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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements, which reflect industry outlook, our expectations regarding our future growth, results of operations, operational and financial performance, liquidity and capital resources, business prospects and opportunities, challenges and future events, uses of cash, capital expenditures and investments, strategic transactions, initiatives, the impact of foreign currency fluctuations, accounting and tax estimates, financing plans, and contingent payments. All statements other than statements of historical fact are forward-looking statements. Words such as, but not limited to, "anticipate," "continue," "estimate," "expect," "may," "might," "will," "project," "should," "would," "believe," "intend," "continue," "could," "plan," "predict," and negatives of these words and similar expressions are intended to identify forward-looking statements. In particular, statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements. Although the forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations reflect management's current beliefs based upon information currently available to management and upon assumptions which management believes to be reasonable, actual results or events may differ materially from those stated in or implied by these forward-looking statements. A number of factors could cause actual results, performance, events or achievements to differ materially from the results expressed or implied in the forward-looking statements. Readers should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause our actual results, performance, events and achievements in future periods to differ materially from those expressed or implied by such forward-looking statements. There can be no assurance that the results, performance, events or achievements contemplated in the forward-looking statements will be realized. We cannot assure you that forward-looking statements will prove to be accurate, as actual actions, results and future events could differ materially from those anticipated or implied by such statements. All forward-looking statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations are expressly qualified in their entirety by the foregoing cautionary statements. All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. These forward-looking statements are made only as of the date of this Management's Discussion and Analysis of Financial Condition and Results of Operations and, except as required by law, we undertake no obligation, and specifically decline any obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This discussion of our financial condition and results of operations should be read together with our June 30, 2018 and December 31, 2017 consolidated financial statements and the notes thereto and the risk factors described below.

Introductory Note

Unless the context otherwise requires, all references to "we," "us," "our," "Group" and the "Company" refer to Algeco Global S.à r.l., a limited liability company incorporated under the laws of Luxembourg, together with its subsidiaries. As used in this discussion, "Europe" means our operations within various countries in Europe, "Asia-Pacific" or "APAC" means Australia, New Zealand, and China, and "North America" means the United States ("US") and Canada. The Company is principally owned by Algeco Holding S.à r.l., 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 provide modular space, portable storage and remote accommodation business solutions and are the market leader in Europe, APAC, and North America based on installed fleet base. As of September 30, 2018, our fleet had a gross book value of approximately €2.0 billion comprised of approximately 243,000 modular space and portable storage units and approximately 12,100 remote accommodation rooms. We currently serve our approximately 37,500 customers through an extensive network of 163 branches and depots and 22 camps and lodges across 19 countries in Europe, three countries in APAC and two countries in North America. Through our recognized brands, namely Algeco, Elliott, Touax and A1 Container in Europe, Target Logistics in North America and Ausco, Portacom and Algeco Chengdong in APAC, we believe that we hold a #1 or #2 market position in terms of installed fleet base in each of the key markets in which we operate.

We further enhanced our platform in December 2017 through our strategic acquisitions of Touax Solutions Modulaires SAS ("Touax") and Iron Horse Ranch ("Iron Horse"). The Touax acquisition strengthens Algeco's position in Europe. The Iron Horse acquisition improves Target Logistics' position as the single largest provider of remote accommodations business solutions in the United States.

Our core product offering provides our customers with flexible, low cost, high quality and timely solutions to meet their space and remote accommodations needs. Modular space units are structures designed to create single or multi-story whole building solutions in deliverable modular sections and can be permanent or relocatable. Portable storage units are former shipping containers typically used for secure and portable storage space. Remote accommodations facilities are residential structures, typically resembling full suite "hotel-like" rooms and utilized for workforces in remote locations.

Our strong global presence and expansive geographic footprint provide for cost-effective, local support to our customers, while also allowing us to realize economies of scale and address the needs of a breadth of customers ranging from large national accounts to small local businesses. We lease our modular space and portable storage units and remote accommodations rooms to customers in diverse end-markets, including, among others, construction, industries and services, public administration and energy and natural resources, depending on the product, service and operating region. Common uses or applications for our units include, among other things, classrooms, temporary and permanent office space, including construction site offices and sales offices, accommodation/sleeper units, work camp products and special events headquarters. As our fleet comprises standardized and highly versatile units, we are able to quickly and efficiently repurpose and modify our units to different customer specifications.

Our primary revenue streams are generated by (i) leasing our fleet of modular and portable storage units; (ii) leasing or selling value-added products and services ("VAPS 360°"), such as steps, ramps, furniture, fire extinguishers, air conditioning, wireless internet access points and damage waivers; (iii) providing remote facility management solutions to customers working in remote environments through turnkey lodging, catering, transportation, security and logistical services; and (iv) delivery and installation for our fleet, including transport, delivery, installation and removal services, which collectively comprise our core leasing and services businesses. The balance of our revenue is generated by our complementary unit sales businesses under which we sell both new and used modular space and portable storage units.

Our core leasing model is characterized by recurring revenue driven by leases on long-lived assets that require modest maintenance capital expenditures. Our average modular lease duration is approximately 24 months in Europe, and 14 months in Asia Pacific. The global average age of our modular fleet is approximately 12 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 219,000 units with a gross book value of approximately €1.5 billion as of September 30, 2018. Our fleet is generally comprised of standardized, versatile products that can be configured to meet a wide variety of customer needs. All of our modular space units are intended to provide convenient, comfortable space for occupants at a location of their choosing. We believe that our global footprint and substantial fleet size provide us with competitive advantages. In addition, our scale enables us to purchase units on favorable terms, providing incremental margin to both our leasing and sales businesses.

Our portable storage fleet of approximately 24,000 units, with a gross book value of approximately €0.1 billion as of September 30, 2018, is primarily comprised of steel containers, which address customers' need for secure, temporary, on-site storage on a flexible, low-cost basis. Our portable storage fleet provides a complementary product to cross-sell to our existing modular space customers, as well as new customers.

Our remote accommodations business is comprised of approximately 12,100 fully managed rooms with a gross book value of €0.4 billion as of September 30, 2018. 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.

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

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

Risk Factors

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

- the duration and severity of economic movements, whether globally or within the geographic region or the industry sectors within which we operate;
- the competitive environment in which we operate;
- certain operational, economic, political and regulatory risks posed by our international operations;
- failure to adequately manage our rental equipment;
- failure to properly design, manufacture, repair and maintain our rental equipment;
- third parties' ability to manufacture our products properly or in a timely manner;
- changes in building codes;

- supply problems resulting from financial or operating difficulties;
- increases in warranty costs;
- our significant level of indebtedness and debt service requirements, and the restrictions contained in our debt agreements;
- the effects of adverse capital and credit market conditions, including failure to obtain additional capital;
- any termination or adverse modification to our contract with South Texas Family Residential Center, or the loss of one or more significant customers;
- fluctuations in interest rates, foreign currency exchange rates, and commodity prices, including crude oil;
- increases in the costs of raw materials, including gasoline and labor;
- labor disruptions;
- our dependence upon and ability to retain key personnel;
- we may incur future goodwill and asset impairment charges;
- our ability to identify and consummate acquisitions and to integrate any acquired business;
- legal, political and economic uncertainty surrounding the expected exit of the United Kingdom from the European Union;
- legal and regulatory matters affecting our products and services;
- the effects of any current or future litigation, judgments, orders or regulatory proceedings against us or involving our assets or operations;
- unanticipated changes in our tax provisions, the adoption of new tax legislation, or exposure to additional income tax liabilities;
- failure to recognize the benefits of our tax attribute carryforwards and, as a result, loss of future tax savings, which could have a negative impact on our liquidity;
- our ability to maintain effective internal controls over financial reporting;
- risks associated with disposals;
- issues relating to our information systems;
- natural disasters and other business disruptions, including terrorist attacks, cyber-crime and attacks and security breaches;
- politically motivated attacks, hate crimes and vandalism;
- losses for which we are not fully insured;
- changes in demand for our products and services within a number of key industry end-markets and geographic regions;
- our failure to close units sales transactions as expected;
- our inability to effectively manage our credit risk, collect on accounts receivable and recover our rental equipment from customer sites;
- the effect of restrictive covenants to which we are subject, including any failure to comply therewith;
- any impairment of our ability to draw funds under our ABL Revolver (as defined below);
- our counterparties to our hedging arrangements defaults on their obligation; and
- a downgrade in the credit quality of a counterparty to our hedging arrangement to such an extent that our ability to sell or assign our side of the hedging transaction is impaired.

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

Other Matters Affecting Our Business and Recent Developments

Divestiture of Target Lodging

On November 13, 2018 certain subsidiaries have entered into a definitive agreement (the "Stock Purchase Agreement") with Platinum Eagle Acquisition Corp. ("PEAC"), a publicly traded special purpose acquisition company, to sell the Algeco Group's North American remote accommodations business, Target Lodging, to Target Lodging Holdings Corp. ("Holdco"), a newly-formed subsidiary of PEAC (the "TL Disposal"). Simultaneously to the Target Lodging sale, TDR Capital LLP will be selling RL Signor Holdings LLC to PEAC. Pursuant to the Stock Purchase Agreement, the Algeco Group will sell Target Lodgings for an aggregate purchase price of $820 million (€708 million), of which $562 million (€486 million) shall be paid in cash (the "Cash Consideration") to the Algeco Group and the remaining $258 million (€222 million) shall be paid in the form of a shares of common stock in PEAC.

The closing of the business combination is subject to certain conditions, including, among others, (i) PEAC (or its applicable subsidiaries) receiving gross proceeds of at least $340 million from debt financing, (ii) approval by PEAC's shareholders of the Stock Purchase Agreement, the business combination and certain other actions related thereto, and (iii) the receipt of consent from the existing lenders of the Company and certain of its affiliates. Unless waived, if any of these conditions are not satisfied, the business combination may not be consummated.

Furthermore, on November 13, 2018, and in connection with the TL Disposal, Algeco Investment B.V. ("DutchCo") and the other parties thereto entered into an amendment to the ABL Credit Agreement to (i) permit the Transaction, (ii) terminate the commitments under the U.S. revolving facility provided pursuant to the ABL Credit Agreement, (iii) reduce the revolving commitments under the Australia/New Zealand and UK revolving facility provided pursuant to the ABL Credit Agreement and (vii) effect certain other amendments, releases and consents to the ABL Credit Agreement (the "ABL Credit Agreement Amendment"). The closing of the ABL Credit Agreement Amendment is conditional upon, and will occur simultaneously with, the closing of the TL Disposal. We currently anticipate that approximately $90 million (€78 million) of the Cash Consideration will be used at closing to repay certain amounts outstanding under the facilities provided pursuant to the ABL Credit Agreement, and we currently anticipate that we will use a further portion of the cash consideration to repay certain capital lease and factoring obligations. The remaining cash will be retained to be applied by Algeco to fund strategic opportunities, debt repayment or other purposes determined by our board of directors.

