Q3 2016 Financial Information

ALGECO SCOTSMAN™

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements, which reflect industry outlook, our expectations regarding our future growth, results of operations, operational and financial performance, liquidity and capital resources, business prospects and opportunities, challenges and future events, uses of cash, capital expenditures and investments, strategic transactions, initiatives, the impact of foreign currency fluctuations, accounting and tax estimates, financing plans, and contingent payments. All statements other than statements of historical fact are forward-looking statements. Words such as, but not limited to, "anticipate," "continue," "estimate," "expect," "may," "might," "will," "project," "should," "would," "believe," "intend," "continue," "could," "plan," "predict," and negatives of these words and similar expressions are intended to identify forward-looking statements. In particular, statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements. Although the forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations reflect management's current beliefs based upon information currently available to management and upon assumptions which management believes to be reasonable, actual results or events may differ materially from those stated in or implied by these forward-looking statements. A number of factors could cause actual results, performance, events or achievements to differ materially from the results expressed or implied in the forward-looking statements. Readers should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause our actual results, performance, events and achievements in future periods to differ materially from those expressed or implied by such forward-looking statements. There can be no assurance that the results, performance, events or achievements contemplated in the forward-looking statements will be realized. We cannot assure you that forward-looking statements will prove to be accurate, as actual actions, results and future events could differ materially from those anticipated or implied by such statements. All forward-looking statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations are expressly qualified in their entirety by the foregoing cautionary statements. All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. These forward-looking statements are made only as of the date of this Management's Discussion and Analysis of Financial Condition and Results of Operations and, except as required by law, we undertake no obligation, and specifically decline any obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This discussion of our financial condition and results of operations should be read together with our September 30, 2016 and December 31, 2015 consolidated financial statements and the notes thereto and the risk factors described in our fourth quarter 2015 Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introductory Note

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

Risk Factors

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

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

Overview

We are the leading global business services provider focused on modular space, secure storage solutions and remote accommodations. Our lease fleet consists of approximately 275,000 modular and storage units and we manage approximately 10,700 rooms in our remote accommodations business. We have 238 branch and depot locations and operate in 25 countries across four continents. We seek to capitalize on our breadth and significant scale to focus on geographic market opportunities. Changes in our geographic mix can affect our results of operations due to jurisdictional differences, including those related to the level of economic activity and growth and the competitiveness of a particular market.

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

Our core leasing model is characterized by recurring revenue driven by leases on long-lived assets that require modest maintenance capital expenditures. Our average lease duration is approximately 24 months in Europe, 32 months in the Americas and 23 months in Asia Pacific. The global average age of our fleet is approximately eleven years. We typically recoup our initial investment in purchased units in less than three years, which allows us to obtain significant value over the economic life of our units, which can exceed 20 years. The average age of our fleet compared to its economic life provides us with financial flexibility, allowing us to maintain our cash flow generation during economic downturns by temporarily reducing capital expenditures, without significantly impairing our fleet's value.

Our modular space fleet consists of approximately 232,000 units with a gross book value of approximately $2.5 billion as of September 30, 2016. Our fleet is generally comprised of standardized, versatile products that can be configured to meet a wide variety of customer needs. All of our modular space units are intended to provide convenient, comfortable space for occupants at a location of their choosing. 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 September 30, 2016. Our remote accommodations business provides living and sleeping space solutions, which are typically utilized for workforces in remote locations. The majority of these units offer full suite "hotel-like" rooms to our customers. In addition to leasing these remote accommodations products to our customers, we also provide remote facility management solutions which include catering services, recreational facilities and on-site property management.

Our portable storage fleet of approximately 43,000 units, with a gross book value of approximately $0.1 billion as of September 30, 2016, is primarily comprised of steel containers, which address customers' need for secure, temporary, on-site storage on a flexible, low-cost basis. Our portable storage fleet provides a complementary product to cross-sell to our existing modular space customers, as well as new customers.

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

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

Other Matters Affecting Our Business and Recent Developments

Proposed Merger with ModSpace

On March 16, 2016, we entered into a conditional agreement ("the Merger Agreement') with Modular Space Corporation ("ModSpace") to merge ModSpace's North American modular space operations with the modular space operations of Williams Scotsman International, Inc. (WSII), a subsidiary of the

Company. On August 13, 2016, WSII terminated the Merger Agreement, in accordance with the terms of the Merger Agreement and as a result of the transactions contemplated thereunder not being completed by the expiration date established by the Merger Agreement. Alternative options, including an alternative transaction that could result in the combination of the North American modular space operations of ModSpace and WSII, are being considered, though no assurance can be given that any such transaction will occur.

US Litigation Relating to the North American Remote Accommodations Business

Our remote accommodations business in the Americas has one facility that accounted for approximately 51 percent of our remote accommodations rooms on rent as of September 30, 2016. That facility is operated by our customer on behalf of a US government agency. That US government agency is involved in litigation, which we are not a party to, which asserts the US government agency is violating a 1997 consent decree and related settlement agreement. The US government agency is contesting this matter. We cannot predict what impact, if any, this litigation will have on the operations of that facility. Any court decision or government action that impacts this facility could affect our financial condition and results of operations.

Amendment of CCA Contract

The Company previously announced that its subsidiary, Target Logistics Management, LLC ("Target Logistics"), has agreed to modify its Lease and Services Agreement with Corrections Corporation of America ("CCA") regarding the South Texas Family Residential Center. Target Logistics will continue to sublease and provide services at the South Texas Family Residential Center to CCA in Dilley, Texas, as it has since 2014. The modification provides for a lower monthly payment with a new term of 5 additional years through September 2021. Target Logistics is a sub-contractor to CCA, who is providing residential services to US Immigration and Customs Enforcement in the South Texas Family Residential Center.

Sale of Eurobras

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

Components of Our Historical Results of Operations

Revenue

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

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Modular units on rent (average during the period)	213,512	215,377	210,901	214,161
Average modular utilization rate	77.7%	73.9%	76.5%	72.9%
Average modular monthly rental rate*	$ 218	$ 223	$ 220	$ 228
Average remote accommodation rooms on rent	4,667	6,489	4,780	5,857
Average remote accommodation daily rate*	$ 106	$ 107	$ 106	$ 105

**at constant currency, with average modular monthly rental rate for 2015 based on the reclassification of certain revenue from rental income to VAPS*

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

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

Gross Profit

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

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

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

Impairment on Goodwill and Intangible Assets
The Group 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.

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

Other Expense, Net

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

Interest Expense

Interest expense consists of cost of external debt including the Group's multicurrency asset-based revolving credit facility (the "ABL Revolver"), $1,075.0 million and €275.0 million of fixed rate senior secured notes due October 15, 2018 (the "Senior Secured Notes"), $745.0 million of fixed rate senior unsecured notes due October 15, 2019 (the "Senior Unsecured Notes"), other debt, 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 as a substitute for, our actual currency results. Constant currency results, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with US generally accepted accounting principles ("GAAP").

Critical Accounting Policies

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

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

Selected Historical Consolidated Financial Data

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015

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

	Three months ended September 30, 2016	Three months ended September 30, 2015	$ Change
	(Unaudited)	*(Unaudited)*	
Revenues			
Leasing and services revenue:			
Modular space leasing	$ 188,893	$ 189,371	$ (478)
Modular space delivery and installation	69,786	69,259	527
Remote accommodations	48,416	64,419	(16,003)
Sales:			
New units	85,525	87,064	(1,539)
Rental units	8,234	8,459	(225)
Total revenues	400,854	418,572	(17,718)
Costs			
Cost of leasing and services:			
Modular space leasing	50,737	52,206	(1,469)
Modular space delivery and installation	61,982	63,961	(1,979)
Remote accommodations	19,617	26,414	(6,797)
Cost of sales:			
New units	69,687	71,966	(2,279)
Rental units	5,108	5,342	(234)
Depreciation of rental equipment	53,473	56,771	(3,298)
Gross profit	140,250	141,912	(1,662)
Expenses			
Selling, general and administrative expenses	85,587	85,651	(64)
Other depreciation and amortization	7,177	12,596	(5,419)
Loss on sale of business	869	18,983	(18,114)
Impairment losses on goodwill and intangible assets	-	90,169	(90,169)
Restructuring costs	497	2,464	(1,967)
Currency (gains) losses, net	(2,880)	63,148	(66,028)
Change in fair value of contingent considerations	(4,612)	(12,437)	7,825
Other expense, net	302	234	68
Operating profit (loss)	53,310	(118,896)	172,206
Interest expense, net	50,745	50,141	604
Income (loss) before income tax	2,565	(169,037)	171,602
Income tax expense	5,465	2,649	2,816
Net loss	$ (2,900)	$ (171,686)	$ 168,786

Revenue:
Total revenue decreased $17.7 million, or 4.2%, to $400.9 million for the three months ended September 30, 2016 from $418.6 million for the three months ended September 30, 2015. The effect of unfavorable foreign currency movements resulted in a reduction in revenue of $8.5 million as most currencies were weaker against the US dollar during the reporting period, on a comparative basis. Excluding the effects of foreign currency, total revenue decreased $9.2 million or 2.2%, as a result of a 13.5% decrease in revenue in the Americas, a 2.7% increase in revenue in Europe, and a 16.7% increase in revenue in Asia Pacific, respectively. Revenue in the Americas declined 13.5% primarily as result of reduced Remote Accommodations revenue stemming from lower US camp occupancy, and lower new sales revenue in both the US and Canada due to reduced oil and gas sector demand. The 2.7% revenue increase in Europe was primarily a result of increased modular space lease revenue driven by both higher units on rent and new unit sales associated with several asylum seeker opportunities. The 16.7% revenue increase in Asia Pacific was primarily the result of higher modular space delivery and installation and sales revenue associated with several large projects in Australia and New Zealand, partially offset by lower modular space lease and remote accommodations revenue attributable to reduced commodity sector demand in Australia.

