$ 230	$ 221	$ 230
Average remote accommodation rooms on rent	4,665	5,722	4,816	5,594
Average remote accommodation daily rate*	$ 108	$ 109	$ 107	$ 103

**at constant currency, with average modular monthly rental rate for 2015 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.

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 an acquisition, the Company entered into an earnout agreement (the "Earnout Agreement"). The Earnout Agreement provides the former owners 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.

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 Group's multicurrency asset-based revolving credit facility (the "ABL Revolver"), $1,075.0 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"), deferred financing fees, and amortization of deferred debt gain.

Income Tax Expense (Benefit)

We are subject to income taxes in both 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 changes in 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 interim 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.

For a complete description of our critical accounting policies that affect our more significant judgments and estimates used in the preparation of our consolidated financial statements, refer to our consolidated financial statements and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2015. There have been no material changes in any of our critical accounting policies during the six months ended June 30, 2016.

Selected Historical Consolidated Financial Data

Three months ended June 30, 2016 compared to three months ended June 30, 2015

The following summarizes our operating results for the three months ended June 30, 2016 and 2015:

	Three months ended June 30,		
	2016	**2015**	**$ Change**
Revenues	*(Unaudited)*	*(Unaudited)*	
Leasing and services revenue:			
Modular space leasing	$ 197,290	$ 189,823	$ 7,467
Modular space delivery and installation	62,170	54,168	8,002
Remote accommodations	48,885	57,796	(8,911)
Sales:			
New units	78,456	77,842	614
Rental units	11,533	6,495	5,038
Total revenues	398,334	386,124	12,210
Costs			
Cost of leasing and services:			
Modular space leasing	50,258	47,122	3,136
Modular space delivery and installation	56,199	50,544	5,655
Remote accommodations	18,422	26,098	(7,676)
Cost of sales:			
New units	65,663	68,176	(2,513)
Rental units	4,658	3,927	731
Depreciation of rental equipment	53,764	59,703	(5,939)
Gross profit	149,370	130,554	18,816
Expenses			
Selling, general and administrative expenses	89,406	93,587	(4,181)
Other depreciation and amortization	7,117	13,758	(6,641)
Restructuring costs	1,633	5,494	(3,861)
Currency losses (gains), net	65,225	(48,052)	113,277
Change in fair value of contingent considerations	(92)	(13,117)	13,025
Other (income) expense, net	(168)	236	(404)
Operating (loss) profit	(13,751)	78,648	(92,399)
Interest expense, net	50,537	49,117	1,420
(Loss) profit before income tax	(64,288)	29,531	(93,819)
Income tax expense	3,987	3,839	148
Net (loss) income	(68,275)	25,692	(93,967)
Less: Net income attributable to noncontrolling interest	311	10	301
Net (loss) income attributable to Algeco Scotsman Global S.à r.l.	$ (68,586)	$ 25,682	$ (94,268)

Revenue:

Total revenue increased $12.2 million, or 3.2%, to $398.3 million for the three months ended June 30, 2016 from $386.1 million for the three months ended June 30, 2015. The effect of unfavorable foreign currency movements resulted in a reduction in revenue of $5.5 million as most currencies were weaker against the US dollar during the reporting period, on a comparative basis. Excluding the effects of foreign currency, total revenue increased $17.7 million or 4.6%, primarily as a result of a 14.4% and 2.5% increase in revenues in Europe and Asia-Pacific, respectively, and a 6.7% decrease in revenue in the Americas. The 14.4% revenue increase in Europe was primarily a result of increased modular space lease revenue driven by both higher units on rent and a non-recurring contract termination fee, and by increased new and rental unit sales associated with several asylum seeker opportunities. The 2.5% revenue increase in Asia Pacific was primarily the result of higher modular space delivery and installation and sales revenue associated with several large projects, partially offset by lower modular space lease and remote accommodations revenue attributable to reduced commodity sector demand in Australia. Revenue in the Americas declined 6.7% as a result of lower modular leasing revenue, as a result of weakness in Canada and the sale of Eurobras, lower new unit sales, principally in Canada, and a decrease in remote accommodation revenue driven by reduced commodity sector demand.

Average modular units on rent for three months ended June 30, 2016 and 2015 were 211,712 and 213,726, respectively. The decrease was mainly due to the sale of Eurobras, as well as declines in units on rent in Canada. The average modular utilization rate for three months ended June 30, 2016 was 77.0%, as compared to 72.9% in the prior year's quarter. The increase in average modular utilization rate was driven by increases in the US and Germany, as well as by the positive impact from the sale of Eurobras which had lower utilization rates. The average modular monthly rental rate decreased to $218 from $230, due partially to the effects of foreign currency as most currencies were weaker against the US dollar, on a comparative basis, as well as declines in rental rates in Asia Pacific and Canada. At constant currency, the average modular monthly rate was $221 for three months ended June 30, 2016. Average remote accommodation rooms on rent for three months ended June 30, 2016 and 2015 were 4,665 and 5,722, respectively. The average remote accommodation daily rate was $107 for three months ended June 30, 2016 as compared to $109 the prior year. At constant currency, the average remote accommodation daily rate was $108 for three months ended March 31, 2016. The decrease in rooms on rent was due to lower occupancy in both Asia-Pacific and Americas, while the average daily rate decrease was driven by lower rates in Asia-Pacific.

Gross Profit:

Gross profit increased $18.8 million, or 14.4%, to $149.4 million for the three months ended June 30, 2016 from $130.6 million for the three months ended June 30, 2015. The effects of foreign unfavorable foreign currency movements reduced gross profit by $2.8 million, as most currencies were weaker against the US dollar, on a comparative basis. The increase in gross profit was driven by increased modular space and new unit sales margins in Europe, higher modular space leasing, remote accommodations, and rental unit sales margins in the Americas, and increased modular space delivery and installation margins in Asia Pacific. The increase in European modular space and the Americas rental unit sales gross profit increases for the three months ended June 30, 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 impact by a $5.9 million reduction in depreciation of rental equipment. These increases were partially offset by lower modular space leasing and remote accommodations gross profit in Asia-Pacific. Our gross margin was 37.5% and 33.8% for the three months ended June 30, 2016 and 2015, respectively. Our gross margin, excluding depreciation, was 51.0% and 49.3% for the three months ended June 30, 2016 and 2015, respectively.

SG&A:

SG&A expense decreased $4.2 million, or 4.5%, to $89.4 million for the three months ended June 30, 2016, compared to $93.6 million for the three months ended June 30, 2015. Approximately $1.3 million of the decrease was attributable to the effects of foreign currency as most currencies were weaker against the US dollar, on a comparative basis. The remaining decrease was driven by lower employee related costs and lower costs as a result of the sale of Eurobras.

Other Depreciation and Amortization:

Other depreciation and amortization decreased $6.7 million, or 48.6%, to $7.1 million for the three months ended June 30, 2016, compared to $13.8 million for the three months ended June 30, 2015, primarily as a result of the full amortization of certain intangibles and the sale of Eurobras.

Restructuring Costs:

Restructuring costs decreased $3.9 million, or 70.9%, to $1.6 million for the three months ended June 30, 2016, compared to $5.5 million for the three months ended June 30, 2015. The 2016 restructuring costs primarily relate to actions to streamline operations and reduce costs in our corporate function and in the Americas.

Currency Losses (Gains), Net:

Currency losses (gains) were $65.2 million for the three months ended June 30, 2016 compared to ($48.1) million for the three months ended June 30, 2015. The increase 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 (gains) 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:

The change in contingent considerations was income of $.1 million for the three months ended June 30, 2016, compared to income of $13.1 million for the three months ended June 30, 2015. The income in 2015 was a result a decrease in fair value due to of projected softness in occupancy for customers in the oil and gas segments.