Upon completion of the TL Disposal, we will no longer have any operations in North America, which will result in a reduction in our exposure to the energy and natural resources sector. Additionally, we anticipate that our net total leverage will improve following the TL Disposal. As of September 30, 2018, after giving effect to the TL Disposal, we would have served approximately 37,500 customers through an extensive network of 162 branches and depots and 7 camps and lodges across nineteen countries in Europe and three countries in APAC. As of September 30, 2018, after giving effect to the TL Disposal, our remote accommodations fleet would have consisted of approximately 3,400 rooms, and the collective gross book value of our modular and portable storage fleet and our remote accommodations fleet would have amounted to €1.7 billion.

For the nine months ended September 30, 2018, after giving effect to the TL Disposal, we generated pro forma revenue of 704.2 million and Adjusted EBITDA of €157.5 million. Excluding non-recurring project costs, after giving effect to the TL Disposal, our pro forma Underlying EBITDA for the nine months ended September 30, 2018 would have been €170.1 million.

Divestiture of Williams Scotsman International, Inc.

On November 29, 2017 we completed the sale of our North American modular space and portable storage operations ("Williams Scotsman") to Williams Scotsman Holdings Corp., a recently-formed subsidiary of WillScot Corporation (formerly Double Eagle Acquisition Corp.), a publicly traded special purpose acquisition company. We used the proceeds from this disposal to repay our previous asset-based loan facility, to complete the Touax acquisition and Iron Horse acquisition and to repay certain other indebtedness.

We classified the results of the Williams Scotsman business as discontinued operations, for the three months and nine months ended September 30, 2017, in the consolidated financial statements in accordance with *ASC Subtopic 205-20 Financial Statement Presentation –Discontinued Operations,* as the divestiture of the business represented a strategic shift that had a major effect on it operations and financial results. See Note 2 Acquisitions and Divestitures in our consolidated financial statements for additional information.

Acquisitions
On December 8, 2017, we purchased 100% of the share capital of Touax for an aggregate purchase price of €161.9 million. The main activities of Touax are the manufacturing, leasing and sale of modular buildings as well as the provision of related services. The purchase of Touax was accounted for as business combination and the assets acquired and liabilities assumed were recorded at fair value. Touax significantly increases the rental fleet of our European business.

On July 31, 2017, an affiliate of TDR acquired substantially all the assets, and assumed certain liabilities, of Iron Horse Managing Services, LLC and Iron Horse Ranch Yorktown, LLC (together, “Iron Horse”). Iron Horse is a remote accommodations provider with four lodges with approximately 1,000 rooms in strategic locations across Texas. The TDR affiliate accounted for the acquisition as a business combination and recorded the assets acquired and liabilities assumed at fair value. Concurrently with the acquisition, the TDR affiliate entered into certain agreements with Target Logistics, pursuant to which Target Logistics leased the Iron Horse properties and provided certain support services to the TDR affiliate and was responsible for the management, operation and oversight of Iron Horse. On December 15, 2017, Target Logistics closed its acquisition of Iron Horse from TDR for an aggregate purchase price of $37.1 million. Iron Horse expands our presence in the Texas Permian Basin. Target Logistics and the TDR affiliate are under the control of TDR; TDR is their ultimate parent. As a result of the presence of common control, we recorded the net assets received from the TDR affiliate at their carrying amount as recorded in the accounts.

See Note 2 Acquisitions and Divestures in our consolidated financial statements for additional information.

Closing of Notes Offering and Refinancing
On February 15, 2018, certain of our subsidiaries closed notes offerings (the “New Notes Offering”) and issued €600,000,000 6 1/2% Senior Secured Fixed Rate Notes due 2023, $520,000,000 8% Senior Secured Fixed Rate Notes due 2023, €150,000,000 Senior Secured Floating Rate Notes due 2023 (together, the “New Senior Secured Notes”), and $305,000,000 10% Senior Notes due 2023 (the “New Senior Notes” and, together with the New Senior Secured Notes, the “New Notes”).

Additionally, we obtained three-year cross currency swaps for the dollar-denominated New Notes into euro, which will swap into euro the coupon and principal amount of 100% of the $305 million New Senior Notes and $230 million, 44%, of the principal and coupon of the $520 million dollar-denominated 8% Senior Secured Fixed Rate Notes due 2023 and the coupon on $290 million, 56%, of the $520 million dollar-denominated 8% Senior Secured Fixed Rate Notes due 2023. Giving effect to the swaps, the weighted average interest rates for the New Senior Secured Notes and New Senior Notes are respectively 6.64% and 7.74% per annum.

The New Notes Offering formed part of a comprehensive refinancing of our capital structure (the “Refinancing”). The Refinancing additionally included the issuance of a privately-placed preferred stock facility by a newly formed subsidiary of the Company for net proceeds of €327 million and a new $400 million syndicated senior secured asset-based credit facility (the “New ABL Revolver”). The proceeds of the New Notes Offering and equity issuance were used to redeem the existing Senior Secured Notes (as defined below) and existing Senior Unsecured Notes (as defined below), to refinance the existing ABL Revolver (as defined below) and to pay for certain costs, fees and expenses.

Management Information
As of September 1, Andrew Tyler, assumed the role of Group CEO. Andrew is the former chief executive of Northrop Grumman’s European business and also previously served as Chief Operating

Officer at the U.K. Ministry of Defense responsible for their €18 billion/annum procurement, asset management, and support business.

Components of Our Historical Results of Operations

Change in reporting currency to euro

Following the divestiture of Williams Scotsman International Inc., (see above), the majority of our revenues are earned in euros and, subsequent to the refinancing (see above), our funding, giving effect to the swaps, is principally in euros. As a result, as of June 30, 2018 we are presenting the results in euros. Comparatives for the Balance Sheet have been retranslated at $1: €0.83 with the exception of equity which has been translated at historic rates. Income statement comparatives have been reported at $1: €0.90 for the nine months to September 30, 2017 and $1: €0.85 for the three months to September 30, 2017.

Revenue

Our revenue consists mainly of leasing, services and sales revenue. We derive our leasing and services revenue primarily from the leasing of modular space, portable storage units and remote accommodations. Included in our modular leasing revenue are VAPS 360° such as rentals of steps, ramps, furniture, fire extinguishers, air conditioners, wireless internet access points, damage waivers and service plans. Modular delivery and installation revenue includes fees that we charge for the delivery, setup, knockdown 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 our leasing revenue are:

- the number of units in our modular lease fleet;
- the average utilization rate of our modular lease units;
- the average monthly rental rate per unit excluding VAPS 360°;
- the total number of rooms under management in remote accommodations;
- the average remote accommodations rooms on rent;
- the average remote accommodations daily rate; and
- the increase in VAPS 360° penetration.

The utilization rate of our modular 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 leased to a customer until the time they are returned to us) to (ii) the total number of units available for lease in our modular fleet. Our average monthly rental rate per unit for a period is equal to the ratio of (i) our rental income for that period excluding VAPS 360° and delivery and installation services, to (ii) the average number of modular lease units rented with our customers during that period.

Our average remote accommodations 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 accommodations 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 lease fleet, the average utilization of our modular lease units, the average monthly rental rate per unit (excluding VAPS 360°), the average remote accommodations rooms on rent, and the average remote accommodations rate for the periods specified below:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Modular units on rent (average during the period)	196,829	164,165	196,619	159,529
Average modular utilization rate	81.5%	82.0%	80.9%	80.4%
Average modular monthly rental rate*	€ 147	€ 149	€ 145	€ 150
Average remote accommodation rooms on rent	8,195	5,855	7,165	5,244
Average remote accommodation daily rate*	€ 82	€ 72	€ 77	€ 71

**at constant currency*

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

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

Gross Profit

We define gross profit as the difference between our total revenue and cost of revenues. 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 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 revenues also includes depreciation expense associated with our rental equipment and remote accommodations equipment. Cost of revenues associated with our new unit sales business includes the cost to purchase, assemble, transport, and customize units that are sold. Cost of revenues for our used unit sales consist primarily of the net book value of the unit at the date of sale.

Selling, General and Administrative Expense

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 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 and remote accommodations equipment and includes amortization of our intangibles assets.

Impairment Losses on Goodwill and Intangible Assets

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

Impairment Losses on Rental Equipment

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

Restructuring Costs

Restructuring costs include costs associated with certain restructuring plans designed to streamline operations and reduce costs. Our restructuring plans are generally country or region specific and are 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 of.

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 each consolidated entity's functional currency.

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

Other (Income) Expense, Net

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

Interest Expense, Net

Interest expense consists of cost of external debt including our multicurrency asset-based revolving credit facility (the "new ABL Revolver"), fixed rate senior secured notes, floating rate senior secured notes, and fixed rate senior unsecured notes due February 15, 2023 (the "New Notes"), capital leases and other financing obligations, other debt, amortization of deferred financing fees, and amortization of deferred debt gain.

Income Tax (Benefit) Expense

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

Use of Constant Currency

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

Selected Historical Consolidated Financial Data

Three months ended September 30, 2018 compared to three months ended September 30, 2017

The following summarizes our operating results for the three months ended September 30, 2018 and 2017:

	Three months ended September 30, 2018	Three months ended September 30, 2017	€ Change
	(Unaudited)	*(Unaudited)*	
Revenues			
Leasing and services revenue:			
Modular space leasing	€ 127,123	€ 108,261	€ 18,862
Modular space delivery and installation	45,311	43,993	1,318
Remote accommodations	61,738	39,761	21,977
Sales:			
New units	62,591	60,478	2,113
Rental units	7,661	2,989	4,672
Total revenues	304,424	255,482	48,942
Costs			
Cost of leasing and services:			
Modular space leasing	28,736	27,295	1,441
Modular space delivery and installation	39,475	39,707	(232)
Remote accommodations	30,049	20,264	9,785
Cost of sales:			
New units	50,005	49,404	601
Rental units	3,232	2,177	1,055
Depreciation of rental equipment	33,221	25,470	7,751
Gross profit	119,706	91,165	28,541
Expenses			
Selling, general and administrative expenses	62,290	59,245	3,045
Other depreciation and amortization	3,084	4,550	(1,466)
Restructuring costs	371	1,598	(1,227)
Currency (losses) gains, net	2,034	(30,724)	32,758
Other (income) expense, net	3,211	976	2,235
Operating profit	48,716	55,520	(6,804)
Interest expense, net	27,852	38,372	(10,520)
(Loss) income before income tax	20,864	17,148	3,716
Income tax expense	6,316	(248)	6,564
Net (loss) income from continuing operations	14,548	17,396	(2,848)
Net income (loss) from discontinued operations	-	573	(573)
Net (loss) Income	14,548	17,969	(3,421)
Less income attributable to noncontrolling interest	10,210	113	10,097
Net (loss) income attributable to Algeco Global S.a.r.l.	€ 4,348	€ 17,856	€ (13,508)

Revenue

Total revenue increased €49 million, or 19%, to €304 million for the three months ended September 30, 2018 from €255 million for the three months ended September 30, 2017. The impact of foreign currency movements resulted in a decrease of €2 million as several currencies strengthened against the Euro during the reporting period on a comparative basis. Excluding the effects of foreign currency, total revenue increased €51 million or 21%, as a result of an 18% increase in revenue in Europe, a 61% increase in revenue in North America and a 5% decrease in revenue in Asia Pacific. Revenue improvement in Europe was driven by both the acquisition of Touax in December 2017, as well as growing VAPS 360° volume throughout Europe. The increase in North America was attributable to both the Iron Horse acquisition as well as the expansion of several camps in the Permian Basin associated with increased oil and gas sector demand, resulting in an increase in rooms on rent.

