Q3 2015 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, 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 may differ materially from those stated in or implied by these forward-looking statements. A number of factors could cause actual results, performance 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 and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. There can be no assurance that the results 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, 2015 and December 31, 2014 consolidated financial statements and the notes thereto.

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, "EMEA" means Europe and Africa, "Americas" means the United States, Canada, Mexico, and Brazil, 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").

Overview

We are the leading global business services provider focused on modular space, secure storage solutions and remote accommodations. As of September 30, 2015, our lease fleet consists of approximately 291,000 modular and storage units and we manage approximately 11,400 rooms in our remote accommodations business. We have 245 branch and depot locations and operate in 25 countries. 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, such as damage waivers and extended warranties, and the rental of steps, ramps, furniture, fire extinguishers, air conditioning and wireless internet access points. We provide remote facility management solutions to customers working in remote environments through turnkey lodging, catering, transportation, security and logistical services. We also complement our core leasing business by selling both new and used units, allowing us to leverage our scale, achieve purchasing benefits and lower the average age of our lease fleet. Our modular space and remote accommodation products include offices, classrooms, accommodation/sleeper units, work camp products, special purpose temporary spaces and other self-sufficient multi-unit modular structures, which offer our customers flexible, low cost, high quality and timely solutions to meet their space needs, whether short-, medium- or long-term.

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 22 months in EMEA, 30 months in the Americas and 18 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 246,000 units with a gross book value of approximately $2.5 billion as of September 30, 2015. Our fleet is generally comprised of standardized, versatile products that can be configured to meet a wide variety of customer needs. All of our modular space units are intended to provide convenient, comfortable space for occupants at a location of their choosing. On a global basis, our next largest competitor is less than a third of our size. We believe that our global footprint and substantial fleet size provide us with competitive advantages. In addition, our scale enables us to purchase units on favorable terms, providing incremental margin to both our leasing and sales businesses.

Our remote accommodations business is comprised of approximately 11,400 fully managed rooms with a gross book value of $0.4 billion as of September 30, 2015. 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 45,000 units, with a gross book value of approximately $0.1 billion as of September 30, 2015, 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. As an example, our procurement, lean and commercial excellence organizations coordinate activities and leverage best practices throughout our company in order to optimize procurement and operational productivity.

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

Industry Trends and Factors Affecting Our Business

We expect that the demand for our products and services will increase due to the following two key growth drivers in the modular space market:

- growing need and resulting demand for space; and
- increasing shift from traditional fixed on-site built space to modular space solutions.

Our financial performance is generally impacted by several other factors, including:

- the duration and severity of economic movements, whether globally or within the industry sectors or geographic regions within which we operate;
- fluctuations in interest rates and foreign currency exchange rates;
- fluctuations in the price of commodities, including crude oil;
- fluctuations in the costs of raw materials and labor;
- the competitive environment in which we operate; and
- capital and credit market conditions.

Our remote accommodations business in the Americas has one facility that accounts for approximately 52 percent of its remote accommodations rooms on rent as of September 30, 2015. That facility is operated by our customer on behalf of a U.S. government agency. That U.S. government agency is involved in litigation, which we are not a party to, which asserts the U.S. government agency, is violating a 1997 consent decree and related settlement agreement. The U.S. 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.

Other Matters Affecting Our Business

As more fully disclosed in our consolidated financial statements as of and for the nine months ended September 30, 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.

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 enhancement services related to leasing such as lease equipment repairs, rentals of fire extinguishers, air conditioning and wireless internet access points and 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 unit enhancements, 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,	
	2015	**2014**	**2015**	**2014**
Modular units on rent (average during the period)	215,377	225,212	214,161	223,752
Average modular utilization rate	73.9%	74.8%	72.9%	74.2%
Average modular monthly rental rate*	$ 261	$ 274	$ 265	$ 268
Average remote accommodation rooms on rent	6,489	5,227	5,857	5,114
Average remote accommodation daily rate*	$ 113	$ 106	$ 110	$ 102

**at constant currency*

In addition to our leasing revenue, we also generate revenue from sales of new and used modular space and portable storage units to our customers. 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 include 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.

Impairment Losses on Rental Equipment and Property, Plant and Equipment
Impairment losses on rental equipment and property, plant and equipment represent the excess of the carrying value of the rental equipment or property, plant and equipment being evaluated for impairment and its estimated fair value.

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

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

Fluctuation in foreign currency exchange rate can have a material impact on our financial results. Our reporting currency is the U.S. dollar. We hold assets, incur liabilities, earn revenue and pay expenses in a variety of currencies other than the U.S. 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: U.S. dollar/euro, U.S. dollar/British pound sterling, U.S. dollar/Canadian dollar and U.S. dollar/Australian dollar. The exposure of our income from operations to fluctuations in foreign currency exchange rates is mitigated in part because a majority of the costs that we incur in connection with our foreign operations are also denominated in local currencies.

Change in Fair Value of Contingent Considerations
Contingent considerations represent the change in the fair value of the contingent liability of the Earnout Agreement (as defined below). In connection with an acquisition in 2013, the Company entered into an earnout agreement (the "Earnout Agreement"). The Earnout Agreement provides the former owners the opportunity to earn additional consideration dependent on cumulative value creation to be achieved over the subsequent years between acquisition and an Exit Event, as defined in the Earnout Agreement. Amounts payable under the Earnout Agreement are to be paid in shares of Holdings if such cumulative value creation goals are achieved.

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

Interest Expense
Interest expense consists of cost of external debt including the Group's multicurrency asset-based revolving credit facility (the "ABL Revolver") and $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"), deferred financing fees and amortization of deferred debt gain.

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

Use of Constant Currency

We believe that currency exchange rates are an important factor in understanding period-to-period comparisons of our financial results. Accordingly, we present financial results on a constant currency basis in addition to our reported actual currency results. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. We calculate constant currency results by calculating current year results using prior-year currency exchange rates. We generally refer to such amounts as excluding or adjusting for the impact of foreign currency or being on a constant currency basis. These constant currency results should be considered in addition to, as opposed to as a substitute for, our actual currency results. Constant currency results, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. 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 condensed 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 condensed consolidated financial statements, refer to our consolidated financial statements and management discussion and analysis for the year ended December 31, 2014. There have been no material changes in any of our critical accounting policies during the nine months ended September 30, 2015.

Selected Historical Consolidated Financial Data

Three months ended September 30, 2015 compared to three months ended September 30, 2014

The following summarizes our operating results for the three months ended September 30, 2015 and 2014:

	Three months ended September 30,		
	2015	2014	$ Change
Revenues	*(Unaudited)*	*(Unaudited)*	
Leasing and services revenue:			
Modular space leasing	$ 189,371	$ 228,433	$ (39,062)
Modular space delivery and installation	69,259	78,091	(8,832)
Remote accommodations	64,419	52,956	11,463
Sales:			
New units	87,064	105,689	(18,625)
Rental units	8,459	12,245	(3,786)
Total revenues	418,572	477,414	(58,842)
Costs			
Cost of leasing and services:			
Modular space leasing	52,206	60,639	(8,433)
Modular space delivery and installation	63,961	69,752	(5,791)
Remote accommodations	26,414	25,274	1,140
Cost of sales:			
New units	71,966	88,025	(16,059)
Rental units	5,342	7,188	(1,846)
Depreciation of rental equipment	56,771	55,977	794
Gross profit	141,912	170,559	(28,647)
Expenses			
Selling, general and administrative expenses	85,651	106,908	(21,257)
Other depreciation and amortization	12,596	13,859	(1,263)
Impairment losses on assets held for sale	18,983	-	18,983
Impairment losses on goodwill and intangible assets	90,169	-	90,169
Impairment losses on rental equipment and property, plant and equipment	-	3,646	(3,646)
Restructuring costs	2,464	4,363	(1,899)
Currency losses, net	63,148	114,201	(51,053)
Change in fair value of contingent considerations	(12,437)	34,045	(46,482)
Other expense, net	234	519	(285)
Operating profit (loss)	(118,896)	(106,982)	(11,914)
Interest expense, net	50,141	52,256	(2,115)
Loss before income tax	(169,037)	(159,238)	(9,799)
Income tax expense (benefit)	2,649	(9,493)	12,142
Net loss	(171,686)	(149,745)	(21,941)
Less: Net loss attributable to noncontrolling interest	(94)	(166)	72
Net loss attributable to Algeco Scotsman Global S.à r.l.	$ (171,592)	$ (149,579)	$ (22,013)

Revenue:
Total revenue decreased $58.8 million, or 12.3%, to $418.6 million for the three months ended September 30, 2015 from $477.4 million for the three months ended September 30, 2014. That decrease includes the effect of unfavorable foreign currency movements of $47.3 million as most currencies weakened against the U.S. dollar. Excluding the effects of foreign currency, total revenue decreased 2.4%. That decline was attributable to a 3.4%, 0.2%, and (21.3%) increase (decrease) in revenues in the Americas, EMEA and APAC, respectively. The 3.4% revenue increase in the Americas was driven by an increase in remote accommodation revenue, partially offset by declines in new unit sales and modular space leasing as a result of reduced commodity sector demand. The 0.2% revenue increase in EMEA was primarily as a result of increased new unit sales in Germany and the United Kingdom. Revenue in APAC declined 21.3% as a result of the continued weak economic climate in Australia due to reduced commodity sector demand.