Other (Income) Expense, Net:

Other (income) expense, net was ($0.2) million for the three months ended June 30, 2016 and $0.2 million for the three months ended June 30, 2015.

Interest Expense, Net:

Interest expense increased $1.4 million, or 2.9%, to $50.5 million for the three months ended June 30, 2016 from $49.1 million for the three months ended June 30, 2015. This increase is primarily due to an increase in the outstanding amount of other debt. See Note 4 to our June 30, 2016 consolidated financial statements for additional information regarding our loans and borrowings.

Income Tax Expense:

Income tax expense, net, increased $0.2 million to $4.0 million of tax expense for the three months ended June 30, 2016 compared to $3.8 million tax expense for the three months ended June 30, 2015.

Six months ended June 30, 2016 compared to six months ended June 30, 2015

The following summarizes our operating results for the six months ended June 30, 2016 and 2015:

	Six months ended June 30, 2016	Six months ended June 30, 2015	$ Change
Revenues	*(Unaudited)*	*(Unaudited)*	
Leasing and services revenue:			
Modular space leasing	$ 374,669	$ 375,889	$ (1,220)
Modular space delivery and installation	113,462	104,215	9,247
Remote accommodations	96,276	107,219	(10,943)
Sales:			
New units	140,519	150,237	(9,718)
Rental units	17,710	13,341	4,369
Total revenues	742,636	750,901	(8,265)
Costs			
Cost of leasing and services:			
Modular space leasing	95,852	94,738	1,114
Modular space delivery and installation	104,913	98,293	6,620
Remote accommodations	37,780	53,012	(15,232)
Cost of sales:			
New units	118,437	125,212	(6,775)
Rental units	8,617	8,576	41
Depreciation of rental equipment	102,948	109,095	(6,147)
Gross profit	274,089	261,975	12,114
Expenses			
Selling, general and administrative expenses	180,893	194,195	(13,302)
Other depreciation and amortization	14,145	26,279	(12,134)
Restructuring costs	1,766	5,494	(3,728)
Currency losses, net	36,829	68,181	(31,352)
Change in fair value of contingent considerations	31	(26,788)	26,819
Other expense, net	228	973	(745)
Operating profit (loss)	40,197	(6,359)	46,556
Interest expense, net	99,977	98,042	1,935
Loss before income tax	(59,780)	(104,401)	44,621
Income tax expense (benefit)	5,394	(7,753)	13,147
Net loss	(65,174)	(96,648)	31,474
Less: Net income (loss) attributable to noncontrolling interest	372	(75)	447
Net loss attributable to Algeco Scotsman Global S.à r.l.	$ (65,546)	$ (96,573)	$ 31,027

Revenue:

Total revenue decreased $8.3 million, or 1.1%, to $742.6 million for the six months ended June 30, 2016 from $750.9 million for the six months ended June 30, 2015. The effect of unfavorable foreign currency movements resulted in a reduction in revenue of $16.8 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 $8.5 million or 1.1%, primarily as a result of a 9.3% increase in revenues in Europe and a 5.0% and 9.1% decreased in revenue in the Americas and Asia Pacific, respectively. The 9.3% revenue increase in Europe was primarily a result of increased modular space lease revenue driven by higher units on rent, rental rates and a non-recurring contract termination fee, and by increased new unit sales associated with several asylum seeker opportunities. The 5.0% revenue decrease in the Americas was primarily the result of lower modular leasing revenue and new unit sales, primarily as a result of weakness in Canada and the sale of Eurobras, and lower remote accommodations camp occupancy due to reduced commodity sector demand. Revenue in Asia-Pacific declined 9.1% as a result of the reduced commodity sector demand in Australia.

Average modular units on rent for six months ended June 30, 2016 and 2015 were 209,827 and 213,624, respectively. The decrease was mainly due to the sale of Eurobras, as well as declines in units on rent in Canada and Asia-Pacific. The average modular utilization rate for six months ended June 30, 2016 was 76.0%, as compared to 72.5% in the comparable 2015 period. The increase in average modular utilization rate was driven by increases in the US and Germany, as well as by the positive impact from the sale of Eurobras which had lower utilization rates. The average modular monthly rental rate decreased to $216 from $230, due partially to the effects of foreign currency as most currencies were weaker against the US dollar, on a comparative basis, as well as declines in rental rates in Asia Pacific and Canada. At constant currency, the average modular monthly rate was $221 for six months ended June 30, 2016. Average remote accommodation rooms on rent for six months ended June 30, 2016 and 2015 were 4,816 and 5,594, respectively. The average remote accommodation daily rate was $106 for six months ended June 30, 2016 as compared to $103 the prior year. At constant currency, the average remote accommodation daily rate was $107 for six months ended June 30, 2016. The decrease in rooms on rent was due to lower occupancy in both Asia-Pacific and Americas, while the average daily rate increase was driven by the Americas.

Gross Profit:

Gross profit increased $12.1 million, or 4.6%, to $274.1 million for the six months ended June 30, 2016 from $262.0 million for the six months ended June 30, 2015. The effects of unfavorable foreign currency movements reduced gross profit by $6.2 million, as most currencies were weaker against the US dollar, on a comparative basis. The increase in gross profit was driven by increased modular space margin in Europe, higher remote accommodations and new and rental unit sales margins in the Americas, and increased modular space delivery and installation margins in Asia Pacific. The increase in European modular space and the Americas rental unit sales gross profit increases for the six months ended June 30, 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 $6.2 million reduction in depreciation of rental equipment. These increases were partially offset by lower modular space leasing and remote accommodations gross profit in Asia-Pacific. Our gross margin was 36.9% and 34.9% for the six months ended June 30, 2016 and 2015, respectively. Our gross margin, excluding depreciation, was 50.8% and 49.4% for the six months ended June 30, 2016 and 2015, respectively.

SG&A:

SG&A expense decreased $13.3 million, or 6.8%, to $180.9 million for the six months ended June 30, 2016, compared to $194.2 million for the six months ended June 30, 2015. Approximately $4.0 million of the decrease was attributable to the effects of foreign currency as most currencies were weaker against the US dollar, on a comparative basis. The remaining decrease was driven by lower employee related costs, reductions in office and occupancy costs, and lower costs as a result of the sale of Eurobras.

Other Depreciation and Amortization:
Other depreciation and amortization decreased $12.2 million, or 46.4%, to $14.1 million for the six months ended June 30, 2016, compared to $26.3 million for the six months ended June 30, 2015, primarily as a result of the full amortization of certain intangibles and the sale of Eurobras.

Restructuring Costs:
Restructuring costs decreased $3.7 million, or 67.3%, to $1.8 million for the six months ended June 30, 2016, compared to $5.5 million for the six months ended June 30, 2015. The 2016 restructuring costs primarily relate to actions to streamline operations and reduce costs in our corporate function and in the Americas.

Currency Losses, Net:
Currency losses were $36.8 million for the six months ended June 30, 2016 compared to $68.2 million for the six months ended June 30, 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.

Change in Fair Value of Contingent Considerations:
The change in contingent considerations was expense of $31 thousand for the six months ended June 30, 2016, compared to income of $26.8 million for the six months ended June 30, 2015. The income in 2015 was a result a decrease in fair value due to of projected softness in occupancy for customers in the oil and gas segments.

Other Expense, Net:
Other expense, net was $0.2 million for the six months ended June 30, 2016 and $1.0 million for the six months ended June 30, 2015.