Average modular units on rent for the three months ended September 30, 2018 and 2017 were 196,829 and 164,165, respectively. The increase was primarily due to the acquisition of Touax in December 2017. The average modular utilization rate for the three months ended September 30, 2018 was 82%, as compared to 82% in the prior year. The average modular utilization rate was driven by increases in Europe, offset by the inclusion of Touax units that were historically at lower utilization rates, and increased demand in APAC. The average modular monthly rental rate for the three months ended September 30, 2018 decreased to €147 from €149 in the prior year, on a comparative basis. At constant currency, the average modular monthly rental rate was €151 for the three months ended September 30, 2017 and the decrease to €147 was primarily driven by the inclusion of the lower rental value Touax units, partially offset by pricing improvements in France, the U.K., and Australia.

Average remote accommodations rooms on rent for the three months ended September 30, 2018 and 2017 were 8,195 and 5,855, respectively. The average remote accommodations daily rate was €82 for the three months ended September 30, 2018 as compared to €74 in the prior year's quarter. The increase in rooms was due to the Iron Horse acquisition, the North American camp expansions in the Permian Basin, and the increased occupancy of the Australia camps all associated with the increased demand from the oil and gas sector. At constant currency, the average remote accommodations daily rate was €72 for the three months ended September 30, 2017. The increase in the rate is due to increased demand.

Gross Profit

Our gross margin was 39% and 36% for the three months ended September 30, 2018 and 2017, respectively. Our adjusted gross margin, excluding depreciation, was 50% and 46% for the three months ended September 30, 2018 and 2017, respectively. Gross profit increased €29 million, or 31%, to €120 million for the three months ended September 30, 2018 from €91 million for the three months ended September 30, 2017. The effects of foreign currency movements decreased gross profit by €1 million. Excluding the effects of foreign currency, the resulting €30 million, or 33%, increase in gross profit was primarily driven by increased utilization and price across modular units on rent, the Touax and Iron Horse acquisitions, and by the improvements in margins in the North America remote accommodations business. Additionally, margin expansion was further driven by an increase in modular units on rent and VAPS 360° volume in France, improved modular pricing in both France and the UK, as well as by improved new sales margins in Asia Pacific.

Selling, General and Administrative Expenses

SG&A expense increased €3 million, or 5%, to €62 million for the three months ended September 30, 2018, compared to €59 million for the three months ended September 30, 2017. Excluding the effects of foreign currency of €1 million, the €4 million, or 7%, increase was attributable to additional SG&A expenses related to the Touax integration, discrete projects in Europe including various sales and pricing projects which will be completed this year as well as increases in the Europe administrative infrastructure.

Other Depreciation and Amortization

Other depreciation and amortization of €3 million for the three months ended September 30, 2018, was lower than the €5 million for the three months ended September 30, 2017 due to lower value of property plant and equipment.

Restructuring Costs

Restructuring costs decreased €1 million to €1 million for the three months ended September 30, 2018, compared to €2 million for the three months ended September 30, 2017. The 2018 restructuring costs primarily relate to employee costs incurred in closing the global corporate headquarters in the United States and integrating the Touax businesses.

Currency losses (Gains), Net

Currency losses were €2 million for the three months ended September 30, 2018 compared to gains of €31 million for the three months ended September 30, 2017. The losses in the three months ended September 30, 2018 relate to the portion of the US dollar notes that are not covered by the cross currency swaps. See Note 5 to our September 30, 2018 consolidated financial statements for additional information regarding our loans and borrowings.

Other (Income) Expense, Net

Other expense net was €3 million for the three months ended September 30, 2018 and an expense of €1 million for the three months ended September 30, 2017.

Interest Expense, Net

Interest expense decreased €10 million, or 38%, to €28 million for the three months ended September 30, 2018 from €38 million for the three months ended September 30, 2017. This decrease is primarily due to the refinancing completed in February 2018. See Note 5 to our September 30, 2018 consolidated financial statements for additional information regarding our loans and borrowings.

Income Tax Expense

Income tax expense was €6 million and €0 million for the three months ended September 30, 2018 and 2017, respectively. The increase is due to the higher profits subject to income tax.

Non-controlling interest

The non-controlling interest increased by €10m to €10m for the three months ended September 30, 2018 from nil for the three months ended September 30, 2017. The increase principally relates to the preferred shares issued by a subsidiary of the Company in February 2018.

Nine months ended September 30, 2018 compared to nine months ended September 30, 2017

The following summarizes our operating results for the nine months ended September 30, 2018 and 2017:

	Nine months ended September 30,		
	2018	**2017**	**€ Change**
Revenues	*(Unaudited)*	*(Unaudited)*	
Leasing and services revenue:			
Modular space leasing	€ 370,646	€ 314,319	€ 56,327
Modular space delivery and installation	122,300	120,547	1,753
Remote accommodations	150,064	109,756	40,308
Sales:			
New units	170,879	155,084	15,795
Rental units	11,965	8,728	3,237
Total revenues	825,854	708,434	117,420
Costs			
Cost of leasing and services:			
Modular space leasing	87,701	79,095	8,606
Modular space delivery and installation	110,542	108,063	2,479
Remote accommodations	70,424	54,608	15,816
Cost of sales:			0
New units	139,519	133,842	5,677
Rental units	5,903	5,439	464
Depreciation of rental equipment	92,553	80,363	12,190
Gross profit	319,212	247,024	72,188
Expenses			
Selling, general and administrative expenses	194,278	172,292	21,986
Other depreciation and amortization	12,693	14,122	(1,429)
Restructuring costs	9,995	3,250	6,745
Currency gains, net	(22,432)	(109,848)	87,416
Other (income) expense, net	2,867	(586)	3,453
Operating profit	121,811	167,794	(45,983)
Interest expense, net	101,838	124,970	(23,132)
Gain on extinguishment of debt	(37,561)	-	(37,561)
Income before income tax	57,534	42,824	14,710
Income tax expense	11,051	913	10,138
Net income from continuing operations	46,483	41,911	4,572
Net income from discontinued operations	-	6578	(6,578)
Net Income	46,483	48,489	-2,006
Less income attributable to noncontrolling interest	24,867	368	24,499
Net income attributable to Algeco Global S.a.r.l.	€ 21,616	€ 48,121	(26,505)

Revenue

Total revenue increased € 117 million, or 17%, to €826 million for the nine months ended September 30, 2018 from €708 million for the nine months ended September 30, 2017. The increase was primarily attributable to an increase in Modular Space Leasing and New Sales volume primarily associated with the Touax Acquisition and new sales volumes and significant growth in North America due to significant increases in demand.

Average modular units on rent for the nine months ended September 30, 2018 and 2017 were 196,619 and 159,529, respectively. The increase was primarily attributable to the integration of the Touax Acquisition in Europe. The average modular utilization rate for the nine months ended September 30, 2018 was approximately 81%, as compared to approximately 80% in the prior year period. The increase was driven by higher utilizations in Eastern Northern and Southern Europe and APAC. The average modular monthly rental rate decreased to €145 from €150, driven by the integration of the Touax Acquisition. Average remote accommodation rooms on rent for the nine months ended September 30, 2018 and 2017 were 7,165 and 5,244, respectively. The increase was driven by additional higher occupancy in North America and APAC. The average remote accommodation daily rate increased to €77 for the nine months ended September 30, 2018 from €71 for the nine months ended September 30, 2017 due to higher demand.

Gross Profit

Our gross margin was 39% and 35% for the nine months ended September 30, 2018 and 2017, respectively. Our gross margin, excluding depreciation, was 50% and 46% for the nine months ended September 30, 2018 and 2017, respectively.

Gross profit increased €72 million, or 29%, to €319 million for the nine months ended September 30, 2018 from €247 million for the nine months ended September 30, 2017. The increase was primarily attributable to increased volume and margin percentage in both Modular Space Leasing and New Sales business and significant increases in demand in North America.

Selling, General and Administrative Expenses

SG&A expense increased €22 million, or 13%, to €194 million for the nine months ended September 30, 2018, from €172 million for the nine months ended September 30, 2017. This increase was primarily attributable to the higher revenue, Touax integration costs, non-recurring project costs, and investment in the corporate head office.

Other Depreciation and Amortization

Other depreciation and amortization decreased €1 million, or 13%, to €13 million for the nine months ended September 30, 2018, from €14 million for the nine months ended September 30, 2017.

Restructuring Costs

Restructuring costs increased €7 million, or 208%, to €10 million for the nine months ended September 30, 2018, from €3 million for the nine months ended September 30, 2017. The 2018 restructuring costs were primarily attributable to costs associated with the integration of Touax and the closure of the corporate office in Baltimore.

Currency (Gains) Losses, Net

Currency gains were €22 million for the nine months ended September 30, 2018 compared to €110 million for the nine months ended September 30, 2017. The decrease in currency gains was primarily attributable to the impact of foreign currency exchange rate changes on loans and borrowings and intercompany receivables and payables denominated in a currency other than the subsidiaries' function currency. Following the refinancing in February 2018 Our currency gains, net are primarily attributable to fluctuations in the following exchange rates: euro/U.S. dollar, euro/British pound sterling, and euro/Australian dollar.

Other (Income) Expense, Net

Other Expense, net were €3 million for the nine months ended September 30, 2018 compared to other (income) of €1 million for the nine months ended September 30, 2017 primarily due to profits on disposal of assets in 2017.

Gain on Extinguishment of Debt

We recognized €37.5 million as a gain on extinguishment of debt as a result of the release of gains that had been deferred from the refinancing in 2009 on completion of the refinancing in February 2018.

Non-controlling Interest

The non-controlling interest increased by €25 million to €25 million for the nine months ended September 30, 2018 from nil for the nine months ended September 30, 2017. The increase was primarily attributable to the preferred shares issued by the Preferred Equity issuer in February 2018.