Average modular units on rent for the three months ended September 30, 2015 and 2014 were 215,377 and 225,212, respectively. The decrease was mainly due to declines in units on rent in the United Kingdom, Brazil, Australia and Canada. Average modular utilization rate for the three months ended September 30, 2015 was 73.9%, as compared to 74.8% for the three months ended September 30, 2014. The decrease in average modular utilization rate was driven by lower utilization in Brazil, Australia, and Canada. The average modular monthly rental rate decreased to $234 for the three months ended September 30, 2015 from $274 for the three months ended September 30, 2014, mainly driven by the foreign currency exchange rates and a decrease in average modular monthly rental rates in Canada and Brazil. At constant currency, the average modular monthly rate decreased to $261 from $274. Average remote accommodation rooms on rent for the three months ended September 30, 2015 and 2014 were 6,489 and 5,227, respectively. The increase was due to the impact of additional rooms on rent in the Americas primarily associated with the ramp up of a new facility partially offset by a reduction in rooms on rent in Asia Pacific. The average remote accommodation daily rate was $107 for the three months ended September 30, 2015 as compared to $106 for the three months ended September 30, 2014. At constant currency, the average remote accommodation daily rate was $113 and $106 for the 2015 and 2014 three month periods, respectively.

Gross Profit:
Gross profit decreased $28.7 million, or 16.8%, to $141.9 million for the three months ended September 30, 2015 from $170.6 million for the three months ended September 30, 2014. Approximately $14.1 million of the decrease was attributable to the effects of foreign currency as most currencies weakened against the U.S. dollar. The remaining decrease in gross profit was primarily the result of a decrease in modular space gross profit and an increase in fleet depreciation, offset by increases in remote accommodation gross profit. Our gross profit was 33.9% and 35.7% for the three months ended September 30, 2015 and 2014, respectively. Our gross profit, excluding the effects of depreciation, was 47.5% for both the three months ended September 30, 2015 and 2014.

SG&A:
SG&A expense decreased $21.2 million, or 19.8%, to $85.7 million for the three months ended September 30, 2015, as compared to $106.9 million for the three months ended September 30, 2014. Approximately $10.2 million of the decrease was attributable to the effects of foreign currency as most currencies weakened against the U.S. dollar. The remaining decrease of $11.0 million was primarily due to decreases in employee costs, legal and professional fees, and tax costs.

Impairment Losses on Assets Held For Sale:
As more fully disclosed in our consolidated financial statements for the quarter ended September 30, 2015, during the third quarter of 2015, the Company classified Eurobras as held for sale. Accordingly, we recorded an impairment charge of $19.0 million associated with the business during the three months ended September 30, 3015.

Impairment Losses on Goodwill and Intangible Assets:
As more fully disclosed in our consolidated financial statements for the quarter ended September 30, 2015, impairment losses on goodwill and intangible assets of $89.4 million and $0.8 million for the three months ended September 30, 2015. The impairment losses on goodwill and intangible asset relate to our Australian reporting unit.

Impairment Losses on Rental Equipment and Property, Plant and Equipment:
Impairment losses on rental equipment and property, plant and equipment were $3.6 million for the three months ended September 30, 2014 and primarily related to Canada and two countries that were exited.

Other Depreciation and Amortization:
Other depreciation and amortization decreased $1.3 million, or 9.4%, to $12.6 million for the three months ended September 30, 2015, compared to $13.9 million for the three months ended September 30, 2014. Approximately $0.9 million of the decrease was attributable to the effects of foreign currency as most currencies weakened against the U.S. dollar. The remaining decrease of $0.4 million was primarily as a result of declining intangible asset amortization.

Restructuring Costs:
Restructuring costs were $2.5 million for the three months ended September 30, 2015 as compared to $4.4 million for the three months ended September 30, 2014. The 2015 restructuring costs primarily related to actions to streamline operations and reduce costs in North America, the United Kingdom, and certain corporate functions.

Currency Losses, Net:
Currency gains, net decreased by $51.1 million to a $63.1 million loss for the three months ended September 30, 2015 compared to a $114.2 million loss for the three months ended September 30, 2014. The decrease in currency losses, net is primarily attributable to the impact of foreign currency exchange rate changes on intercompany loans and borrowings and intercompany receivables and payables denominated in a currency other than the subsidiaries' functional currencies.

Change in Fair Value of Contingent Considerations:
The change in fair value of contingent considerations resulted in income of $12.4 million for the three months ended September 30, 2015, compared to a $34.0 million loss for the three months ended September 30, 2014. The decrease in fair value in 2015 is a result of several factors that affect the estimated fair value of the contingent consideration including the estimated exist date, estimated EBITDA at exit, which was impacted by estimated declines in occupancy levels associated with customers in the oil and gas segments, and a reduction in EBITDA multiples of peer companies.

Other Expense, Net:
Other expense, net was $0.2 million for the three months ended September 30, 2015 and $0.5 million for the three months end September 30, 2014.

Interest Expense, Net:
Interest expense decreased $2.2 million, or 4.2%, to $50.1 million for the three months ended September 30, 2015 from $52.3 million for the three months ended September 30, 2014. This decrease is primarily due to the effects of foreign currency exchange rates during the current period on the interest associated with our euro denominated Senior Secured Notes and on our non-U.S. dollar denominated ABL Revolver borrowings. See Note 4 to our 2015 consolidated financial statements for additional information regarding our loans and borrowings.

Income Tax Benefit (Expense):
Income tax expense, net, increased $12.1 million to $2.7 million of tax expense for the three months ended September 30, 2015 compared to $9.5 million tax benefit for the three months ended September 30, 2014. This increase in tax expense was largely driven by a significantly lower pre-tax loss, excluding the impairments related to Australia and Brazil for which no benefit is recorded, in the three months ended September 30, 2015 mainly driven by smaller foreign exchange losses as compared to the three months ended September 30, 2014.