Interest Expense, Net:
Interest expense increased $2.0 million, or 2.0%, to $100.0 million for the six months ended June 30, 2016 from $98.0 million for the six months ended June 30, 2016. This increase is primarily due to an increase in the average borrowings on the ABL Revolver and an increase in other debt. See Note 4 to our June 30, 2016 consolidated financial statements for additional information regarding our loans and borrowings.

Income Tax Expense (Benefit):
Income tax expense, net, increased $13.2 million to a $5.4 million tax expense for the six months ended June 30, 2016 compared to a $7.8 million tax benefit for the six months ended June 30, 2015. The increase in tax expense is due to a lower pre-tax loss as compared to the six months ended June 30, 2015. Additionally, in the first six months of 2015 the Company recognized $2.7 million of tax benefits related to the favorable resolution of prior year uncertain tax positions, a one-time non-cash tax benefit of $5.2 million related to the reduction of deferred tax liabilities that were incorrectly recorded in prior periods and a $1.2 million withholding tax benefit.

Adjusted EBITDA

In managing our business, management focuses on growing leasing revenues in new and existing markets, earnings before interest, taxes, depreciation and amortization ("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 to be 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) income before taxes to Adjusted EBITDA for the three and six months ended June 30, 2016 and 2015, in thousands of dollars, is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Net (loss) income before taxes	$ (64,288)	$ 29,531	$ (59,780)	$ (104,401)
Interest expense, net	50,537	49,117	99,977	98,042
Depreciation and amortization	60,881	73,461	117,093	135,374
EBITDA	47,130	152,109	157,290	129,015
Currency losses (gains), net	65,225	(48,052)	36,829	68,181
Change in fair value of contingent considerations	(92)	(13,117)	31	(26,788)
Restructuring costs	1,633	5,494	1,766	5,494
Sponsor management fees	1,942	3,286	3,971	6,803
Other expense	2,820	1,513	7,411	3,920
Adjusted EBITDA	$ 118,658	$ 101,233	$ 207,298	$ 186,625

EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered as alternatives to net (loss) income 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 from EBITDA to compute at Adjusted EBITDA:

Currency losses (gains), net:
We incur 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 record the non-cash change in fair value of the Earnout. See Note 8 in our consolidated financial statements for more information on the fair value of the Earnout.

Restructuring costs:
We incur costs associated with restructuring plans designed to streamline operations and reduce costs. See Note 9 in our consolidated financial statements for more information on restructuring charges.

Sponsor management fees:
We incur costs from our principal owner, TDR, for monitoring fees and consulting and management advisory services. See Note 12 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 three and six months ended June 30, 2016 and 2015, on a constant currency basis. In the comparison of 2016 to 2015, the 2016 results have been translated at the 2015 actual exchange rates.

Business Segment Results
Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015

	Reportable Business Segments						
Three Months Ended June 30, 2016	**Americas**	**Europe**	**Asia Pacific**	**Total**	**Currency Translation Adjustments**	**Corporate, Adjustments, and Eliminations**	**Consolidated**
Leasing and services revenue:							
Modular space leasing	$ 72.2	$ 111.9	$ 15.7	$ 199.8	$ (2.5)	$ -	$ 197.3
Modular space delivery and installation	21.3	30.9	10.9	63.1	(0.9)	-	62.2
Remote accommodations	41.4	-	7.9	49.3	(0.3)	(0.1)	48.9
Sales:							
New unit sales	9.3	53.1	17.7	80.1	(1.6)	(0.1)	78.4
Rental units sales	8.4	1.9	1.3	11.6	(0.2)	0.1	11.5
Revenue	$ 152.6	$ 197.8	$ 53.5	$ 403.9	$ (5.5)	$ (0.1)	$ 398.3
Adjusted EBITDA	$ 63.1	$ 56.2	$ 5.7	$ 125.0	$ (0.7)	$ (5.6)	$ 118.7
Capital expenditures	$ 17.0	$ 21.3	$ 3.0	$ 41.3	$ (0.4)	$ -	$ 40.9
Three Months Ended June 30, 2015							
Leasing and services revenue:							
Modular space leasing	$ 77.1	$ 94.8	$ 17.9	$ 189.8	$ -	$ -	$ 189.8
Modular space delivery and installation	21.7	27.5	5.1	54.3	-	(0.1)	54.2
Remote accommodations	46.7	-	11.1	57.8	-	-	57.8
Sales:							
New unit sales	14.1	49.0	17.2	80.3	-	(2.5)	77.8
Rental units sales	4.0	1.6	0.9	6.5	-	-	6.5
Revenue	$ 163.6	$ 172.9	$ 52.2	$ 388.7	$ -	$ (2.6)	$ 386.1
Adjusted EBITDA	$ 54.3	$ 43.0	$ 10.2	$ 107.5	$ -	$ (6.3)	$ 101.2
Capital expenditures	$ 47.0	$ 20.8	$ 2.6	$ 70.4	$ -	$ 0.7	$ 71.1

Americas

Revenue:
Total revenue decreased $11.0 million, or 6.7%, to $152.6 million for the three months ended June 30, 2016 from $163.6 million for the three months ended June 30, 2015. Remote accommodations revenue declined $5.3 million, or 11.3%, due to a reduction in average rooms on rent. Modular space leasing revenue declined $4.9 million, or 6.4%, due primarily to lower utilization and modular rental rates in Canada associated with reduced commodity sector demand. New unit sales revenue decreased $4.8 million, or 34.0%, associated with reduced sale opportunities in Canada. Rental unit sales revenue increased $4.4 million, or 110.0%, offsetting a portion of the decrease.

Adjusted EBITDA:
Adjusted EBITDA increased $8.8 million, or 16.2%, to $63.1 million for the three months ended June 30, 2016 from $54.3 million for the three months ended June 30, 2015. This increase was primarily driven by an increase to new and rental unit gross profit partially attributable to a non-recurring transaction that contributed approximately $3 million to gross profit, VAPS gross profit driven by higher volumes, as well as reduced selling, general, and administrative expenses both in Canada and associated with the sale of Eurobras.

Capital Expenditures:
Capital expenditures decreased $30.0 million, or 63.8%, to $17.0 million for the three months ended June 30, 2016 from $47.0 million for the three months ended June 30, 2015. That decrease was driven by the prior year 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 $24.9 million, or 14.4%, to $197.8 million for the three months ended June 30, 2016 from $172.9 million for the three months ended June 30, 2015. The revenue increase was driven by a $17.1 million, or 18.0%, increase in modular space leasing revenue as a result of both a non-recurring contract termination fee and increases in units on rent, rental rates, and VAPS, and by a $4.1 million, or 8.4%, increase in new unit sales. These increases include the impact of the asylum seeker opportunity in Germany. Rental unit sales revenue increased by $0.3 million, or 18.8%.

Adjusted EBITDA:
Adjusted EBITDA increased $13.2 million, or 30.7%, to $56.2 million for the three months ended June 30, 2016 from $43.0 million for the three months ended June 30, 2015. The increase was primarily driven by higher modular space leasing and new unit sales 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.

Capital Expenditures:
Capital expenditures increased $0.5 million, or 2.4%, to $21.3 million for the three months ended June 30, 2016 from $20.8 million for the three months ended June 30, 2015, primarily driven by increased new fleet investment and fleet refurbishment in Germany partially associated with the asylum seeker opportunity.