Adjusted and Underlying EBITDA

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

The reconciliation of our consolidated net income before taxes to Adjusted and Underlying EBITDA for the three and nine months ended September 30, 2018 and 2017, in thousands of euros, is as follows:

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Net (loss) income before taxes	€ 20,854	17,148	€ 57,534	€ 42,824
Interest expense, net	27,862	38,372	101,838	124,970
Depreciation and amortization	36,305	30,020	105,246	94,485
EBITDA	85,021	85,540	264,618	262,279
Currency losses (gains) , net	2,034	(30,724)	(22,432)	(109,848)
Gain on extinguishment of debt	-	-	(37,561)	-
Restructuring costs	371	1,598	9,995	3,250
Other (income) expense	3,211	976	2,867	(586)
Adjusted EBITDA	€ 90,637	€ 57,390	€ 217,487	€ 155,095
Touax integration costs	2,067	-	6,376	-
Discrete projects costs	616	-	6,200	-
Underlying EBITDA	€ 93,320	€ 57,390	€ 230,063	€ 155,095

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

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

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

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

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

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

Touax Integration:
These are the one-off costs of integrating the Touax business that do not meet the definition of restructuring costs. These include costs such as moving units from Touax depots to Algeco depots, the project management office, and implementing new IT systems.

Discrete Projects:
These are the costs of third party advisors who are implementing sales and pricing projects in Europe. These projects will be completed this year.

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

The following tables and discussion summarize our geographical financial information, in millions of dollars, for the three and nine months ended September 30, 2018 and 2017, on a constant currency basis. In the comparison of 2018 to 2017, the 2017 results have been translated at the 2018 actual exchange rates.

Business Segment Results

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

	Reportable Business Segments				Currency Translation Adjustments	Corporate, Adjustments and Eliminations	Consolidated
	Europe	APAC	North America	Total			
	(€ million, except number of units and rooms, percentages and rental rates)						
Quarter Ended September 30, 2018							
Leasing and services revenue:	146	36	52	234	-	-	234
Modular space leasing	112	15		127	-	-	127
Modular space delivery and installation	34	11	-	45	-	-	45
Remote accommodations	-	10	52	62	-	-	62
Sales:					-	-	
New unit sales	46	17	-	63	-	-	63
Rental units sales	7	0	-	8	-	-	8
Revenue	**199**	**53**	**52**	**304**	**-**	**-**	**304**
Adjusted EBITDA	64	9	25	98	-	(7)	91
Capital expenditures	36	2	17	55		1	56
Key drivers of changes in revenue:							
Units on rent (average during the period)	181 488	15 342	-	196 829	-	-	196 829
Average utilization rate	82%	78%	-	82%	-	-	82%
Average monthly rental rate	137	256	-	147	-	-	147
Average remote accommodations rooms on rent	-	1 484	6 711	8 195	-	-	8 195
Average remote accommodations daily rate	-	70	83	82	-	-	82
Quarter Ended September 30, 2017							
Leasing and services revenue:	127	32	31	190	2	-	192
Modular space leasing	94	14		107	1	-	108
9Modular space delivery and installation	33	10		43	1	-	44
Remote accommodations		24	31	40	-	-	40
Sales:					-	-	
New unit sales	41	18		60	1	-	61
Rental units sales	1	1	1	3	-	-	3
Revenue	**169**	**51**	**32**	**253**	**2**	**-**	**255**
Adjusted EBITDA	51	4	14	69	(6)	(6)	57
Capital expenditures	34	4	2	40		1	41
Key drivers of changes in revenue:							
Units on rent (average during the period)	149 485	14 680	-	164 165	-	-	164 165
Average utilization rate	83%	77%	-	82%	-	-	82%
Average monthly rental rate	141	241	-	151	(2)	-	149
Average remote accommodations rooms on rent	-	1 376	4479	5 855	-	-	5 855
Average remote accommodations daily rate	-	69	74	72	2	-	74

Europe

Revenue:
Total revenue increased €30 million, or 18%, to €199 million for the three months ended September 30, 2018 from €169 million for the three months ended September 30, 2017. The revenue increase was driven by a €19 million, or 15%, increase in modular space leasing and services revenue associated with the full quarter impact of the Touax acquisition as well as higher units on rent and VAPS 360° volume throughout most of Europe. Additionally, new unit sales increased €5 million, or 10%, driven by the inclusion of the Touax acquisition as well as higher volumes in France, Germany, and the U.K.

Adjusted EBITDA:
Adjusted EBITDA increased €14 million, or 26%, to €64 million for the three months ended September 30, 2018 from €51 million for the three months ended September 30, 2017. The increase was primarily driven by higher modular space unit on rent and VAPS 360° volume associated with the Touax acquisition as well as increased new unit sales volume in France, Germany, and the U.K. The increase was partially offset by a €3 million increase in SG&A expenses primarily attributable also to the Touax integration and sales and pricing projects.

Capital expenditures:
Capital expenditures decreased €2 million, or 6%, to €36 million for the three months ended September 30, 2018 from €34 million for the three months ended September 30, 2017, primarily driven by decreased new fleet investment and fleet refurbishment in the U.K., France, and Germany.

Asia Pacific

Revenue:
Total revenue increased €2 million, or 5%, to €53 million for the three months ended September 30, 2018 from €51 million for the three months ended September 30, 2017. The increase was primarily due to increases in Australia and China driven by higher remote accommodations revenue from both rooms on rent and average daily rates associated with increased commodities sector demand, partially offset by a decrease in New Zealand.

Adjusted EBITDA:
Adjusted EBITDA increased €5 million, or 99%, to €9 million for the three months ended September 30, 2018 from €4 million for the three months ended September 30, 2017. The increase was primarily the result of improvements in average daily rates in Australia and China as compared to negative margins attributable to a few large projects in the three months ended September 30, 2017.

Capital expenditures:
Capital expenditures decreased €2 million, or 50%, to €2 million for the three months ended September 30, 2018 from €4 million for the three months ended September 30, 2017.

North America

Revenue:
Total revenue increased €20 million, or 60%, to €52 million for the three months ended September 30, 2018 from €32 million for the three months ended September 30, 2017. The increase in remote accommodations revenue was driven by the Iron Horse acquisition as well as by the expansion of several camps in the Permian Basin to meet increased demand from the oil and gas sector.

Adjusted EBITDA:
Adjusted EBITDA increased €11 million, or 78%, to €25 million for the three months ended September 30, 2018 from €14 million for the three months ended September 30, 2017. This increase was driven

by increased volumes associated with Iron Horse and the other camp expansions, as well as by improved margins. This increase was partially offset by higher SG&A expenses associated with the increased activity.

Capital expenditures:

Capital expenditures increased €15 million to €17 million for the three months ended September 30, 2018 from €2 million for the three months ended September 30, 2017. This increase was driven by additional remote accommodations spending for various camp expansions in the Permian Basin in order to meet renewed oil and gas sector demand.

Corporate Adjustments and Eliminations

Adjusted EBITDA:

Corporate reflects the costs for the former corporate headquarters, which is in the process of shutting down, and the new corporate headquarters in Europe. Total corporate adjustments and eliminations to consolidated Adjusted EBITDA increased €1 million, to €7 million for the three months ended September 30, 2018 from €6 million for the three months ended September 30, 2017. The increase was attributable to higher SG&A expenses related to the build-up of the Europe corporate infrastructure and the costs of refinancing that were expensed.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

	Reportable Business Segments				**Currency Translation Adjustments**	**Corporate, Adjustments and Eliminations**	**Consolidated**
	Europe	**APAC**	**North America**	**Total**			
	(€ million, except number of units and rooms, percentages and rental rates)						
Nine Months Ended September 30, 2018							
Leasing and services revenue:	418	103	122	643	-	-	643
Modular space leasing	327	44	-	371	-	-	371
Modular space delivery and installation	92	31	-	120	-	-	120
Remote accommodations	-	28	122	150			150
Sales:							
New unit sales	115	55	-	171	-	-	171
Rental units sales	10	2	-	12	-	-	12
Revenue	544	160	122	826			826
Adjusted EBITDA	154	24	60	238	-	(21)	217
Capital expenditures	78	11	52	141	-	2	143
Nine Months Ended September 30, 2017							
Leasing and services revenue:	355	94	79	528	15	-	543
Modular space leasing	269	40	-	309	5	-	314
Modular space delivery and installation	86	31	-	117	3	-	120
Remote accommodations	-	23	79	102	7	-	109
Sales:							
New unit sales	87	62	-	149	5	-	154
Rental units sales	5	2	1	9	-	-	9
Revenue	446	159	80	685	23	-	708
Adjusted EBITDA	134	10	36	180	(8)	(17)	155
Capital expenditures	92	11	6	109	-	3	112

Europe

Revenue:
Total revenue increased €98 million, or 22%, to €544 million for the nine months ended September 30, 2018 from €446 million for the nine months ended September 30, 2017. The revenue increase was driven by a €64 million, or 18%, increase in modular space leasing and services revenue associated with the nine months impact of the Touax acquisition as well as higher units on rent and VAPS 360° volume throughout most of Europe. Additionally, new unit sales increased €28 million, or 33%, driven by the inclusion of the Touax acquisition as well as higher volumes in France, Germany, and the U.K.

Adjusted EBITDA:
Adjusted EBITDA increased €20 million, or 15%, to €154 million for the nine months ended September 30, 2018 from €134 million for the nine months ended September 30, 2017. The increase was primarily driven by higher modular space units on rent and VAPS 360° volume, due to the Touax acquisition as well as increased new unit sales volume in France, Germany and the U.K. The increase was partially offset by SG&A expenses, the Touax integration and one-off sales and pricing projects.

Capital expenditures:
Capital expenditures decreased €14 million, or 15%, to €78 million for the nine months ended September 30, 2018 from €92 million for the nine months ended September 30, 2017. That decrease was primarily attributable to Europe €14 million where less growth capital expenditures was spent following the Touax Acquisition. The Group allocated a higher proportion of growth capex to North America.

Asia Pacific

Revenue:
Total revenue increased €1 million, or 1%, to €160 million for the nine months ended September 30, 2018 from €159 million for the nine months ended September 30, 2017.

Adjusted EBITDA:
Adjusted EBITDA increased €14 million, or 140%, to €24 million for the nine months ended September 30, 2018 from €10 million for the nine months ended September 30, 2017. The increase was primarily attributable to higher margins in the sales business and the recovery of modular rental rates and units on rent.

Capital expenditures:
Capital expenditures were flat at €11 million, for the nine months ended September 30, 2018 and 2017.

North America

Revenue:
Total revenue increased €42 million, or 53%, to €122 million for the nine months ended September 30, 2018 from €80 million for the nine months ended September 30, 2017. The revenue increase was primarily attributable to an increase in camps associated with the Iron Horse Acquisition, as well as additional rooms on rent and higher average daily rates as a result of the oil and gas sector demand in the Permian Basin.

