Q2 2017 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, 2017 and December 31, 2016 consolidated financial statements and the notes thereto and the risk factors described in our fourth quarter 2016 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" and the "Company" refer to Algeco Scotsman Global S.à r.l., a limited liability company incorporated under the laws of Luxembourg, together with its subsidiaries. As used in this discussion, "Americas" means the United States ("US"), Canada, and Mexico, "Europe" means our operations within various countries in Europe, and "Asia Pacific" means Australia, New Zealand, and China. The Company is principally owned by 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"). Former lenders of Holdings own Class B interests in the direct parent of the Company.

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, 2016 (the "Annual Report").

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, 2016, 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 10,700 rooms in our remote accommodations business. We have 236 branch and depot locations and operate in 25 countries across four continents. We seek to capitalize on our breadth and significant scale to focus on geographic market opportunities. Changes in our geographic mix can affect our results of operations due to jurisdictional differences, including those related to the level of economic activity and growth and the competitiveness of a particular market.

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

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

Our modular space fleet consists of approximately 233,000 units with a gross book value of approximately $2.6 billion as of June 30, 2017. Our fleet is generally comprised of standardized, versatile products that can be configured to meet a wide variety of customer needs. All of our modular space units are intended to provide convenient, comfortable space for occupants at a location of their choosing. We believe that our global footprint and substantial fleet size provide us with competitive advantages. In addition, our scale enables us to purchase units on favorable terms, providing incremental margin to both our leasing and sales businesses.

Our remote accommodations business is comprised of approximately 10,700 fully managed rooms with a gross book value of $0.4 billion as of June 30, 2017. Our remote accommodations business provides living and sleeping space solutions, which are typically utilized for workforces in remote locations. The majority of these units offer full suite "hotel-like" rooms to our customers. In addition to leasing these remote accommodations products to our customers, we also provide remote facility management solutions which include catering services, recreational facilities and on-site property management.

Our portable storage fleet of approximately 42,000 units, with a gross book value of approximately $0.1 billion as of June 30, 2017, 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

Agreement to Sell North American Modular Business and ABL Amendment

As more fully disclosed in Note 12 of our interim consolidated financial statements, on August 21, 2017, the Company announced that it and certain of its subsidiaries have entered into a definitive agreement (the "Stock Purchase Agreement") with Double Eagle Acquisition Corp., a publicly traded special purpose acquisition company ("DEAC"), to sell its North American modular space and portable storage operations to Williams Scotsman Holdings Corp. ("Holdco"), a newly-formed subsidiary of DEAC (the "Transaction").

Pursuant to the Stock Purchase Agreement, the Company will sell Williams Scotsman International, Inc. ("WSII" and together with its subsidiaries, "Williams Scotsman") for an aggregate purchase price of $1,100.0 million, of which $1,021.0 million shall be paid in cash (the "Cash Consideration") to the Company or used to repay certain indebtedness of the Company and the remaining $79.0 million shall be paid in the form of a 10% common equity interest in Holdco (the "Stock Consideration" and together with the Cash Consideration, the "Purchase Consideration"). The Company will have the right (but not the obligation) to require TDR to purchase all, but not less than all, of the Stock Consideration for $79.0

million at any time during the first twelve months after the closing of the Transaction. The Stock Consideration will be exchangeable, at the option of the Company or its permitted transferees, pursuant to the terms of an exchange agreement, for shares of common stock of DEAC. As more fully disclosed in Note 12 of our interim consolidated financial statements, it is anticipated that the Cash Consideration will be used to, among other things, prepay certain amounts outstanding under the ABL Revolver and fund certain acquisitions.

Prior to completing the Transaction, the Company will conduct a carve-out transaction in its North American business to carve-out certain assets related to the remote accommodation business in the United States and Canada (Target Logistics) from Williams Scotsman and incorporate this division into the remaining operations of the Company. As a result, the remaining operations of the Company will consist of all of the Company's operations in Europe, Asia Pacific and Target Logistics.

As more fully disclosed in Note 12 of our interim consolidated financial statements, on August 21, 2017, and in connection with the Transaction, the Company, and the other parties thereto entered into an amendment to the ABL Revolver to, among other things, permit the sale of Williams Scotsman to Holdco, permit certain acquisitions and reduce commitments under the ABL Revolver. The closing of the amendment is conditional upon, and will occur simultaneously with, the closing of the Transaction.

Through certain of its directly and indirectly managed funds, TDR holds a majority interest in the Company and is also expected to hold a minority interest in DEAC, following the Transaction. The closing of the Transaction is subject to a number of conditions including the approval of the Transaction by the requisite number of stockholders of DEAC, a financing condition, applicable regulatory clearances and other customary closing conditions.

Extension of ABL Revolver
As more fully disclosed in Note 4 of our interim consolidated financial statements, on March 31, 2017, the asset–based revolving credit facility (the "ABL Revolver") was amended to provide for a maximum availability of the equivalent of $1.1 billion, a maturity date of July 10, 2018, and amended other terms.

PIK Loans Restructuring
As more fully disclosed in our December 31, 2016 consolidated financial statements, on February 3, 2017, Holdings, Algeco Scotsman PIK S.A. ("AS PIK"), a wholly owned subsidiary of Holdings, the Company and certain of our affiliates, signed a restructuring support agreement for the $400.0 million principal amount payment-in-kind loan agreement (the "PIK Loans"), dated May 1, 2013. Pursuant to the restructuring agreement, on February 13, 2017, AS PIK and certain of its affiliates launched an exchange offer and obtained the consents of a majority in number of holders of the PIK Loans, which persons hold over 90% in principal amount of the PIK Loans. On May 9, 2017, AS PIK commenced an English scheme of arrangement to implement the terms of the exchange offer such that it will be binding on 100% of the PIK Loans lenders. The High Court in London sanctioned the scheme of arrangement following a hearing on 22 June 2017 and the effective date of the scheme occurred on June 23, 2017. The restructuring was completed on the terms set forth in the exchange offer.

TDR Unsecured Loan Agreement
As more fully disclosed in Note 4 of our interim consolidated financial statements, in March 2017, the Company entered into a senior unsecured loan agreement with an affiliate of TDR. The agreement provided borrowings of $75.0 million. The Company was required to pay interest in cash on loans outstanding under the agreement at an interest rate of 8.5% per annum, payable semi-annually. The Company refinanced the loan in May 2017 through the issuance of $75.0 million of additional 8.5% Senior Secured Notes due October 15, 2018

Litigation relating to the US remote accommodations business
Our remote accommodations business in the Americas has one facility that accounted for approximately 44 percent of our remote accommodations rooms on rent as of June 30, 2017. 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.

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,	
	2017	**2016**	**2017**	**2016**
Modular units on rent (average during the period)	212,824	211,712	210,431	209,827
Average modular utilization rate	77.6%	77.0%	76.8%	76.0%
Average modular monthly rental rate*	$ 217	$ 218	$ 213	$ 221
Average remote accommodation rooms on rent	5,228	4,665	4,936	4,816
Average remote accommodation daily rate*	$ 85	$ 107	$ 83	$ 105

**at constant currency*

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

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

Gross profit

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

SG&A

Our selling, general, and administrative ("SG&A") expense includes all costs associated with our selling efforts, including marketing costs and salaries and benefits, including commissions of sales personnel. It also includes our overhead costs, such as salaries of our administrative and corporate personnel and the leasing of facilities we occupy.

Other depreciation and amortization

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

Impairment on goodwill and intangible assets

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

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.

Other (income) expense, net

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

Interest expense, net

Interest expense consists of cost of external debt including the Company's multicurrency asset-based revolving credit facility (the "ABL Revolver"), $1,170.0 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"), capital leases and other financing obligations, other debt, amortization of deferred financing fees, and amortization of deferred debt gain.

Income tax expense (benefit)

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

Use of constant currency

We believe that 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 a substitution 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. Under GAAP we are required to 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, 2016. There have been no material changes in any of our critical accounting policies during the six months ended June 30, 2017.

Selected Historical Consolidated Financial Data

Three months ended June 30, 2017 compared to three months ended June 30, 2016

The following summarizes our operating results for the three months ended June 30, 2017 and 2016:

	Three months ended June 30,		
	2017	2016	$ Change
Revenues	*(Unaudited)*	*(Unaudited)*	
Leasing and services revenue:			
Modular space leasing	$ 189,939	$ 197,290	$ (7,351)
Modular space delivery and installation	66,847	62,170	4,677
Remote accommodations	41,075	48,885	(7,810)
Sales:			
New units	63,362	78,456	(15,094)
Rental units	7,086	11,533	(4,447)
Total revenues	368,309	398,334	(30,025)
Costs			
Cost of leasing and services:			
Modular space leasing	50,234	50,258	(24)
Modular space delivery and installation	61,466	56,199	5,267
Remote accommodations	19,658	18,422	1,236
Cost of sales:			
New units	52,395	65,663	(13,268)
Rental units	3,962	4,658	(696)
Depreciation of rental equipment	47,677	53,764	(6,087)
Gross profit	132,917	149,370	(16,453)
Expenses			
Selling, general and administrative expenses	92,884	89,406	3,478
Other depreciation and amortization	7,370	7,117	253
Restructuring costs	1,064	1,633	(569)
Currency (gains) losses, net	(50,553)	65,225	(115,778)
Other expense (income), net	2,330	(260)	2,590
Operating profit (loss)	79,822	(13,751)	93,573
Interest expense, net	58,916	50,537	8,379
Income (loss) before income tax	20,906	(64,288)	85,194
Income tax expense	2,239	3,987	(1,748)
Net income (loss)	$ 18,667	$ (68,275)	$ 86,942

Revenue:
Total revenue decreased $30.0 million, or 7.5%, to $368.3 million for the three months ended June 30, 2017 from $398.3 million for the three months ended June 30, 2016. The effect of unfavorable foreign currency movements resulted in a reduction in revenue of $8.5 million as several currencies were weaker against the US dollar during the reporting period, on a comparative basis. Excluding the effects of foreign currency, total revenue decreased $21.3 million or 5.3%, as a result of a 6.6% decrease in revenue in the Americas, a 12.1% decrease in revenue in Europe and a 24.1% increase in revenue in Asia Pacific, respectively. Revenue in the Americas declined 6.6% primarily as result of reduced remote accommodations revenue stemming from the impact of the South Texas Family Residential Center contract extension, lower modular space revenue in Canada due to reduced oil and gas sector demand, and lower used sales in the US. The 12.1% decrease in revenue in Europe was primarily a result of lower new sales volume in Germany and the United Kingdom ("UK"), as well as a one-time event in the prior year associated with the termination of an asylum-seeker contract, partially offset by increased VAPS volume throughout Europe. The 24.1% revenue increase in Asia Pacific was primarily the result of higher new sales volume in New Zealand and increased remote accommodations revenue in Australia associated with higher occupancy and daily rental rates.