Average modular units on rent for three months ended September 30, 2016 and 2015 were 213,512 and 215,377, respectively. The decrease was mainly due to the sale of Eurobras, as well as declines in units on rent in Canada. The average modular utilization rate for three months ended September 30, 2016 was 77.7%, as compared to 73.9% in the prior year's quarter. The increase in average modular utilization rate was driven by increases in the UK, France, Germany, and the US, as well as by the positive impact from the sale of Eurobras which had lower utilization rates. The average modular monthly rental rate decreased to $213 from $223, due partially to the effects of foreign currency as most currencies were weaker against the US dollar, on a comparative basis, as well as declines in rental rates in Asia Pacific and Canada. At constant currency, the average modular monthly rate was $218 for three months ended September 30, 2016. Average remote accommodation rooms on rent for three months ended September 30, 2016 and 2015 were 4,677 and 6,489, respectively. The average remote accommodation daily rate was $106 for three months ended September 30, 2016 as compared to $107 the prior year. At constant currency, the average remote accommodation daily rate was also $106 for three months ended September 30, 2016. The decrease in rooms on rent was due to lower occupancy in both Asia-Pacific and the Americas, while the average daily rate decrease was driven by lower rates in the Americas.

Gross Profit:
Our gross margin was 35.0% and 33.9% for the three months ended September 30, 2016 and 2015, respectively. Our gross margin, excluding depreciation, was 48.3% and 47.5% for the three months ended September 30, 2016 and 2015, respectively.

Gross profit decreased $1.6 million, or 1.1%, to $140.3 million for the three months ended September 30, 2016 from $141.9 million for the three months ended September 30, 2015. The effects of unfavorable foreign currency movements reduced gross profit by $2.8 million, as most currencies were weaker against the US dollar, on a comparative basis. The increase in gross profit, excluding the effects of foreign currency, was driven by improved modular space margins and higher VAPS volumes in Europe, a $3.3 million reduction in depreciation of rental equipment, which were partially offset partially offset by lower remote accommodations volume and margin in both the Americas and Asia Pacific due to reduced commodity sector demand, as well as by lower modular space volume and margin declines in Asia Pacific.

SG&A:

SG&A expense decreased $0.1 million, or 0.1%, to $85.6 million for the three months ended September 30, 2016, compared to $85.7 million for the three months ended September 30, 2015. That decline was primarily attributable to the effects of foreign currency movements, which caused a $1.9 million decline in SG&A as most currencies were weaker against the US dollar, on a comparative basis, which was partially offset by higher legal and professional fees.

Other Depreciation and Amortization:

Other depreciation and amortization decreased $5.4 million, or 42.9%, to $7.2 million for the three months ended September 30, 2016, compared to $12.6 million for the three months ended September 30, 2015, primarily as a result of the full amortization of certain intangibles and the sale of Eurobras.

Loss on Sale of Business:

As more fully disclosed in our consolidated financial statements for the quarter ended September 30, 2016, we recorded an impairment charge of $19.0 million associated with the Eurobras business during the three months ended September 30, 2015. That impairment charge is included in loss on sale of business as the Eurobras business was sold in the fourth quarter of 2015. We recognized an additional loss on sale of Eurobras of $0.9 million during the three months ended September 30, 2016 associated with a full write-off of an asset that was retained under the terms of the Eurobras sale.

Impairment Losses on Goodwill and Intangible Assets:

As more fully disclosed in our consolidated financial statements for the quarter ended September 30, 2016, the Company recorded impairment losses on goodwill and intangible assets of $90.2 million for the three months ended September 30, 2015. The impairment losses on goodwill and intangible asset relate to our Australian reporting unit.

Restructuring Costs:

Restructuring costs decreased $2.0 million, or 80.0%, to $0.5 million for the three months ended September 30, 2016, compared to $2.5 million for the three months ended September 30, 2015. The 2016 restructuring costs primarily relate to actions to streamline operations and reduce costs in our corporate function and in the Americas.

Currency (Gains) Losses, Net:

Currency (gains) losses were ($2.9) million for the three months ended September 30, 2016 compared to $63.1 million for the three months ended September 30, 2015. 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) losses, net are primarily attributable to fluctuations in the following exchange rates: US dollar / euro, US dollar / British pound sterling, and US dollar / Australian dollar.

Change in Fair Value of Contingent Considerations:

The change in contingent considerations resulted in income of $4.6 million for the three months ended September 30, 2016, compared to income of $12.4 million for the three months ended September 30, 2015. The income in 2016 was a result of a decrease in fair value of the Earnout due to lower expected EBITDA multiple as a result of the weighting of possible exit events. The income in 2015 was a result of decreases in fair value of the Earnout due to of projected softness in occupancy for customers in the oil and gas segments.

Other Expense, Net:

Other expense, net was $0.3 million for the three months ended September 30, 2016 and $0.2 million for the three months ended September 30, 2015.

Interest Expense, Net:

Interest expense increased $0.6 million, or 1.2%, to $50.7 million for the three months ended September 30, 2016 from $50.1 million for the three months ended September 30, 2015. This increase is primarily due to an increase in the outstanding amount of other debt. See Note 5 to our September 30, 2016 consolidated financial statements for additional information regarding our loans and borrowings.

Income Tax Expense:

Income tax expense, net, increased $2.9 million to $5.5 million of tax expense for the three months ended September 30, 2016 compared to $2.6 million tax expense for the three months ended September 30, 2015. Income tax expense was larger during the three months ended September 30, 2016 compared with the three months ended September 30, 2015 as the Company had pre-tax income in 2016 as compared to a pre-tax loss in the same period in 2015

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015

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

	Nine months ended September 30, 2016	Nine months ended September 30, 2015	$ Change
Revenues	(Unaudited)	(Unaudited)	
Leasing and services revenue:			
Modular space leasing	$ 563,562	$ 565,260	$ (1,698)
Modular space delivery and installation	183,248	173,474	9,774
Remote accommodations	144,692	171,638	(26,946)
Sales:			
New units	226,044	237,301	(11,257)
Rental units	25,944	21,800	4,144
Total revenues	1,143,490	1,169,473	(25,983)
Costs			
Cost of leasing and services:			
Modular space leasing	146,589	146,944	(355)
Modular space delivery and installation	166,895	162,254	4,641
Remote accommodations	57,397	79,426	(22,029)
Cost of sales:			
New units	188,124	197,178	(9,054)
Rental units	13,725	13,918	(193)
Depreciation of rental equipment	156,421	165,866	(9,445)
Gross profit	414,339	403,887	10,452
Expenses			
Selling, general and administrative expenses	266,480	279,846	(13,366)
Other depreciation and amortization	21,322	38,875	(17,553)
Loss on sale of business	869	18,983	(18,114)
Impairment losses on goodwill and intangible assets	-	90,169	(90,169)
Restructuring costs	2,263	7,958	(5,695)
Currency losses, net	33,949	131,329	(97,380)
Change in fair value of contingent considerations	(4,581)	(39,225)	34,644
Other expense, net	530	1,207	(677)
Operating profit (loss)	93,507	(125,255)	218,762
Interest expense, net	150,722	148,183	2,539
Loss before income tax	(57,215)	(273,438)	216,223
Income tax expense (benefit)	10,859	(5,104)	15,963
Net loss	$ (68,074)	$ (268,334)	$ 200,260

Revenue:
Total revenue decreased $26.0 million, or 2.2%, to $1,143.5 million for the nine months ended September 30, 2016 from $1,169.5 million for the nine months ended September 30, 2015. The effect of unfavorable foreign currency movements resulted in a reduction in revenue of $25.3 million as most currencies were weaker against the US dollar during the 2016 period, on a comparative basis. Excluding the effects of foreign currency, total revenue decreased $0.7 million or 0.1%, primarily as a result of an 8.0% decrease in revenues in the Americas, respectively, partially offset by a 6.8% revenue increase in Europe, and a 1.0% decrease in revenues in Asia Pacific. The 8.0% revenue decline in the Americas was primarily the result of lower remote accommodations camp occupancy due to reduced commodity sector demand, as well as lower modular leasing revenue and new unit sales, primarily as a result of weakness in Canada and the sale of Eurobras. Revenue in Europe increased 6.8% as a result of increased modular space lease revenue driven by higher units on rent, rental rates and a non-recurring contract termination fee, and by increased new unit sales associated with several asylum seeker opportunities. The 1.0% revenue decrease in Asia-Pacific was a result of lower remote accommodations and new unit sales primarily as a result of reduced commodity sector demand in Australia.

Average modular units on rent for nine months ended September 30, 2016 and 2015 were 210,901 and 214,161, respectively. The decrease was mainly due to the sale of Eurobras, as well as declines in units on rent in Canada and Asia-Pacific. The average modular utilization rate for nine months ended September 30, 2016 was 76.5%, as compared to 72.9% in the comparable 2015 period. The increase in average modular utilization rate was driven by increases in the US, the UK, and Germany, as well as by the positive impact from the sale of Eurobras which had lower utilization rates. The average modular monthly rental rate decreased to $215 from $228, due partially to the effects of foreign currency as most currencies were weaker against the US dollar, on a comparative basis, as well as declines in rental rates in Asia Pacific and Canada. At constant currency, the average modular monthly rate was $220 for nine months ended September 30, 2016. Average remote accommodation rooms on rent for nine months ended September 30, 2016 and 2015 were 4,780 and 5,857, respectively. The average remote accommodation daily rate was $106 for nine months ended September 30, 2016 as compared to $105 the prior year. At constant currency, the average remote accommodation daily rate was also $106 for nine months ended September 30, 2016. The decrease in rooms on rent was due to lower occupancy in both Asia-Pacific and Americas, while the average daily rate increase was driven by the Americas.

Gross Profit:
Our gross margin was 36.2% and 34.5% for the nine months ended September 30, 2016 and 2015, respectively. Our gross margin, excluding depreciation, was 49.9% and 48.7% for the nine months ended September 30, 2016 and 2015, respectively.