Adjusted EBITDA:
Adjusted EBITDA increased €24 million, or 67%, to €60 million for the nine months ended September 30, 2018 from €36 million for the nine months ended September 30, 2017. The increase was primarily

attributable to the accretive earnings of from the Iron Horse camps as well as increased profitability as a result of higher average daily rates driven by oil and gas sector demand.

Capital expenditures:
Capital expenditures increased €46 million to €52 million for the nine months ended September 30, 2018 from €6 million for the nine months ended September 30, 2017. That increase was primarily attributable to a new camp, Skillman Lodge, and the expansion of existing camps, including in the Texas Permian Basin to meet increased oil and gas sector demand.

Corporate Adjustments and Eliminations

Adjusted EBITDA:
Corporate reflects the costs for the former corporate headquarters, which is in the process of shutting down, and the new corporate headquarters in Europe. Total corporate adjustments and eliminations to consolidated Adjusted EBITDA increased €4 million, to €21 million for the nine months ended September 30, 2018 from €17 million for the nine months ended September 30, 2017. The increase was attributable to higher SG&A expenses related to the build-up of the Europe corporate infrastructure and the costs of refinancing that were expensed.

Liquidity and Capital Resources

The following summarizes our cash flows for the three months ended September 30, 2018 and 2017 on an actual currency basis (in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2018		2017		2018		2017	
Cash flow from operating activities	€	4 944	€	57 376	€	(13 646)	€	74 170
Cash flow from investing activities	€	(55 644)	€	(54 491)	€	(153 625)	€	(152 890)
Cash flow from financing activities	€	9 193	€	14 112	€	94 045	€	70 694

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations, borrowings under our New ABL Revolver, and other financing arrangements. As of September 30, 2018 we had total outstanding debt, excluding deferred financing fees, of €1,713 million of which €134 million matures at varying dates through September 2019.

On February 15, 2018, we completed the Refinancing. Following the Refinancing, our principal sources of liquidity are existing cash and cash equivalents, cash generated from operations, borrowings under our New ABL Revolver and financing arrangements from other providers. The total availability under our New ABL Revolver is $400 million (€346 million) of which $181 million (€152 million) is currently drawn. The amount available for borrowing under the New ABL Revolver is based on a defined formula of available assets, principally tangible assets, calculated monthly (the "borrowing base").

Cash Flow from Operating Activities
Cash flow from operating activities for the three months ended September 30, 2018 was €5 million as compared to €57 million for the three months ended September 30, 2017. The inflow for the three months ended September 30, 2018 is the net of a €67 million inflow from operations and an outflow of €62 million from changes in operating assets and liabilities.

Cash Flow used in Investing Activities

Cash used in investing activities for the three months ended September 30, 2018 totaled €56 million compared to cash used in investing activities of €54 million for the three months ended September 30, 2017, an increase of €2 million. This is due to lower purchases of rental equipment and property, plant and equipment offset by lower receipts from the sales of rental equipment.

Cash Flow from/used in Financing Activities

Cash received from financing activities for the three months ended September 30, 2018 totaled €9 million as compared to cash received of €14 million for the three months ended September 30, 2017. The cash received in the three months ended September 30, 2018 was from drawings on the New ABL Revolver, factoring agreements and the arrangements with related parties.

Contractual Obligations

The following table presents information relating to our contractual obligations and commercial commitments as of September 30, 2018 (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)	€ 2,136,296	€ 110,659	€ 2,025,637	€ -
Capital lease obligations	117,805	101,838	8,405	7,562
Operating lease obligations	130,169	33,020	78,657	18,492
	€ 2,384,270	€ 245,517	€ 2,112,699	€ 26,054

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

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.

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.

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: euro/US dollar, euro/British pound sterling, euro/Australian dollar, US dollar/British pound sterling, and US dollar/Australian dollar. We have agreements with certain subsidiaries for repayment of a portion of the investments and advances made to these subsidiaries. We recognize the unrealized gains and losses, including those associated with investments and advances made to our subsidiaries, in foreign currency transaction gain (loss) on the consolidated statements of comprehensive income. We are also exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of our subsidiaries.

Both the proceeds from the offering of, and the liabilities incurred under, the New Senior Notes and the New Senior Secured Notes are denominated in US dollar. We obtained three-year cross currency swaps for the dollar-denominated New Notes into euro, which will swap into euro the coupon and principal amount of 100% of the New Senior Notes and the principal and coupon on $230 million of the dollar-denominated 8% New Senior Secured Notes and the coupon on $290 million of dollar-denominated 8% New Senior Secured Notes. Giving effect to the swaps, the weighted average interest rates for the New Senior Secured Notes and New Senior Notes are respectively 6.64% and 7.74% per annum.

Interest Rate Risk

Borrowings under our New ABL Revolver and the new Senior Secured Floating Rate Notes due in 2023 is 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. As described above, we entered into certain derivative agreements on or about the Issue Date. Such agreements will effectively convert all or a portion of the US dollar denominated interest expense accruing on the Notes into euro-denominated interest at rates below the nominal coupon.

Material differences between the consolidated financial statements of Algeco Investment B.V and Alegeco Global S.à r.l.

Following the Refinancing and pursuant to the terms of the indentures governing the New Notes (the "Indentures"), DutchCo is required to report certain financial and other information. As accepted by Section 4.02(i) of the Indentures, DutchCo has provided financial statements of a parent entity instead, being Algeco Global S.à.r.l. Detailed below is a description of material differences between the consolidated financial statements of DutchCo and Algeco Global S.à.r.l;

Specific condensed consolidated financial information for the nine months ended September 30, 2018 (in millions)

	DutchCo and subsidiaries	Algeco Investments 1 Sarl and subsidiaries not in DutchCo	Eliminations/ others	Total Algeco Global Sarl
Currency gains, net	€ 2	€ -	€ 21	€ 22
Interest expense, net	€ (101)	€ -	€ (1)	€ (102)
Net income (loss)	€ 27	€ -	€ 20	€ 46
Total assets	€ 1,972	€ 839	€ (839)	€ 1,972
Total liabilities	€ 2,178	€ -	€ -	€ 2,178
Total equity	€ (211)	€ 839	€ (839)	€ (211)

The difference in the currency movements mainly arose pursuant to intragroup agreements during the period from January 1, 2018 to February 15, 2018. These intragroup agreements, including a €15 million difference as of February 15, 2018, were terminated and contributed by Algeco Global S.à.r.l to DutchCo with effect as of February 15, 2018. As a result, going forward, they do not cause a difference in total equity between the two groups. The difference in total assets relates to the carrying value of investments and is eliminated on consolidation. There are no subsidiaries of DutchCo that are not consolidated in Algeco Global S.à.r.l.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Algeco Global S.à r.l.
Three and Nine Months Ended September 30, 2018 and 2017

Algeco Global S.à r.l.

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Algeco Global S.à r.l.

Condensed Consolidated Statements of Operations

(Euros in thousands)

	Note	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Revenues		*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Leasing and services revenue:					
Modular space leasing		€ 127,123	€ 108,261	€ 370,646	€ 314,319
Modular space delivery and installation		45,311	43,993	122,300	120,547
Remote accommodations		61,738	39,761	150,064	109,756
Sales:					
New units		62,591	60,478	170,879	155,084
Rental units		7,661	2,989	11,965	8,728
Total revenues	*6*	304,424	255,482	825,854	708,434
Costs					
Cost of leasing and services:					
Modular space leasing		28,736	27,295	87,701	79,095
Modular space delivery and installation		39,475	39,707	110,542	108,063
Remote accommodations		30,049	20,264	70,424	54,608
Cost of sales:					
New units		50,005	49,404	139,519	133,842
Rental units		3,232	2,177	5,903	5,439
Depreciation of rental equipment		33,221	25,470	92,553	80,363
Gross profit		119,706	91,165	319,212	247,024
Expenses					
Selling, general and administrative expenses		62,290	59,245	194,278	172,292
Other depreciation and amortization		3,084	4,550	12,693	14,122
Restructuring costs		371	1,598	9,995	3,250
Currency losses (gains), net		2,034	(30,724)	(22,432)	(109,848)
Other (income) expense, net		3,211	976	2,867	(586)
Operating profit		48,716	55,520	121,811	167,794
Interest expense, net		27,852	38,372	101,838	124,970
Gain on extinguishment of debt	5	—	—	(37,561)	—
Income before income tax		20,864	17,148	57,534	42,824
Income tax expense	7	6,316	(248)	11,051	913
Net income from continuing operations		14,548	17,396	46,483	41,911
Net income from discontinued operations		—	573	—	6,578
Net income		14,548	17,969	46,483	48,489
Less: Net income attributable to noncontrolling interest		10,210	113	24,867	368
Net income attributable to Algeco Global S.à r.l.		€ 4,338	€ 17,856	€ 21,616	€ 48,121

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Net income	14,548	17,969	46,483	48,489
Other comprehensive loss, net of tax				
Foreign currency translation	(3,100)	(21,676)	(10,454)	(68,230)
Change in unrealized losses on cash flow hedges	(1,546)	—	(7,416)	—
Other comprehensive loss, net of tax	(4,646)	(21,676)	(17,870)	(68,230)
Comprehensive income / (loss)	9,902	(3,707)	28,613	(19,741)
Less: Comprehensive income attributable to noncontrolling interest	10,044	113	24,754	368
Comprehensive income / (loss) attributable to Algeco Global S.à r.l.	€ (142)	€ (3,820)	€ 3,859	€ (20,109)

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

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

	Note	September 30, 2018 *(Unaudited)*	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		€ 42,643	€ 117,530
Trade receivables and contract assets, net of allowances for doubtful accounts of €21,900 and €20,314 respectively		265,021	212,123
Inventories	*3*	51,011	38,707
Prepaid expenses and other current assets		35,822	29,250
Total current assets		394,497	397,610
Rental equipment, net	*4*	1,002,389	975,849
Other property, plant and equipment, net		88,733	90,017
Goodwill		259,943	262,623
Other intangible assets, net		144,136	150,391
Deferred tax assets		21,862	3,043
Other non-current assets		54,736	16,916
Total assets		€ 1,966,296	€ 1,896,449
Liabilities			
Current liabilities			
Accounts payable		€ 136,971	€ 128,288
Accrued liabilities		106,087	112,924
Accrued interest		14,883	36,756
Deferred revenue and customer deposits		74,836	67,886
Current portion of long-term debt	*5*	134,436	103,717
Total current liabilities		467,213	449,571
Long-term debt	*5*	1,578,778	1,886,648
Deferred tax liabilities		69,020	74,416
Deferred revenue and customer deposits		23,133	32,461
Other non-current liabilities		39,728	38,162
Total liabilities		2,177,872	2,481,258
Redeemable non-controlling interests		5,272	4,596
Shareholders' Deficit			
Common stock: €1.00 par, 182,313,965 shares issued and outstanding		614,613	614,613
Additional paid-in capital		1,739,190	1,739,190
Noncontrolling interest - preferred shares of subsidiary		350,703	—
Accumulated other comprehensive income		88,706	106,576
Accumulated deficit		(3,010,060)	(3,049,784)
Total shareholders' deficit		(216,848)	(589,405)
Total liabilities and shareholders' deficit		€ 1,966,296	€ 1,896,449