Asia Pacific

Revenue:
Total revenue increased $1.3 million, or 2.5%, to $53.5 million for the three months ended June 30, 2016 from $52.2 million for the three months ended June 30, 2015. The increase is primarily the result of a $5.8 million, or 113.7%, increase in modular space delivery and installation revenue, a $0.5 million, or 2.9% increase, in new unit sales revenue, and a $0.4 million, or 44.4% increase, in rental unit sales revenue. These increases were offset by a $2.2 million, or 12.3%, decline in modular space leasing revenue as a result of reductions in the commodities related energy and natural resources sectors in Australia, and a $3.2 million, or 28.8%, decline in remote accommodations revenue due to reduced utilization and rental rates associated with the lower demand.

Adjusted EBITDA:
Adjusted EBITDA decreased $4.5 million, or 44.1%, to $5.7 million for the three months ended June 30, 2016 from $10.2 million for the three months ended June 30, 2015. The decrease was primarily a result of lower gross profit, principally as a result of the lower revenue levels, which was partially offset by lower selling, general, and administrative expenses.

Capital Expenditures:
Capital expenditures increased $0.4 million, or 15.4%, to $3.0 million for the three months ended June 30, 2016 from $2.6 million for the three months ended June 30, 2015. The increase was driven by new fleet investments in our China joint venture, as we continue to minimize capital investments in Australia, given current market conditions.

Corporate Adjustments and Eliminations

Revenue:
Total corporate adjustments and eliminations to consolidated revenue were ($0.1) million and ($2.6) million for the three months ended June 30, 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 $0.7 million, to ($5.6) million for the three months ended June 30, 2016 from ($6.3) million for the three months ended June 30, 2015. The decrease was primarily a result of lower corporate selling, general, and administrative expenses as a result of reduced headcount and employee costs.

Capital Expenditures:
Total corporate adjustments to consolidated capital expenditures were zero and $0.7 million for the three months ended June 30, 2016 and 2015, respectively. These amounts are primarily the capital expenditures attributable to the corporate functions.

Business Segment Results
Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments, and Eliminations	Consolidated
Six Months Ended June 30, 2016	**Americas**	**Europe**	**Asia Pacific**	**Total**			
Leasing and services revenue:							
Modular space leasing	$ 144.8	$ 207.8	$ 30.4	$ 383.0	$ (8.3)	$ -	$ 374.7
Modular space delivery and installation	40.4	57.1	18.5	116.0	(2.5)	-	113.5
Remote accommodations	82.4	-	14.9	97.3	(1.0)	-	96.3
Sales:							
New unit sales	19.2	93.5	32.8	145.5	(4.5)	(0.6)	140.4
Rental units sales	11.4	3.7	3.0	18.1	(0.5)	0.1	17.7
Revenue	$ 298.2	$ 362.1	$ 99.6	$ 759.9	$ (16.8)	$ (0.5)	$ 742.6
Adjusted EBITDA	$ 116.8	$ 94.4	$ 11.2	$ 222.4	$ (3.0)	$ (12.1)	$ 207.3
Capital expenditures	$ 30.4	$ 36.8	$ 5.6	$ 72.8	$ (1.0)	$ -	$ 71.8
Six Months Ended June 30, 2015							
Leasing and services revenue:							
Modular space leasing	$ 154.1	$ 184.6	$ 37.2	$ 375.9	$ -	$ -	$ 375.9
Modular space delivery and installation	40.4	52.1	11.8	104.3	-	(0.1)	104.2
Remote accommodations	86.3	-	20.9	107.2	-	-	107.2
Sales:							
New unit sales	25.4	90.7	38.0	154.1	-	(3.9)	150.2
Rental units sales	7.7	4.0	1.7	13.4	-	-	13.4
Revenue	$ 313.9	$ 331.4	$ 109.6	$ 754.9	$ -	$ (4.0)	$ 750.9
Adjusted EBITDA	$ 99.2	$ 80.3	$ 21.5	$ 201.0	$ -	$ (14.4)	$ 186.6
Capital expenditures	$ 100.7	$ 33.6	$ 4.7	$ 139.0	$ -	$ 0.8	$ 139.8

Americas

Revenue:
Total revenue decreased $15.7 million, or 5.0%, to $298.2 million for the six months ended June 30, 2016 from $313.9 million for the six months ended June 30, 2015. Modular space leasing revenue declined $9.3 million, or 6.0%, due primarily to lower utilization and modular rental rates in Canada associated with reduced commodity sector demand. New unit sales revenue decreased $6.2 million, or 24.4%, associated with reduced sales in Canada and decreased major projects revenue in the US as a result of a strategic shift away from this market. Remote accommodations revenue declined $3.9 million, or 4.5%, as an increase in the average remote accommodation daily rate, principally attributable to a new facility, were more than offset by reductions in average rooms on rent. Rental unit sales revenue increased $3.7 million, or 48.1%, partially offsetting these declines.

Adjusted EBITDA:
Adjusted EBITDA increased $17.6 million, or 17.7%, to $116.8 million for the six months ended June 30, 2016 from $99.2 million for the six months ended June 30, 2015. This increase was primarily driven by an increase in remote accommodations gross profit associated with a new facility, rental unit sales margin associated with a favorable $3 million non-recurring transaction, as well as reduced selling, general, and administrative expenses both in Canada and related to the positive impact of the sale of Eurobras.

Capital Expenditures:
Capital expenditures decreased $70.3 million, or 69.8%, to $30.4 million for the six months ended June 30, 2016 from $100.7 million for the six months ended June 30, 2015. That decrease was driven by the higher than usual prior year capital expenditures related to a new 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 $30.7 million, or 9.3%, to $362.1 million for the six months ended June 30, 2016 from $331.4 million for the six months ended June 30, 2015. The revenue increase was driven by a $23.2 million, or 12.6%, increase in modular space leasing revenue as a result of both a non-recurring contract termination fee and increases in units on rent, rental rates, and VAPS, a $5.0 million, or 9.6% increase, in modular space delivery and installation revenue, and a $2.8 million, or 3.1%, increase in new unit sales. These increases include the impact of the asylum seeker opportunity in Germany. Rental unit sales revenue decreased by $0.3 million, or 7.5%.

Adjusted EBITDA:
Adjusted EBITDA increased $14.1 million, or 17.6%, to $94.4 million for the six months ended June 30, 2016 from $80.3 million for the six months ended June 30, 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.

Capital Expenditures:
Capital expenditures increased $3.2 million, or 9.5%, to $36.8 million for the six months ended June 30, 2016 from $33.6 million for the six months ended June 30, 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 the United Kingdom.

Asia Pacific

Revenue:
Total revenue decreased $10.0 million, or 9.1%, to $99.6 million for the six months ended June 30, 2016 from $109.6 million for the six months ended June 30, 2015. The decrease is primarily the result of a $6.8 million, or 18.3%, decline in modular space leasing revenue, a $5.2 million, or 13.7%, decline in new unit sales revenue as a result of reductions in the commodities related energy and natural resources sectors in Australia, and a $6.0 million, or 28.7%, decline in remote accommodations revenue due to reduced utilization and rental rates associated with the lower demand. These declines were partially offset by a $6.7 million, or 56.8%, increase in modular space delivery and installation revenue.

Adjusted EBITDA:
Adjusted EBITDA decreased $10.3 million, or 47.9%, to $11.2 million for the six months ended June 30, 2016 from $21.5 million for the six months ended June 30, 2015. The decrease was primarily a result of lower gross profit, principally as a result of the lower revenue levels, which was partially offset by lower selling, general, and administrative expenses.

Capital Expenditures:
Capital expenditures increased $0.9 million, or 19.1%, to $5.6 million for the six months ended June 30, 2016 from $4.7 million for the six months ended June 30, 2015. The increase was driven by new fleet investments in our China joint venture, as we continue to minimize capital investments in Australia, given current market conditions.