Average modular units on rent for three months ended June 30, 2017 and 2016 were 212,824 and 211,712, respectively. The increase was primarily driven by increases in units on rent in France, Germany, Australia, and China. The average modular utilization rate for three months ended June 30, 2017 was 77.6%, as compared to 77.0% in the prior year's quarter. The increase in average modular utilization rate was driven by increases in the UK, France, and Asia Pacific. The average modular monthly rental rate decreased to $211 from $218, due partially to the effects of foreign currency as several currencies were weaker against the US dollar, on a comparative basis, as well as declines in rental rates in Australia and Canada. At constant currency, the average modular monthly rate was $217 for three months ended June 30, 2017. Average remote accommodation rooms on rent for three months ended June 30, 2017 and 2016 were 5,228 and 4,665, respectively. The increase was driven by higher occupancy levels in both the Asia Pacific and the Americas, partially attributable to camp expansions in the Americas. The average remote accommodation daily rate was $85 for three months ended June 30, 2017 as compared to $107 the prior year. At constant currency, the average remote accommodation daily rate was also $85 for three months ended June 30, 2017. The decrease in average daily rate was due to lower pricing in the Americas, partially offset by favorable pricing in Asia Pacific.

Gross profit:
Our gross margin was 36.1% and 37.5% for the three months ended June 30, 2017 and 2016, respectively. Our gross margin, excluding depreciation, was 49.0% and 51.0% for the three months ended June 30, 2017 and 2016, respectively.

Gross profit decreased $16.5 million, or 11.0%, to $132.9 million for the three months ended June 30, 2017 from $149.4 million for the three months ended June 30, 2016. The effects of unfavorable foreign currency movements reduced gross profit by $3.4 million, as several currencies were weaker against the US dollar, on a comparative basis. Excluding the effects of foreign currency, the remaining $13.1 million decrease in gross profit was due primarily to lower remote accommodations volume and margin in the Americas, two one-time events in the prior year, and lower new sales margin declines in Asia Pacific, partially offset by improved VAPS volumes in Europe and a $5.1 million reduction in depreciation of rental equipment.

SG&A:
SG&A expense increased $3.5 million, or 3.9%, to $92.9 million for the three months ended June 30, 2017, compared to $89.4 million for the three months ended June 30, 2016. That increase includes the effects of favorable foreign currency movements which reduced SG&A expense $2.3 million, and was

primarily a result of increased employee costs and legal and professional expenses for Europe infrastructure development, as well as higher employee costs in the US, partially offset by reductions at Corporate.

Other depreciation and amortization:
Other depreciation and amortization increased $0.3 million, or 4.2%, to $7.4 million for the three months ended June 30, 2017, compared to $7.1 million for the three months ended June 30, 2016.

Restructuring costs:
Restructuring costs decreased $0.5 million to $1.1 million for the three months ended June 30, 2017, compared to $1.6 million for the three months ended June 30, 2016. The 2017 restructuring costs primarily relate to actions to streamline operations and reduce costs in our corporate function and relocation costs related to the US remote accommodation headquarters.

Currency (gains) losses, net:
Currency (gains) losses were ($50.6) million for the three months ended June 30, 2017 compared to $65.2 million for the three months ended June 30, 2016. The increase in currency gains 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, net are primarily attributable to fluctuations in the following exchange rates: US dollar / euro, US dollar / British pound sterling, and US dollar / Australian dollar.

Other expense (income), net:
Other expense (income), net was $2.3 million for the three months ended June 30, 2017 and ($0.3) million for the three months ended June 30, 2016. The increase in other expense was driven by a reserve on a note receivable that was retained under the terms of the sale of a subsidiary in 2015.

Interest expense, net:
Interest expense increased $8.4 million, or 16.6%, to $58.9 million for the three months ended June 30, 2017 from $50.5 million for the three months ended June 30, 2016. This increase is primarily due to an increase in the outstanding amount of other debt. See Note 4 to our June 30, 2017 consolidated financial statements for additional information regarding our loans and borrowings.

Income tax expense:
Income tax expense, net, decreased $1.8 million to $2.2 million of tax expense for the three months ended June 30, 2017 compared to $4.0 million tax expense for the three months ended June 30, 2016. The decrease is primarily due to the Company recognizing a $1.8 million non-cash benefit as a result of the reversal of prior year uncertain tax positions related to the completion of an income tax audit.

Six months ended June 30, 2017 compared to six months ended June 30, 2016

The following summarizes our operating results for the six months ended June 30, 2017 and 2016:

	Six months ended June 30, 2017	Six months ended June 30, 2016	$ Change
Revenues	*(Unaudited)*	*(Unaudited)*	
Leasing and services revenue:			
Modular space leasing	$ 364,645	$ 374,669	$ (10,024)
Modular space delivery and installation	124,349	113,462	10,887
Remote accommodations	75,364	96,276	(20,912)
Sales:			
New units	116,329	140,519	(24,190)
Rental units	16,818	17,710	(892)
Total revenues	697,505	742,636	(45,131)
Costs			
Cost of leasing and services:			
Modular space leasing	96,347	95,852	495
Modular space delivery and installation	114,018	104,913	9,105
Remote accommodations	36,931	37,780	(849)
Cost of sales:			
New units	101,324	118,437	(17,113)
Rental units	9,775	8,617	1,158
Depreciation of rental equipment	93,653	102,948	(9,295)
Gross profit	245,457	274,089	(28,632)
Expenses			
Selling, general and administrative expenses	178,431	180,893	(2,462)
Other depreciation and amortization	14,193	14,145	48
Restructuring costs	1,738	1,766	(28)
Currency (gains) losses, net	(94,578)	36,829	(131,407)
Other (income) expense, net	(1,887)	259	(2,146)
Operating profit	147,560	40,197	107,363
Interest expense, net	111,259	99,977	11,282
Income (loss) before income tax	36,301	(59,780)	96,081
Income tax expense	3,478	5,394	(1,916)
Net income (loss)	$ 32,823	$ (65,174)	$ 97,997

Revenue:

Total revenue decreased $45.1 million, or 6.1%, to $697.5 million for the six months ended June 30, 2017 from $742.6 million for the six months ended June 30, 2016. The effect of unfavorable foreign currency movements resulted in a reduction in revenue of $15.8 million as several currencies were weaker against the US dollar during the reporting period, on a comparative basis. Excluding the effects of foreign currency, total revenue decreased $29.3 million or 3.9%, as a result of a 9.3% decrease in revenue in the Americas, a 9.3% decrease in revenue in Europe and a 33.2% increase in revenue in Asia Pacific, respectively. Revenue in the Americas declined 9.3% primarily as result of reduced remote accommodations revenue stemming from the impact of the South Texas Family Residential Center contract extension, lower new sales revenue in the US, and lower modular space revenue in Canada due to reduced oil and gas sector demand. The 9.3% revenue decrease in Europe was primarily a result of decreased new sales volume in Germany and the UK, partially offset by increased VAPS volume throughout Europe. The 33.2% revenue increase in Asia Pacific was primarily the result of higher new sales and modular space delivery and installation revenue associated with several large projects in Australia and New Zealand, as well as higher remote accommodations revenue in Australia driven by increased occupancy, partially offset by lower rental unit sales.

Average modular units on rent for six months ended June 30, 2017 and 2016 were 210,431 and 209,827, respectively. The increase was driven by higher units on rent in France, Germany, and Australia, partially offset by declines in units on rent in Canada and storage units on rent in the US The average modular utilization rate for six months ended June 30, 2017 was 76.8%, as compared to 76.0% in the prior year period. The increase in average modular utilization rate was driven by increases in the UK, France, and Asia Pacific. The average modular monthly rental rate decreased to $207 from $216, due partially to the effects of foreign currency as several 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 $213 for six months ended June 30, 2017. Average remote accommodation rooms on rent for six months ended June 30, 2017 and 2016 were 4,936 and 4,816, respectively. The increase in average rooms on rent was driven primarily by higher occupancy in Asia Pacific. The average remote accommodation daily rate was $83 for six months ended June 30, 2017 as compared to $105 the prior year. At constant currency, the average remote accommodation daily rate was $83 for six months ended June 30, 2017. The decrease in average daily rate was due to lower pricing in the Americas.

Gross profit:

Our gross margin was 35.2% and 36.9% for the six months ended June 30, 2017 and 2016, respectively. Our gross margin, excluding depreciation, was 48.6% and 50.8% for the six months ended June 30, 2017 and 2016, respectively.

Gross profit decreased $28.6 million, or 10.4%, to $245.5 million for the six months ended June 30, 2017 from $274.1 million for the six months ended June 30, 2016. The effects of unfavorable foreign currency movements reduced gross profit by $6.7 million, as several currencies were weaker against the US dollar, on a comparative basis. Excluding the effects of foreign currency, the remaining $21.9 million decrease in gross profit was due primarily to lower remote accommodations volume and margin in the Americas, lower modular space volume in Canada, as well as a decline in new sales margin in Asia Pacific, partially offset by improved VAPS volumes in Europe and the Americas and a $7.3 million reduction in depreciation of rental equipment.