Gross profit increased $10.4 million, or 2.6%, to $414.3 million for the nine months ended September 30, 2016 from $403.9 million for the nine months ended September 30, 2015. The effects of unfavorable foreign currency movements reduced gross profit by $7.3 million, as most currencies were weaker against the US dollar, on a comparative basis. The increase in gross profit, excluding the effects of foreign currency, was a result of increased modular space lease margin driven by VAPS volume in the US and Europe, as well as higher rental unit sales margins in the Americas. The increase in European modular space and the Americas rental unit sales gross profit increases for the nine months ended September 30, 2016 included two non-recurring transactions which contributed approximately $11 million in gross profit (approximately $8 million in Europe and $3 million in the Americas). The increase in gross profit was also affected by a $9.5 million reduction in depreciation of rental equipment. These increases were partially offset by lower modular space leasing and remote accommodations gross profit in Asia-Pacific.

SG&A:

SG&A expense decreased $13.3 million, or 4.8%, to $266.5 million for the nine months ended September 30, 2016, compared to $279.8 million for the nine months ended September 30, 2015. Approximately $5.9 million of the decrease was attributable to the effects of foreign currency as most currencies were weaker against the US dollar, on a comparative basis. The remaining decrease was driven by lower employee related costs, reductions in office and occupancy costs, and lower costs as a result of the sale of Eurobras.

Other Depreciation and Amortization:

Other depreciation and amortization decreased $17.6 million, or 45.2%, to $21.3 million for the nine months ended September 30, 2016, compared to $38.9 million for the nine months ended September 30, 2015, primarily as a result of the full amortization of certain intangibles and the sale of Eurobras.

Loss on Sale of Business:

As more fully disclosed in our consolidated financial statements for the quarter ended September 30, 2016, we recorded an impairment charge of $19.0 million associated with the Eurobras business during the nine months ended September 30, 2015. That impairment charge is included in loss on sale of business as the Eurobras business was sold in the fourth quarter of 2015. We recognized an additional loss on sale of Eurobras of $0.9 million during the three months ended September 30, 2016 associated with a full write-off of an asset that was retained under the terms of the Eurobras sale.

Impairment Losses on Goodwill and Intangible Assets:

As more fully disclosed in our consolidated financial statements for the quarter ended September 30, 2016, the Company recorded impairment losses on goodwill and intangible assets of $90.2 million for the nine months ended September 30, 2015. The impairment losses on goodwill and intangible asset relate to our Australian reporting unit.

Restructuring Costs:

Restructuring costs decreased $5.7 million, or 71.3%, to $2.3 million for the nine months ended September 30, 2016, compared to $8.0 million for the nine months ended September 30, 2015. The 2016 restructuring costs primarily relate to actions to streamline operations and reduce costs in our corporate function and in the Americas.

Currency Losses, Net:

Currency losses were $33.9 million for the nine months ended September 30, 2016 compared to $131.3 million for the nine months ended September 30, 2015. The decrease in currency losses was primarily attributable to the impact of foreign currency exchange rate changes on loans and borrowings and intercompany receivables and payables denominated in a currency other than the subsidiaries' functional currency. Our currency losses, net are primarily attributable to fluctuations in the following exchange rates: US dollar / euro, US dollar / British pound sterling, and US dollar / Australian dollar.

Change in Fair Value of Contingent Considerations:

The change in contingent considerations was income of $4.6 million for the nine months ended September 30, 2016, compared to income of $39.2 million for the nine months ended September 30, 2015. The income in 2016 was a result of a decrease in fair value of the Earnout due to lower expected EBITDA multiple as a result of the weighting of possible exit events. The income in 2015 was a result of decreases in fair value of the Earnout due to of projected softness in occupancy for customers in the oil and gas segments.

Other Expense, Net:

Other expense, net was $0.5 million for the nine months ended September 30, 2016 and $1.2 million for the nine months ended September 30, 2015.

Interest Expense, Net:

Interest expense increased $2.5 million, or 1.7%, to $150.7 million for the nine months ended September 30, 2016 from $148.2 million for the nine months ended September 30, 2016. This increase is primarily due to an increase in other debt. See Note 5 to our September 30, 2016 consolidated financial statements for additional information regarding our loans and borrowings.

Income Tax Expense (Benefit):

Income tax expense (benefit), increased $16.0 million to a $10.9 million tax expense for the nine months ended September 30, 2016 compared to a ($5.1) million tax benefit for the nine months ended September 30, 2015. The increase in tax expense is due to a lower pre-tax loss as compared to the nine months ended September 30, 2015. Additionally, in the first nine months of 2015 the Company recognized $2.7 million of tax benefits related to the favorable resolution of prior year uncertain tax positions, a one-time non-cash tax benefit of $5.2 million related to the reduction of deferred tax liabilities that were incorrectly recorded in prior periods and a $1.2 million withholding tax benefit.

Adjusted EBITDA

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

The reconciliation of our consolidated net (loss) income before taxes to Adjusted EBITDA for the three and nine months ended September 30, 2016 and 2015, in thousands of dollars, is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Net (loss) income before taxes	$ 2,565	$ (169,037)	$ (57,215)	$ (273,438)
Interest expense, net	50,745	50,141	150,722	148,183
Depreciation and amortization	60,650	69,367	177,743	204,741
EBITDA	113,960	(49,529)	271,250	79,486
Currency losses (gains), net	(2,880)	63,148	33,949	131,329
Change in fair value of contingent consideration	(4,612)	(12,437)	(4,581)	(39,225)
Loss on sale of business	869	18,983	869	18,983
Goodwill and other impairment charges	-	90,169	-	90,169
Restructuring costs	497	2,464	2,263	7,958
Sponsor management fees	1,897	1,234	5,868	8,037
Other (income) expense	(521)	(688)	6,890	3,232
Adjusted EBITDA	$ 109,210	$ 113,344	$ 316,508	$ 299,969

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

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

Currency losses (gains), net:
We incur currency gains and losses on monetary assets and liabilities denominated in foreign currencies other than the subsidiaries' functional currency. Substantially all such currency (gains) losses are unrealized. In addition, currency gains and losses include any mark-to-market and periodic cash settlements related to our currency forward contracts.

Change in fair value of contingent consideration:
We record the non-cash change in fair value of the Earnout. See Note 9 in our consolidated financial statements for more information on the fair value of the Earnout.

Loss on disposal of business:
On October 30, 2015, the Company completed the sale of Eurobras, which resulted in the Company ceasing operations in Brazil. We incurred losses in 2015 and 2016 related to this transaction. See Note 7 in our consolidated financial statements for more information on the loss.

Goodwill and other impairment charges:
We incurred impairment charges on goodwill and other intangible assets during the three and nine months ended September 30, 2015. See Note 4 in our consolidated financial statements for more information on the goodwill and other intangible impairment charges.

Restructuring costs:
We incur costs associated with restructuring plans designed to streamline operations and reduce costs. See Note 10 in our consolidated financial statements for more information on restructuring charges.

Sponsor management fees:
We incur costs from our principal owner, TDR, for monitoring fees and consulting and management advisory services. See Note 13 in our consolidated financial statements for more information on sponsor management fees.

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

Business Segments

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

The following tables and discussion summarize our geographical financial information, in millions of dollars, for the three and nine months ended September 30, 2016 and 2015, on a constant currency basis. In the comparison of 2016 to 2015, the 2016 results have been translated at the 2015 actual exchange rates.

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

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments, and Eliminations	Consolidated
Three Months Ended September 30, 2016	**Americas**	**Europe**	**Asia Pacific**	**Total**			
Leasing and services revenue:							
Modular space leasing	$ 72.1	$ 107.1	$ 14.7	$ 193.9	$ (5.1)	$ 0.1	$ 188.9
Modular space delivery and installation	23.6	37.8	9.8	71.2	(1.5)	0.1	69.8
Remote accommodations	39.4	-	8.7	48.1	0.3	-	48.4
Sales:							
New unit sales	10.0	53.0	24.6	87.6	(2.0)	-	85.6
Rental units sales	5.4	2.0	1.2	8.6	(0.2)	(0.2)	8.2
Revenue	$ 150.5	$ 199.9	$ 59.0	$ 409.4	$ (8.5)	$ -	$ 400.9
Adjusted EBITDA	$ 54.3	$ 56.7	$ 5.5	$ 116.5	$ (2.2)	$ (5.1)	$ 109.2
Capital expenditures	$ 19.1	$ 43.3	$ 3.6	$ 66.0	$ (1.9)	$ -	$ 64.1
Three Months Ended September 30, 2015							
Leasing and services revenue:							
Modular space leasing	$ 75.1	$ 98.7	$ 15.6	$ 189.4	$ -	$ -	$ 189.4
Modular space delivery and installation	23.8	41.7	3.6	$ 69.1	-	0.2	$ 69.3
Remote accommodations	51.8	-	12.6	64.4	-	-	64.4
Sales:							
New unit sales	18.3	51.6	17.9	87.8	-	(0.7)	87.1
Rental units sales	4.9	2.6	0.9	8.4	-	-	8.4
Revenue	$ 173.9	$ 194.6	$ 50.6	$ 419.1	$ -	$ (0.5)	$ 418.6
Adjusted EBITDA	$ 61.2	$ 49.7	$ 9.5	$ 120.4	$ -	$ (7.0)	$ 113.4
Capital expenditures	$ 47.5	$ 25.1	1.6	$ 74.2	$ -	$ 1.0	$ 75.2

Americas

Revenue:

Total revenue decreased $23.4 million, or 13.5%, to $150.5 million for the three months ended September 30, 2016 from $173.9 million for the three months ended September 30, 2015. Remote accommodations revenue declined $12.4 million, or 23.9%, due to a reduction in average rooms on rent. Modular space leasing revenue declined $3.0 million, or 4.0%, due primarily to lower utilization and modular rental rates in Canada associated with reduced commodity sector demand. New unit sales revenue decreased $8.3 million, or 45.4%, associated with reduced sale opportunities in US and Canada and decreased major projects revenue as a result of a strategic shift away from this market. Rental unit sales revenue increased $0.5 million, or 10.2%, offsetting a portion of the decrease.