Nine months ended September 30, 2015 compared to nine months ended September 30, 2014

The following summarizes our operating results for the nine months ended September 30, 2015 and 2014:

	Nine months ended September 30,		
	2015	2014	$ Change
Revenues	*(Unaudited)*	*(Unaudited)*	
Leasing and services revenue:			
Modular space leasing	$ 565,260	$ 657,601	$ (92,341)
Modular space delivery and installation	173,474	199,480	(26,006)
Remote accommodations	171,638	153,257	18,381
Sales:			
New units	237,301	269,913	(32,612)
Rental units	21,800	27,487	(5,687)
Total revenues	1,169,473	1,307,738	(138,265)
Costs			
Cost of leasing and services:			
Modular space leasing	146,944	165,070	(18,126)
Modular space delivery and installation	162,254	179,904	(17,650)
Remote accommodations	79,426	77,787	1,639
Cost of sales:			
New units	197,178	224,887	(27,709)
Rental units	13,918	16,492	(2,574)
Depreciation of rental equipment	165,866	158,425	7,441
Gross profit	403,887	485,173	(81,286)
Expenses			
Selling, general and administrative expenses	279,846	321,658	(41,812)
Other depreciation and amortization	38,875	42,555	(3,680)
Impairment losses on assets held for sale	18,983	-	18,983
Impairment losses on goodwill and intangible assets	90,169	-	90,169
Impairment losses on rental equipment and property, plant and equipment	-	3,646	(3,646)
Restructuring costs	7,958	7,167	791
Currency losses, net	131,329	64,117	67,212
Change in fair value of contingent considerations	(39,225)	30,862	(70,087)
Other expense, net	1,207	1,074	133
Operating profit (loss)	(125,255)	14,094	(139,349)
Interest expense, net	148,183	156,785	(8,602)
Loss on extinguishment of debt	-	2,324	(2,324)
Loss before income tax	(273,438)	(145,015)	(128,423)
Income tax expense (benefit)	(5,104)	(10,068)	4,964
Net loss	(268,334)	(134,947)	(133,387)
Less: Net loss attributable to noncontrolling interest	(169)	(611)	442
Net loss attributable to Algeco Scotsman Global S.à r.l.	$ (268,165)	$ (134,336)	$ (133,829)

Revenue:
Total revenue decreased $138.2 million, or 10.6%, to $1,169.5 million for the nine months ended September 30, 2015 from $1,307.7 million for the nine months ended September 30, 2014. That decrease includes the effect of unfavorable foreign currency movements of $132.6 million as most currencies weakened against the U.S. dollar. Excluding the effects of foreign currency, total revenue decreased 0.4%. The reduction was attributable to a 1.3%, 5.2%, and (16.4%) increase (decrease) in revenues in the Americas, EMEA and APAC, respectively. The 1.3% revenue increase in the Americas reflected the impact of an increase in remote accommodation revenue, which was partially offset by declines in new sales and modular space leasing as a result of reduced commodity sector demand. The 5.2% revenue increase in EMEA was primarily as a result of increased new unit sales. Revenue in APAC declined 16.4% as a result of the continued weak economic climate in Australia attributable to reduced commodity sector demand.

Average modular units on rent for the nine months ended September 30, 2015 and 2014 were 214,161 and 223,752, respectively. The decrease was mainly due to declines in units on rent in the United Kingdom, Brazil, Australia and Canada. Average modular utilization rate for the nine months ended September 30, 2015 was 72.9%, as compared to 74.2% for the nine months ended September 30, 2014. The decrease in average modular utilization rate was driven by lower utilization in Brazil, Australia, and Canada. The average modular monthly rental rate decreased to $237 from $268, mainly driven by the foreign currency exchange rates. At constant currency, the average modular monthly rate decreased to $265 from $268. Average remote accommodation rooms on rent for the nine months ended September 30, 2015 and 2014 were 5,857 and 5,114, respectively. The increase was due to the impact of additional rooms on rent in the Americas primarily associated with a new facility partially offset by a reduction in rooms on rent in Asia Pacific. The average remote accommodation daily rate was $105 for the nine months ended September 30, 2015 as compared to $102 for the nine months ended September 30, 2014. At constant currency, the average remote accommodation daily rate was $110 and $102 for the 2015 and 2014 nine month periods, respectively.

Gross Profit:
Gross profit decreased $81.3 million, or 16.8%, to $403.9 million for the nine months ended September 30, 2015 from $485.2 million for the nine months ended September 30, 2014. Approximately $45.4 million of the decrease was attributable to the effects of foreign currency as most currencies weakened against the U.S. dollar. The remaining $35.9 million was primarily the result of decreased units on rent and increased fleet depreciation. Our gross profit was 34.5% and 37.1% for the nine months ended September 30, 2015 and 2014, respectively. Our gross profit, excluding the effects of depreciation, was 48.7% and 49.2% for the nine months ended September 30, 2015 and 2014, respectively.

SG&A:
SG&A expense decreased $41.9 million, or 13.0%, to $279.8 million for the nine months ended September 30, 2015, as compared to $321.7 million for the nine months ended September 30, 2014. Approximately $30.0 million of the decrease was attributable to the effects of foreign currency as most currencies weakened against the U.S. dollar and $11.9 million of the decrease was primarily due to decreases in employee costs, legal and professional fees, and bad debt expense.

Other Depreciation and Amortization:
Other depreciation and amortization decreased $3.7 million, or 8.7%, to $38.9 million for the nine months ended September 30, 2015, compared to $42.6 million for the nine months ended September 30, 2014. Approximately $3.1 million of the decrease was attributable to the effects of foreign currency as most currencies weakened against the U.S. dollar. The remaining decrease of $0.6 million was primarily as a result of declining intangible asset amortization.

Impairment Losses on Assets Held For Sale:
As more fully disclosed in our consolidated financial statements for the quarter ended September 30, 2015, during the third quarter of 2015, the Company classified Eurobras as held for sale. Accordingly, we recorded an impairment charge of $19.0 million associated with this business during the nine months ended September 30, 3015.

Impairment Losses on Goodwill and Intangible Assets:
As more fully disclosed in our consolidated financial statements for the quarter ended September 30, 2015, impairment losses on goodwill and intangible assets were $89.4 million and $0.8 million for the nine months ended September 30, 2015. The impairment losses on goodwill and intangible asset relate to our Australian reporting unit.

Impairment Losses on Rental Equipment and Property, Plant and Equipment:
Impairment losses on rental equipment and property, plant and equipment were $3.6 million for the nine months ended September 30, 2014 and primarily related to Canada and two countries that were exited.

Restructuring Costs:
Restructuring costs were $8.0 million for the nine months ended September 30, 2015 as compared to $7.2 million for the nine months ended September 30, 2014. The 2015 restructuring costs primarily related to actions to streamline operations and reduce costs in North America, Germany, United Kingdom, and certain corporate functions.

Currency Losses (Gains), Net:
Currency losses, net increased by $67.2 million to a $131.3 million loss for the nine months ended September 30, 2015 compared to a $64.1 million loss for the nine months ended September 30, 2014. The increase in currency losses, net is primarily attributable to the impact of foreign currency exchange rate changes on intercompany loans and borrowings and intercompany receivables and payables denominated in a currency other than the subsidiaries' functional currencies.

Change in Fair Value of Contingent Considerations:
The change in fair value of contingent considerations resulted in income of $39.2 million for the nine months ended September 30, 2015, compared to a $30.9 million loss for the nine months ended September 30, 2014. The decrease in fair value in 2015 is a result of several factors that affect the estimated fair value of the contingent consideration including the estimated exist date, estimated EBITDA at exit, which was impacted by estimated declines in occupancy levels associated with customers in the oil and gas segments, and a reduction in EBITDA multiples of peer companies.

Other Expense, Net:
Other expense, net was $1.2 million for the nine months ended September 30, 2015 and $1.1 million for the nine months ended September 30, 2014.

Interest Expense, Net:
Interest expense decreased $8.6 million, or 5.5%, to $148.2 million for the nine months ended September 30, 2015 from $156.8 million for the nine months ended September 30, 2014. This decrease is primarily due to the effects of foreign currency exchange rates on the interest associated with our euro denominated Senior Secured Notes and on our non-U.S. dollar denominated ABL Revolver borrowings during the current period. See Note 4 to our 2015 consolidated financial statements for additional information regarding our loans and borrowings.

Loss on Extinguishment of Debt:
Loss on extinguishment of debt, net, was zero for the nine months ended September 30, 2015 as compared to $2.3 million loss for the nine months ended September 30, 2014. As more fully disclosed in our 2014 consolidated financial statements, the 2014 loss on extinguishment of debt related to the repayment of certain financing in conjunction with amending our ABL Revolver.

Income Tax Benefit (Expense):
Income tax benefit, net, decreased $5.0 million to a $5.1 million tax benefit for the nine months ended September 30, 2015 compared to a $10.1 million tax benefit for the nine months ended September 30, 2014. The decrease in tax benefit is primarily due to changes in the portion of pre-tax losses generated in jurisdictions for which no tax benefit is being recognized, offset by a previously disclosed one-time non-cash tax benefit of $5.1 million.

Business Segments

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 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.

EBITDA and Adjusted EBITDA are financial measures not calculated and presented in accordance with GAAP. These financial measures may exclude items that are significant in understanding and assessing our financial condition and results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flow from operations or other measures of profitability, liquidity or performance under GAAP. These measures may not be comparable to similarly-titled measures used by other companies.