SG&A:

SG&A expense decreased $2.5 million, or 1.4%, to $178.4 million for the six months ended June 30, 2017, compared to $180.9 million for the six months ended June 30, 2016. That decline was primarily a result of favorable foreign currency movements of $4.8 million. Excluding the effects of foreign currency, the remaining $2.3 million increase was attributable to increases in Europe infrastructure and higher employee costs in the US, partially offset by reduced costs at Corporate.

Other depreciation and amortization:
Other depreciation and amortization increased $0.1 million, or 0.7%, to $14.2 million for the six months ended June 30, 2017, compared to $14.1 million for the six months ended June 30, 2016.

Restructuring costs:
Restructuring costs decreased $0.1 million to $1.7 million for the six months ended June 30, 2017, compared to $1.8 million for the six months ended June 30, 2016. The 2017 restructuring costs primarily relate to actions to streamline operations and reduce costs in our corporate function and relocation costs related to the US remote accommodations headquarters.

Currency (gains) losses, net:
Currency (gains) losses were ($94.6) million for the six months ended June 30, 2017 compared to $36.8 million for the six months ended June 30, 2016. The increase in currency gains 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, net are primarily attributable to fluctuations in the following exchange rates: US dollar / euro, US dollar / British pound sterling, and US dollar / Australian dollar.

Other (income) expense, net:
Other (income) expense, net was ($1.9) million for the six months ended June 30, 2017 and $0.3 million for the six months ended June 30, 2016. The income in 2017 is primarily from the proceeds of the sale of property in the Netherlands. This was offset by a reserve on a note receivable that was retained under the terms of the sale of a subsidiary in 2015.

Interest expense, net:
Interest expense increased $11.3 million, or 11.3%, to $111.3 million for the six months ended June 30, 2017 from $100.0 million for the six months ended June 30, 2016. This increase is primarily due to an increase in the outstanding amount of other debt. See Note 4 to our June 30, 2017 consolidated financial statements for additional information regarding our loans and borrowings.

Income tax expense:
Income tax expense, net, decreased $1.9 million to $3.5 million of tax expense for the six months ended June 30, 2017 compared to $5.4 million tax expense for the six months ended June 30, 2016. The decrease is primarily as a result of a change in the Company's discrete items as it relates to foreign currency gain and true-ups.

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 income before taxes to Adjusted EBITDA for the three and six months ended June 30, 2017 and 2016, in thousands of dollars, is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Net income (loss) before taxes	$ 20,906	$ (64,288)	$ 36,301	$ (59,780)
Interest expense, net	58,916	50,537	111,259	99,977
Depreciation and amortization	55,047	60,881	107,846	117,093
EBITDA	134,869	47,130	255,406	157,290
Currency (gains) losses, net	(50,553)	65,225	(94,578)	36,829
Restructuring costs	1,064	1,633	1,738	1,766
Sponsor management fees	1,676	1,942	3,381	3,971
Other expense	4,534	2,728	220	7,442
Adjusted EBITDA	$ 91,590	$ 118,658	$ 166,167	$ 207,298

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 (gains) losses, 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 and losses are

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

Restructuring costs:
We incur costs associated with restructuring plans designed to streamline operations and reduce costs. See Note 8 in our interim 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 11 in our interim consolidated financial statements for more information on sponsor management fees.

Other expense:
Other expense includes consulting expenses related to certain one-time projects or acquisitions, 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, 2017 and 2016, on a constant currency basis. In the comparison of 2017 to 2016, the 2017 results have been translated at the 2016 actual exchange rates.

Business Segment Results
Three months ended June 30, 2017 compared to three months ended June 30, 2016

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments, and Eliminations	Consolidated
Three Months Ended June 30, 2017	**Americas**	**Europe**	**Asia Pacific**	**Total**			
Leasing and services revenue:							
Modular space leasing	$ 73.2	$ 106.4	$ 15.7	$ 195.3	$ (5.3)	$ -	$ 190.0
Modular space delivery and installation	23.1	32.2	13.2	68.5	(1.5)	(0.2)	66.8
Remote accommodations	31.1	-	9.9	41.0	0.1	-	41.1
Sales:							
New unit sales	9.4	31.9	23.8	65.1	(1.7)	(0.1)	63.3
Rental units sales	4.8	1.6	0.8	7.2	(0.1)	-	7.1
Revenue	$ 141.6	$ 172.1	$ 63.4	$ 377.1	$ (8.5)	$ (0.3)	$ 368.3
Adjusted EBITDA	$ 43.0	$ 49.6	$ 5.1	$ 97.7	$ (2.0)	$ (4.1)	$ 91.6
Capital expenditures	$ 30.6	$ 41.7	$ 4.3	$ 76.6	$ (2.5)	$ -	$ 74.1
Three Months Ended June 30, 2016							
Leasing and services revenue:							
Modular space leasing	$ 71.4	$ 110.8	$ 15.0	$ 197.2	$ -	$ 0.1	$ 197.3
Modular space delivery and installation	21.2	30.6	10.4	$ 62.2	-	-	$ 62.2
Remote accommodations	41.3	-	7.5	48.8	-	0.1	48.9
Sales:							
New unit sales	9.3	52.4	16.9	78.6	-	(0.3)	78.3
Rental units sales	8.4	1.9	1.3	11.6	-	-	11.6
Revenue	$ 151.6	$ 195.7	$ 51.1	$ 398.4	$ -	$ (0.1)	$ 398.3
Adjusted EBITDA	$ 62.8	$ 56.0	$ 5.5	$ 124.3	$ -	$ (5.6)	$ 118.7
Capital expenditures	$ 16.9	$ 21.0	$ 2.8	$ 40.7	$ -	$ -	$ 40.7

Americas

Revenue:
Total revenue decreased $10.0 million, or 6.6%, to $141.6 million for the three months ended June 30, 2017 from $151.6 million for the three months ended June 30, 2017. Remote accommodations revenue declined $10.2 million, or 24.7%, due to a reduction in daily rental rates associated with the South Texas Family Residential Center contract extension, partially offset by an increase in average rooms on rent associated with several camp expansions. Modular space leasing revenue increased $1.8 million, or 2.5%, as a result of higher modular rental rates and VAPS volume in the US, partially offset by lower volume in Canada associated with reduced commodity sector demand. New unit sales revenue increased $0.1 million, or 1.1%, associated with a moderate increase in sale opportunities in Canada. Rental unit sales revenue decreased $3.6 million, or 42.9%, driven by the US.

Adjusted EBITDA:
Adjusted EBITDA decreased $19.8 million, or 31.5%, to $43.0 million for the three months ended June 30, 2017 from $62.8 million for the three months ended June 30, 2016. This decrease was primarily driven by lower remote accommodations volume and margin, reduced modular space margin in Canada due to declines in volume and rental rates, and an approximately $3 million non-recurring insurance settlement in the US in the prior year’s quarter. This decrease was partially offset by increased modular space margin in the US driven by higher rental rates and increased VAPS volume.

Capital expenditures:
Capital expenditures increased $13.7 million, or 81.1%, to $30.6 million for the three months ended June 30, 2017 from $16.9 million for the three months ended June 30, 2016. That increase was driven by increased new fleet investments and refurbishments in the US as a result of higher traditional product utilization, as well as additional investments in support of the remote accommodation camp expansions.

Europe

Revenue:
Total revenue decreased $23.6 million, or 12.1%, to $172.1 million for the three months ended June 30, 2017 from $195.7 million for the three months ended June 30, 2016. The revenue decrease was driven by a $20.5 million, or 39.1%, decrease in new unit sales primarily in Germany, which benefited from asylum seeker housing demand in 2016, as well as in the UK. Additionally, modular space leasing revenue declined $4.4 million, or 4.0%, due primarily to a non-recurring approximately $8 million contract settlement in the prior year’s quarter, partially offset by higher rental rates and VAPS volume throughout Europe. Modular space delivery and installation revenue increased $1.6 million, or 5.2%, while rental unit sales revenue decreased by $0.3 million, or 15.8%.

Adjusted EBITDA:
Adjusted EBITDA decreased $6.4 million, or 11.4%, to $49.6 million for the three months ended June 30, 2017 from $56.0 million for the three months ended June 30, 2016. The decrease was driven by lower modular space margin associated with the non-recurring contract settlement in Germany in the prior year quarter, as well as by a $6.5 million, or 16.1% increase in SG&A expenses. This decline was partially offset by improved new sales margins in France and other European countries, and higher VAPS volume throughout Europe.

Capital expenditures:
Capital expenditures increased $20.7 million, or 98.6%, to $41.7 million for the three months ended June 30, 2017 from $21.0 million for the three months ended June 30, 2016, primarily driven by increased new fleet investment sand fleet refurbishment in the UK, France, and Germany as a result of higher utilization rates.

Asia Pacific

Revenue:
Total revenue increased $12.3 million, or 24.1%, to $63.4 million for the three months ended June 30, 2017 from $51.1 million for the three months ended June 30, 2016. The increase is primarily the result of a $6.9 million, or 40.8%, increase in new unit sales revenue and a $2.8 million, or 26.9%, increase in modular space delivery and installation revenue both associated with several large projects in Australia and New Zealand, as well as a $0.7 million, or 4.7%, increase in modular space lease revenue driven by increased unit on rent volume throughout Asia Pacific. Additionally, remote accommodations revenue increased $2.4 million, or 32.0%, driven by higher average rooms on rent and daily rental rates. These increases were partially offset by a $0.5 million, or 38.5%, decrease in rental unit sales.

Adjusted EBITDA:
Adjusted EBITDA decreased $0.4 million, or 7.3%, to $5.1 million for the three months ended June 30, 2017 from $5.5 million for the three months ended June 30, 2016. The decrease was primarily a result of lower new sales margins associated with several large projects in Australia and increased in SG&A expenses. This decline was partially offset higher remote accommodation volume and margin.