Adjusted EBITDA:

Adjusted EBITDA decreased $6.9 million, or 11.3%, to $54.3 million for the three months ended September 30, 2016 from $61.2 million for the three months ended September 30, 2015. This decrease was primarily driven by lower remote accommodations volume and margin, reduced new sales activity in the US and Canada, and lower modular space margin in Canada due to declines in volume and rental rates. This decrease was partially offset by VAPS gross profit driven by higher volumes, as well as reduced selling, general, and administrative expenses both in Canada and associated with the sale of Eurobras.

Capital Expenditures:

Capital expenditures decreased $28.4 million, or 59.8%, to $19.1 million for the three months ended September 30, 2016 from $47.5 million for the three months ended September 30, 2015. That decrease was driven by reduced remote accommodation capital expenditures, from the higher than usual prior year capital expenditures related to a new remote accommodation facility, reduced capital expenditures in the US from the higher level experienced in 2015, and reduced capital expenditures Canada due to current market conditions.

Europe

Revenue:

Total revenue increased $5.3 million, or 2.7%, to $199.9 million for the three months ended September 30, 2016 from $194.6 million for the three months ended September 30, 2015. The revenue increase was driven by a $8.4 million, or 8.5%, increase in modular space leasing revenue as a result of increases in units on rent, rental rates, and VAPS volume, and by a $1.4 million, or 2.7%, increase in new unit sales. These increases include the impact of the asylum seeker opportunity in Germany. Rental unit sales revenue decreased by $0.6 million, or 23.1% due to higher utilization rates throughout Europe.

Adjusted EBITDA:

Adjusted EBITDA increased $7.0 million, or 14.1%, to $56.7 million for the three months ended September 30, 2016 from $49.7 million for the three months ended September 30, 2015. The increase was primarily driven by higher modular space leasing and new unit sales margins, including the effects of the asylum seeker opportunity in Germany and VAPS volume throughout Europe. The increase was partially offset by a $3.6 million or 9.6% increase in selling, general, and administrative expenses.

Capital Expenditures:

Capital expenditures increased $18.2 million, or 72.5%, to $43.3 million for the three months ended September 30, 2016 from $25.1 million for the three months ended September 30, 2015, primarily driven by increased new fleet investment and fleet refurbishment in the UK, France, and Germany as a result of higher utilization rates.

Asia Pacific

Revenue:

Total revenue increased $8.4 million, or 16.6%, to $59.0 million for the three months ended September 30, 2016 from $50.6 million for the three months ended September 30, 2015. The increase is primarily the result of a $6.2 million, or 172.2%, increase in modular space delivery and installation revenue primarily associated with a mobile camp expansion and an increase in deliveries in Australia and China, a $6.7 million, or 37.4% increase, in new unit sales revenue, and a $0.3 million, or 33.3% increase, in rental unit sales revenue. These increases were offset by a $0.9 million, or 5.8%, decline in modular space leasing revenue as a result of reductions in the commodities related energy and natural resources sectors in Australia, and a $3.9 million, or 31.0%, decline in remote accommodations revenue due to reduced utilization and rental rates associated with the lower demand.

Adjusted EBITDA:

Adjusted EBITDA decreased $4.0 million, or 42.1%, to $5.5 million for the three months ended September 30, 2016 from $9.5 million for the three months ended September 30, 2015. The decrease was primarily a result of lower gross profit, principally as a result of the lower revenue levels, and an increase in selling, general, and administrative expenses.

Capital Expenditures:

Capital expenditures increased $2.0 million to $3.6 million for the three months ended September 30, 2016 from $1.6 million for the three months ended September 30, 2015. The slight increase was partially driven by non-fleet investments, as we continue to minimize capital investments for fleet units in Australia, given current market conditions.

Corporate Adjustments and Eliminations

Revenue:

Total corporate adjustments and eliminations to consolidated revenue were zero and ($0.5) million for the three months ended September 30, 2016 and 2015, respectively. The corporate adjustments to revenue primarily pertain to the elimination of intercompany leasing and sales transactions between the business segments.

Adjusted EBITDA:

Total corporate adjustments and eliminations to consolidated Adjusted EBITDA decreased $1.9 million, to ($5.1) million for the three months ended September 30, 2016 from ($7.0) million for the three months ended September 30, 2015. The decrease was primarily a result of lower corporate selling, general, and administrative expenses as a result of reduced headcount and employee costs.

Capital Expenditures:

Total corporate adjustments to consolidated capital expenditures were zero and $1.0 million for the three months ended September 30, 2016 and 2015, respectively. These amounts are primarily the capital expenditures attributable to the corporate functions.

Business Segment Results
Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments, and Eliminations	Consolidated
Nine Months Ended September 30, 2016	**Americas**	**Europe**	**Asia Pacific**	**Total**			
Leasing and services revenue:							
Modular space leasing	$ 216.9	$ 314.9	$ 45.1	$ 576.9	$ (13.4)	$ 0.1	$ 563.6
Modular space delivery and installation	64.0	94.9	28.3	187.2	(4.0)	0.1	183.3
Remote accommodations	121.8	-	23.6	145.4	(0.7)	-	144.7
Sales:							
New unit sales	29.2	146.5	57.4	233.1	(6.5)	(0.6)	226.0
Rental units sales	16.8	5.7	4.2	26.7	(0.7)	(0.1)	25.9
Revenue	$ 448.7	$ 562.0	$ 158.6	$ 1,169.3	$ (25.3)	$ (0.5)	$ 1,143.5
Adjusted EBITDA	$ 171.1	$ 151.1	$ 16.7	$ 338.9	$ (5.2)	$ (17.2)	$ 316.5
Capital expenditures	$ 49.5	$ 80.1	$ 9.2	$ 138.8	$ (2.9)	$ -	$ 135.9
Nine Months Ended September 30, 2015							
Leasing and services revenue:							
Modular space leasing	$ 229.2	$ 283.3	$ 52.8	$ 565.3	$ -	$ -	$ 565.3
Modular space delivery and installation	64.2	93.8	15.4	173.4	-	0.1	173.5
Remote accommodations	138.1	-	33.5	171.6	-	-	171.6
Sales:							
New unit sales	43.7	142.3	55.9	241.9	-	(4.6)	237.3
Rental units sales	12.6	6.6	2.6	21.8	-	-	21.8
Revenue	$ 487.8	$ 526.0	$ 160.2	$ 1,174.0	$ -	$ (4.5)	$ 1,169.5
Adjusted EBITDA	$ 160.4	$ 130.0	$ 31.0	$ 321.4	$ -	$ (21.4)	$ 300.0
Capital expenditures	$ 148.2	$ 58.7	$ 6.3	$ 213.2	$ -	$ 1.8	$ 215.0

Americas

Revenue:

Total revenue decreased $39.1 million, or 8.0%, to $448.7 million for the nine months ended September 30, 2016 from $487.8 million for the nine months ended September 30, 2015. Modular space leasing revenue declined $12.3 million, or 5.4%, due primarily to lower utilization and modular rental rates in Canada associated with reduced commodity sector demand. New unit sales revenue decreased $14.5 million, or 33.2%, associated with reduced sales in Canada and decreased major projects revenue in the US as a result of a strategic shift away from this market. Remote accommodations revenue declined $16.3 million, or 11.8%, as a result of lower camp occupancy in the US associated with reduced commodity sector demand. Rental unit sales revenue increased $4.2 million, or 33.3%.

Adjusted EBITDA:

Adjusted EBITDA increased $10.7 million, or 6.7%, to $171.1 million for the nine months ended September 30, 2016 from $160.4 million for the nine months ended September 30, 2015. This increase was primarily driven by an increase in rental unit sales margin associated with a favorable $3 million non-recurring transaction, remote accommodation margin improvement driven by cost savings, as well as reduced selling, general, and administrative expenses in Canada and related to the positive impact of the sale of Eurobras.

Capital Expenditures:

Capital expenditures decreased $98.7 million, or 66.6%, to $49.5 million for the nine months ended September 30, 2016 from $148.2 million for the nine months ended September 30, 2015. That decrease was driven by reduced remote accommodation capital expenditures, from the higher than usual prior year capital expenditures related to a new facility, reduced capital expenditures in the US from the higher level experienced in 2015 driven by strategic capital improvements to existing fleet units, and reduced capital expenditures Canada due to current market conditions.

Europe

Revenue:

Total revenue increased $36.0 million, or 6.8%, to $562.0 million for the nine months ended September 30, 2016 from $526.0 million for the nine months ended September 30, 2015. The revenue increase was driven by an $31.6 million, or 11.2%, increase in modular space leasing revenue as a result of both a non-recurring contract termination fee and increases in units on rent, rental rates, and VAPS, a $1.1 million, or 1.2%, increase in modular space delivery and installation revenue, and a $4.2 million, or 3.0%, increase in new unit sales. These increases include the impact of the asylum seeker opportunity in Germany. Rental unit sales revenue decreased by $0.9 million, or 13.6%.

Adjusted EBITDA:

Adjusted EBITDA increased $21.1 million, or 16.2%, to $151.1 million for the nine months ended September 30, 2016 from $130.0 million for the nine months ended September 30, 2015. The increase was primarily driven by higher modular space leasing margins related to the asylum seeker opportunity in Germany and VAPS volume throughout Europe. The increase in modular space leasing gross profit included a non-recurring contract termination fee which contributed approximately $8 million in Adjusted EBITDA.