The reconciliation of our consolidated net income (loss) before taxes to EBITDA and to Adjusted EBITDA for the three and nine months ended September 30, 2015 and 2014, in thousands of dollars, is as follows:

	Three months ended, September 30,		Nine months ended, September 30,	
	2015	**2014**	**2015**	**2014**
Net income (loss) before taxes	$ (169,037)	$ (159,238)	$ (273,438)	$ (145,015)
Interest expense, net	50,141	52,256	148,183	156,785
Depreciation and amortization	69,367	69,836	204,741	200,980
EBITDA	(49,529)	(37,146)	79,486	212,750
Currency (gains) losses, net	63,148	114,201	131,329	64,117
Change in fair value of contingent considerations	(12,437)	34,045	(39,225)	30,862
Impairment on assets held for sale	18,983	-	18,983	-
Goodwill and other impairment charges	90,169	3,646	90,169	3,646
Restructuring charges	2,464	4,363	7,958	7,167
Sponsor management fees	1,234	2,550	8,037	7,949
Loss on extinguishment of debt	-	-	-	2,324
Other expense (income)	(688)	637	3,232	4,632
Adjusted EBITDA	$ 113,344	$ 122,296	$ 299,969	$ 333,447

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

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

Change in fair value of contingent consideration:
We recorded the non-cash change in fair value of an acquisition related earnout agreement. See Note 8 in our consolidated financial statements for more information on the fair value of the earnout.

Impairment on assets held for sale:
We recorded an impairment of our Brazilian asset group of $19.0 million during the three and nine months ended September 30, 3015.

Goodwill and other impairment charges:
We incurred non-cash costs associated with impairment charges to goodwill and other intangible assets during the three and nine months ended September 30, 2015. We also incurred impairment losses on rental equipment and property, plant and equipment during the three and nine months ended September 30, 2014. See Note 4 in our consolidated financial statements for more information on the goodwill and other intangible impairment charges.

Restructuring charges:
We incurred 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 incurred 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 (income):
Other expense includes non-cash charges for the a share plan of our Australian subsidiary, consulting expenses related to certain one-time projects, financing costs not classified as interest expense and losses on disposals of property, plant, and equipment.

Business Segment Results

Our financial results are aggregated into three geographic areas, Americas, EMEA 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 summarizes our geographical financial information, in millions of dollars, for the three months ended September 30, 2015 and 2014, on a constant currency basis. In the comparison of 2015 to 2014, the 2015 results have been translated at the 2014 actual exchange rates.

Business Segment Results
Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments, and Eliminations	Consolidated
Three Months Ended September 30, 2015	**Americas**	**EMEA**	**Asia Pacific**	**Total**			
Leasing and services revenue:							
Modular space leasing	$ 78.4	$ 114.0	$ 19.9	$ 212.3	$ (23.0)	$ 0.1	$ 189.4
Modular space delivery and installation	24.5	47.9	4.6	77.0	(7.8)	0.1	69.3
Remote accommodations	51.9	-	16.1	68.0	(3.6)	-	64.4
Sales:							
New unit sales	19.0	58.6	22.6	100.2	(12.1)	(1.0)	87.1
Rental units sales	5.1	3.0	1.1	9.2	(0.8)	-	8.4
Revenue	$ 178.9	$ 223.5	$ 64.3	$ 466.7	$ (47.3)	$ (0.8)	$ 418.6
Adjusted EBITDA	$ 61.5	$ 57.6	$ 12.1	$ 131.2	$ (10.6)	$ (7.3)	$ 113.3
Capital expenditures	$ 47.8	$ 29.3	$ 2.0	$ 79.1	$ (4.9)	$ 1.0	$ 75.2
Three Months Ended September 30, 2014							
Leasing and services revenue:							
Modular space leasing	$ 83.3	$ 117.0	$ 28.1	$ 228.4	$ -	$ -	$ 228.4
Modular space delivery and installation	22.3	48.3	7.5	78.1	-	-	78.1
Remote accommodations	34.3	-	18.6	52.9	-	0.1	53.0
Sales:							
New unit sales	26.4	54.0	25.7	106.1	-	(0.4)	105.7
Rental units sales	6.7	3.7	1.8	12.2	-	-	12.2
Revenue	$ 173.0	$ 223.0	$ 81.7	$ 477.7	$ -	$ (0.3)	$ 477.4
Adjusted EBITDA	$ 53.7	$ 57.5	$ 21.2	$ 132.4	$ -	$ (10.1)	$ 122.3
Capital expenditures	$ 21.4	$ 27.6	$ 4.1	$ 53.1	$ -	$ 0.1	$ 53.2

Americas

Revenue:
Total revenue increased $5.9 million, or 3.4%, to $178.9 million for the three months ended September 30, 2015 from $173.0 million for the three months ended September 30, 2014. The increase was primarily attributable to a $17.6 million, or 51.3%, increase in remote accommodations revenue as a result of additional rooms on rent associated with a new facility that is now fully operational. This increase was partially offset by a $7.4 million, or 28.0%, decrease in new unit sales, and a $4.9 million, or 5.9%, decrease in modular space leasing revenue due primarily to lower utilization and modular rental rates in Brazil and Canada primarily due to reduced commodity sector demand. The decrease in modular space leasing revenue was partially offset by moderate increases to utilization and modular rental rates in the United States.

Adjusted EBITDA:
Adjusted EBITDA increased $7.8 million, or 14.5%, to $61.5 million for the three months ended September 30, 2015 from $53.7 million for the three months ended September 30, 2014. This increase was primarily driven by an increase in gross profit. The increase in gross profit was due to improved remote accommodations gross profit at Target Logistics partially offset by reduced modular space gross profit in Brazil and Canada associated with lower utilization.

Capital Expenditures:
Capital expenditures increased $26.4 million, or 123.4%, to $47.8 million for the three months ended September 30, 2015 from $21.4 million for the three months ended September 30, 2014. The increase was primarily driven by capital improvements to existing fleet units in the United States, partially offset by reduced new fleet spending in Canada.

EMEA

Revenue:
Total revenue increased $0.5 million, or 0.2%, to $223.5 million for the three months ended September 30, 2015 from $223.0 million for the three months ended September 30, 2014. That increase was primarily attributable to a $4.6 million, or 8.5%, increase in new unit sales revenue driven by volume improvements in Germany and the United Kingdom. The increase in sales was partially offset by a $3.0 million, or 2.6%, decrease in modular space leasing revenue.

Adjusted EBITDA:
Adjusted EBITDA increased $0.1 million, or 0.2%, to $57.6 million for the three months ended September 30, 2015 from $57.5 million for the three months ended September 30, 2014. This increase was primarily driven by decreases in selling, general, and administrative expenses which was almost completely offset by lower gross profit.

Capital Expenditures:
Capital expenditures increased $1.7 million, or 6.2%, to $29.3 million for the three months ended September 30, 2015 from $27.6 million for the three months ended September 30, 2014. The increase was primarily due to increased new fleet purchases in Germany in response to fleet utilization levels.

Asia Pacific

Revenue:
Total revenue decreased $17.4 million, or 21.3%, to $64.3 million for the three months ended September 30, 2015 from $81.7 million for the three months ended September 30, 2014. The decrease is primarily the result of an $11.1 million, or 31.2%, decline in combined modular space leasing and delivery and installation revenue, a $2.5 million, or 13.4%, decline in remote accommodations revenue associated with lower room occupancy and daily rental rates and a $3.8 million, or 13.8%, decline in sales revenue.

Adjusted EBITDA:
Adjusted EBITDA decreased $9.1 million, or 42.9%, to $12.1 million for the three months ended September 30, 2015 from $21.2 million for the three months ended September 30, 2014. The decrease was primarily a result of

lower gross profit, partially offset by lower selling, general, and administrative expenses. The decline in gross profit is primarily associated with the lower modular units on rent and the lower remote accommodations occupancy.

Capital Expenditures:
Capital expenditures decreased $2.1 million, or 51.2%, to $2.0 million for the three months ended September 30, 2015 from $4.1 million for the three months ended September 30, 2014. We continue to minimize capital investment in Asia-Pacific given current market conditions.