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

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

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Operating activities				
Net (loss) / income	€ 14,548	€ 17,969	€ 46,483	€ 48,489
Adjustments for non-cash items:				
Depreciation and amortization	36,305	47,838	105,246	147,496
Provision for doubtful accounts	566	1,671	1,318	5,035
Loss (gain) on sale of rental equipment and other property, plant and equipment	(976)	(3,286)	4,507	(13,758)
Amortization and write off of deferred debt gain	—	(11,724)	(55,174)	(36,728)
Amortization of deferred financing fees	3,465	4,585	12,933	13,728
Income tax expense	6,316	(3,743)	11,051	(4,560)
Unrealized losses / (gains) on derivatives and foreign currency	6,885	(34,670)	(26,417)	(122,790)
Changes in operating assets and liabilities:				
Trade receivables	(28,210)	(40,376)	(40,400)	(45,437)
Inventories	(473)	474	(11,696)	(8,420)
Prepaid expenses and other assets	(6,127)	2,968	(6,559)	(4,738)
Accrued interest	(30,231)	44,668	(25,347)	49,033
Accounts payable and other accrued liabilities	9,730	25,520	(21,538)	38,521
Deferred revenue and customer deposits	(6,854)	5,482	(8,053)	8,299
Cash flows from operating activities	4,944	57,376	(13,646)	74,170
Investing activities				
Proceeds from sale of rental equipment	557	8,685	2,176	24,295
Purchase of rental equipment	(51,863)	(60,978)	(132,037)	(173,550)
Proceeds from the sale of property, plant and equipment	531	28	899	5,489
Purchase of property, plant and equipment	(4,869)	(2,226)	(6,538)	(9,124)
Expenses paid on behalf of affiliates	—	—	(18,125)	—
Net cash flows from investing activities	(55,644)	(54,491)	(153,625)	(152,890)
Financing activities				
Receipts from borrowings	213,587	460,890	2,145,444	988,150
Receipts from related party borrowings	12,162	—	27,162	88,006
Payment of financing costs	—	(1,287)	(71,873)	(12,460)
Repayment of borrowings	(214,614)	(443,667)	(2,320,615)	(921,904)
Repayment of related party borrowings	(1,566)	(433)	(2,430)	(68,544)
Principal payments on capital lease obligations	(376)	(934)	(10,268)	(3,416)
Shares issuance/capital contribution in subsidiaries	—	(457)	326,625	862
Net cash flows from financing activities	9,193	14,112	94,045	70,694
Effect of exchange rate changes on cash and cash equivalents	(8)	887	251	(3,130)
Net change in cash and cash equivalents	(41,515)	17,884	(72,975)	(11,156)
Cash and cash equivalents at beginning of period	84,158	37,489	115,618	66,529
Cash and cash equivalents at end of the period	€ 42,643	€ 55,373	€ 42,643	€ 55,373
Cash and cash equivalent	*42,643*	*55,373*	*42,643*	*55,373*
Bank overdrafts	—	—	—	—
Supplemental cash flow information:				
Interest paid	€ 43,840	€ 14,073	€ 116,456	€ 129,897
Income taxes paid, net of refunds received	€ 5,181	€ 1,165	€ 18,013	€ 2,664

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 Global S.à r.l. (the "Company"), formerly Algeco Scotsman Global S.à r.l, is a limited liability company (société à responsabilité limitée) incorporated under the laws of Luxembourg. The Company, through its operating subsidiaries, engages in the leasing and sale of mobile offices, modular buildings and storage products and their delivery and installation throughout Europe and Asia Pacific and through November of 2017 in North America. The Company also provides full-service remote workforce accommodation solutions in North America and Asia Pacific.

The Company carries out its business activities principally under the names, Algeco in Europe, Elliott in the United Kingdom ("UK"), Ausco in Australia, Portacom in New Zealand, Target Logistics for the remote accommodations business in the United States ("US") and Algeco Chengdong in China. The Company is principally owned by Algeco 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").

On November 29, 2017, the Company sold its North American modular business, which has impacted the disclosure and presentation of the operating results of the Company as further discussed in Note 2.

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

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

The results of operations for the three and nine month period ended September 30, 2018 are not necessarily indicative of the operating results that may be expected for the full fiscal year ending December 31, 2018 or any future period.

These consolidated financial statements should be read in conjunction with the Company's December 31, 2017 audited consolidated financial statements and accompanying notes thereto.

Change in reporting currency to euro
Following the divestiture of Williams Scotsman International Inc. the majority of revenues are earned in euros and, subsequent to the refinancing, funding is principally in euros. Therefore, as of September

30, 2018 the results have been presented in euros. Comparatives for the Consolidated Balance Sheet have been retranslated at $1:€0.8330 with the exception of equity which has been translated at historic rates. Income statement comparatives have been reported at $1:€0.8994 for the nine months ended September 30, 2017 and $1:€0.8520 for the three months ended September 30, 2017.

Noncontrolling interest - preferred shares of subsidiary

In connection with the February 2018 Refinancing, Algeco Investments 1 S.à r.l., a subsidiary company, issued redeemable preference shares (the "Preferred Equity") for aggregate net cash proceeds of €327 million to certain third party investors.

Algeco Global S.à r.l., Algeco Investments 1 S.à r.l. and certain third-party investors are party to an investment agreement in respect of the Preferred Equity. The investment agreement, among other things, (i) provides for a waiver of the voting rights of the holders of the Preferred Equity subject to certain exceptions, (ii) restricts the transfer of shares which are subject to the agreement, (iii) includes the ability of A/S Global to compel the parties to sell their shares in a change-of-control transaction or participate in a recapitalization of Algeco Investments 1 S.à r.l., (iv) gives the parties the right to subscribe for their pro rata share of proposed future issuances of equity securities by Algeco Investments 1 S.à r.l. or its subsidiaries to the sponsors or their affiliates, (v) includes a requirement for the parties to take certain actions to facilitate public equity offerings, (vi) includes restrictions on the activities of A/S Global and Algeco Investments 1 S.à r.l. and its subsidiaries, (vii) includes an anti-layering covenant, (viii) provides a right for the holders of the Preferred Equity to appoint a single director to the board of directors of Algeco Investments 1 S.à r.l. and (ix) includes a put right, exercisable in certain circumstances, for the holders of the Preferred Equity to require Algeco Investments 1 S.à r.l. to redeem (or, in certain circumstances A/S Global to acquire or fund Algeco Investments 1 S.à r.l. so that it can redeem) the Preferred Equity. The investment agreement also includes certain incurrence covenants similar to those that govern the Notes (see note 5).

The preferred equity is held as a non-controlling interest, preferred shares of subsidiary, within the shareholders' deficit on the Balance sheet and the dividends accruing are disclosed as income attributable to non-controlling interest in the consolidated statement of operations.

Recently issued accounting standards

On January 1, 2018, the Company adopted the accounting pronouncement issued by the Financial Accounting Standards Board ("FASB") ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) to clarify existing guidance on revenue recognition. This guidance includes the required steps to achieve the core principle that a company should recognize 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. The Company adopted this pronouncement on a modified retrospective basis. As a result of the adoption of this standard, certain changes have been made to the consolidated balance sheets. These adjustments were not material to our consolidated balance sheets and statements of operations either individually or in aggregate for the nine months ended September 30, 2018, therefore no further disclosure has been provided.

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

In October 2016, the FASB issued ASU 2016-16 Income Taxes (Topic 740), Intra-Entity Transfers of Assets Other than Inventory. ASU 2016-16 which requires an entity to recognize the income tax consequences of intra-entity sale or transfers of assets, other than inventory, at the time of transfer. The new standard requires companies to recognize the income tax effects of intercompany sales or transfers of assets, other than inventory, in the income statement as income tax expense (or benefit) in the period the sale or transfer occurs. The guidance is effective after December 15, 2018 and early adoption is permitted. The Company adopted the guidance on January 1, 2018 using the required modified retrospective method and recorded net deferred tax assets of €17m million and an increase to retained earnings.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities. ASU 2017-12 will make more financial and nonfinancial hedging strategies eligible for hedge accounting. It also amends the presentation and disclosure requirements and changes how companies assess hedge effectiveness. It is intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. ASU 2017-12 will be effective in fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of the pronouncement on its consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, Income Statement-Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, to address a specific consequence of the Tax Act by allowing a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act's reduction of the US federal corporate income tax rate. The ASU is effective for all entities for fiscal years beginning after December 15, 2018, with early adoption permitted, and is to be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the US federal corporate income tax rate in the Tax Act is recognized. The Company is currently evaluating the impact of the pronouncement on its consolidated financial statements.

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

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

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

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

2. Acquisitions and Divestitures

Acquisition of Touax Solutions Modulaires

On December 8, 2017, a subsidiary of the Company purchased 100% of the share capital of Touax Solutions Modulaires SAS ("Touax") for an aggregate purchase price of €161.9 million. The main activities of Touax are the manufacturing, leasing and sale of modular buildings as well as the provision of related services. The purchase of Touax was accounted for as business combination and the assets acquired and liabilities assumed were recorded at fair value. Touax significantly increases the rental fleet of the Company's European business. The following table summarizes the fair value, as determined by the preliminary purchase accounting, of the assets acquired and liabilities assumed at the acquisition date:

Cash	€	2,249
Other current assets		30,740
Property, plant and equipment, net		142,974
Other long term assets		17,484
Intangible assets, net		12,322
Total assets		205,769
Long-term debt		(3,609)
Current liabilities		(34,318)
Long-term liabilities		(26,034)
Net assets acquired	€	141,808

The Company recorded the excess of the €161.9 million cash paid to purchase Touax over the carrying amount of the net assets acquired as goodwill, amounting to €25.8 million.

The preliminary purchase price allocation resulted in the recognition of €25.8 million of goodwill, none of which is expected to be deductible for tax purposes by Touax. The goodwill recognized is attributable to expected revenue synergies generated by the cross hire by Algeco of Touax rental units, and costs synergies resulting from the consolidation or elimination of certain functions. The purchase price agreement has certain adjustment mechanisms that have not yet been concluded.