Corporate Adjustments and Eliminations

Revenue:
Total corporate adjustments and eliminations to consolidated revenue were ($0.5) million and ($4.0) million for the six months ended June 30, 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 $2.3 million, to ($12.1) million for the six months ended June 30, 2016 from ($14.4) million for the six months ended June 30, 2015. The decrease was primarily a result of lower corporate selling, general, and administrative expenses as a result of reduced headcount and employee costs.

Capital Expenditures:
Total corporate adjustments to consolidated capital expenditures were zero and $0.8 million for the six months ended June 30, 2016 and 2015, 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 six months ended June 30, 2016 and 2015 on an actual currency basis (in thousands):

	Six months ended June 30, 2016	Six months ended June 30, 2015
Cash flow from operating activities	$ 35,277	$ 69,704
Cash flow from investing activities	(48,209)	(126,139)
Cash flow from financing activities	18,002	54,598

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations and borrowings under our ABL Revolver. 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. We may also seek to finance our capital expenditures under purchase money, capital leases, or other debt arrangements, including those from our primary equity owner, that provide liquidity or favorable borrowing terms. Based on our current level of operations and available cash, we believe our cash flows from operations, together with availability under our ABL Revolver and other sources of financing, will provide sufficient liquidity to fund our current obligations, projected working capital requirements, debt service requirements, and capital spending requirements for the foreseeable future.

Our Senior Secured Notes and Senior Unsecured Notes, with an aggregate principal amount of approximately $2,274 million as of June 30, 2016, provide for interest payment on a semi-annual basis in April and October. Accordingly, our cash flows from operations are impacted by the timing of these semi-annual interest payments.

Lease Facility

In the second quarter of 2016, two of our subsidiaries in Germany and France (Algeco GmbH and Algeco SAS) entered into sale and leaseback agreements with affiliates of our majority shareholder. These agreements permit our subsidiaries to sell to, and lease back from, our majority shareholder's affiliate certain residential modular units to be sub-leased to certain customers in Germany and France. The documentation provides for sale and leaseback transactions in an aggregate amount of up to €50 million. The additional liquidity generated by the sale and leaseback transaction will be used for capital expenditures in the German and French markets. We believe that the terms of the sale and leaseback agreement were at arm's length.

Receivables Financing Agreement

In July 2016, one of our subsidiaries in France (Algeco SAS) entered into a receivables factoring facility with an affiliate of our majority shareholder. The agreement has a term of three months and provides for an aggregate amount of up to €20 million.

Cash Flows from Operating Activities

Cash provided by operating activities for the six months ended June 30, 2016 was $35.3 million as compared to cash provided by operating activities of $69.7 million for the six months ended June 30, 2015. This decrease in cash provided by operating activities is a result of lower cash provided by working capital in the 2016 period as compared to the 2015 period due to increased cash utilized for both accounts receivable and inventory. The increase in cash used by inventory was driven by new sales projects as well as in support of our rental fleet.

Cash Flows from Investing Activities

Cash used in investing activities for the six months ended June 30, 2016 totaled $48.2 million as compared to $126.1 million for the six months ended June 30, 2015, a decrease of $77.9 million. The decrease in cash used in investing activities was principally the result of a decrease in cash used of $67.1 million for the purchase of rental equipment and an increase in cash provided from the sale of rental equipment units of $9.1 million. We incurred capital expenditures for the purchase of rental equipment of $66.6 million and $133.7 million during the six months ended June 30, 2016 and 2015, respectively.

Cash Flows from Financing Activities

Cash provided in financing activities for the six months ended June 30, 2016 totaled $18.0 million as compared to cash provided of $54.6 million for the six months ended June 30, 2015, a decrease of $36.6 million. The decrease was primarily due to a $34.4 million decrease in the level of net receipts from borrowings in 2016 compared to 2015. The net receipts from borrowings during the 2016 period included $16.1 million of proceeds associated with a €40.0 million agreement that was entered into during May 2016 and $16.5 million of proceeds associated with a loan agreement with TDR.

Our financing activities are more fully disclosed in Note 5 of our consolidated financial statements.

Contractual Obligations

The following table presents information relating to our contractual obligations and commercial commitments as of June 30, 2016 (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)	$ 3,693,715	$ 215,259	$ 3,461,416	$ 17,040
Contingent consideration (b)	4,612	-	4,612	-
Joint Venture obligation (c)	6,169	6,169	-	-
Capital lease obligations	35,197	6,901	10,124	18,172
Operating lease obligations	209,616	43,332	102,893	63,391
	$ 3,949,309	$ 271,661	$ 3,579,045	$ 98,603

(a) As more fully disclosed in Note 5 of our consolidated financial statements, long-term indebtedness includes borrowings and interest under our Senior Secured Notes and Senior Unsecured Notes and our ABL Revolver.
(b) As more fully disclosed in Note 2 of our consolidated financial statements, we have entered into the Earnout Agreement that may require us to make additional payments.
(c) As more fully disclosed in Note 2 of our consolidated financial statements, we hold an equity interest in a Chinese joint venture. The remaining amount of committed capital contributions to the joint venture is approximately $6.2 million which we anticipate funding within a year.

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 7 in our June 30, 2016 consolidated financial statements.

Interest Rate Risk

Borrowings under our 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 $9.2 million.

CONSOLIDATED FINANCIAL STATEMENTS

Algeco Scotsman Global S.à r.l.
Three and Six Months Ended June 30, 2016 and 2015

Algeco Scotsman Global S.à r.l.

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

	Three months ended June 30, 2016 (Unaudited)	Three months ended June 30, 2015 (Unaudited)	Six months ended June 30, 2016 (Unaudited)	Six months ended June 30, 2015 (Unaudited)
Revenues				
Leasing and services revenue:				
Modular space leasing	$ 197,290	$ 189,823	$ 374,669	$ 375,889
Modular space delivery and installation	62,170	54,168	113,462	104,215
Remote accommodations	48,885	57,796	96,276	107,219
Sales:				
New units	78,456	77,842	140,519	150,237
Rental units	11,533	6,495	17,710	13,341
Total revenues	398,334	386,124	742,636	750,901
Costs				
Cost of leasing and services:				
Modular space leasing	50,258	47,122	95,852	94,738
Modular space delivery and installation	56,199	50,544	104,913	98,293
Remote accommodations	18,422	26,098	37,780	53,012
Cost of sales:				
New units	65,663	68,176	118,437	125,212
Rental units	4,658	3,927	8,617	8,576
Depreciation of rental equipment	53,764	59,703	102,948	109,095
Gross profit	149,370	130,554	274,089	261,975
Expenses				
Selling, general and administrative expenses	89,406	93,587	180,893	194,195
Other depreciation and amortization	7,117	13,758	14,145	26,279
Restructuring costs	1,633	5,494	1,766	5,494
Currency losses (gains), net	65,225	(48,052)	36,829	68,181
Change in fair value of contingent considerations	(92)	(13,117)	31	(26,788)
Other (income) expense, net	(168)	236	228	973
Operating (loss) profit	(13,751)	78,648	40,197	(6,359)
Interest expense, net	50,537	49,117	99,977	98,042
(Loss) profit before income tax	(64,288)	29,531	(59,780)	(104,401)
Income tax expense (benefit)	3,987	3,839	5,394	(7,753)
Net (loss) income	(68,275)	25,692	(65,174)	(96,648)
Less: Net income (loss) attributable to noncontrolling interest	311	10	372	(75)
Net (loss) income attributable to Algeco Scotsman Global S.à r.l.	$ (68,586)	$ 25,682	$ (65,546)	$ (96,573)

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)