Capital Expenditures:

Capital expenditures increased $21.4 million, or 36.5%, to $80.1 million for the nine months ended September 30, 2016 from $58.7 million for the nine months ended September 30, 2015. That increase was primarily driven by increased new fleet investment and fleet refurbishment in Germany, partially associated with the asylum seeker opportunity, as well as additional fleet investment in the UK.

Asia Pacific

Revenue:
Total revenue decreased $1.6 million, or 1.0%, to $158.6 million for the nine months ended September 30, 2016 from $160.2 million for the nine months ended September 30, 2015. The decrease is primarily the result of a $7.7 million, or 14.6%, decline in modular space leasing revenue as a result of reductions in the commodities related energy and natural resources sectors in Australia, and a $9.9 million, or 29.6%, decline in remote accommodations revenue due to reduced camp occupancy and rental rates associated with the lower demand. These declines were partially offset by a $12.9 million, or 83.8%, increase in modular space delivery and installation revenue, a $1.5 million, or 2.7%, increase in new unit sales revenue, and a $1.6 million, or 61.5%, increase in rental unit sales revenue.

Adjusted EBITDA:
Adjusted EBITDA decreased $14.3 million, or 46.1%, to $16.7 million for the nine months ended September 30, 2016 from $31.0 million for the nine months ended September 30, 2015. The decrease was primarily a result of lower gross profit, principally as a result of the lower revenue levels, which was partially offset by lower selling, general, and administrative expenses.

Capital Expenditures:
Capital expenditures increased $2.9 million, or 46.0%, to $9.2 million for the nine months ended September 30, 2016 from $6.3 million for the nine months ended September 30, 2015. The increase was driven by new fleet investments in our China joint venture as well as by non-fleet investments in Australia, as we continue to minimize capital fleet investments in Australia, given current market conditions.

Corporate Adjustments and Eliminations

Revenue:
Total corporate adjustments and eliminations to consolidated revenue were ($0.5) million and ($4.5) million for the nine months ended September 30, 2016 and 2015, respectively. The corporate adjustments to revenue primarily pertain to the elimination of intercompany leasing and sales transactions between the business segments.

Adjusted EBITDA:
Total corporate adjustments and eliminations to consolidated Adjusted EBITDA decreased $4.2 million, to ($17.2) million for the nine months ended September 30, 2016 from ($21.4) million for the nine months ended September 30, 2015. The decrease was primarily a result of lower corporate selling, general, and administrative expenses as a result of reduced headcount and employee costs.

Capital Expenditures:
Total corporate adjustments to consolidated capital expenditures were zero and $1.8 million for the nine months ended September 30, 2016 and 2015, respectively. These amounts are primarily the capital expenditures attributable to the corporate functions.

Liquidity and Capital Resources

The following summarizes our cash flows for the nine months ended September 30, 2016 and 2015 on an actual currency basis (in thousands):

	Nine months ended September 30,	
	2016	2015
Cash flow from operating activities	$ 114,964	$ 165,084
Cash flow from investing activities	(101,332)	(192,852)
Cash flow from financing activities	6,328	35,359

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations and borrowings under our ABL Revolver. As more fully disclosed in Note 5 of our consolidated financial statements, the availability under our ABL Revolver was $74.4 million at September 30, 2016, 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 debt service requirements and finance our strategic plans. We may also seek to finance our capital expenditures and other cash requirements through purchase money, capital lease, sale-leaseback or other debt arrangements, including those from our primary equity owner, that provide liquidity or favorable borrowing terms, or through other means such as one or more sales of assets. As more fully described below, we have entered into financing agreements with our primary equity owner in the amount of approximately $100 million during 2016 and have borrowed $82.3 million under these facilities through October 31, 2016.

Based on our current level of operations, estimated cash generated from operations, working capital requirements, estimated capital expenditures and debt service requirements and the consideration of our existing sources of liquidity, including available cash and availability under our ABL Revolver we believe that we may be required to enter into additional facilities to provide liquidity or otherwise raise cash to fund our current obligations, projected working capital requirements, debt service requirements, and capital spending requirements in the next twelve months. Those additional sources of liquidity may include purchase money, capital leases, sale-leaseback or other debt arrangements, including those from our primary equity owner, or through other means such as one or more asset sales.

Our Senior Secured Notes and Senior Unsecured Notes, with an aggregate principal amount of approximately $2,267 million as of September 30, 2016, provide for interest payment on a semi-annual basis in April and October. Accordingly, our cash flows from operations are impacted by the timing of these semi-annual interest payments.

Sale-Leaseback Agreements

As more fully disclosed in Note 5 of our consolidated financial statements, in the second quarter of 2016, two of our subsidiaries in Germany and France entered into sale-leaseback agreements with affiliates of TDR for certain rental fleet. These agreements permit our German and French subsidiaries to sell to, and lease back from, the affiliates of TDR certain residential modular units to be sub-leased to certain customers in Germany and France. The agreements provide for sale and leaseback transactions in an aggregate amount of up to €50 million. Lease payments include interest at 12.5% per annum. The terms of the agreements, including the TDR affiliates' ability to require the Company subsidiaries to repurchase the fleet units, result in these transactions being accounted for as capital leases. The additional liquidity generated by the sale-leaseback transactions will be used for capital expenditures in the German and French markets. We believe that the terms of the sale-leaseback agreements were at arm's length.

Receivables Sale Agreement

As more fully disclosed in Note 5 and 14 of our consolidated financial statements, in July 2016, one of our subsidiaries in France entered into a receivables sale agreement with an affiliate of TDR. Under the terms of the agreement, the French subsidiary sold €21.8 million of receivables to the affiliate of TDR in exchange for €21.8 million in cash. Of the proceeds received, the French subsidiary was required to place €1.7 million on deposit with the affiliate of TDR. The French subsidiary was required to repurchase the transferred receivables by October 31, 2016. On October 31, 2016, the affiliate of TDR retransferred the receivables to the French subsidiary, but it has been agreed by the affiliate of TDR that the French subsidiary's obligation to repay the €21.8 million will be deferred until the end of 2016. The financing cost associated with this agreement is 2.17% per annum of the transferred receivables amount.

Senior Unsecured Loan Agreement and Additional Senior Secured Notes

In October 2016, a subsidiary of the Company, Algeco Scotsman Global Finance plc, entered into a senior unsecured loan agreement with an affiliate of TDR. The agreement provides for borrowings in an aggregate amount of up to $20.0 million; all of which was drawn on October 11, 2016. The Company was required to pay interest in cash on amounts outstanding under that senior unsecured loan agreement at an interest rate of 8.5% per annum, payable semi-annually in arrears. This loan was refinanced on November 16, 2016 with the issuance of $20.0 million of additional Senior Secured Notes to the TDR affiliate. As a result of this issuance, there were $1,095.0 million and €275.0 million of Senior Secured Notes outstanding.

Cash Flows from Operating Activities

Cash provided by operating activities for the nine months ended September 30, 2016 was $115.0 million as compared to cash provided by operating activities of $165.1 million for the nine months ended September 30, 2015. This decrease in cash provided by operating activities is a result of lower cash provided by working capital in the 2016 period as compared to the 2015 period due to increased cash utilized for both accounts receivable and inventory. The increase in accounts receivable in 2016 period compared to the 2015 period is primarily driven by higher revenues and timing of collections in the current period. The increase in cash used by inventory was driven by new sales projects as well as in support of our rental fleet.

Cash Flows from Investing Activities

Cash used in investing activities for the nine months ended September 30, 2016 totaled $101.3 million as compared to $192.9 million for the nine months ended September 30, 2015, a decrease of $91.6 million. The decrease in cash used in investing activities was principally the result of a decrease in cash used of $76.3 million for the purchase of rental equipment and an increase in cash provided from the sale of rental equipment units of $8.8 million. We incurred capital expenditures for the purchase of $128.0 million and $204.3 million during the nine months ended September 30, 2016 and 2015, respectively. The decrease in capital expenditures is primarily due to a reduction of modular capital expenditures in the US from the higher level experienced in 2015 as a result of strategic capital improvements to existing fleet units and due to reduced remote accommodation capital expenditures, from the higher than usual prior year capital expenditures related to a new facility.

Cash Flows from Financing Activities

Cash provided in financing activities for the nine months ended September 30, 2016 totaled $6.3 million as compared to cash provided of $35.4 million for the nine months ended September 30, 2015, a decrease of $29.1 million. That decrease was primarily due to a $27.5 million decrease in net borrowings in 2016 compared to 2015. The net proceeds from borrowings during the 2016 period included $35.5 million associated with certain sale-leaseback transactions that were entered into during May 2016 and $24.0 million of proceeds associated with a receivables sale agreement. Those proceeds were both with affiliates of TDR. The net (payments) proceeds from borrowings under our ABL were $(45.9) million and $41.0 million during the nine months ended September 30, 2016 and 2015, respectively.

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

Contractual Obligations

The following table presents information relating to our contractual obligations and commercial commitments as of September 30, 2016 (in thousands):

	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Long-term indebtedness, including current portion and interest (a)	$ 3,644,111	$ 237,758	$ 3,398,191	$ 8,162
Contingent consideration (b)	-	-	-	-
Joint Venture obligation (c)	6,139	6,139	-	-
Capital lease obligations	34,448	5,964	10,958	17,526
Operating lease obligations	215,507	45,141	104,338	66,028
	$ 3,900,205	$ 295,002	$ 3,513,487	$ 91,716

(a) As more fully disclosed in Note 5 of our consolidated financial statements, long-term indebtedness includes borrowings and interest under our Senior Secured Notes and Senior Unsecured Notes and our ABL Revolver.

(b) As more fully disclosed in Note 9 of our consolidated financial statements, we have entered into the Earnout Agreement that may require us to make additional payments.

(c) As more fully disclosed in Note 7 of our consolidated financial statements, we hold an equity interest in a Chinese joint venture. The remaining amount of committed capital contributions to the joint venture is approximately $6.1 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 8 in our September 30, 2016 consolidated financial statements.