Capital expenditures:
Capital expenditures increased $1.5 million to $4.3 million for the three months ended June 30, 2017 from $2.8 million for the three months ended June 30, 2016. The increase driven by new fleet investments in Australia and China, as utilization rates have improved.

Corporate Adjustments and Eliminations

Revenue:
Total corporate adjustments and eliminations to consolidated revenue were ($0.3) million and ($0.1) million for the three months ended June 30, 2017 and 2016, 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 $1.5 million, to ($4.1) million for the three months ended June 30, 2017 from ($5.6) million for the three months ended June 30, 2016. The decrease was primarily a result of lower corporate SG&A expenses as a result of reduced headcount and employee costs.

Capital expenditures:
Total corporate adjustments to consolidated capital expenditures were zero for the three months ended June 30, 2017 and 2016, respectively.

Business Segment Results
Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments, and Eliminations	Consolidated
Six Months Ended June 30, 2017	**Americas**	**Europe**	**Asia Pacific**	**Total**			
Leasing and services revenue:							
Modular space leasing	$ 142.3	$ 202.8	$ 30.6	$ 375.7	$ (10.9)	$ (0.1)	$ 364.7
Modular space delivery and installation	42.1	60.9	24.2	127.2	(2.8)	(0.1)	124.3
Remote accommodations	57.7	-	17.2	74.9	0.5	-	75.4
Sales:							
New unit sales	14.9	53.4	50.4	118.7	(2.2)	(0.2)	116.3
Rental units sales	10.7	4.6	1.9	17.2	(0.4)	-	16.8
Revenue	$ 267.7	$ 321.7	$ 124.3	$ 713.7	$ (15.8)	$ (0.4)	$ 697.5
Adjusted EBITDA	$ 81.4	$ 89.2	$ 6.6	$ 177.2	$ (4.0)	$ (7.0)	$ 166.2
Capital expenditures	$ 56.3	$ 69.5	$ 7.6	$ 133.4	$ (4.5)	$ -	$ 128.9
Six Months Ended June 30, 2016							
Leasing and services revenue:							
Modular space leasing	$ 142.7	$ 203.5	$ 28.4	$ 374.6	$ -	$ 0.1	$ 374.7
Modular space delivery and installation	40.0	56.2	17.3	113.5	-	-	113.5
Remote accommodations	82.2	-	14.0	96.2	-	0.1	96.3
Sales:							
New unit sales	18.9	91.3	30.8	141.0	-	(0.6)	140.4
Rental units sales	11.3	3.6	2.8	17.7	-	-	17.7
Revenue	$ 295.1	$ 354.6	$ 93.3	$ 743.0	$ -	$ (0.4)	$ 742.6
Adjusted EBITDA	$ 115.9	$ 93.1	$ 10.5	$ 219.5	$ -	$ (12.2)	$ 207.3
Capital expenditures	$ 30.1	$ 36.2	$ 5.3	$ 71.6	$ -	$ -	$ 71.6

Americas

Revenue:
Total revenue decreased $27.4 million, or 9.3%, to $267.7 million for the six months ended June 30, 2017 from $295.1 million for the six months ended June 30, 2017. The decrease was due primarily to a $24.5 million, or 29.8%, decline in remote accommodations revenue primarily attributable to the CoreCivic contract extension, partially offset by increased average rooms on rent associated with several camp expansions. Modular space leasing revenue declined $0.4 million, or 0.3%, due primarily to lower utilization and modular rental rates in Canada associated with reduced commodity sector demand, partially offset by higher modular rental rates and increased VAPS volume in the US. New unit sales revenue decreased $4.0 million, or 21.2%, associated with reduced sales in Canada and decreased major projects revenue in the US. Rental unit sales revenue decreased $0.6 million, or 5.3%. Modular space delivery and installation revenue increased $2.1 million, or 5.3%, partially offsetting these declines.

Adjusted EBITDA:
Adjusted EBITDA decreased $34.5 million, or 29.8%, to $81.4 million for the six months ended June 30, 2017 from $115.9 million for the six months ended June 30, 2016. This decrease was driven by reduced remote accommodations volume and margin associated with the CoreCivic contract extension, lower modular space leasing volume and margin in Canada due to reduced commodity sector demand, and decreased rental unit sales margin associated with the non-recurring insurance settlement in the prior year's quarter. These decreases were partially offset by higher modular space and VAPS volume and margin in the US.

Capital Expenditures:
Capital expenditures increased $26.2 million, or 87.0%, to $56.3 million for the six months ended June 30, 2017 from $30.1 million for the six months ended June 30, 2016. The increase was driven by additional new fleet investment, VAPS, and fleet refurbishments in the US.

Europe

Revenue:
Total revenue decreased $32.9 million, or 9.3%, to $321.7 million for the six months ended June 30, 2017 from $354.6 million for the six months ended June 30, 2016. The revenue decrease was driven by a $37.9 million, or 41.5%, decline in new unit sales primarily in Germany as prior year quarter revenue included the impact of the asylum seekers opportunities. Additionally, modular space leasing revenue declined $0.7 million, or 0.3%, due to the non-recurring contract termination fee in the prior year's quarter in Germany, partially offset by improved VAPS volume in France and the UK. These declines were further partially offset by a $4.7 million, or 8.4%, increase in modular space delivery and installation revenue and a $1.0 million, or 27.8%, increase in rental unit sales revenue in France and the smaller European countries.

Adjusted EBITDA:
Adjusted EBITDA decreased $3.9 million, or 4.2%, to $89.2 million for the six months ended June 30, 2017 from $93.1 million for the six months ended June 30, 2016. The decrease was primarily driven by a non-recurring contract termination fee in the prior year quarter, as well as higher SG&A expenses throughout Europe associated with the increased infrastructure. These decreases were partially offset by higher modular space lease margin driven by increased modular space delivery and installation revenue and VAPS volume throughout Europe.

Capital Expenditures:

Capital expenditures increased $33.3 million, or 92.0%, to $69.5 million for the six months ended June 30, 2017 from $36.2 million for the six months ended June 30, 2016. That increase was primarily driven by increased new fleet investment and fleet refurbishment in France and the UK driven by the higher modular fleet utilization rates.

Asia Pacific

Revenue:

Total revenue increased $31.0 million, or 33.2%, to $124.3 million for the six months ended June 30, 2017 from $93.3 million for the six months ended June 30, 2016. The increase is primarily the result of a $19.6 million, or 63.6%, increase in new unit sales revenue driven by several large projects in Australia and New Zealand, as well as by a $6.9 million, or 39.9%, increase in modular space delivery and installation revenue associated with those projects. Additionally, modular space leasing revenue increased $2.2 million, or 7.7%, driven by higher average units on rent and increased VAPS volume in Australia, while remote accommodations revenue increased $3.2 million, or 22.8%, driven by higher camp occupancy and daily rental rates. These increased were partially offset by a $0.9 million, or 32.1%, decline in rental unit sales revenue.

Adjusted EBITDA:

Adjusted EBITDA decreased $3.9 million, or 37.1%, to $6.6 million for the six months ended June 30, 2017 from $10.5 million for the six months ended June 30, 2016. The decrease was primarily a result of lower gross profit on several large new sale projects in Australia, as well as higher SG&A expenses. These declines were partially offset by higher remote accommodations volume and margin, and increased modular space delivery and installation margin associated with the new sales projects volume.

Capital Expenditures:

Capital expenditures increased $2.3 million, or 43.4%, to $7.6 million for the six months ended June 30, 2017 from $5.3 million for the six months ended June 30, 2016. The increase was driven by new fleet investments in Australia driven by the increase in average units on rent, as well as continued investment in China driven by favorable market trends.

Corporate Adjustments and Eliminations

Revenue:

Total corporate adjustments and eliminations to consolidated revenue were ($0.4) million and ($0.4) million for the six months ended June 30, 2017 and 2016, respectively. The corporate adjustments to revenue primarily pertain to the elimination of intercompany leasing and sales transactions between the business segments.

Adjusted EBITDA:

Total corporate adjustments and eliminations to consolidated Adjusted EBITDA decreased $5.2 million, to ($7.0) million for the six months ended June 30, 2017 from ($12.2) million for the six months ended June 30, 2016. The decrease was primarily a result of lower corporate SG&A expenses as a result of reduced headcount and employee costs.

Capital Expenditures:
Total corporate adjustments to consolidated capital expenditures were zero for the six months ended June 30, 2017 and 2016, 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, 2017 and 2016 on an actual currency basis (in thousands):

	Six months ended June 30,	
	2017	**2016**
Cash flows from operating activities	$ 15,123	$ 35,277
Cash flows from investing activities	(106,034)	(48,209)
Cash flows from financing activities	62,036	18,002

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations, borrowings under our ABL Revolver, and financing arrangements from TDR. As more fully disclosed in Note 4 of our interim consolidated financial statements, the availability under our ABL Revolver, as amended, was $43.9 million at June 30, 2017, after consideration of the applicable covenant thresholds. We anticipate that our principal uses of cash will be to fund capital expenditures, provide working capital, meet related party and external debt service requirements and finance our strategic plans. We may also seek to finance our capital expenditures and other cash requirements in conjunction with our centralized financing approach through purchase money, capital lease, sale-leaseback or other debt arrangements, including those from our primary equity owner, that provide liquidity or favorable borrowing terms, or through other means such as one or more sales of assets, to the extent that they are permitted under the terms of the Company’s existing related party and external debt arrangements.

We taken a number of actions to fund the Company’s continued operations and meet its obligations. Based on our current level of operations, estimated cash generated from operations, working capital requirements, estimated capital expenditures and debt service requirements and the consideration of its existing sources of liquidity, including available cash and availability under its ABL Revolver, the Company will be required to enter into additional facilities to provide liquidity or otherwise raise cash to fund its current obligations, projected working capital requirements, debt service requirements, and capital spending requirements in the twelve months from the date of issuance of these accompanying financial statements. Those additional sources of liquidity include purchase money, capital leases, deferral of payment of management fees to our primary equity owner, sale-leaseback or other debt arrangements, including those from its primary equity owner, or through other means such as reducing capital expenditures or additional asset sales. We believe that the plans will successfully alleviate its liquidity constraints excluding the maturity of its ABL Revolver, discussed below

Our Senior Secured Notes and Senior Unsecured Notes, with an aggregate principal amount of approximately $2,229.0 million as of June 30, 2017, 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.