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Net (loss) income	$ (68,275)	$ 25,692	$ (65,174)	$ (96,648)
Foreign currency translation	46,698	(50,309)	48,520	(5,379)
Comprehensive loss	(21,577)	(24,617)	(16,654)	(102,027)
Less: Comprehensive income (loss) attributable to noncontrolling interest	311	10	372	(75)
Comprehensive loss attributable to Algeco Scotsman Global S.à r.l.	$ (21,888)	$ (24,627)	$ (17,026)	$ (101,952)

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)

	June 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 66,549	$ 60,657
Trade receivables, net of allowances for doubtful accounts of $23,163 and $24,653 respectively	279,381	264,841
Inventories	58,342	40,482
Prepaid expenses and other current assets	41,294	40,554
Total current assets	445,566	406,534
Rental equipment, net	1,748,216	1,782,654
Other property, plant and equipment, net	196,577	202,436
Goodwill	403,045	395,653
Other intangible assets, net	263,091	264,713
Other non-current assets	13,365	15,398
Total assets	$ 3,069,860	$ 3,067,388
Liabilities		
Current liabilities		
Accounts payable	$ 175,301	$ 171,957
Accrued liabilities	113,410	106,365
Accrued interest	45,326	46,283
Deferred revenue and customer deposits	110,610	89,763
Current portion of long-term debt	20,432	11,949
Total current liabilities	465,079	426,317
Long-term debt	3,242,376	3,249,204
Deferred tax liabilities	171,803	170,269
Deferred revenue and customer deposits	44,429	58,209
Other non-current liabilities	49,816	50,519
Total liabilities	3,973,503	3,954,518
Redeemable non-controlling interests	2,836	2,684
Shareholders' Deficit		
Common stock: $1.00 par, 213,289,086 shares issued and outstanding	737,831	737,831
Additional paid-in capital	1,612,986	1,612,986
Non-controlling interests	361	-
Accumulated other comprehensive income	135,455	86,935
Accumulated deficit	(3,393,112)	(3,327,566)
Total shareholders’ deficit	(906,479)	(889,814)
Total liabilities and shareholders’ deficit	$ 3,069,860	$ 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 Cash Flows
(Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Operating activities				
Net (loss) income	$ (68,275)	$ 25,692	$ (65,174)	$ (96,648)
Adjustments for non-cash items:				
Depreciation and amortization	60,881	73,461	117,093	135,374
Provision for doubtful accounts	1,586	1,764	2,987	3,668
Gain on sale of rental equipment and other property, plant and equipment	(7,011)	(1,743)	(9,391)	(3,941)
Amortization of deferred debt gain	(13,051)	(12,526)	(25,960)	(24,923)
Amortization of deferred financing fees	4,015	3,450	7,876	7,023
Change in fair value of contingent consideration	(92)	(13,117)	31	(26,788)
Deferred income tax expense (benefit)	875	539	2,706	(12,260)
Restructuring impairment costs	-	1,882	-	1,882
Foreign currency adjustments	70,901	(42,288)	39,920	73,839
Changes in operating assets and liabilities:				
Trade receivables, net	(18,052)	5,153	(18,060)	32,614
Inventories	(13,066)	(2,272)	(18,754)	70
Prepaid expenses and other assets	3,058	(4,970)	(2,308)	(7,561)
Accrued interest	(49,963)	(49,322)	(903)	542
Accounts payable and other accrued liabilities	14,786	13,715	(853)	(17,542)
Deferred revenue and customer deposits	7,433	(1,797)	6,067	4,355
Cash flows from operating activities	(5,975)	(2,379)	35,277	69,704
Investing activities				
Proceeds from sale of rental equipment	16,227	6,495	22,404	13,341
Purchase of rental equipment	(37,850)	(67,004)	(66,620)	(133,669)
Proceeds from the sale of property, plant and equipment	550	153	956	275
Purchase of property, plant and equipment	(2,831)	(4,065)	(4,949)	(6,086)
Net cash flows from investing activities	(23,904)	(64,421)	(48,209)	(126,139)
Financing activities				
Receipts from borrowings	210,880	230,688	338,516	412,878
Payment of financing costs	(2,397)	-	(2,397)	-
Repayment of borrowings	(171,772)	(173,842)	(314,787)	(354,814)
Principal payments on capital lease obligations	(2,007)	(3,363)	(3,527)	(3,466)
Capital contribution from non-controlling partner	197	-	197	-
Net cash flows from financing activities	34,901	53,483	18,002	54,598
Effect of exchange rate changes on cash and cash equivalents	(1,560)	562	822	(4,567)
Net change in cash and cash equivalents	3,462	(12,755)	5,892	(6,404)
Cash and cash equivalents at beginning of period	63,087	63,918	60,657	57,567
Cash and cash equivalents at end of the period	$ 66,549	$ 51,163	$ 66,549	$ 51,163
Supplemental cash flow information:				
Interest paid	$ 111,094	$ 107,920	$ 120,387	$ 114,803
Income taxes paid, net of refunds received	$ 1,869	$ 3,007	$ 3,176	$ 5,621
Assets acquired under capital leases	$ 2,787	$ -	$ 2,787	$ -

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. (further referred to as the “Company” or together with its subsidiaries (the “Group”)) is a limited liability company (société à responsabilité limitée) incorporated under the laws of Luxembourg. The Group, 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 Group also provides full-service remote workforce accommodation solutions in North America and the Asia Pacific region.

The Group carries out its business activities principally under the names Williams Scotsman and Target Logistics in the United States (“US”), Canada and Mexico, Algeco in Europe, Elliott in the United Kingdom (“UK”), Ausco in Australia, Portacom in New Zealand and Algeco Chengdong in China. The Group’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”).

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 and the accounts of the variable interest entities of which the Company is the primary beneficiary. 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. All intra-group balances and transactions are eliminated. The consolidated financial statements also reflect the impact of non-controlling interests.

Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with US generally accepted accounting principles (“GAAP”) for interim financial information. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying consolidated financial statements contain all adjustments, which are of a normal and recurring nature, necessary to present fairly the financial position and the results of operations for the interim periods presented.

The results of operations for the three and six month periods ended June 30, 2016 is not necessarily indicative of the operating results that may be expected for the full fiscal year ending December 31, 2016 or any future period.

These consolidated financial statements should be read in conjunction with the Company's December 31, 2015 audited consolidated financial statements and accompanying notes thereto.

Recently issued accounting standards

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. 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 will be effective as of the beginning of our fiscal year ending December 31, 2018. The Company is currently evaluating the impact of the pronouncement on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory (Topic 330)*. This guidance is intended to simplify the subsequent measurement of inventories by replacing the current lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods other than last-in first-out and the retail inventory method. The new standard will be effective for our fiscal year ending December 31, 2017, and early adoption is permitted. The Company 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 our 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.