Interest Rate Risk

Borrowings under our ABL Revolver are variable rate debt. Interest rate changes generally impact the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. An increase in interest rates by 100 basis points on our variable rate debt would increase annual interest expense by approximately $8.7 million.

Consolidated Financial Statements

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

Algeco Scotsman Global S.à r.l.

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenues	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Leasing and services revenue:				
Modular space leasing	$ 188,893	$ 189,371	$ 563,562	$ 565,260
Modular space delivery and installation	69,786	69,259	183,248	173,474
Remote accommodations	48,416	64,419	144,692	171,638
Sales:				
New units	85,525	87,064	226,044	237,301
Rental units	8,234	8,459	25,944	21,800
Total revenues	400,854	418,572	1,143,490	1,169,473
Costs				
Cost of leasing and services:				
Modular space leasing	50,737	52,206	146,589	146,944
Modular space delivery and installation	61,982	63,961	166,895	162,254
Remote accommodations	19,617	26,414	57,397	79,426
Cost of sales:				
New units	69,687	71,966	188,124	197,178
Rental units	5,108	5,342	13,725	13,918
Depreciation of rental equipment	53,473	56,771	156,421	165,866
Gross profit	140,250	141,912	414,339	403,887
Expenses				
Selling, general and administrative expenses	85,587	85,651	266,480	279,846
Other depreciation and amortization	7,177	12,596	21,322	38,875
Loss on sale of business	869	18,983	869	18,983
Impairment losses on goodwill and intangible assets	-	90,169	-	90,169
Restructuring costs	497	2,464	2,263	7,958
Currency (gains) losses, net	(2,880)	63,148	33,949	131,329
Change in fair value of contingent considerations	(4,612)	(12,437)	(4,581)	(39,225)
Other expense, net	302	234	530	1,207
Operating profit (loss)	53,310	(118,896)	93,507	(125,255)
Interest expense, net	50,745	50,141	150,722	148,183
Income (loss) before income tax	2,565	(169,037)	(57,215)	(273,438)
Income tax expense (benefit)	5,465	2,649	10,859	(5,104)
Net loss	(2,900)	(171,686)	(68,074)	(268,334)
Less: Net (loss) income attributable to noncontrolling interest	(10)	(94)	362	(169)
Net loss attributable to Algeco Scotsman Global S.à r.l.	$ (2,890)	$ (171,592)	$ (68,436)	$ (268,165)

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 September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Net loss	$ (2,900)	$ (171,686)	$ (68,074)	$ (268,334)
Foreign currency translation	1,675	15,854	50,195	10,475
Comprehensive loss	(1,225)	(155,832)	(17,879)	(257,859)
Less: Comprehensive (loss) income attributable to noncontrolling interest	(10)	(94)	362	(169)
Comprehensive loss attributable to Algeco Scotsman Global S.à r.l.	$ (1,215)	$ (155,738)	$ (18,241)	$ (257,690)

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)

	September 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 82,064	$ 60,657
Trade receivables, net of allowances for doubtful accounts of $23,808 and $24,653 respectively	302,812	264,841
Inventories	61,498	40,482
Prepaid expenses and other current assets	40,416	40,554
Total current assets	486,790	406,534
Rental equipment, net	1,751,133	1,782,654
Other property, plant and equipment, net	191,333	202,436
Goodwill	406,708	395,653
Other intangible assets, net	262,921	264,713
Other non-current assets	14,710	15,398
Total assets	$ 3,113,595	$ 3,067,388
Liabilities		
Current liabilities		
Accounts payable	$ 182,788	$ 171,957
Accrued liabilities	116,600	106,365
Accrued interest	95,002	46,283
Deferred revenue and customer deposits	119,260	89,763
Current portion of long-term debt	38,675	11,949
Total current liabilities	552,325	426,317
Long-term debt	3,207,934	3,249,204
Deferred tax liabilities	175,821	170,269
Deferred revenue and customer deposits	37,457	58,209
Other non-current liabilities	45,137	50,519
Total liabilities	4,018,674	3,954,518
Redeemable non-controlling interests	2,606	2,684
Shareholders' Deficit		
Common stock: $1.00 par, 213,289,086 shares issued and outstanding	737,831	737,831
Additional paid-in capital	1,613,356	1,612,986
Accumulated other comprehensive income	137,130	86,935
Accumulated deficit	(3,396,002)	(3,327,566)
Total shareholders' deficit	(907,685)	(889,814)
Total liabilities and shareholders' deficit	$ 3,113,595	$ 3,067,388

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Operating activities				
Net loss	$ (2,900)	$ (171,686)	$ (68,074)	$ (268,334)
Adjustments for non-cash items:				
Depreciation and amortization	60,650	69,367	177,743	204,741
Provision for doubtful accounts	1,287	1,993	4,274	5,661
Loss on sale of business	869	18,983	869	18,983
Impairment losses on goodwill and intangible assets	-	90,169	-	90,169
Gain on sale of rental equipment and other property, plant and equipment	(3,307)	(2,306)	(12,698)	(6,247)
Amortization of deferred debt gain	(13,188)	(12,649)	(39,148)	(37,572)
Amortization of deferred financing fees	3,695	4,850	11,571	11,873
Change in fair value of contingent consideration	(4,612)	(12,437)	(4,581)	(39,225)
Deferred income tax expense (benefit)	4,720	1,639	7,426	(10,621)
Restructuring impairment costs	-	-	-	1,882
Foreign currency adjustments	(3,565)	67,349	36,355	141,188
Changes in operating assets and liabilities:				
Trade receivables, net	(24,229)	(34,681)	(42,289)	(2,067)
Inventories	(2,571)	(1,041)	(21,325)	(971)
Prepaid expenses and other assets	(2,740)	6,308	(5,048)	(1,253)
Accrued interest	49,465	49,689	48,562	50,231
Accounts payable and other accrued liabilities	15,245	18,881	14,392	1,339
Deferred revenue and customer deposits	868	952	6,935	5,307
Cash flows from operating activities	79,687	95,380	114,964	165,084
Investing activities				
Proceeds from sale of rental equipment	8,234	8,459	30,638	21,800
Purchase of rental equipment	(61,369)	(70,617)	(127,989)	(204,286)
Proceeds from the sale of property, plant and equipment	2,962	38	3,918	313
Purchase of property, plant and equipment	(2,950)	(4,593)	(7,899)	(10,679)
Net cash flows from investing activities	(53,123)	(66,713)	(101,332)	(192,852)
Financing activities				
Receipts from borrowings	107,972	103,363	413,513	516,241
Receipts from related party borrowings	38,911	-	59,463	-
Payment of financing costs	(1,837)	-	(1,837)	-
Repayment of borrowings	(144,671)	(120,389)	(459,458)	(475,203)
Repayment of related party borrowings	(126)	-	(126)	-
Principal payments on capital lease obligations	(1,700)	(2,213)	(5,227)	(5,679)
Net cash flows from financing activities	(1,451)	(19,239)	6,328	35,359
Effect of exchange rate changes on cash and cash equivalents	625	(1,804)	1,447	(6,371)
Net change in cash and cash equivalents	25,738	7,624	21,407	1,220
Cash and cash equivalents at beginning of period	56,326	51,163	60,657	57,567
Cash and cash equivalents at end of the period	$ 82,064	$ 58,787	$ 82,064	$ 58,787
Supplemental cash flow information:				
Interest paid	$ 10,645	$ 8,419	$ 131,032	$ 123,222
Income taxes paid, net of refunds received	$ 720	$ (2,701)	$ 3,896	$ 2,920
Assets acquired under capital leases	$ -	$ 3,500	$ 2,787	$ 3,500

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" or together with its subsidiaries the "Group") is a limited liability company (société à responsabilité limitée) incorporated under the laws of Luxembourg. The Group, through its operating subsidiaries, engages in the leasing and sale of mobile offices, modular buildings and storage products and their delivery and installation throughout Europe, North America and Asia Pacific. The Group also provides full-service remote workforce accommodation solutions in North America and the Asia Pacific region.

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

Principles of consolidation

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

Basis of presentation

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

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

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

Cash and cash equivalents

The Group considers all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at the beginning of the period (or June 30, 2016) as presented in the consolidated statement of cash flows for the three month period ended September 30, 2016, reflects a reduction of approximately $10.2 million from that previously reported. That reduction is a result of excluding cash and cash equivalents of variable interest entities that were consolidated into the Group in the prior quarter that did not qualify for consolidation.

Recently issued accounting standards

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance clarifies the principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance affects entities that enter into contracts with customers to transfer goods or services, and supersedes prior GAAP guidance, namely Accounting Standards Codification ("ASC") *Topic 605 − Revenue Recognition*. The new standard will be effective as of the beginning of our fiscal year ending December 31, 2018. The Company is currently evaluating the impact of the pronouncement on its consolidated financial statements.

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

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

(amounts in thousands, unless stated otherwise)

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

In August 2016, the FASB issued ASU No. 2016-15 *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* The standard is intended to eliminate diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The new standard will be effective for the fiscal year ending December 31, 2018. Early adoption is permitted for all entities. The Company is currently evaluating the impact of the pronouncement on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16 *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. The standard is intended to improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The new standard will be effective for the fiscal year ending December 31, 2018. Early adoption is permitted for all entities. The Company is currently evaluating the impact of the pronouncement on its consolidated financial statements.

2. Inventories

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

	September 30, 2016	December 31, 2015
Raw materials and consumables	$ 33,142	$ 29,799
Work in progress	18,910	5,326
Finished goods	9,446	5,357
	$ 61,498	$ 40,482

3. Rental equipment, net

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

	September 30, 2016	December 31, 2015
Modular space fleet	$ 2,606,129	$ 2,548,514
Remote accommodations	403,917	401,267
	3,010,046	2,949,781
Less: accumulated depreciation	(1,258,913)	(1,167,127)
Rental equipment, net	$ 1,751,133	$ 1,782,654

(amounts in thousands, unless stated otherwise)

4. Goodwill and other intangible assets

The Group recognized a goodwill impairment charge and tradename impairment charge in September 2015 of $89,393 and $766, respectively, associated with its reporting unit in Australia as a result of a decline in the operating results associated with customers in the mining and extractive industries. The Group estimated the implied fair value of goodwill and other intangible assets (tradenames) using the income and market approaches. The estimate of fair value required the Group to use significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related the future performance of the reporting unit and the markets in which it operates.