As of June 30, 2017, the Company had an outstanding balance on the ABL Revolver of $847,023, which matures on July 10, 2018. As of the date of issuance of the financial statements, no agreement has yet been concluded by the Company with the ABL Revolver lenders to extend the maturity of the ABL beyond July 10, 2018. At its current leverage levels and without additional equity financing, and if earnings do not increase, the Company would likely be required to restructure (including by way of amendment of the maturity date) a portion of its indebtedness prior to the maturity of the ABL, or undertake strategic transactions that enable it to repay a material portion of its indebtedness. Management is currently negotiating with various lenders to refinance its outstanding debt, either as part of a broader transaction, or as a stand-alone debt restructure. The Company believes that it will be able to restructure its debt or undertake strategic transactions to provide sufficient liquidity to meet its financial obligations and allow it to refinance its existing ABL at maturity; however, there can be no assurance that such additional financing, restructuring or strategic transaction can be obtained or completed on terms acceptable to the Company. If the Company is unable to obtain such additional financing or complete such transactions, the Company will need to reevaluate future operating plans. Accordingly, management has concluded that there is substantial doubt regarding the Company’s ability to continue as a going concern through 12 months from the date of issuance of the financial statements.

Cash flows from operating activities

Cash provided by operating activities for the six months ended June 30, 2017 was $15.1 million as compared to cash provided by operating activities of $35.3 million for the six months ended June 30, 2016. This decrease in cash provided by operating activities is a result of higher cash utilized for prepaid expenses.

Cash flows from investing activities

Cash used in investing activities for the six months ended June 30, 2017 totaled $106.0 million as compared to $48.2 million for the six months ended June 30, 2016, an increase of $57.8 million. The increase in cash used in investing activities was principally the result of an increase in cash used of $54.8 million for the purchase of rental equipment and an increase in cash used for the purchase of property, plant, and equipment of $2.6 million. We incurred capital expenditures for the purchase of rental equipment and property, plant, and equipment of $121.4 million and $66.6 million during the six months ended June 30, 2017 and 2016, respectively. Additionally, there was a decrease in the cash provided from the sales of rental equipment of $5.9 million. The increase in cash used in investing activities was partially offset by an increase in cash provided from the sales of property plant and equipment of $5.1 million. The increase in capital expenditures is primarily due an increase in new fleet expenditures and fleet refurbishment costs in Europe and the Americas as a result of higher utilization rates.

Cash flows from financing activities

Cash provided in financing activities for the six months ended June 30, 2017 totaled $62.0 million as compared to cash provided of $18.0 million for the six months ended June 30, 2016, an increase of $44.0 million. That increase was primarily due to a $52.7 million increase in net borrowings in 2017 compared to 2016. The net proceeds from borrowings during the 2017 period included $22.1 million associated with certain sale-leaseback transactions and $75.0 million of proceeds associated with the issuance of additional Senior Secured loan agreement that are classified as receipts from related party borrowings in cash flows from financing activities as the lenders are affiliates of TDR. The increase in cash provided from financing activities was partially offset by an increase of $9.9 million of cash used for the payment of financing costs related to the extension of the ABL Revolver.

Our financing activities are more fully disclosed in Note 4 of our interim consolidated financial statements.

Contractual obligations

The following table presents information relating to our contractual obligations and commercial commitments as of June 30, 2017 (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)	$ 3,612,972	$ 319,286	$ 3,260,155	$ 33,531
Contingent consideration (b)	-	-	-	-
Joint Venture obligation (c)	3,515	3,515	-	-
Capital lease obligations	117,856	15,473	85,734	16,649
Operating lease obligations	209,030	48,742	113,914	46,374
	$ 3,943,373	$ 387,016	$ 3,459,803	$ 96,554

(a) As more fully disclosed in Note 4 of our interim 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 7 of our interim consolidated financial statements, we have entered into the Earnout Agreement that may require us to make additional payments. The fair value of the Earnout Agreement is $0 at June 30, 2017.

(c) As more fully disclosed in the annual consolidated financial statements, we hold an equity interest in a Chinese joint venture. As of June 30, 2017, the remaining amount of committed capital contributions to the joint venture is approximately $3.5 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 seven 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 6 in our June 30, 2017 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 $8.5 million.

CONSOLIDATED FINANCIAL STATEMENTS

Algeco Scotsman Global S.à r.l.
Three and Six Months Ended June 30, 2017 and 2016

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, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Revenues	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Leasing and services revenue:				
Modular space leasing	$ 189,939	$ 197,290	$ 364,645	$ 374,669
Modular space delivery and installation	66,847	62,170	124,349	113,462
Remote accommodations	41,075	48,885	75,364	96,276
Sales:				
New units	63,362	78,456	116,329	140,519
Rental units	7,086	11,533	16,818	17,710
Total revenues	368,309	398,334	697,505	742,636
Costs				
Cost of leasing and services:				
Modular space leasing	50,234	50,258	96,347	95,852
Modular space delivery and installation	61,466	56,199	114,018	104,913
Remote accommodations	19,658	18,422	36,931	37,780
Cost of sales:				
New units	52,395	65,663	101,324	118,437
Rental units	3,962	4,658	9,775	8,617
Depreciation of rental equipment	47,677	53,764	93,653	102,948
Gross profit	132,917	149,370	245,457	274,089
Expenses				
Selling, general and administrative expenses	92,884	89,406	178,431	180,893
Other depreciation and amortization	7,370	7,117	14,193	14,145
Restructuring costs	1,064	1,633	1,738	1,766
Currency (gains) losses, net	(50,553)	65,225	(94,578)	36,829
Other expense (income), net	2,330	(260)	(1,887)	259
Operating profit (loss)	79,822	(13,751)	147,560	40,197
Interest expense, net	58,916	50,537	111,259	99,977
Income (loss) before income tax	20,906	(64,288)	36,301	(59,780)
Income tax expense	2,239	3,987	3,478	5,394
Net income (loss)	18,667	(68,275)	32,823	(65,174)
Less: Net income attributable to noncontrolling interest	149	311	277	372
Net income (loss) attributable to Algeco Scotsman Global S.à r.l.	$ 18,518	$ (68,586)	$ 32,546	$ (65,546)

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,	
	2017	**2016**	**2017**	**2016**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Net income (loss)	$ 18,667	$ (68,275)	$ 32,823	$ (65,174)
Foreign currency translation	(23,746)	46,698	(49,681)	48,520
Comprehensive loss	(5,079)	(21,577)	(16,858)	(16,654)
Less: Comprehensive income attributable to noncontrolling interest	149	311	277	372
Comprehensive loss attributable to Algeco Scotsman Global S.à r.l.	$ (5,228)	$ (21,888)	$ (17,135)	$ (17,026)

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, 2017	December 31, 2016
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 44,292	$ 70,128
Trade receivables, net of allowances for doubtful accounts of $25,298 and $24,999 respectively	281,023	267,571
Inventories	54,630	41,560
Prepaid expenses and other current assets	49,090	37,205
Total current assets	429,035	416,464
Rental equipment, net	1,783,701	1,708,024
Other property, plant and equipment, net	190,584	185,527
Goodwill	332,310	311,221
Other intangible assets, net	260,597	255,036
Other non-current assets	17,896	16,150
Total assets	$ 3,014,123	$ 2,892,422
Liabilities		
Current liabilities		
Accounts payable	$ 192,493	$ 156,084
Accrued liabilities	112,980	114,816
Accrued interest	48,347	46,130
Deferred revenue and customer deposits	100,700	87,789
Current portion of long-term debt	138,743	58,842
Total current liabilities	593,263	463,661
Long-term debt	3,220,281	3,209,780
Deferred tax liabilities	151,848	148,187
Deferred revenue and customer deposits	47,228	53,308
Other non-current liabilities	51,807	50,544
Total liabilities	4,064,427	3,925,480
Redeemable non-controlling interests	3,783	2,884
Shareholders' Deficit		
Common stock: $1.00 par, 213,289,086 shares issued and outstanding	737,831	737,831
Additional paid-in capital	1,612,346	1,613,356
Accumulated other comprehensive income	133,017	182,698
Accumulated deficit	(3,537,281)	(3,569,827)
Total shareholders' deficit	(1,054,087)	(1,035,942)
Total liabilities and shareholders' deficit	$ 3,014,123	$ 2,892,422