Acquisition of Iron Horse Ranch

On July 31, 2017, an affiliate of TDR acquired substantially all the assets, and assumed certain liabilities, of Iron Horse Managing Services, LLC and Iron Horse Ranch Yorktown, LLC (together, “Iron Horse”). Iron Horse is a remote accommodations provider with four lodges with approximately 1,000 rooms in strategic locations across Texas. The TDR affiliate accounted for the acquisition as a business combination and recorded the assets acquired and liabilities assumed at fair value, on a preliminary basis. Concurrently with the acquisition, the TDR affiliate entered into certain agreements with Target Logistics, pursuant to which Target Logistics leased the Iron Horse properties and provided certain support services to the TDR affiliate and was responsible for the management, operation and oversight of the Iron Horse. The Company charged the TDR affiliate a management fee of $0.5 million (€0.4 million) and incurred rent expense of $3.3 million (€2.9 million) related to these agreements, through December 8, 2017. On December 15, 2017, Target Logistics purchased 100% of the Membership Interests of the TDR affiliate for an aggregate purchase price of $37.1 million (€30.9 million). Iron Horse expands the Company’s presence in the Texas Permian Basin. Target Logistics and the TDR affiliate are under the control of TDR; TDR is their ultimate parent. As a result of the presence of common control, the Company recorded the net assets acquired from the TDR affiliate at their carrying amount as recorded in the accounts of the TDR affiliate on the date of the purchase of membership interests being December 15, 2017. The following table summarizes the carrying amount of the assets acquired and liabilities assumed at the acquisition date:

Cash	€	513
Other assets		31
Property, plant and equipment, net		12,262
Intangible assets, net		11,623
Total assets		24,429
Other liabilities		(313)
Net assets acquired	€	24,116

The Company recorded the excess of the €30.9 million cash paid to purchase the Iron Horse over the carrying amount of the net assets acquired less a dividend, amounting to $0.2 (€0.2) million, of €6.7 million as goodwill.

Intangible assets related to customer relationships were recognized and represent the aggregate value of those relationships from existing contracts and future operations on a look-thorough basis, considering the end customers of Iron Horse. The goodwill recognized is attributable to expected revenue synergies generated by the expansion of territory of workforce housing, and costs synergies resulting from the consolidation or elimination of certain functions.

The Company has included the results of operations of Iron Horse from the date of acquisition by the TDR affiliate as common control existed as of the business combination date. The effects of intra-entity transactions on current assets, current liabilities, revenue and expenses have been eliminated.

Divestiture of Williams Scotsman International, Inc.

On November 29, 2017, the Company completed the sale of its North American modular space and portable storage operations to Williams Scotsman Holdings Corp. (“Holdco”), a recently-formed subsidiary of WillScot Corporation (formerly Double Eagle Acquisition Corp)., a publicly traded special purpose acquisition company (“DEAC”).

The sale was effected through the sale of all of the outstanding shares of Williams Scotsman International, Inc. (together with its subsidiaries, “Williams Scotsman”) to Holdco. Subsequent to the sale, Williams Scotsman operates independently of the Company.

The Company received aggregate consideration of $1.1 billion (€0.9 billion), of which $1,021.5 million (€828.8 million) was paid in cash (the "Cash Consideration") to the Company or used to repay certain indebtedness of the Company (as described in more detail below) and the remaining $78.5 million (€63.7 million) was paid in the form of a 10% common equity interest in Holdco (the "Stock Consideration" and together with the Cash Consideration, the "Purchase Consideration"). On December 6, 2017, the Company exercised a put option pursuant to which TDR purchased all of the Stock Consideration for $78.5 million (€63.7 million).

The Company used $632 million (€513 million) of the Cash Consideration to repay certain amounts outstanding under the US revolving facility established pursuant to the prior ABL Revolver and $37 million (€30 million) of the Cash Consideration to repay in full all amounts outstanding under the Canadian revolving credit facility established pursuant to the prior ABL Revolver.

The Company classified the results of the Williams Scotsman business as discontinued operations in the consolidated financial statements in accordance with ASC Subtopic 205-20 Financial Statement Presentation – Discontinued Operations, as the divestiture of the business represented a strategic shift that had a major effect on it operations and financial results.

The operating results of WSII that have been reflected within net earnings from discontinued operations for the three and nine months ended September 30, 2017 are as follows:

	Three months ended September 30, 2017	Nine months ended September 30, 2017
Total revenues	€ 99,175	€ 293,289
Total costs	63,808	185,978
Gross profit	35,367	107,311
Selling, general and administrative expense	24,242	76,321
Other depreciation and amortization	1,623	5,159
Currency gains, net	(3,634)	(11,484)
Other income, net	228	159
Operating income	12,908	37,156
Interest expense	12,148	28,427
Income before income tax	760	8,729
Income tax expense	187	2,152
Net income	€ 573	€ 6,578

Cash from operating and financing activates of discontinued operations is not significant. The significant cash flow items for the three and nine months ended September 30, 2017 are as follows:

	Three months ended September 30, 2017	Nine months ended September 30, 2017
Depreciation and amortization	€ 17,819	€ 53,010
Purchases of rental fleet	€ (21,732)	€ (68,184)

3. Inventories

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

	September 30, 2018	December 31, 2017
Raw materials and consumables	€ 25,667	€ 22,874
Work in progress	15,246	9,115
Finished goods	10,098	6,718
	€ 51,011	€ 38,707

4. Rental equipment, net

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

	September 30, 2018	December 31, 2017
Modular space fleet	€ 1,562,554	€ 1,525,157
Remote accommodations	424,103	365,689
	1,986,657	1,890,846
Less: accumulated depreciation	(984,268)	(914,997)
Rental equipment, net	€ 1,002,389	€ 975,849

5. Debt

The carrying value of debt outstanding at September 30, 2018 and December 31, 2017 consisted of the following:

Debt description	Interest rate	Year of maturity	September 30, 2018	December 31, 2017
Senior secured fixed rate notes - EUR	6,50%	2023	€ 582,191	€ -
Senior secured fixed rate notes - USD	8,00%	2023	436,685	-
Senior secured floating rate notes	varies	2023	145,539	-
Senior unsecured notes	10,00%	2023	254,793	-
Senior secured notes – USD	8,50%	2018	-	892,276
Senior secured notes – EUR	9,00%	2018	-	277,512
Senior unsecured notes – USD	10,75%	2019	-	547,970
ABL facility – GBP	varies	2023	86,540	96,286
ABL facility – AUD	varies	2023	51,420	65,136
ABL facility – USD	varies	2023	14,277	87
Other debt			34,252	22,597
Related party debt and financing obligations			93,388	67,038
Capital lease and other financing obligations			14,129	21,463
Total debt			1,713,214	1,990,365
Less: current maturities			(134,436)	(103,717)
Total long-term debt			€ 1,578,778	€ 1,886,648

Senior Secured Notes, Senior Unsecured Notes
On February 15, 2018, certain subsidiaries of the Company closed notes offerings (the "New Notes Offering") and issued €600,000,000 6 1/2% Senior Secured Fixed Rate Notes due 2023, $520,000,000 8% Senior Secured Fixed Rate Notes due 2023, €150,000,000 Senior Secured Floating Rate Notes due 2023 (together, the "New Senior Secured Notes"), and $305,000,000 10% Senior Notes due 2023 (the "New Senior Notes" and, together with the New Senior Secured Notes, the "New Notes").

Additionally, a subsidiary of the Company obtained three-year cross currency swaps for the dollar-denominated New Notes into euro, which swap into euro the coupon and principal amount of 100% of the New Senior Notes and $230 million of the dollar-denominated 8% New Senior Secured Notes and the coupon of $290 million of dollar-denominated 8% New Senior Secured Notes. Giving effect to the swaps, the weighted average interest rates for the New Senior Secured Notes and New Senior Notes are respectively 6.64% and 7.74% per annum.

The New Notes Offering formed part of a comprehensive refinancing of the Company's capital structure. The refinancing additionally included a new $400 million syndicated senior secured asset-based credit facility (the 'ABL Revolver'). The proceeds of the New Notes Offering and equity issuance were used to redeem the existing Senior Secured Notes and existing Senior Unsecured Notes, to refinance the ABL Revolver and to pay for certain costs, fees and expenses. The Company recognized a $46.2 million gain (€37.6 million gain) on extinguishment of debt as a result of a $69.3 million (€56.1 million) write off of deferred gains which were a result of debt that was refinanced in 2012 and 2009, offset by a $6.9 million (€5.6 million) write off of deferred financing costs and $16.2 million (€12.9 million) of pre-payment penalty on the prior Senior Unsecured Notes.

New ABL Revolver
Certain subsidiaries of the Company maintains a multicurrency asset-based revolving credit facility (the "New ABL Revolver"). Certain of the Company's subsidiaries in the US, the UK, Australia and New Zealand are borrowers (the "Borrowers"). As part of the Notes Offering and comprehensive refinancing, the ABL Revolver was refinanced to provide for a maximum availability of the equivalent of $400 million and a maturity date of February 15, 2023.

The amount which the subsidiaries of the Company can borrow is based on a defined formula of available assets, principally certain receivables, inventory and rental equipment calculated monthly (the "borrowing base") and is secured by a first lien on substantially all assets held by the Borrowers and any other obligors under the ABL Revolver located in the US, the UK, Australia and New Zealand. At September 30, 2018, available capacity under the ABL Revolver was $135.5 million (€117.1 million).

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. Subsequent to the February 15, 2018 refinancing, the margins vary based on the amount of average daily excess availability under the ABL Revolver with the margins increasing as the average daily excess availability decreases. The margin on base rate loans ranges from 1.5% to 2.0%. The margin on LIBOR, or similar, loans ranges from 2.5% to 3.0%. The ABL Revolver requires the payment of an annual commitment fee on the unused available borrowings of between 0.375% and 0.5% per annum.

The ABL Revolver includes certain financial covenants, requiring that the obligors under the ABL Revolver maintain a minimum fixed charge coverage ratio and a maximum total net leverage ratio, each calculated on a consolidated basis if, on the last day of the month immediately preceding fiscal quarter, excess availability was below a certain amount.

Subject to available borrowing capacity, the ABL Revolver includes an aggregate letter of credit sublimit of $60 million. Letters of credit and bank guarantees carry fees equal to the applicable margin and reduce the amount of available borrowings. At September 30, 2018, subsidiaries of the Company had issued letters of credit under the ABL Revolver in the amount of $13.8 million (€11.9 million).

On November 5, 2018, the ABL Revolver was amended to permit the sale of Target Lodging and consequently pay down and terminate the US facility. At the closing of the Target transaction, the ABL Revolver will provide a maximum availability equivalent of $255 million and be secured by a first lien on substantially all assets held by the Borrowers and any other obligors under the ABL Revolver located in the UK, Australia and New Zealand. Subject to available borrowing capacity, the ABL Revolver letter of credit sublimit will reduce to $40 millon. The maturity date, rates of interest, and financial covenant package remain in place as part of the amendment.