5. Debt

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

Debt description	Interest rate	Year of maturity	September 30, 2016	December 31, 2015
Senior secured notes – USD	8.50%	2018	$ 1,092,263	$1,097,460
Senior secured notes – EUR	9.00%	2018	314,815	306,708
Senior unsecured notes – USD	10.75%	2019	859,933	884,352
ABL facility – USD	varies	2017	599,672	641,644
ABL facility – CAD	varies	2017	41,474	48,514
ABL facility – GBP	varies	2017	107,523	128,669
ABL facility – AUD	varies	2017	120,077	109,144
Other debt			28,990	21,305
Other debt - related party			58,718	-
Capital lease obligations			23,144	23,357
Total debt			3,246,609	3,261,153
Less: current maturities			(38,675)	(11,949)
Total long-term debt			$ 3,207,934	$ 3,249,204

The aggregate principal amount of debt outstanding at September 30, 2016 and December 31, 2015 was $3,114.4 million and $3,099.9 million, respectively. As more fully disclosed in Note 8 of the Notes to Consolidated Financial Statements for the year ended December 31, 2015, the excess of the carrying value of debt over the aggregate principal amount of the debt is attributable to the modifications of prior debt that occurred in 2012 and 2009, net of deferred lender fees incurred as a result of the Company's 2012 refinancing. The excess of the carrying value of the modified debt, net of the deferred lender fees over the principal due, is being amortized as a reduction of interest expense over the remaining contractual terms of the Senior Secured Notes, Senior Unsecured Notes and ABL Revolver (each as defined below); amortization for the three months ended September 30, 2016 and 2015, was $9,573 and $7,799 and $27,657 and $25,699 for the nine months ended September 30, 2016 and 2015, respectively.

Senior Secured Notes, Senior Unsecured Notes and ABL Revolver

The Group's senior secured and senior unsecured notes include $1,075.0 million and €275.0 million of fixed rate senior secured notes due October 15, 2018 (the "Senior Secured Notes") and $745.0 million of fixed rate senior unsecured notes due October 15, 2019 (the "Senior Unsecured Notes"). The Senior Secured Notes and Senior Unsecured Notes bear interest payable semi-annually. Certain of the Company's subsidiaries organized in Australia, Canada, Hungary, New Zealand, the UK, the US, France, Germany, Luxembourg and Spain guarantee the Senior Secured Notes and the Senior Unsecured Notes.

Certain of the Company's subsidiaries in the US, Canada, the UK, Australia and New Zealand are borrowers (the "Borrowers") under a five year multicurrency asset–based revolving credit facility (the "ABL Revolver") with a maximum availability of the equivalent of $1.355 billion. The amount which the Group can borrow is based on a defined formula of available assets, principally tangible assets calculated monthly (the "borrowing base"). The ABL Revolver is secured by a first lien on these tangible assets which comprise substantially all rental equipment, property, plant and equipment and trade receivables in the US, Canada, the UK, Australia and New Zealand. The borrowing base at September 30, 2016 was the equivalent of $1,090.9 million. The ABL Revolver includes certain financial covenants, a leverage ratio and a fixed charge coverage ratio, calculated on a Group level. These financial covenants are only subject to monitoring in the event that the Group's borrowings under the ABL have exceeded 90% of the available facility. At September 30, 2016, the financial covenants effectively limit the Group's borrowings under the ABL to 90% of the available facility. The Group had greater than 10% availability under the ABL Revolver through September 2016; as such, the Group was not subject to the financial covenants. The availability under the ABL Revolver was $74.4 million after consideration of the 90% covenant threshold at September 30, 2016, but would have been $194.4 million at September 30, 2016 without consideration of the 90% covenant threshold.

Borrowings under the ABL Revolver bear interest payable on the first day of each quarter for the preceding quarter at a variable rate based on LIBOR or another applicable regional bank rate plus a margin. The margin varies based on the amount of total borrowings under the ABL Revolver with the margin increasing as borrowings increase. At September 30, 2016, the weighted average interest rate for borrowings under the ABL Revolver was 3.47%. The ABL Revolver requires the payment of an annual commitment fee on the unused available borrowings of between 0.375% and 0.5% per annum.

Other debt

The Group's other debt at September 30, 2016 primarily consisted of $18.2 million under an agreement that was entered into during December 2015; $9.8 million associated with two sale-leaseback transactions that were entered into during September 2016; and $1.6 million of other debt. The Group's other debt is presented net of $0.6 million of deferred financing fees.

The $18.2 million of other debt is due in March 2019 and bears interest at 11.1%. Under this agreement, the Group transferred title and ownership of certain rental equipment, assigned a portion of future lease payments, and can repurchase the rental equipment for $1 in March 2019.

In September 2016, the Group sold two branch locations in North America for $11.2 million and simultaneously leased the associated properties back from the purchaser. Due to the terms of the lease agreements, these transactions are treated as financing arrangements. The Group recorded $9.8 million in other long-term debt for the portion of the proceeds that relate to the properties that will be leased back.

Other debt – related party

During 2016, the Group entered into sale-leaseback agreements with affiliates of TDR, variable interest entities, for certain rental fleet. Under the terms of those sale-leaseback agreements, the TDR affiliates have the ability to require the Group to repurchase those fleet units two years after the commencement of the sale-leaseback program. The maximum availability to the Group under the sale-leaseback agreements is €50.0 million which is available through June 2017. The TDR affiliates, or its creditors, do not have recourse to the general credit of entities included in the Group. 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 Group to repurchase the fleet units, result in these transactions being accounted for as capital leases. At September 30, 2016, other debt – related party includes $34.3 million (€32.1 million), net of deferred financing fees of $0.9 million associated with these sale-leasebacks.

In July 2016, a French subsidiary of the Group entered into a receivables sale agreement with an affiliate of TDR. Under the terms of the agreement, the Group sold €21.8 million of receivables to the affiliate of TDR in exchange for €21.8 million in cash. Of the proceeds received, the Group was required to place €1.7 million on deposit with the affiliate of TDR. The French subsidiary was required to repurchase the transferred receivables by October 31, 2016. On October 31, 2016, the affiliate of TDR retransferred the receivables to the French subsidiary, but it has been agreed by the affiliate of TDR that the French subsidiary's obligation to repay the €21.8 million will be deferred until December 31, 2016. The financing cost associated with this agreement is 2.17% per annum of the transferred receivables amount. As the agreement requires the Group to repurchase the receivables, the receivables continue to be recognized in the Group's consolidated balance sheet and the proceeds are recognized as a financing. At September 30, 2016, other debt – related party includes $24.4 million associated with this receivables sale agreement.

6. Income taxes

Income tax expense was $5.5 million and $2.6 million for the three months ended September 30, 2016 and 2015, respectively. The Company's tax expense was larger during the three months ended September 30, 2016 compared with the three months ended September 30, 2015 as the Company had pre-tax income in 2016 as compared to a pre-tax loss in the same period in 2015. Income tax expense (benefit) was $10.9 million and $(5.1) million for the nine months ended September 30, 2016 and 2015, respectively. The Company's tax expense was larger during the nine months ended September 30, 2016 as compared to the same period in 2015 primarily due to a reduction in the pre-tax loss in 2016. Additionally, the income tax benefit for the nine months ended September 30, 2015 includes a one-time non-cash tax benefit of $5.2 million related to the reduction of deferred tax liabilities that were incorrectly recorded in prior periods,

$2.7 million of tax benefits related to the favorable resolution of prior year uncertain tax positions and a $1.2 million withholding tax benefit.

The Company accounts for income taxes in interim periods under ASC 740-270, *Income Taxes – Interim Reporting*, which generally requires us to apply an estimated annual consolidated effective tax rate to consolidated pre-tax income. This guidance also provides that certain items should be excluded from the estimated annual tax rate, and instead, the tax attributable to the item should be discretely recognized in the interim period in which they arise. In this regard, the Company records both the (1) tax effects of currency gains or losses from foreign exchange rate fluctuations and (2) income or expense related to changes in the Target Logistics' contingent earn-out discretely in the quarter in which they arise. The tax (benefit) expense recognized in the three and nine months ended September 30, 2016 and September 30, 2015 related to these two items was ($0.5) million and ($2.0) million and $0.7 million and ($2.0) 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 $92.7 million through September 30, 2016.

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.

7. Dispositions and joint ventures

Eurobras

During the third quarter of 2015, the Company met the criteria to classify its former "Eurobras" (Eurobrás Construções Metálicas Moduladas Ltda) business, which operates in Brazil, as held for sale. The Company assessed the Eurobras asset group for impairment and recognized an impairment charge of $19.0 million during the three and nine months ended September 30, 2015. The fair value measurement utilized to measure the impairment charge was based upon the estimated selling price of the business, and related assets, which is a Level 2 input. On October 30, 2015, the Company completed the sale of Eurobras. As a result of the subsequent sale of Eurobras, the impairment charge is included in the consolidated statement of operations in loss on sale of business.

The Company recognized an additional loss on the sale of Eurobras of $869 during the three and nine months ended September 30, 2016. That additional loss was associated with a full write-off of an asset that was retained under the terms of the Eurobras sale.