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,	
	2017	2016	2017	2016
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Operating activities				
Net income (loss)	$ 18,667	$ (68,275)	$ 32,823	$ (65,174)
Adjustments for non-cash items:				
Depreciation and amortization	55,047	60,881	107,846	117,093
Provision for doubtful accounts	2,235	1,586	3,637	2,987
Gain on sale of rental equipment and other property, plant and equipment	(3,319)	(7,011)	(11,440)	(9,391)
Amortization of deferred debt gain	(13,608)	(13,051)	(27,075)	(25,960)
Amortization of deferred financing fees	5,606	4,015	9,883	7,876
Deferred income tax expense (benefit)	348	875	(677)	2,706
Foreign currency adjustments	(50,837)	70,901	(95,834)	39,920
Changes in operating assets and liabilities:				
Trade receivables, net	(10,326)	(18,052)	(3,132)	(18,060)
Inventories	(6,624)	(13,066)	(9,918)	(18,754)
Prepaid expenses and other assets	(1,612)	3,058	(8,751)	(2,308)
Accrued interest	(48,173)	(49,963)	2,091	(903)
Accounts payable and other accrued liabilities	16,148	14,694	12,877	(822)
Deferred revenue and customer deposits	(896)	7,433	2,793	6,067
Cash flows from operating activities	(37,344)	(5,975)	15,123	35,277
Investing activities				
Proceeds from sale of rental equipment	7,086	16,227	16,818	22,404
Purchase of rental equipment	(69,532)	(37,850)	(121,391)	(66,620)
Proceeds from the sale of property, plant and equipment	110	550	6,070	956
Purchase of property, plant and equipment	(4,571)	(2,831)	(7,531)	(4,949)
Net cash flows from investing activities	(66,907)	(23,904)	(106,034)	(48,209)
Financing activities				
Receipts from borrowings	344,925	210,880	557,726	338,516
Receipts from related party borrowings	28,076	-	97,850	-
Payment of financing costs	(226)	(2,397)	(12,344)	(2,397)
Repayment of borrowings	(278,175)	(171,772)	(500,849)	(314,787)
Repayment of related party borrowings	(75,382)	-	(75,703)	-
Principal payments on capital lease obligations	(3,413)	(2,007)	(6,138)	(3,527)
Capital contribution from non-controlling partner	1,494	197	1,494	197
Net cash flows from financing activities	17,299	34,901	62,036	18,002
Effect of exchange rate changes on cash and cash equivalents	2,158	(1,560)	3,039	822
Net change in cash and cash equivalents	(84,794)	3,462	(25,836)	5,892
Cash and cash equivalents at beginning of period	129,086	63,087	70,128	60,657
Cash and cash equivalents at end of the period	$ 44,292	$ 66,549	$ 44,292	$ 66,549
Supplemental cash flow information:				
Interest paid	$ 116,555	$ 111,094	$ 127,908	$ 120,387
Income taxes paid, net of refunds received	$ 669	$ 1,869	$ 1,595	$ 3,176
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. (the "Company") is a limited liability company (société à responsabilité limitée) incorporated under the laws of Luxembourg. The Company, through its operating subsidiaries, engages in the leasing and sale of mobile offices, modular buildings and storage products and their delivery and installation throughout Europe, North America and Asia Pacific. The Company also provides full-service remote workforce accommodation solutions in North America and Asia Pacific.

The Company carries out its business activities principally 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 Company is principally owned by 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"). Former lenders of Holdings own Class B interests in the direct parent of the Company.

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries that it controls due to ownership of a majority voting interest. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The Company continually evaluates its involvement with variable interest entities to determine whether it has variable interest and is the primary beneficiary of such entities. When these criteria are met, the company is required to consolidate the variable interest entity. All intercompany 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, 2017 are not necessarily indicative of the operating results that may be expected for the full fiscal year ending December 31, 2017 or any future period.

These consolidated financial statements should be read in conjunction with the Company's December 31, 2016 audited consolidated financial statements and accompanying notes thereto.

Uses and Sources of Liquidity

The Company's principal sources of liquidity consist of existing cash and cash equivalents, cash generated from operations, borrowings under its ABL Revolver, as defined in Note 4, and financing arrangements from TDR.

The Company anticipates that the principal uses of cash will be to fund capital expenditures, provide working capital, meet related party and external debt service requirements and finance its strategic plans. The Company will also seek to finance capital expenditures and other cash requirements in conjunction with ASG's centralized financing approach through purchase money, capital lease, sale-leaseback or other debt arrangements, including those from TDR, that provide liquidity or favorable borrowing terms, or through other means such as one or more sales of assets, to the extent that they are permitted under the terms of the Company's existing related party and external debt arrangements.

ASG has taken a number of actions to fund its continued operations and meet its obligations. Based on ASG's current level of operations, estimated cash generated from operations, working capital requirements, estimated capital expenditures and debt service requirements and the consideration of its existing sources of liquidity, including available cash and availability under its ABL Revolver, ASG will be required to enter into additional facilities to provide liquidity or otherwise raise cash to fund its current obligations, projected working capital requirements, debt service requirements, and capital spending requirements in the twelve months from the date of issuance of these financial statements. Those additional sources of liquidity include purchase money, capital leases, deferral of payment of management fees to its primary equity owner, sale-leaseback or other debt arrangements, including those from its primary equity owner, or through other means such as reducing capital expenditures or additional asset sales. Management believes that the plans will successfully alleviate its liquidity constraints excluding the maturity of its ABL Revolver, discussed below.

As of June 30, 2017, the Company had an outstanding balance on the ABL Revolver of $847,022, which matures on July 10, 2018. As of the date of issuance of the financial statements, no agreement has yet been concluded by the Company with the ABL Revolver lenders to extend the maturity of the ABL beyond July 10, 2018. At its current leverage levels and without additional equity financing, and if earnings do not increase, the Company would likely be required to restructure (including by way of amendment of the maturity date) a portion of its indebtedness prior to the maturity of the ABL, or undertake strategic transactions that enable it to repay a material portion of its indebtedness. Management is currently negotiating with various lenders to refinance its outstanding debt, either as part of a broader transaction, or as a stand-alone debt restructure. The Company believes that it will be able to restructure its debt or undertake strategic transactions to provide sufficient liquidity to meet its financial obligations and allow it to refinance its existing ABL at maturity; however, there can be no assurance that such additional financing, restructuring or strategic transaction can be obtained or completed on terms acceptable to the Company. If the Company is unable to obtain such additional financing or complete such transactions, the Company will need to reevaluate future operating plans. Accordingly, management has concluded that there is substantial doubt regarding the Company’s ability to continue as a going concern through 12 months from the date of issuance of the financial statements.

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of the business. The maturity of the Company’s ABL Revolver has raised substantial doubt regarding the Company’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

Recently issued accounting standards

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

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

(amounts in thousands, unless stated otherwise)

2. Inventories

The classification of inventories at the dates indicated below was as follows:

	June 30, 2017	December 31, 2016
Raw materials and consumables	$ 37,493	$ 29,083
Work in progress	10,943	8,351
Finished goods	6,194	4,126
	$ 54,630	$ 41,560

3. Rental equipment, net

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

	June 30, 2017	December 31, 2016
Modular space fleet	$ 2,726,059	$ 2,526,810
Remote accommodations	413,377	400,914
	3,139,436	2,927,724
Less: accumulated depreciation	(1,355,735)	(1,219,700)
Rental equipment, net	$ 1,783,701	$ 1,708,024

4. Debt

The carrying value of debt outstanding at June 30, 2017 and December 31, 2016 consisted of the following:

Debt description	Interest rate	Year of maturity	June 30, 2017	December 31, 2016
Senior secured notes – US dollar	8.50%	2018	$ 1,182,654	$1,112,160
Senior secured notes – Euro	9.00%	2018	318,784	295,670
Senior unsecured notes – US dollar	10.75%	2019	832,814	848,978
ABL facility – US dollar	varies	2018	604,475	587,875
ABL facility – Canadian dollar	varies	2018	36,406	37,860
ABL facility – British pound sterling	varies	2018	114,095	101,562
ABL facility – Australian dollar	varies	2018	78,352	121,558
Other debt			21,259	21,087
Related party debt and financing obligations			102,141	72,567
Capital lease and other financing obligations			68,044	69,305
Total debt			3,359,024	3,268,622
Less: current maturities			(138,743)	(58,842)
Total long-term debt			$ 3,220,281	$ 3,209,780

The aggregate principal amount of debt outstanding at June 30, 2017 and December 31, 2016 was $3,270.0 million and $3,147.9 million, respectively. 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 financings. 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, 2017 and 2016, was $8,211 and $9,036 and $17,609 and $18,084 for the six months ended June 30, 2017 and 2016, respectively.

Senior Secured Notes, Senior Unsecured Notes and ABL Revolver

The Company has outstanding $1,170.0 million and €275.0 million of fixed rate senior secured notes due October 15, 2018 (the "Senior Secured Notes") and $745.0 million of fixed rate senior unsecured notes due October 15, 2019 (the "Senior Unsecured Notes"). In May 2017, $75.0 million of additional 8.5% Senior Secured Notes due October 15, 2018 were issued to a TDR affiliate. The Senior Secured Notes and Senior Unsecured Notes bear interest payable semi-annually. Certain of the Company's subsidiaries organized in Australia, Canada, Hungary, New Zealand, the UK, the US, France, Germany, Luxembourg and Spain guarantee the Senior Secured Notes and the Senior Unsecured Notes.

ABL Revolver

Certain of the Company's subsidiaries in the US, Canada, the UK, Australia and New Zealand are borrowers (the "Borrowers") under a multicurrency asset–based revolving credit facility (the "ABL Revolver"). The ABL Revolver was amended on March 31, 2017 (see Extended ABL Revolver below). The ABL Revolver had a maximum availability of the equivalent of $1.355 billion. The ABL Revolver was scheduled to mature on October 11, 2017. The amount which the Company could borrow was based on a defined formula of available assets, principally tangible assets calculated monthly (the "borrowing base"). The ABL Revolver was secured by a first lien on these tangible assets which comprised substantially all rental equipment, property, plant and equipment and trade receivables in the US, Canada, the UK, Australia and New Zealand. The ABL Revolver included certain financial covenants, a leverage ratio and a fixed charge coverage ratio, calculated on a Company level. These financial covenants were only subject to monitoring in the event that the Company's borrowings under the ABL exceeded 90% of the available facility.

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

The Company had a letter of credit sublimit of $175.0 million that was subject to the borrowing capacity available under the ABL Revolver. Letters of credit and bank guarantees carried fees of 2.625% of the outstanding balance and reduced the amount of available borrowings.

Extended ABL Revolver

On March 31, 2017, the ABL Revolver was amended to provide for a maximum availability of the equivalent of $1.1 billion, a maturity date of July 10, 2018 and amended other terms as discussed below.