Business Segment Results
Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments, and Eliminations	Consolidated
Nine Months Ended September 30, 2015	**Americas**	**EMEA**	**Asia Pacific**	**Total**			
Leasing and services revenue:							
Modular space leasing	$ 237.8	$ 332.6	$ 63.2	$ 633.6	$ (68.3)	$ -	$ 565.3
Modular space delivery and installation	65.8	110.3	18.3	194.4	(21.0)	0.1	173.5
Remote accommodations	138.4	-	40.6	179.0	(7.4)	-	171.6
Sales:							
New unit sales	45.3	165.1	66.1	276.5	(33.5)	(5.7)	237.3
Rental units sales	13.1	8.0	3.1	24.2	(2.4)	-	21.8
Revenue	$ 500.4	$ 616.0	$ 191.3	$ 1,307.7	$ (132.6)	$ (5.6)	$ 1,169.5
Adjusted EBITDA	$ 161.8	$ 153.7	$ 37.2	$ 352.7	$ (30.8)	$ (21.9)	$ 300.0
Capital expenditures	$ 149.4	$ 69.4	$ 7.3	$ 226.1	$ (12.8)	$ 1.7	$ 215.0
Nine Months Ended September 30, 2014							
Leasing and services revenue:							
Modular space leasing	$ 244.5	$ 335.1	$ 78.0	$ 657.6	$ -	$ -	$ 657.6
Modular space delivery and installation	61.3	115.1	23.1	199.5	-	-	199.5
Remote accommodations	101.8	-	51.4	153.2	-	0.1	153.3
Sales:							
New unit sales	70.6	126.7	73.0	270.3	-	(0.4)	269.9
Rental units sales	15.7	8.4	3.3	27.4	-	-	27.4
Revenue	$ 493.9	$ 585.3	$ 228.8	$ 1,308.0	$ -	$ (0.3)	$ 1,307.7
Adjusted EBITDA	$ 160.9	$ 146.8	$ 57.9	$ 365.6	$ -	$ (32.2)	$ 333.4
Capital expenditures	$ 62.9	$ 70.9	$ 24.7	$ 158.5	$ -	$ 1.1	$ 159.6

Americas

Revenue:
Total revenue increased $6.5 million, or 1.3%, to $500.4 million for the nine months ended September 30, 2015 from $493.9 million for the nine months ended September 30, 2014. The increase was primarily attributable to a $36.6 million, or 36.0%, increase in remote accommodations revenue as a result of additional rooms on rent associated with a new facility and a $4.5 million, or 7.3%, increase in modular space delivery and installation revenue. This increase was offset by a $25.3 million, or 35.8%, decrease in new unit sales attributable to a strategic shift out of the major products business, and a $6.7million, or 2.7%, decrease in modular space leasing revenue due to a decrease in average units on rent in Brazil and Canada due to reduced commodity sector demand. The decrease in modular space leasing was partially offset by a moderate increase in average units on rent in the United States.

Adjusted EBITDA:
Adjusted EBITDA increased $0.9 million, or 0.6%, to $161.8 million for the nine months ended September 30, 2015 from $160.9 million for the nine months ended September 30, 2014. This increase was primarily driven by an increase in gross profit partially offset by an increase in SG&A costs. The increase in gross profit was due to improved remote accommodations gross profit at Target Logistics partially offset by reduced modular space gross profit in Brazil and Canada associated with lower utilization. The rise in SG&A costs is due to increases in employee costs, occupancy and office costs, and travel expenses.

Capital Expenditures:
Capital expenditures increased $86.5 million, or 137.5%, to $149.4 million for the nine months ended September 30, 2015 from $62.9 million for the nine months ended September 30, 2014. The increase was driven by additional remote accommodation capital expenditures related to the construction of a new facility and capital improvements to existing fleet in the U.S.

EMEA

Revenue:
Total revenue increased $30.7 million, or 5.2%, to $616.0 million for the nine months ended September 30, 2015 from $585.3 million for the nine months ended September 30, 2014. That increase was primarily attributable to a $38.4 million, or 30.3%, increase in new unit sales revenue driven by volume improvements in France, Germany, and the United Kingdom. The increase in sales was partially offset by a $4.8 million, or 4.2%, decrease in modular space delivery and installation revenue.

Adjusted EBITDA:
Adjusted EBITDA increased $6.9 million, or 4.7%, to $153.7 million for the nine months ended September 30, 2015 from $146.8 million for the nine months ended September 30, 2014. The increase was primarily a result of increased gross profit and to a lesser extent, a reduction in SG&A costs. The increase in gross profit is due to higher new sales gross profit in France and Germany associated with higher volumes and modular space gross profit improvements in the United Kingdom. SG&A costs decreased due to lower bad debt expense.

Capital Expenditures:
Capital expenditures decreased $1.5 million, or 2.1%, to $69.4 million for the nine months ended September 30, 2015 from $70.9 million for the nine months ended September 30, 2014. The decrease was due to reduced capital spending in the United Kingdom.

Asia Pacific

Revenue:
Total revenue decreased $37.5 million, or 16.4%, to $191.3 million for the nine months ended September 30, 2015 from $228.8 million for the nine months ended September 30, 2014. The decrease is primarily the result of an $19.6 million, or 19.4%, decline in combined modular space leasing and delivery and installation revenue due to lower units on rent, a $10.8 million, or 21.0%, decline in remote accommodations revenue due to lower room occupancy as a result of depressed commodity prices, and a $7.1 million, or 9.3% decline in sales revenue.

Adjusted EBITDA:
Adjusted EBITDA decreased $20.7 million, or 35.8%, to $37.2 million for the nine months ended September 30, 2015 from $57.9 million for the nine months ended September 30, 2014. The decrease was primarily due to lower gross profit partially offset by lower SG&A costs. The decrease in gross profit is associated with the lower modular unit on rent volume and the lower remote accommodations occupancy. The decrease in SG&A is due to lower employee costs.

Capital Expenditures:
Capital expenditures decreased $17.4 million, or 70.4%, to $7.3 million for the nine months ended September 30, 2015 from $24.7 million for the nine months ended September 30, 2014. We continue to minimize capital investment in Asia-Pacific given current market conditions.

Liquidity and Capital Resources

The following summarizes our cash flows for the nine months ended September 30, 2015 and 2014 on an actual currency basis (in thousands):

	Nine months ended September 30,	
	2015	**2014**
Cash flow from operating activities	$ 165,084	$ 230,186
Cash flow from investing activities	(192,852)	(131,236)
Cash flow from financing activities	35,359	(50,134)

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

Our Senior Secured and Unsecured Notes, with an aggregate principal amount of approximately $2,127 million as of September 30, 2015, 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.

Cash Flows from Operating Activities

Cash provided by operating activities for the nine months ended September 30, 2015 was $165.1 million as compared to $230.2 million for the nine months ended September 30, 2014. This $65.1 million decrease in cash provided by operating activities is principally due to a customer deposit for a new remote accommodation facility received in 2014 which did not reoccur in 2015.

Cash Flows from Investing Activities

Cash used in investing activities for the nine months ended September 30, 2015 totaled $192.9 million as compared to $131.2 million for the nine months ended September 30, 2014, an increase of $61.7 million. That increase was principally the result of a $58.4 million increase in purchases of rental equipment. We incurred capital expenditures for the purchase of rental equipment of $204.3 million and $145.9 million during the nine months ended September 30, 2015 and 2014, respectively. We anticipate that our net capital expenditures for the purchase of rental equipment during 2015 will be approximately $220 million to $240 million.

Cash Flows from Financing Activities

Cash provided by financing activities for the nine months ended September 30, 2015 totaled $35.4 million as compared to cash used in financing activities of $50.1 million for the nine months ended September 30, 2014, an increase of $85.5 million. That increase was principally attributed to our borrowings and repayments on debt, including capital leases. During the nine months ended September 30, 2015 and 2014 our net proceeds from borrowings were $35.4 million compared to net repayments of $49.0 million.