In March 2016, the FASB issued ASU No. 2016-09 *Improvements to Employee Share-Based Payment Accounting (Topic 718), Compensation—Stock Compensation*. The guidance amends several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The new standard will be effective for our fiscal year ending December 31, 2017. 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 the dates indicated below was as follows:

	June 30, 2016	December 31, 2015
Raw materials and consumables	$ 31,746	$ 29,799
Work in progress	15,589	5,326
Finished goods	11,007	5,357
	$ 58,342	$ 40,482

3. Rental equipment, net

Rental equipment, net at the dates indicated below consisted of the following:

	June 30, 2016	December 31, 2015
Modular space fleet	$ 2,567,340	$ 2,548,514
Remote accommodations	407,618	401,267
	2,974,958	2,949,781
Less: accumulated depreciation	(1,226,742)	(1,167,127)
Rental equipment, net	$ 1,748,216	$ 1,782,654

(amounts in thousands, unless stated otherwise)

4. Debt

The carrying value of debt outstanding at June 30, 2016 and December 31, 2015 consisted of the following:

Debt description	Interest rate	Year of maturity	June 30, 2016	December 31, 2015
Senior secured notes – USD	8.50%	2018	$ 1,094,036	$1,097,460
Senior secured notes – EUR	9.00%	2018	312,049	306,708
Senior unsecured notes – USD	10.75%	2019	868,178	884,352
ABL facility – USD	varies	2017	630,551	641,644
ABL facility – CAD	varies	2017	46,249	48,514
ABL facility – GBP	varies	2017	111,889	128,669
ABL facility – AUD	varies	2017	125,653	109,144
Other debt			50,790	21,305
Capital lease obligations			23,413	23,357
Total debt			3,262,808	3,261,153
Less: current maturities			(20,432)	(11,949)
Total long-term debt			$ 3,242,376	$ 3,249,204

The aggregate principal amount of debt outstanding at June 30, 2016 and December 31, 2015 was $3,123.9 million and $3,099.9 million, respectively. As more fully disclosed in Note 8 of the Notes to Consolidated Financial Statements for the year ended December 31, 2015, the excess of the carrying value of debt over the aggregate principal amount of the debt is attributable to the modifications of prior debt that occurred in 2012 and 2009, net of deferred lender fees incurred as a result of the Company's 2012 refinancing. The excess of the carrying value of the modified debt, net of the deferred lender fees over the principal due, is being amortized as a reduction of interest expense over the remaining contractual terms of the Senior Secured Notes, Senior Unsecured Notes and ABL Revolver (each as defined below); amortization for the three months ended June 30, 2016 and 2015, was $9,036 and $9,076 and $18,084 and $17,900 for the six months ended June 30, 2016 and 2015, respectively.

Senior Secured Notes, Senior Unsecured Notes and ABL Revolver

The Group's senior secured and senior unsecured notes 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"). 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.

Certain of the Company's subsidiaries in the US, Canada, the UK, Australia and New Zealand are borrowers (the "Borrowers") under a five year multicurrency asset–based revolving credit facility (the "ABL Revolver") with a maximum availability of the equivalent of $1.355 billion. The amount which the

Group can borrow is based on a defined formula of available assets, principally tangible assets calculated monthly (the "borrowing base"). The ABL Revolver 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. The borrowing base at June 30, 2016 was the equivalent of $1,089.4 million. The ABL Revolver includes certain financial covenants, a leverage ratio and a fixed charge coverage ratio, calculated on a Group level. These financial covenants are only subject to monitoring in the event that the Group's borrowings under the ABL have exceeded 90% of the available facility. At December 31, 2015, the financial covenants effectively limit the Group's borrowings under the ABL to 90% of the available facility. The Group had greater than 10% availability under the ABL Revolver in 2015; as such, the Group was not subject to the financial covenants. The availability under the ABL Revolver was $26.6 million after consideration of the 90% covenant threshold at June 30, 2016, but would have been $146.6 million at June 30, 2016 without consideration of the 90% covenant threshold.

Borrowings under the 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. The margin varies based on the amount of total borrowings under the ABL Revolver with the margin increasing as borrowings increase. At June 30, 2016, the weighted average interest rate for borrowings under the ABL Revolver was 3.39%. The ABL Revolver requires the payment of an annual commitment fee on the unused available borrowings of between 0.375% and 0.5% per annum.

Other Debt

The Group's other debt at June 30, 2016 primarily consisted of $19.8 million under an agreement that was entered into during December 2015; $16.1 million outstanding under a €40.0 million agreement that was entered into during May 2016; $16.5 million due to TDR; and $2.3 million of other debt. The Group's other debt is presented net of $4.1 million of financing fees incurred under the €40.0 million agreement. The $19.8 million of other debt is due in March 2019 and bears interest at 11.1%. Under this agreement, the Group 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. In May 2016, the Group entered into sales-leaseback agreements with an affiliated entity of TDR. Under the terms of those sales-leaseback agreements the TDR affiliate has the ability to require the Group to repurchase those fleet units in two years. Due to the terms of the sale-leaseback agreements, the Group determined that the entity was a variable interest entity and that the Group was the primary beneficiary of those entities and, as such, consolidates the financial statements of those entities. The €40.0 million agreement that was entered into in May 2016 by the variable interest entities provides for facilities of €12.0 million and €28.0 million. The €28.0 million facility can be drawn through June 2017. Borrowings outstanding under the agreements bear interest at a floating rate plus an applicable margin. At June 30, 2016, the weighted average interest rate for borrowings under those agreements was 6.75%. These agreements require the payment of an annual commitment fee on the unused available borrowings of 3.5% per annum. These facilities are secured by the rental fleet units which are subject to the sales-leaseback arrangement and are also guaranteed by TDR. Any borrowing under these agreements is due in June 2018. In April 2016, TDR advanced €15.0 million to the Group which bears interest at interest rates ranging from 0% to 10% per annum. Certain of these advances are in support of the sales-leaseback arrangements. As of June 30, 2016, $22.9 million of long-term debt, net of financing fees, $2.0 million of accrued liabilities, $5.6 million of current portion of long-term debt, $10.2 million of cash and cash equivalents, and $20.6 million of finance lease receivables due from Group entities (secured by rental equipment), that eliminate in consolidation were attributable to the variable interest entities. The creditors of the variable interest entities do not have recourse to the general credit of other entities included in the Group.

5. Income taxes

Income tax expense (benefit) was $4.0 million and $5.4 million for the three and six months ended June 30, 2016, respectively, compared to $3.8 million and ($7.8) million for the same periods of 2015. The Company's tax expense was larger during the three months ended June 30, 2016 compared with the three months ended June 30, 2015 primarily due to a reduction in the pre-tax loss. The Company's tax expense was larger during the six months ended June 30, 2016 as compared to the same period in 2015 primarily due to pre-tax loss driven by foreign currency losses as compared to pre-tax income with foreign currency gains. Additionally, the income tax benefit for the six months ended June 30, 2015 includes a one-time non-cash tax benefit of $5.2 million related to the reduction of deferred tax liabilities that were incorrectly recorded in prior periods, $2.7 million of tax benefits related to the favorable resolution of prior year uncertain tax positions and a $1.2 million withholding tax benefit.

The Company accounts for income taxes in interim periods under ASC 740-270, *Income Taxes – Interim Reporting*, which generally requires us to apply an estimated annual consolidated effective tax rate to consolidated pre-tax income. This guidance also provides that 11 certain items should be excluded from the estimated annual tax rate, and instead, the tax attributable to the item should be discretely recognized in the interim period in which they arise. In this regard, the Company records both the (1) tax effects of currency gains or losses from foreign exchange rate fluctuations and (2) income or expense related to changes in the Target Logistics' contingent earn-out discretely in the quarter in which they arise. The tax expense (benefit) recognized in the three and six months ended June 30, 2016 and June 30, 2015 related to these two items was ($4.0) million and ($1.5) million and $1.6 million and ($2.6) million, respectively. In addition, the guidance under ASC 740 further provides that, in establishing the estimated annual effective tax rate, the Company excludes losses from jurisdictions in which no tax benefit is expected to be recognized for such losses. The Company did not apply its estimated annual effective tax rate to pre-tax losses of $57.9 million through June 30, 2016. Excluding the tax impact of the aforementioned items, the Company estimates that the estimated effective tax rate for 2016 will be between 10.5% and 15.5%.