The amount which can be borrowed under the ABL Revolver, as amended, is based on the borrowing base and is secured by a first lien on these tangible assets which comprise substantially all rental equipment, property, plant and equipment and trade receivables in the US, Canada, the UK, Australia and New Zealand. Additionally, the ABL Revolver, as amended, requires a minimum of $130.0 million of excess availability, and requires minimum cash, on the last day of each month, of $20.0 million. Availability under the ABL Revolver was $43.9 million at June 30, 2017 after consideration of the availability block and the excess availability requirement. The ABL Revolver, as amended, also includes a financial covenant regarding minimum quarterly latest twelve month "Consolidated EBITDA", as defined in the ABL Revolver, on a Company level, but no longer includes the leverage ratio and a fixed charge coverage ratio financial covenants discussed above.

Borrowings under the ABL Revolver, as amended, bear interest payable on the first day of each quarter for the preceding quarter at a variable rate based on LIBOR or another applicable regional bank rate plus a margin of 3.75%. At June 30, 2017 the weighted average interest rate for borrowings under the ABL Revolver was 4.88%. The ABL Revolver, as amended, requires the payment of an annual commitment fee on the unused available borrowings of between 0.375% and 0.5% per annum.

The ABL Revolver, as amended, includes a letter of credit sublimit of $100.0 million that is subject to borrowing capacity. Letters of credit and bank guarantees carry fees of 3.875% of the outstanding balance and reduce the amount of available borrowings. At June 30, 2017, the Company had issued letters of credit under the ABL Revolver in the amount of $21.2 million.

Other debt

The Company's other debt at June 30, 2017 and December 31, 2016 consisted of $16.5 million and $17.5 million associated with an accounts receivable factoring agreement and $4.8 million and $3.6 million of third-party debt.

Related party debt and financing obligations

During 2016, the Company entered into sale-leaseback agreements with affiliates of TDR, variable interest entities, for certain rental fleet. As the Company does not control the decision-making for these affiliates of TDR, the Company has concluded it is not the primary beneficiary of these variable interest entities and, accordingly these affiliates are not consolidated in the financial statements. Under the terms of those sale-leaseback agreements, the TDR affiliates have the ability to require the Company to repurchase certain fleet units at the end of the term of the lease, or in June 2018. At December 31, 2016, the maximum availability to the Company under the sale-leaseback agreements was €50.0 million. In February 2017, the availability of the sale-leaseback agreements increased by €50.0 million to an aggregate amount of €100.0 million. The TDR affiliates, or its creditors, do not have recourse to the general credit of entities included in the Company. Under the terms of the agreements, lease payments include interest at 12.5% per annum. The terms of the agreements, including the TDR affiliates' ability to require the Company to repurchase the fleet units, result in these transactions being accounted for as capital leases. At June 30, 2017 and December 31, 2016, related party debt and financing obligations includes $77.3 million and $49.7 million, net of deferred financing fees of $0.5 million and $0.7 million associated with these sale-leasebacks.

The Company has €21.8 million in outstanding principal debt with a TDR affiliate, which arose from a receivables purchase agreement that the Company entered into in July 2016 with the TDR affiliate. The receivables purchase agreement was amended on October 7, 2016. That amendment resulted in the receivables being transferred back to the French subsidiary and extended the maturity date to October 31, 2016. On December 1, 2016 a second amendment letter was entered into pursuant to which the maturity date was extended to April 1, 2017. The TDR affiliate has agreed to defer repayment of the outstanding principal and interest under this agreement until June 1, 2018. The interest rate under this agreement is 2.17% per annum. At June 30, 2017 and December 31, 2016, related party debt and financing obligations includes $24.8 million and $22.8 million associated with the outstanding debt with the TDR affiliate.

In March 2017, the Company entered into a senior unsecured loan agreement with an affiliate of TDR. The agreement provided for borrowings of $75.0 million. The Company was required to pay interest in cash on loans outstanding under the agreement at an interest rate of 8.5% per annum, payable semi-annually. The Company refinanced the loan in May 2017 through the issuance of $75.0 million of additional 8.5% Senior Secured Notes due October 15, 2018, as discussed above.

Capital lease and other financing obligations

The Company's capital lease and financing obligations at June 30, 2017 primarily consisted of $21.7 million associated with an equipment financing arrangement, $26.4 million under sale-leaseback transactions and $19.9 million of capital leases. At June 30, 2017 the Company's capital lease and financing obligations are presented net of $2.0 million of deferred financing fees. The Company's capital lease and financing obligations at December 31, 2016 primarily consisted of $24.3 million associated with an equipment financing arrangement, $22.4 million under sale-leaseback transactions and $22.6 million of capital leases. At December 31, 2016 the Company's capital lease and financing obligations are presented net of $1.7 million of deferred financing fees.

5. Income taxes

Income tax expense was $2.2 million and $3.5 million for the three and six months ended June 30, 2017, respectively, compared to $4.0 million and $5.4 million for the same periods of 2016. The Company's tax expense was lower during the three months ended June 30, 2017 as compared with the three months ended June 30, 2016 mainly due to the Company recognizing a $1.8 million non-cash benefit as a result of the reversal of prior year uncertain tax positions related to the completion of an income tax audit. The Company's tax expense was also lower during the six months ended June 30, 2017 as compared to the same period in 2016 due to the reversal of the uncertain tax position as noted for the three months ended.

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 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 Earnout, as defined below, discretely in the quarter in which they arise. The tax expense (benefit) recognized in the three and six months ended June 30, 2017 and June 30, 2016 related to these two items was $2.5 million and $2.9 million and ($4.0) million and ($1.5) 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 $61.8 million through June 30, 2017.

The Company accounts for uncertain tax positions pursuant to the recognition and measurement criteria under ASC 740. It is reasonably possible that approximately $1.4 million of unrecognized tax benefits will be recognized within the next twelve months.

6. Derivative financial instruments

The Company has periodically managed a portion of its exposure to fluctuations in currency risk associated with the interest payments on certain intercompany debt held in foreign currencies by entering into foreign currency forward contracts with maturities ranging from one to twenty-four months. There were no contracts in effect as of June 30, 2017. All previous outstanding contracts were settled in April 2017. 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 the 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 non-current liabilities.

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

Currencies	Buy	Sell
US dollar / Australian dollar	$ 4.5	A$ 6.3
US dollar / British pound sterling	$ 6.0	£ 3.9
US dollar / Euro	$ 8.5	€ 7.6

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, 2017 was $80 and ($349), respectively. 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 Company realized gains associated with the settlement of foreign currency forward contracts of $1,300 for the three and six months ended June 30, 2017, respectively. The Company realized gains associated with the settlement of foreign currency forward contracts of $3,314 for the three and six months ended June 30, 2016, respectively.

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 Company has assessed that the fair value of cash and short-term deposits, trade receivables, trade payables, other current liabilities, other debt, capital lease and other financing obligations, and related party debt and financing obligations 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:

	Carrying Amount	Fair Value		
June 30, 2017		**Level 1**	**Level 2**	**Level 3**
Financial assets (liabilities) measured at fair value				
Contingent consideration	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Financial assets (liabilities) not measured at fair value				
Senior notes	$ (2,334,252)	$ -	$ (1,963,008)	$ -
ABL facility	(833,328)	-	(847,023)	-
Total	$ (3,167,580)	$ -	$ (2,810,031)	$ -

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

(amounts in thousands, unless stated otherwise)

Senior Secured Notes, Senior Unsecured Notes, and ABL Revolver

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

Derivatives

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

Contingent consideration

In connection with its acquisition of Target Logistics Management, LLC ("Target Logistics"), the Company entered into an earnout agreement (the "Earnout Agreement"), which provides for contingent consideration (the "Target Earnout") to the former owners of Target Logistics. The contingent consideration under the Earnout Agreement is dependent on cumulative value creation over the years between the acquisition and an exit event, as defined in the Earnout Agreement. Amounts payable under the Earnout Agreement upon an exit event are to be paid in shares of Holdings if such cumulative value creation goals are achieved. At June 30, 2017 and December 31, 2016, the value of the Target Earnout liability was estimated to be zero.

8. Restructuring

The Company incurred charges associated with restructuring plans designed to streamline operations and reduce costs of $1,064 and $1,738 net of reversals, during the three and six months ended June 30, 2017, respectively. The Company incurred restructuring charges of $1,633 and $1,766, net of reversals, during the three and six months ended June 30, 2016, respectively. The following is a summary of the activity in our restructuring accruals for the six months ended June 30, 2017:

	Employee termination costs	Contract termination costs	Total
Balance at December 31, 2016	$ 2,420	$ 145	$ 2,565
Charges during the period, net of reversals	1,359	379	1,738
Cash payments during the period	(1,160)	(426)	(1,586)
Foreign currency and other	53	8	61
Balance at June 30, 2017	$ 2,672	$ 106	$ 2,778

The 2017 restructuring charges relate primarily to two plans: the severance and the facility termination costs related to the relocation of the US remote accommodations headquarters and a downsize in corporate employees which consists of employee termination costs. As part of the corporate restructuring plan, certain employees were required to render future service in order to receive their termination benefits. The termination costs associated with these employees will be recognized over the period from the date of communication of termination to the employee to the actual date of termination. The Company will recognize additional costs during 2017 as it finalizes previous estimates and actions in connection with these plans. The restructuring plan for the US remote accommodation business is expected to be substantially completed by December 31, 2017. The corporate restructuring plan is expected to be substantially completed by the first quarter of 2019.

9. Share-based payments

Long-term Incentive Plan

The Company 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 (that is not a subsidiary of the Company). Other than the potential payout described below, holders of shares of ASM have no rights.

Participants in the Plan are entitled to a payout, the amount of which depends on the enterprise value ("EV") of the Company at a sale (of all equity securities or substantially all assets), listing or liquidation ("Exit"). The payout increases as the EV increases and is payable in either cash or shares. The share-based payment awards under the Plan are considered to contain both service and performance conditions and the performance conditions would not be considered probable until an Exit occurs. Therefore, the Company has not recognized any compensation expense related to the Plan in the consolidated financial statements.