Contractual Obligations

The following table presents information relating to our contractual obligations and commercial commitments as of September 30, 2015 (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)	$ 3,795,286	$ 205,052	$ 3,590,234	$ -
Contingent consideration (b)	15,856	-	15,856	-
Joint Venture obligation (c)	6,419	6,419	-	-
Capital lease obligations	34,356	5,926	10,484	17,946
Operating lease obligations	224,550	48,151	106,340	70,059
	$ 4,076,467	$ 265,548	$ 3,722,914	$ 88,005

(a) As more fully disclosed in Note 4 of our consolidated financial statements, long-term indebtedness includes borrowings and interest under our Senior Secured and Unsecured Notes and our ABL Revolver.
(b) As more fully disclosed in Note 2 of our 2014 consolidated financial statements, we have entered into an agreement that may require us to make additional payments to the former owners of Target.
(c) As more fully disclosed in Note 2 of our 2014 consolidated financial statements, we hold an equity interest in a Chinese joint venture. Our remaining amount of committed capital contributions to the joint venture is approximately $6.4 million which we are required to fund during 2016.

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: U.S. dollar/euro, U.S. dollar/British pound sterling, U.S. dollar/Canadian dollar, and U.S. dollar/Australian dollar. We have agreements with certain subsidiaries for repayment of a portion of the investments and advances made to these subsidiaries. We recognize the unrealized gains and losses, including those associated with investments and advances made to our subsidiaries, in foreign currency transaction gain (loss) on the consolidated statements of comprehensive income.

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

We manage a portion of our exposure to fluctuations in currency risk associated with the interest payments on certain intercompany debt held in foreign currencies by entering into foreign currency forward contracts with maturities ranging from one to twenty-four months. These foreign currency forward contracts are intended to mitigate the impact of foreign currency movements on the interest payments. For further information on the foreign currency forward contracts refer to Note 7 in our consolidated financial statements.

Interest Rate Risk

Borrowings under our ABL Revolver are variable rate debt. Interest rate changes generally impact the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. An increase in interest rates by 100 basis points on our variable rate debt would increase annual interest expense by approximately $9.1 million.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Algeco Scotsman Global S.à r.l.
Three and Nine Months Ended September 30, 2015 and 2014

Algeco Scotsman Global S.à r.l.

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	**2014**	**2015**	**2014**
Revenues	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Leasing and services revenue:				
Modular space leasing	$ 189,371	$ 228,433	$ 565,260	$ 657,601
Modular space delivery and installation	69,259	78,091	173,474	199,480
Remote accommodations	64,419	52,956	171,638	153,257
Sales:				
New units	87,064	105,689	237,301	269,913
Rental units	8,459	12,245	21,800	27,487
Total revenues	418,572	477,414	1,169,473	1,307,738
Costs				
Cost of leasing and services:				
Modular space leasing	52,206	60,639	146,944	165,070
Modular space delivery and installation	63,961	69,752	162,254	179,904
Remote accommodations	26,414	25,274	79,426	77,787
Cost of sales:				
New units	71,966	88,025	197,178	224,887
Rental units	5,342	7,188	13,918	16,492
Depreciation of rental equipment	56,771	55,977	165,866	158,425
Gross profit	141,912	170,559	403,887	485,173
Expenses				
Selling, general and administrative expenses	85,651	106,908	279,846	321,658
Other depreciation and amortization	12,596	13,859	38,875	42,555
Impairment loss on assets held for sale	18,983	-	18,983	-
Impairment losses on goodwill and intangible assets	90,169	-	90,169	-
Impairment losses on rental equipment and property, plant and equipment	-	3,646	-	3,646
Restructuring costs	2,464	4,363	7,958	7,167
Currency losses, net	63,148	114,201	131,329	64,117
Change in fair value of contingent considerations	(12,437)	34,045	(39,225)	30,862
Other expense, net	234	519	1,207	1,074
Operating profit (loss)	(118,896)	(106,982)	(125,255)	14,094
Interest expense, net	50,141	52,256	148,183	156,785
Loss on extinguishment of debt	-	-	-	2,324
Loss before income tax	(169,037)	(159,238)	(273,438)	(145,015)
Income tax expense (benefit)	2,649	(9,493)	(5,104)	(10,068)
Net loss	(171,686)	(149,745)	(268,334)	(134,947)
Less: Net loss attributable to noncontrolling interest	(94)	(166)	(169)	(611)
Net loss attributable to Algeco Scotsman Global S.à r.l.	$ (171,592)	$ (149,579)	$ (268,165)	$ (134,336)

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	**2014**	**2015**	**2014**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Net loss	$ (171,686)	$ (149,745)	$ (268,334)	$ (134,947)
Foreign currency translation	15,854	15,337	10,475	10,158
Comprehensive loss	(155,832)	(134,408)	(257,859)	(124,789)
Less: Comprehensive loss attributable to noncontrolling interest	(94)	(166)	(169)	(611)
Comprehensive loss attributable to Algeco Scotsman Global S.à r.l.	$ (155,738)	$ (134,242)	$ (257,690)	$ (124,178)

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

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

	September 30, 2015	December 31, 2014
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 58,787	$ 57,567
Trade receivables, net of allowances for doubtful accounts of $26,059 and $33,024, respectively	299,176	318,803
Inventories	45,475	49,591
Prepaid expenses and other current assets	61,076	61,136
Total current assets	464,514	487,097
Rental equipment, net	1,799,893	1,898,816
Other property, plant and equipment, net	205,608	229,497
Goodwill	513,759	665,443
Other intangible assets, net	272,711	296,397
Other non-current assets	28,918	33,578
Total assets	$ 3,285,403	$ 3,610,828
Liabilities		
Current liabilities		
Accounts payable	$ 172,017	$ 169,705
Accrued liabilities	132,850	144,172
Accrued interest	95,956	45,780
Deferred revenue and customer deposits	93,167	88,352
Current portion of long-term debt	10,383	8,743
Total current liabilities	504,373	456,752
Long-term debt	3,233,130	3,277,358
Deferred tax liabilities	239,163	258,721
Deferred revenue and customer deposits	58,189	61,268
Other non-current liabilities	71,958	121,786
Total liabilities	4,106,813	4,175,885
Redeemable non-controlling interests	2,972	1,635
Shareholders' Deficit		
Common stock: $1.00 par, 213,289,086 shares issued and outstanding at September 30, 2015 and December 31, 2014 , respectively	737,831	737,831
Additional paid-in capital	1,614,571	1,614,571
Accumulated other comprehensive income	56,247	45,772
Accumulated deficit	(3,233,031)	(2,964,866)
Total shareholders’ deficit	(824,382)	(566,692)
Total liabilities and shareholders’ deficit	$ 3,285,403	$ 3,610,828

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Operating activities				
Net income (loss)	$ (171,686)	$ (149,745)	$ (268,334)	$ (134,947)
Adjustments for non-cash items:				
Depreciation and amortization	69,367	69,836	204,741	200,980
Provision for doubtful accounts	1,993	2,492	5,661	7,769
Impairment loss on assets held for sale	18,983	-	18,983	-
Impairment losses on goodwill and intangible assets	90,169	-	90,169	-
Impairment losses on rental equipment and other property, plant and equipment	-	3,646	-	3,646
Gain on sale of rental equipment and other property, plant and equipment	(2,306)	(4,806)	(6,247)	(10,793)
Loss on extinguishment of debt	-	-	-	2,324
Amortization of deferred debt gain	(12,649)	(12,162)	(37,572)	(36,117)
Amortization of deferred financing fees	4,850	4,274	11,873	12,680
Change in fair value of contingent consideration	(12,437)	34,045	(39,225)	30,862
Deferred income tax expense (benefit)	1,639	(17,273)	(10,621)	(25,250)
Restructuring impairment costs	-	-	1,882	-
Foreign currency adjustments	67,349	114,712	141,188	63,476
Changes in operating assets and liabilities:				
Trade receivables, net	(34,681)	(17,834)	(2,067)	(1,711)
Inventories	(1,041)	(3,362)	(971)	(11,434)
Prepaid expenses and other assets	6,308	(719)	(1,253)	(222)
Accrued interest	49,689	48,700	50,231	49,194
Accounts payable and other accrued liabilities	18,881	43,141	1,339	7,685
Deferred revenue and customer deposits	952	62,537	5,307	72,044
Cash flows from operating activities	95,380	177,482	165,084	230,186
Investing activities				
Proceeds from sale of rental equipment	8,459	12,245	21,800	27,487
Purchase of rental equipment	(70,617)	(48,493)	(204,286)	(145,854)
Proceeds from the sale of property, plant and equipment	38	520	313	875
Purchase of property, plant and equipment	(4,593)	(4,753)	(10,679)	(13,744)
Net cash flows from investing activities	(66,713)	(40,481)	(192,852)	(131,236)
Financing activities				
Receipts from borrowings	103,363	147,010	516,241	614,166
Payment of transaction costs	-	(3,493)	-	(3,493)
Repayment of borrowings	(120,389)	(223,586)	(475,203)	(662,814)
Contribution from non-controlling partner	-	-	-	2,373
Principal payments on capital lease obligations	(2,213)	(126)	(5,679)	(366)
Net cash flows from financing activities	(19,239)	(80,195)	35,359	(50,134)
Effect of exchange rate changes on cash and cash equivalents	(1,804)	(4,355)	(6,371)	(3,704)
Net change in cash and cash equivalents	7,624	52,451	1,220	45,112
Cash and cash equivalents at beginning of period	51,163	52,772	57,567	60,111
Cash and cash equivalents at end of the period	$ 58,787	$ 105,223	$ 58,787	$ 105,223
Supplemental cash flow information:				
Interest paid	$ 8,419	$ 10,523	$ 123,222	$ 130,375
Income taxes paid, net of refunds received	$ (2,701)	$ 4,690	$ 2,920	$ 20,191
Assets acquired under capital leases	$ 3,500	$ -	$ 3,500	$ 11,590