The Company accounts for uncertain tax positions pursuant to the recognition and measurement criteria under ASC 740. It is reasonably possible that approximately $1.1 million of unrecognized tax benefits will be recognized within the next twelve months.

6. Derivative financial instruments

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. The foreign currency forward contracts are utilized as economic hedges, but are not designated as fair value or cash flow hedges. Changes in the fair value of all derivatives are recognized in profit or loss as part of currency gains (losses), net line item in the consolidated statements of operations, with the offsetting amount for unsettled positions being included in either prepaid expenses and other current assets, other non-current assets, accrued liabilities, or other long-term liabilities.

The following summarizes the contractual notional amount of forward contracts as of June 30, 2016 (amounts in millions):

Currencies	Buy	Sell
USD / Australian $	$ 13.0	A$ 18.0
USD / GBP	$ 12.0	£ 8.0
USD / Euro	$ 21.7	€ 19.6

The net gain (loss) recognized in income on foreign currency forward contracts that were not designated as hedging instruments for the three and six months ended June 30, 2016 was $2,135 and ($414), respectively. The net (loss) gain recognized in income on foreign currency forward contracts that were not designated as hedging instruments for the three and six months ended June 30, 2015 was and ($3,289) and $1,700 respectively. We realized gains associated with the settlement of foreign currency forward contracts of $72 for the three and six months months ended June 30, 2016 and, respectively. We realized gains associated with the settlement of foreign currency forward contracts of $3,134 during the three and six months ended June 30, 2015.

7. Fair value measures

Fair value measures

The fair value of 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 utilizes the suggested accounting guidance for the three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2 - Observable inputs, other than Level 1 inputs in active markets, that are observable either directly or indirectly; and

Level 3 - Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions

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

(amounts in thousands, unless stated otherwise)

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy:

June 30, 2016	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Financial assets (liabilities) measured at fair value				
Contingent consideration	$ (4,613)	$ -	$ -	$ (4,613)
Derivative assets	1,494	-	1,494	-
Derivative liabilities	(681)	-	(681)	-
Total	$ (3,800)	$ -	$ 813	$ (4,613)
Financial assets (liabilities) not measured at fair value				
Senior notes	$ (2,274,263)	$ -	$ (1,478,750)	$ -
ABL facility	(914,342)	-	(920,115)	-
Total	$ (3,188,605)	$ -	$ (2,398,865)	$ -

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	$ (2,288,520)	$ -	$ (1,432,314)	$ -
ABL facility	(927,971)	-	(936,611)	-
Total	$ (3,216,491)	$ -	$ (2,368,925)	$ -

(amounts in thousands, unless stated otherwise)

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 an acquisition, the Company entered into an earnout agreement (the "Earnout Agreement"), which provides for contingent consideration (the "Target Earnout") to the former owners. The additional payments attainable under the Earnout Agreement are 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 June 30, 2016 and December 31, 2015 the value of the Earnout liability was $4,613 and $4,582, respectively.

The Target Earnout is based on the future amounts of EBITDA and capital expenditures of Target and the future EBITDA exit multiple value of Target Logistics or the Group at an exit event. A Monte Carlo Simulation approach under a risk-neutral framework is used to simulate the future values of EBITDA, which are then combined with a series of exit event scenarios to estimate the fair value of the Target Earnout. At June 30, 2016 and December 31, 2015, the following key assumptions were utilized in developing the contingent consideration liability:

Inputs	June 30, 2016	December 31, 2015
EBITDA volatility	21.0%	23.0%
Discount rate	11.0%	12.3%
Exit multiple	10.8	9.4
Estimated years (Term) to exit	0.75 - 1.75	0.75 - 2.25

An increase in the exit multiple of 1.0x at June 30, 2016 and December 31, 2015 would result in increases in the fair value of the contingent consideration of $4.1 million and $3.0 million, respectively.

(amounts in thousands, unless stated otherwise)

8. Restructuring

The Company incurred charges associated with restructuring plans designed to streamline operations and reduce costs of $1,633 and $1,766 net of reversals, during the three and six months ended June 30, 2016, respectively. The Company incurred restructuring charges of $5,494 during the three and six months ended June 30, 2015. The following is a summary of the activity in our restructuring accruals for six months ended June 30, 2016:

	Employee termination costs	Contract termination costs	Total
Balance at December 31, 2015	$ 4,486	$ 2,880	$ 7,366
Charges during the period, net of reversals	1,766	-	1,766
Cash payments during the period	(3,428)	(2,143)	(5,571)
Foreign currency and other	81	(133)	(52)
Balance at June 30, 2016	$ 2,905	$ 604	$ 3,509

The 2016 restructuring charges relate primarily to the Group's corporate function and the operations in North America and consist of employee termination costs. The Company may recognize additional costs during 2016 as it finalizes previous estimates and actions in connection with the plan. The restructuring actions are expected to be substantially completed by June 30, 2017.

9. Share-based payments

Long-term Incentive Plan

The Group maintains a management incentive plan (the "Plan"). 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 Group. 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 Group 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. 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 Group has not recognized any compensation expense related to the Plan in the consolidated financial statements.

In June 2014, the Group 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 contributions to a bonus pool based on the annual performance of the Group 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 Group 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 was $53,165 and $42,285 at June 30, 2016 and December 31, 2015, respectively.

10. Contingencies

The Group 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 Group's financial condition.

11. 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 Group $1,942 and $3,286 for monitoring fees and consulting and management advisory services during the three months ended June 30, 2016 and 2015, respectively. TDR charged the Group $3,971 and $6,803 for monitoring fees and consulting and management advisory services during the six months ended June 30, 2016 and 2015, respectively. These fees are included within selling, general, and administrative expenses in the consolidated statements of operations.

The Group had amounts receivable due from affiliates in the amount of $1,515 and $1,403 as of June 30, 2016 and December 31, 2015, respectively. Additionally, the Group had payables due to affiliates of $4,099 and $4,213 as of June 30, 2016 and December 31, 2015, respectively.

As more fully disclosed in Note 5, in May 2016, the Group entered into sales-leaseback agreements with an entity owned by TDR. Under the terms of those sales-leaseback agreements an affiliated entity of TDR has the ability to require the Group to repurchase those fleet units in two years. TDR guarantees the borrowings under the €40.0 million borrowing arrangement entered into by the entity associated with the sale-leaseback agreements. In addition, under the terms of the €40.0 million facilities any proceeds of the sales-leaseback transactions are provided for under an eighty percent and twenty percent allocation under the borrowing arrangement and borrowings provided by TDR, respectively. In April 2016 TDR advanced €15.0 million to the Group which bears interest at interest rates ranging from 0% to 10% per annum. Certain of these advances relate to the sales-leaseback transactions.

12. Subsequent events

On March 16, 2016, we entered into a conditional agreement (“the Merger Agreement’) with Modular Space Corporation (“ModSpace”) to merge ModSpace’s North American modular space operations with the modular space operations of Williams Scotsman International, Inc. (WSII), a subsidiary of the Company. On August 13, 2016, WSII terminated the Merger Agreement, in accordance with the terms of the Merger Agreement and as a result of the transactions contemplated thereunder not being completed by the expiration date established by the Merger Agreement. Alternative options, including an alternative transaction that could result in the combination of the North American modular space operations of ModSpace and WSII, are being considered, though no assurance can be given that any such transaction will occur.

The Company has evaluated subsequent events through August 15, 2016, the date of issuance of these financial statements, and determined that no subsequent events had occurred that would require recognition in its interim consolidated financial statements for the three and six months ended June 30, 2016 and that, other than the matter discussed above, no subsequent events have occurred that would require disclosure in the notes thereto.

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