Chinese Joint Venture

In April 2016 the Company amended its joint venture agreement with Beijing Chengdong International Modular Housing Corporation ("Beijing Chengdong") related to the Company's equity interest in the Algeco Chengdong International Modular Housing Co., Ltd. ("Algeco Chengdong"). With the amendment, the Company's equity interest in the joint venture increased from 60% to 65%, in September

2016, and the Company's deadline for its third capital contribution of RMB 41,000 (approximately $6,139 based on exchange rates at September 30, 2016) was extended to September 2017. The increase in equity of the Algeco Chengdong joint venture became effective in September 2016 when it was approved by the Beijing Commerce Bureau. The change in equity is reflected in additional paid in capital and the redeemable non-controlling interest liability in the consolidated balance sheets.

8. Derivative financial instruments

We manage a portion of our exposure to fluctuations in currency risk associated with the interest payments on certain intercompany debt held in foreign currencies by entering into foreign currency forward contracts with maturities ranging from one to twenty-four months. These foreign currency forward contracts are intended to mitigate the impact of foreign currency movements on the interest payments. The foreign currency forward contracts are utilized as economic hedges, but are not designated as fair value or cash flow hedges. Changes in the fair value of all derivatives are recognized in profit or loss as part of currency gains (losses), net line item in the consolidated statements of operations, with the offsetting amount for unsettled positions being included in either prepaid expenses and other current assets, other non-current assets, accrued liabilities, or other long-term liabilities.

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

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

The net loss recognized in income on foreign currency forward contracts that were not designated as hedging instruments for the three and nine months ended September 30, 2016 was $377 and $791, respectively. The net gain recognized in income on foreign currency forward contracts that were not designated as hedging instruments for the three and nine months ended September 30, 2015 was and $2,892 and $4,592 respectively. We realized gains associated with the settlement of foreign currency forward contracts of $0 and $72 for the three and nine months ended September 30, 2016, respectively. We realized gains associated with the settlement of foreign currency forward contracts of $0 and $3,134 during the three and nine months ended September 30, 2015, respectively.

(amounts in thousands, unless stated otherwise)

9. Fair value measures

Fair value measures

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

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

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

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

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

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

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		
September 30, 2016		**Level 1**	**Level 2**	**Level 3**
Financial assets (liabilities) measured at fair value				
Contingent consideration	$ -	$ -	$ -	$ -
Derivative assets	1,652	-	1,652	-
Derivative liabilities	(1,218)	-	(1,218)	-
Total	$ 434	$ -	$ 434	$ -
Financial assets (liabilities) not measured at fair value				
Senior notes	$ (2,267,011)	$ -	$ (1,694,310)	$ -
ABL facility	(868,744)	-	(873,127)	-
Total	$ (3,135,755)	$ -	$ (2,567,437)	$ -

(amounts in thousands, unless stated otherwise)

	Carrying Amount	Fair Value		
December 31, 2015		**Level 1**	**Level 2**	**Level 3**
Financial assets (liabilities) measured at fair value				
Contingent consideration	$ (4,582)	$ -	$ -	$ (4,582)
Derivative assets	1,830	-	1,830	-
Derivative liabilities	(403)	-	(403)	-
Total	$ (3,155)	$ -	$ 1,427	$ (4,582)
Financial assets (liabilities) not measured at fair value				
Senior notes	$ (2,288,520)	$ -	$ (1,432,314)	$ -
ABL facility	(927,971)	-	(936,611)	-
Total	$ (3,216,491)	$ -	$ (2,368,925)	$ -

Senior 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 Group entered into an earnout agreement (the "Earnout Agreement"), which provides for contingent consideration (the "Target Earnout") to the former owners of Target Logistics. The additional payments attainable under the Earnout Agreement are dependent on cumulative value creation over the years between the acquisition and an exit event, as defined in the Earnout Agreement. Amounts payable under the Earnout Agreement upon an exit event are to be paid in shares of Holdings if such cumulative value creation goals are achieved. At September 30, 2016 and December 31, 2015 the fair value of the Target Earnout liability was $0 and $4,582, respectively.

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

(amounts in thousands, unless stated otherwise)

Monte Carlo Simulation approach under a risk-neutral framework is used to simulate the future values of EBITDA, which are then combined with a series of exit event scenarios to estimate the fair value of the Target Earnout. The values of the possible exit events are weighted as to probability in determining the fair value of the Target Earnout liability. At September 30, 2016 and December 31, 2015, the following key assumptions were utilized in developing the contingent consideration liability:

Inputs	September 30, 2016	December 31, 2015
EBITDA volatility	38.0%	23.0%
Discount rate	10.5%	12.3%
Exit multiple	6.5	9.4
Estimated years (Term) to exit	0.50-2.00	0.75 - 2.25

The exit multiple at September 30, 2016 decreased from the exit multiple at December 31, 2015 as a result of a change in the weighting of the possible exit events.

An increase in the exit multiple of 1.0x at September 30, 2016 and December 31, 2015 would result in increases in the fair value of the contingent consideration of $0.3 million and $3.0 million, respectively.

10. Restructuring

The Company incurred charges associated with restructuring plans designed to streamline operations and reduce costs of $497 and $2,263 net of reversals, during the three and nine months ended September 30, 2016, respectively. The Company incurred restructuring charges of $2,464 and $7,958 during the three and nine months ended September 30, 2015, respectively. The following is a summary of the activity in our restructuring accruals for the nine months ended September 30, 2016:

	Employee termination costs	Contract termination costs	Total
Balance at December 31, 2015	$ 4,486	$ 2,880	$ 7,366
Charges during the period, net of reversals	2,263	-	2,263
Cash payments during the period	(4,208)	(2,490)	(6,698)
Foreign currency and other	92	(142)	(50)
Balance at September 30, 2016	$ 2,633	$ 248	$ 2,881

The 2016 restructuring charges relate primarily to the Group's corporate function and the operations in North America and consist of employee termination costs. The Company may recognize additional costs during 2016 and 2017 as it finalizes previous estimates and actions in connection with the plan. The restructuring actions are expected to be substantially completed by December 31, 2017.

11. Share-based payments

Long-term Incentive Plan

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

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

In June 2014, the Group implemented a long term cash incentive plan ("LTCIP") for active employees who participate in the Plan. The LTCIP is a cash award plan with annual contributions to a bonus pool based on the annual performance of the Group and is payable, in certain circumstances, on an Exit which, for purposes of the LTCIP does not include a liquidation. Participants vest over a four-year period beginning with the effective date of their award and fully vest at an Exit. At an Exit, a participant will receive the higher of the award under the Plan or the LTCIP. Payment will be made under the Plan first with any additional amount, if applicable, paid from LTCIP. Any amounts payable under the LTCIP are payable in cash. The share-based payment awards under the LTCIP are considered to contain both service and performance conditions and the performance conditions would not be considered probable until an Exit occurs. Therefore, the Group has not recognized any compensation expense related to the LTCIP in the consolidated financial statements. The estimated fair value of the payout under the Plan and the LTCIP upon an Exit was $35,277 and $42,285 at September 30, 2016 and December 31, 2015, respectively.

12. Contingencies

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

13. Related parties

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

TDR charged the Group $1,897 and $1,234 for monitoring fees and consulting and management advisory services during the three months ended September 30, 2016 and 2015, respectively. TDR charged the Group $5,868 and $8,037 for monitoring fees and consulting and management advisory services during the nine months ended September 30, 2016 and 2015, respectively. These fees are included within selling, general, and administrative expenses in the consolidated statements of operations.

The Group had amounts receivable due from affiliates in the amount of $1,515 and $1,403 as of September 30, 2016 and December 31, 2015, respectively. Additionally, the Group had payables due to affiliates of $3,957 and $4,213 as of September 30, 2016 and December 31, 2015, respectively.

As more fully disclosed in Note 5, in 2016, the Group 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 Group to repurchase those fleet units in two years after the first sale-leaseback. At September 30, 2016, the Group had $35.2 million of other debt, $0.7 million of accrued interest, and $2.1 million of other receivables associated with the affiliated entity of TDR. Additionally, the Group incurred interest expense of $1.2 million and $1.3 million for the three and nine months ended September 30, 2016, respectively, associated with this sale-leaseback arrangement.

As more fully disclosed in Note 5, in July 2016, a French subsidiary of the Company entered into a receivables sale agreement with an affiliate of TDR. Under the terms of the agreement, the Group sold €21.8 million of receivables to the affiliate of TDR in exchange for €21.8 million in cash. The Group was required to repurchase the transferred receivables by October 31, 2016. On October 31, 2016, the TDR affiliate retransferred the receivables to the French subsidiary, but it has been agreed by the affiliate of TDR that the French subsidiary's obligation to repay the €21.8 million will be deferred until December 31, 2016. The financing costs associated with this agreement, payable to the affiliate of TDR, are 2.17% per annum of the transferred receivables amount. At September 30, 2016, other debt – related party includes $24.4 million associated with this sale agreement. The Group incurred interest expense of $0.1 million for the three and nine months ended September 30, 2016 associated with this receivables sale agreement.

14. Subsequent events

In October 2016, a subsidiary of the Company, Algeco Scotsman Global Finance plc, entered into a senior unsecured loan agreement with an affiliate of TDR. The agreement provides for borrowings in an aggregate amount of up to $20.0 million; all of which was drawn on October 11, 2016. The Company was required to pay interest in cash on amounts outstanding under that senior unsecured loan agreement at an interest rate of 8.5% per annum, payable semi-annually in arrears. This loan was refinanced on November 16, 2016 with the issuance of $20.0 million of additional Senior Secured Notes to the TDR affiliate. As a result of this issuance, there were $1,095.0 million and €275.0 million of Senior Secured Notes outstanding.

The Company has evaluated subsequent events through November 16, 2016, 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 nine months ended September 30, 2016 and that, other than the matter discussed above, no subsequent events have occurred that would require disclosure in the notes thereto.

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ALGECO SCOTSMAN WORLDWIDE CORPORATE CENTER
901 S Bond Street, Suite 600 Baltimore MD, 21231 (USA)
algecoscotsman.com | +1 410 - 931 - 6000