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

1. Summary of Significant Accounting Policies

Organization and Nature of Operations

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

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

Basis of Presentation

The accompanying unaudited condensed 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 condensed 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, 2015 are not necessarily indicative of the operating results that may be expected for the full fiscal year ending December 31, 2015 or any future period.

These condensed consolidated financial statements should be read in conjunction with the Company's December 31, 2014 audited consolidated financial statements and accompanying notes thereto.

Recently issued accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU No. 2014-09"). ASU No. 2014-09 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

(amounts in thousands, unless stated otherwise)

Standards Codification Topic 605 − Revenue Recognition. In August 2015, the FASB issued Accounting Standards Update No. 2015-14, Revenue from Contracts with Customers (Topic 606) Deferral of the Effective Date, which provided for the adoption of the new standard by non-public companies for fiscal years beginning after December 15, 2018. As a result, the new standard will be effective for our fiscal year ending December 31, 2019. Early adoption is permitted for all entities, but not before the original effective date for public business entities (i.e., annual reporting periods beginning after December 15, 2016). The Company is currently evaluating the impact of adopting ASU No. 2014-09 on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest – Imputation of Interest (Subtopic 835-30) (“ASU No. 2015-03”), simplifying the presentation of debt issuance costs. The amended guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. ASU No. 2015-03 is effective for fiscal years beginning after December 15, 2015, and must be applied retrospectively. The Company does not expect the adoption of ASU 2015-03 to have a material impact 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.

2. Inventories

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

	September 30, 2015	December 31, 2014
Raw materials and consumables	$ 30,773	$ 31,375
Work in progress	6,288	9,151
Finished goods	8,414	9,065
	$ 45,475	$ 49,591

(amounts in thousands, unless stated otherwise)

3. Rental equipment, net

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

	September 30, 2015	December 31, 2014
Modular space fleet	$ 2,573,153	$ 2,696,233
Remote accommodations	388,543	354,271
	2,961,696	3,050,504
Less: accumulated depreciation	(1,161,803)	(1,151,688)
Rental equipment, net	$ 1,799,893	$ 1,898,816

4. Goodwill and other intangible assets

Changes in the carrying amount of goodwill were as follows:

	Goodwill
Balance at January 1, 2015	$ 665,443
Impairment losses	(89,393)
Effect of movements in foreign exchange rates	(62,291)
Balance at September 30, 2015	$ 513,759

The Group recognized a goodwill impairment charge and tradename impairment charge in September 2015 of $89,393 and $776, 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 to the future performance of the reporting unit and the markets in which it operates.

Accumulated goodwill impairment losses were $1,016,563 and $927,170 as of September 30, 2015 and December 31, 2014, respectively.

(amounts in thousands, unless stated otherwise)

5. Debt

The carrying value of debt outstanding at September 30, 2015 and December 31, 2014 consisted of the following:

Debt description	Interest rate	Year of maturity	September 30, 2015	December 31, 2014
Senior secured notes – USD	8.50%	2018	$ 1,102,282	$ 1,110,015
Senior secured notes – EUR	9.00%	2018	317,124	345,076
Senior unsecured notes – USD	10.75%	2019	891,279	914,826
ABL facility – USD	varies	2017	649,163	592,233
ABL facility – CAD	varies	2017	51,620	55,810
ABL facility – GBP	varies	2017	139,171	167,303
ABL facility – AUD	varies	2017	63,923	72,993
Other debt			6,928	1,747
Capital lease obligations			22,023	26,098
Total debt			3,243,513	3,286,101
Less: current maturities			(10,383)	(8,743)
Total long-term debt			$ 3,233,130	$ 3,277,358

The aggregate principal amount of debt outstanding at September 30, 2015 and December 31, 2014 was $3,065.3 million and $3,077.1 million, respectively. As more fully disclosed in Note 9 of the Notes to Consolidated Financial Statements for the year ended December 31, 2014, 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 nine months ended September 30, 2015 and 2014, was $25,699 and $23,436, respectively.

Senior Secured Notes, Senior Unsecured Notes and ABL Revolver

The Company has outstanding $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 on April 15 and October 15. 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.

In addition, the Group maintains a multicurrency asset-based revolving credit facility (the "ABL Revolver") with a maximum potential availability of the equivalent of $1,355.0 million. Certain of the Company's subsidiaries in the US, Canada, the UK, Australia and New Zealand are borrowers (the "Borrowers") under the ABL Revolver. 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, 2015 was the equivalent of $1,156.1 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, which effectively limit the Group's borrowings under the ABL to 90% of the borrowing base. The Group expects to have greater than 10% availability under the ABL Revolver through the remainder of 2015; as such, the Group does not expect to be subject to the financial covenants. The availability under the ABL Revolver was $106.8 million after consideration of the 90% covenant threshold at September 30, 2015, but would have been $226.8 million at September 30, 2015 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, 2015, the weighted average interest rate for borrowings under the ABL Revolver was 3.13%. The ABL Revolver requires the payment of an annual commitment fee on the unused available borrowings of between 0.25% and 0.5% per annum. At September 30, 2015, the Group had issued letters of credit under the ABL Revolver in the amount of $20.3 million. Letters of credit and bank guarantees carry fees of 2.625% of the outstanding balance and reduce the amount of available borrowings.

Other

During the nine months ended September 30, 2014, the group paid $40.8 million to pay off outstanding debt obligations of $38.5 million. Therefore, the Group recognized a loss on extinguishment of debt of $2.3 million which represented the interest and penalties associated with the early termination of the agreement.

6. Income taxes

Income tax expense (benefit) was $2.7 million and ($5.1) million for the three and nine months ended September 30, 2015, respectively, compared to ($9.5) million and ($10.1) million for the same periods of 2014. The Company's tax expense was larger during the three months ended September 30, 2015 compared with the three months ended September 30, 2014 primarily due to a reduction in the pre-tax loss in 2015, excluding the impairments related to Australia and Brazil for which no benefit is recorded, as compared to the same period in 2014. The Company's tax benefit decreased during the nine months ended September 30, 2015 as compared to the same period in 2014 primarily due to changes in the portion of pre-tax losses generated in jurisdictions for which no tax benefit is being recognized in 2015, offset by a non-cash tax benefit of $5.1 million recognized upon the resolution of a tax uncertainty.

The Company accounts for income taxes in interim periods under Accounting Standards Codification ("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' earn-out discretely in the quarter in which they arise. The tax expense (benefit) recognized in the three and nine months ended September 30, 2015 and September 30, 2014 related to these two items was $0.7 million and ($2.0) million and ($10.3) million and ($6.4) 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 $217.1 million through September 30, 2015. Excluding the tax impact of the aforementioned items, the Company estimates that the estimated effective tax rate for 2015 will be between 12% and 16%.