In June 2014, the Company implemented a long term cash incentive plan ("LTCIP") for active employees who participate in the Plan. The LTCIP is a cash award plan with annual contributions to a bonus pool based on the annual performance of the Company and is payable, in certain circumstances, on an Exit which, for purposes of the LTCIP does not include a liquidation. Participants vest over a four-year period beginning with the effective date of their award and fully vest at an Exit. At an Exit, a participant will receive the higher of the award under the Plan or the LTCIP. Payment will be made under the Plan first with any additional amount, if applicable, paid from LTCIP. Any amounts payable under the LTCIP are payable in cash. The share-based payment awards under the LTCIP are considered to contain both service and performance conditions and the performance conditions would not be considered probable until an Exit occurs. Therefore, the Company has not recognized any compensation expense related to the LTCIP in the consolidated financial statements. The estimated fair value of the payout under the Plan and the LTCIP upon an Exit was $40,998 and $38,745 at June 30, 2017 and December 31, 2016, respectively.

10. Contingencies

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

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 Company $1,676 and $1,942 for monitoring fees and consulting and management advisory services during the three months ended June 30, 2017 and 2016, respectively. TDR charged the Company $3,381 and $3,971 for monitoring fees and consulting and management advisory services during the six months ended June 30, 2017 and 2016, respectively. These fees are included within selling, general, and administrative expenses in the consolidated statements of operations.

The Company had amounts receivable due from affiliates in the amount of zero and $1,636 as of June 30, 2017 and December 31, 2016, respectively. Additionally, the Company had payables due to affiliates of $4,619 and $3,696 as of June 30, 2017 and December 31, 2016, respectively.

As more fully disclosed in Note 4, in 2016, the Company entered into sale-leaseback agreements with affiliates of TDR for certain rental fleet. Under the terms of those sale-leaseback agreements, the TDR affiliates have the ability to require the Company to repurchase certain fleet units at the end of the term of the lease, or in June 2018. At June 30, 2017, the Company had $77.3 million of other debt, $1.2 million of accrued interest, and $2.5 million of other receivables associated with the affiliated entity of TDR. At December 31, 2016, the Company had $49.7 million of financing obligations, $0.9 million of accrued interest, and $2.3 million of other receivables associated with the affiliated entity of TDR. Additionally, the Company incurred interest expense of $2.1 million and $0.5 million for the three months ended June 30, 2017 and 2016 and $3.8 million and $0.5 million for the six months ended June 30, 2017 and 2016, associated with this sale-leaseback arrangement, respectively.

As more fully disclosed in Note 4, the Company has €21.8 million in outstanding principal debt with a TDR affiliate that arose from a receivables sale agreement that has since been amended. At June 30, 2017 and December 31, 2016, other related party debt and financing obligations includes $24.8 million and $22.8 million associated with this agreement and is included in current portion of long-term debt. The Company incurred interest expense of $0.1 million and zero for the three months ended June 30, 2017 and 2016, and $0.2 million and zero for the six months ended June 30, 2017 and 2016, associated with this receivables sale agreement, respectively.

As more fully disclosed in Note 4, in March 2017, the Company entered into a senior unsecured loan agreement with an affiliate of TDR. The agreement provided for borrowings of $75.0 million. The Company refinanced the loan in May 2017 through the issuance of $75.0 million of additional 8.5% Senior Secured Notes due October 15, 2018.

PIK Restructuring

As more fully disclosed in our December 31, 2016 consolidated financial statements, on February 3, 2017, Holdings, Algeco Scotsman PIK S.A. (“AS PIK”), a wholly owned subsidiary of Holdings, the Company and certain of our affiliates, signed a restructuring support agreement for the $400.0 million principal amount payment-in-kind loan agreement (the "PIK Loans"), dated May 1, 2013. Pursuant to the restructuring agreement, on February 13, 2017, AS PIK and certain of its affiliates launched an exchange offer and obtained the consents of a majority in number of holders of the PIK Loans, which persons hold over 90% in principal amount of the PIK Loans. On May 9, 2017, AS PIK commenced an English scheme of arrangement to implement the terms of the exchange offer such that it will be binding on 100% of the PIK Loans lenders. The High Court in London sanctioned the scheme of arrangement following a hearing on June 22, 2017 and the effective date of the scheme occurred on June 23, 2017. The restructuring was completed on the terms of the exchange offer.

The Company held $1,766 in PIK Loans as of the effective date of the restructuring and received $229 in cash in June 2017 as part of the scheme of arrangement. The remaining $1,537 was extinguished pursuant to the restructuring and the Company recorded the loss on extinguishment to additional paid in capital in June 2017.

Iron Horse Acquisition

On July 31, 2017, an affiliate of TDR acquired substantially all the assets, and assumed certain liabilities, of Iron Horse Managing Services, LLC and Iron Horse Ranch Yorktown, LLC (together, "Iron Horse Ranch"). Concurrently with the acquisition, the TDR affiliate entered into certain agreements with Target Logistics, pursuant to which Target Logistics will manage Iron Horse Ranch.

12. Subsequent events

Agreement to Sell North American Modular Business and ABL amendment

On August 21, 2017, the Company announced that it and certain of its subsidiaries have entered into a definitive agreement (the "Stock Purchase Agreement") with Double Eagle Acquisition Corp., a publicly traded special purpose acquisition company ("DEAC"), to sell its North American modular space and portable storage operations to Williams Scotsman Holdings Corp. ("Holdco"), a newly-formed subsidiary of DEAC (the "Transaction").

The Transaction will be effected through the sale of all of the outstanding shares of Williams Scotsman International, Inc. ("WSII" and together with its subsidiaries, "Williams Scotsman") to Holdco, at which time, Williams Scotsman will operate independently of the Company (the Company after giving effect to the sale of Williams Scotsman and the other transactions described in this section is hereinafter referred to as the "Remaining Algeco Business").

Pursuant to the Stock Purchase Agreement, the Company will sell Williams Scotsman for an aggregate purchase price of $1,100.0 million, of which $1,021.0 million shall be paid in cash (the "Cash Consideration") to the Company or used to repay certain indebtedness of the Company (as described in more detail below) and the remaining $79.0 million shall be paid in the form of a 10% common equity interest in Holdco (the "Stock Consideration" and together with the Cash Consideration, the "Purchase Consideration"). The Company will have the right (but not the obligation) to require TDR to purchase all, but not less than all, of the Stock Consideration for $79.0 million at any time during the first twelve months after the closing of the transaction. The Stock Consideration will be exchangeable, at the option of the Company or its permitted transferees, pursuant to the terms of an exchange agreement, for shares of common stock of DEAC.

Prior to completing the Transaction, the Company will conduct a carve-out transaction in its North American business to carve-out certain assets related to the remote accommodation business in the United States and Canada (Target Logistics) from Williams Scotsman and incorporate this division into the Remaining Algeco Business. As a result, the Remaining Algeco Business will consist of all of the Company's operations in Europe, Asia Pacific and Target Logistics. In connection therewith, Williams Scotsman and DEAC will enter into a transition services agreement with the Company to ensure the orderly transition of the Williams Scotsman business to DEAC.

Furthermore, on August 21, 2017, and in connection with the Transaction, the Company, and the other parties thereto entered into an amendment to the ABL Revolver to (i) permit the sale of Williams Scotsman to Holdco, (ii) permit the acquisition by the Company of all of the equity interests or all or substantially all of the assets of Iron Horse Ranch ("Iron Horse"), (iii) permit the acquisition by the Company of Touax's European Modular Division ("Touax"), (iv) reduce the commitments under the US revolving facility provided pursuant to the ABL Revolver to $150 million and make a related prepayment under the US revolving facility, (v) repay the Canadian revolving facility provided pursuant to the ABL Revolver and terminate the related Canadian revolver commitment, (vi) reduce the revolving commitments under the Australia/New Zealand revolving facility provided pursuant to the ABL Revolver to $120 million and (vii) effect certain other amendments, releases and consents to the ABL Revolver (the "ABL Revolver Amendment"). The closing of the ABL Revolver Amendment is conditional upon, and will occur simultaneously with, the closing of the Transaction.

In connection with the Transaction, WSII (i) will use approximately $625.0 million of the Cash Consideration to prepay certain amounts outstanding under the US revolving facility established pursuant to the ABL Revolver, (ii) will use approximately $40.0 million of the Cash Consideration to prepay in full all amounts outstanding under the Canadian revolving credit facility established pursuant to the ABL Revolver and (iii) will use approximately $10.0 million to repay outstanding letters of credits of its direct subsidiaries, in each case assuming that the Transaction will close in October 2017. It is currently anticipated that the Company will use a portion of the remaining Cash Consideration to finance the previously announced acquisitions of Iron Horse and Touax, respectively.

Immediately following the Transaction, the entities comprising Williams Scotsman will no longer be subsidiaries of the Company. Accordingly, the entities comprising Williams Scotsman will no longer be obligors under, or guarantee any of, the Remaining Algeco Business's outstanding indebtedness and the liens on the stock and assets of such entities securing the Remaining Algeco Business's outstanding indebtedness will be released.

Through certain of its directly and indirectly managed funds, TDR holds a majority interest in the Company and is also expected to hold a minority interest in DEAC, following the Transaction. The closing of the Transaction is subject to a number of conditions including the approval of the Transaction by the requisite number of stockholders of DEAC, a financing condition, applicable regulatory clearances and other customary closing conditions. Failure to satisfy any of the aforementioned conditions could result in the Transaction not being completed on a timely basis, or at all. In the event that the Transaction is not consummated by December 19, 2017 (or such other date as is agreed in writing between the parties to the Stock Purchase Agreement), the Stock Purchase Agreement may be terminated by either party. The Stock Purchase Agreement contains customary representations and warranties and provides for limited post-closing indemnification of Holdco regarding certain matters by the Company.

Subsequent events evaluation

The Company has evaluated subsequent events through August 23, 2017, the date of issuance of these financial statements, and determined that, other than the events discussed above, no subsequent events had occurred that would require recognition in its interim consolidated financial statements for the three and six months ended June 30, 2017 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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