The Company accounts for uncertain tax positions pursuant to the recognition and measurement criteria under ASC 740. It is reasonably possible that approximately $1.7 million of unrecognized tax benefits will be recognized within the next twelve months.

7. 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, 2015 (amounts in millions):

Currencies	Buy	Sell
USD / Australian $	$ 40.1	A$ 53.1
EUR / Australian $	€ 9.0	A$ 14.2
USD / GBP	$ 23.0	£ 15.2
USD / Euro	$ 45.5	€ 40.7

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 $2,892 and $4,592, 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. There were no foreign currency forward contracts outstanding during the three and nine months ended September 30, 2014.

8. Fair value measures

Fair value measures

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company utilizes the suggested accounting guidance for the three levels of inputs that may be used to measure fair value:

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

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

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

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

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

(amounts in thousands, unless stated otherwise)

September 30, 2015	**Carrying Amount**	**Fair Value Level 1**	**Fair Value Level 2**	**Fair Value Level 3**
Financial assets (liabilities) measured at fair value				
Contingent consideration	$ (15,856)	$ -	$ -	$ (15,856)
Derivative assets	4,331	-	4,331	-
Derivative liabilities	(1,606)	-	(1,606)	-
Total	$ (13,131)	$ -	$ 2,725	$ (15,856)
Financial assets (liabilities) not measured at fair value				
Senior notes	$ (2,310,685)	$ -	$ (1,634,859)	$ -
ABL facility	(903,876)	-	(908,984)	-
Total	$ (3,214,561)	$ -	$ (2,543,843)	$ -

December 31, 2014	**Carrying Amount**	**Fair Value Level 1**	**Fair Value Level 2**	**Fair Value Level 3**
Financial assets (liabilities) measured at fair value				
Contingent consideration	$ (55,081)	$ -	$ -	$ (55,081)
Derivative assets	1,635	-	1,635	-
Total	$ (53,446)	$ -	$ 1,635	$ (55,081)
Financial assets (liabilities) not measured at fair value				
Senior notes	$ (2,369,917)	$ -	$ (2,029,832)	$ -
ABL facility	(888,339)	-	(896,595)	-
Total	$ (3,258,256)	$ -	$ (2,926,427)	$ -

Senior Notes and ABL Facility

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

(amounts in thousands, unless stated otherwise)

Derivatives

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

Contingent consideration

In connection with an acquisition in 2013, the Company entered into an earnout agreement (the “Earnout Agreement”), which provides for contingent consideration (the “Target Earnout”) to the former owners. The additional payments attainable under the Earnout Agreement are dependent on cumulative value creation over the years between the acquisition and an Exit Event, as defined in the Earnout Agreement. Amounts payable under the Earnout Agreement upon an Exit Event are to be paid in shares of Holdings if such cumulative value creation goals are achieved. At September 30, 2015 and December 31, 2014 the value of the Earnout liability was $15,856 and $55,081, respectively.

The Target Earnout is based on the future amounts of EBITDA and capital expenditures of Target and the future EBITDA exit multiple value of Target or the Group at an Exit Event. A Monte Carlo Simulation approach under a risk-neutral framework is used to simulate the future values of EBITDA, which are then combined with a series of Exit Event scenarios to estimate the fair value of the Target Earnout. At September 30, 2015 and December 31, 2014, the following key assumptions were utilized in developing the contingent consideration liability:

Inputs	September 30, 2015	December 31, 2014
EBITDA volatility	24.0%	32.0%
Discount rate	11.7%	11.5%
Exit multiple	9.4x	11.0x
Estimated years (Term) to exit	0.5 - 2.00	0.75 - 2.25

An increase in the exit multiple of 1.0x at September 30, 2015 and December 31, 2014 would result in increases in the fair value of the contingent consideration of $10.5 million and $14.1 million, respectively.

9. Impairment of assets held for sale

During the third quarter of 2015, the Company met the criteria to classify its “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, 3015. 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. The aggregate sale price of Eurobras was approximately $7.2 million including both amounts payable at closing and a note receivable. The note receivable is payable over a seven year period and bears interest at LIBOR. Under the terms of the sales agreement the Company retained any cash and debt associated with Eurobras. The proceeds received at closing were principally used to repay any outstanding debt of the business at closing. In addition, under the sale agreement the company provided certain customary indemnities to the purchaser of the business. To the extent the Company is responsible for any of these indemnities such amounts will be deducted from amounts payable by the purchaser under the note receivable. The sale of Eurobras resulted in the Company ceasing operations in Brazil. As such, at the date of sale the Company will recognize any amounts included in cumulative translation adjustment of other comprehensive income in earnings. The Company anticipates that the aggregate impairment loss and loss on the sale of Eurobras that will be recognized in 2015 will approximate $33.0 million, which includes the $19.0 million impairment charge recorded during the three months ended September 30, 2015.

(amounts in thousands, unless stated otherwise)

10. Restructuring

The Company incurred costs of $7,958 and $7,167, net of reversals, during the nine months ended September 30, 2015 and 2014, respectively, associated with restructuring plans designed to streamline operations and reduce costs. The following is a summary of the activity in our restructuring accruals for nine months ended September 30, 2015:

	Employee termination costs	Contract termination costs	Impairment of long-life assets	Total
Balance at December 31, 2014	$ 4,335	$ 5,132	$ -	$ 9,467
Charges during the period	6,076	-	1,882	7,958
Cash payments during the period	(4,511)	(1,584)	-	(6,095)
Non-cash utilization	-	-	(1,882)	(1,882)
Foreign currency and other	(454)	(118)	-	(572)
Balance at September 30, 2015	$ 5,446	$ 3,430	$ -	$ 8,876

The 2015 restructuring costs relate primarily to the Group's operations in North America, Germany, and the United Kingdom, and largely consist of employee termination costs and impairments of long-lived assets to be disposed of to their estimated fair value. As part of the restructuring plan initiated during 2015, certain employees were required to render future service in order to receive their termination benefits. The termination costs associated with these employees will be recognized over the period from the date of communication of termination to the employee to the actual date of termination. The Company expects to recognize additional costs during 2015 as it finalizes previous estimates and actions in connection with the plan. The restructuring actions are expected to be substantially completed by June 30, 2016.

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 $36,131 and $54,596 at September 30, 2015 and December 31, 2014, respectively.

12. Commitments, guarantees and contingencies

Commitments

Warranties

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

(amounts in thousands, unless stated otherwise)

Non-current warranty provisions are recorded in other non-current liabilities in the consolidated balance sheet.

The following is a summary of the warranty liability activity for the nine months ended September 30:

	2015	2014
Balance at the beginінng of the period	$ 6,456	$ 8,311
Warranty accruals	2	836
Warranty reversals	(2,204)	(224)
Warranty settlements	(63)	(1,759)
Foreign currency and other	(654)	(496)
Balance at the end of the period	$ 3,537	$ 6,668

Contingencies

Legal claims

The Group is in the process of resolving certain issues involving compliance with laws in one jurisdiction. While the Group believes that this matter will be resolved within a reasonable timeframe with no monetary settlement and accordingly no reserve has been recorded, the ultimate outcome of this matter is uncertain. In the event of an adverse resolution, the Group estimates that based on current information, exposure in the range of $8.0 million to $42.2 million is possible. The Group does not believe that the resolution of this matter will be material to its financial position or results of operations.

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 $1,234 and $2,550 for monitoring fees and consulting and management advisory services during the three months ended September 30, 2015 and 2014, respectively. TDR charged $8,037 and $7,949 for the above mentioned fees and services to the Group for the nine months ended September 30, 2015 and 2014, 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 $1,298 and $1,244 as of September 30, 2015 and December 31, 2014. Additionally, the Group had payables due to affiliates of $4,399 and $4,850 as of September 30, 2015 and December 31, 2014, respectively.

14. Subsequent events

The Company has evaluated subsequent events through November 18, 2015, the date of issuance of these financial statements, and determined that no subsequent events had occurred that would require recognition in its interim condensed consolidated financial statements for the nine months ended September 30, 2015 and that no subsequent events other than the Eurobras disposition discussed in Note 9, have occurred that would require disclosure in the notes thereto.

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