Other debt

At September 30, 2018 and December 31, 2017, other debt is mainly comprised of accounts receivable factoring agreements of €31 million and €18 million, respectively and third-party debt associated with the Company's subsidiaries that are not guarantors under the Senior Secured Notes and the Senior Unsecured Notes of €3 million and €5 million, respectively.

Related party debt and financing obligations

Certain subsidiaries of the Company in France and Germany have sale-leaseback agreements with affiliates of TDR, deemed to be variable interest entities, for certain rental fleet. As the Company does not control the decision-making for these affiliates of TDR, the Company has concluded it is not the primary beneficiary of these variable interest entities and, accordingly these affiliates are not consolidated in the financial statements. Under the terms of those sale-leaseback agreements, the TDR affiliates have the ability to require the Company to repurchase those fleet units two years after the commencement of the sale-leaseback program being June 2018, or any time thereafter. The date at which the TDR affiliates have the ability to require the Company to repurchase those fleet units has been extended to 31 December 2018. At September 30, 2018, the maximum availability to these subsidiaries under the sale-leaseback agreements was €100.0 million. Under the terms of the agreements, lease payments include interest at 12.5% per annum. The terms of the agreements, including the TDR affiliates' ability to require the Company to repurchase the fleet units, result in these transactions being accounted for as capital leases. At September 30, 2018 and December 31, 2017, related party debt and financing obligations totaled €93 million and €67 million, respectively.

Capital lease and other financing obligations

The Company's capital lease and financing obligations at September 30, 2018 primarily consisted of $6 million (€5 million) associated with an equipment financing arrangement.

The $6 million related to the equipment financing agreement is due in March 2019 and bears interest at 11.1%. Under this agreement, the Company transferred title and ownership of certain rental equipment, assigned a portion of future lease payments, and can repurchase the rental equipment for $1 in March 2019.

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

6. Revenue from Contracts with Customers

Accounting policies and judgements

Revenue recognition is aligned with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To achieve this core principle, the Group applies the following five steps:

(1) Identify the contract with a customer

A contract with a customer exists when: (a) the parties have approved the contract and are committed to perform their respective obligations, (b) the rights of the parties can be identified, (c) payment terms can be identified, (d) the arrangement has commercial substance, and (e) collectibility of consideration is probable.

Most contracts include components that are in the scope of the revenue standard and other components – mainly lease components – that are in the scope of other standards. The company first apply the separation or measurement guidance in other applicable standards (if any) and then apply the guidance in the revenue standard. The Company applies the guidance in the revenue standard to initially separate and/or measure the components of the contract only if another standard does not include separation or measurement guidance.

(2) Identify the performance obligations in the contract

At contract inception, the Company assesses the goods or services promised in a contract and identifies, as a separate performance obligation, each distinct promise to transfer goods or services to the customer. The identified performance obligations represent the "unit of account" for purposes of determining revenue recognition. In order to properly identify separate performance obligations, the Company applies judgment in determining whether each good or service provided is: (a) capable of being distinct, whereby the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and (b) distinct within the context of the contract, whereby the transfer of the good or service to the customer is separately identifiable from other promises in the contract.

Our contracts are often modified through change orders to account for changes in the scope and price of the goods or services we are providing. Although the Company evaluates each change order to determine whether such modification creates a separate performance obligation, most changes relate to lease components. Other potential significant modification include change orders which relate to goods or services that are not distinct within the context of our original contract and therefore are not treated as separate performance obligations.

(3) Determine the transaction price

The transaction price represents the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to our customers. The consideration promised within a contract may include fixed amounts, variable amounts, or both. To the extent the performance obligation includes variable consideration, including contract bonuses and penalties that can either increase or decrease the transaction price, the Company estimates the amount of variable consideration to be included in the transaction price.

Variable consideration is included in the transaction price only to the extent it is probable, in the Company's judgment, that a significant future reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Pending change orders and contract claims represent one of the most common forms of variable consideration included within contract value and typically represent contract modifications for which a change in scope has been authorized or acknowledged by our customer, but the final adjustment to contract price is yet to be negotiated. In estimating the transaction price for pending change orders, the Company considers all relevant facts, including documented correspondence with the customer regarding acknowledgment and/or agreement with the modification, as well as historical experience with the customer or similar contractual circumstances. Based upon this assessment, the Company estimates the transaction price, including whether the variable consideration constraint should be applied.

For some transactions - mostly lease sales - the receipt of consideration does not match the timing of the transfer of goods or services to the customer. For such contracts, the Company evaluates whether this timing difference represents a financing arrangement within the contract. Although our customers may retain a portion of the contract price until completion of the project and final contract settlement, these retainage amounts are not considered a significant financing component as the intent of the withheld amounts is to provide the customer with assurance that we will complete our obligations under the contract rather than to provide financing to the customer. In addition, although we may be entitled to advanced payments from our customers on certain contracts, these advanced payments generally do not represent a significant financing component as the payments are used to meet working capital demands that can be higher in the early stages of a contract, as well as to protect us from our customer failing to meet its obligations under the contract.

Changes in the estimates of transaction prices are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. Such changes in estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in prior periods. Such changes in estimates may also result in the reversal of previously recognized revenue if the ultimate outcome differs from the Company's previous estimate. For the years ended December 31, 2018, 2017 and 2016 there were no significant amounts of revenue recognized during the period related to performance obligations satisfied in prior periods. In addition, there were no significant reversals of revenue recognized associated with the revision to transaction prices.

(4) Allocate the transaction price to performance obligations in the contract

For contracts that contain multiple performance obligations, the Company allocates the transaction price to each performance obligation based on a relative standalone selling price. The Company determines the standalone selling price based on the price at which the performance obligation would have been sold separately in similar circumstances to similar customer. If the standalone selling price is not observable, the Company estimates the standalone selling price taking into account all available information such as expected profit margin on anticipated costs related to the performance obligation mainly, but also market conditions and internal pricing guidelines, and expected profit margin.

(5) Recognize revenue as performance obligations are satisfied

The Company recognizes revenue at the time the related performance obligation is satisfied by transferring a promised good or service to its customers. A good or service is considered to be transferred when the customer obtains control. The Company can transfer control of a good or service and satisfy its performance obligations either over time or at a point in time. The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time if one of the following three criteria are met: (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as we perform, (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or (c) the Company's performance does not create an asset with an alternative use to us, and we have an enforceable right to payment for performance completed to date.

For our performance obligations satisfied over time, we recognize revenue by measuring the progress toward complete satisfaction of that performance obligation. The selection of the method to measure progress towards completion can be either an input method or an output method and requires judgment based on the nature of the goods or services to be provided.

- Within the context of sale and lease contracts, for transportation and installation services, revenue is generally recognized over time as the customer simultaneously receives and consumes the benefits of our performance as we perform the service. Payment is due upon completion of these services.

- For our modular units sales contracts, as none of the above criteria for over-time revenue recognition are met, the Company recognizes revenue at a point in time when the customer obtains control of the asset, which includes a present right to payment, legal title, physical possession, risk and rewards of ownership and acceptance of the asset, which generally occurs upon delivery of the asset. Payment is due upon delivery of the assets.

- For our modular construction projects, revenue is generally recognized over time as our performance creates or enhances an asset that the customer controls and/or in some cases, creates a specific asset with no alternative use with an enforceable right to payment for performance completed to date. Our fixed price construction projects generally use a cost-to-cost input method to measure our progress towards complete satisfaction of the performance obligation as we believe it best depicts the transfer of control to the customer. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. For our offsite solutions contracts in the UK, progress towards complete satisfaction is measured through an output method such as the detailed project milestone grids defined with the customer, which the Company believes is a direct measurements of the value to the customer of the services transferred to date. The payment schedule is defined by the contract. The Groups generally receives milestone payments to cover costs incurred to date.

- With regard to our remote accommodation business, this activity has been determined to be a series of accommodation services for which the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. The revenue is recognized over time based on the number of nights of accommodation services delivered, which aligns closely to the Company's right to invoice the customer. Payment is generally due each month.

Disaggregation of Revenues

Our primary revenue streams are analyzed by geographical areas and by activities as follows:

Pure lease revenue: leasing our fleet of modular and portable storage units; (ii) leasing or selling value-added products and services ("VAPS 360°"), such as steps, ramps, furniture, fire extinguishers, air conditioning, wireless internet access points, damage waivers and extended warranties;

Modular Space Delivery and Installation: delivery and installation for our fleet, including transport, delivery, installation and removal services, which collectively comprise our core leasing and services businesses.

Remote accommodations: providing remote facility management solutions to customers working in remote environments through turnkey lodging, catering, transportation, security and logistical services;

New unit sales & Rental unit sales: The balance of our revenue is generated by our complementary unit sales businesses under which we sell both new and used modular space and portable storage units, which can include construction-type contracts primarily located in the UK.

The following tables provide further disaggregation of our revenues by categories we use to evaluate our financial performance within each of our reportable segments:

Three months ended September 30, 2018

Reportable Segments	Modular space leasing	Modular space delivery and installation	Remote accommo-dations	New unit sales	Rental unit sales	Total Revenue
Europe	€ 111,958	€ 34,097	€ 127	€ 45,469	€ 7,237	€ 198,888
Asia Pacific	15,165	11,214	9,519	17,122	424	53,444
North America	—	—	52,092	—	—	52,092
Total Algeco	€ 127,123	€ 45,311	€ 61,738	€ 62,591	€ 7,661	€ 304,424

Three months ended September 30, 2017

Reportable Segments	Modular space leasing	Modular space delivery and installation	Remote accommo-dations	New unit sales	Rental unit sales	Total Revenue
Europe	€ 93,665	€ 33,115	€ —	€ 40,752	€ 1,147	€ 168,679
Asia Pacific	14,596	10,878	8,800	19,726	545	54,545
North America	—	—	30,961	—	1,297	32,258
Total Algeco	€ 108,261	€ 43,993	€ 39,761	€ 60,478	€ 2,989	€ 255,482

Nine months ended September 30, 2018

Reportable Segments	Modular space leasing	Modular space delivery and installation	Remote accommo-dations	New unit sales	Rental unit sales	Total Revenue
Europe	€ 326,775	€ 91,525	€ 786	€ 115,382	€ 10,402	€ 544,870
Asia Pacific	43,871	30,775	28,450	55,497	1,563	160,156
North America	—	—	120,828	—	—	120,828
Total Algeco	€ 370,646	€ 122,300	€ 150,064	€ 170,879	€ 11,965	€ 825,854

Nine months ended September 30, 2017

Reportable Segments	Modular space leasing	Modular space delivery and installation	Remote accommo-dations	New unit sales	Rental unit sales	Total Revenue
Europe	€ 270,674	€ 86,786	—	€ 87,777	€ 5,012	€ 450,249
Asia Pacific	43,645	33,761	25,159	67,307	2,347	172,219
North America	—	—	84,597	—	1,369	85,966
Total Algeco	€ 314,319	€ 120,547	€ 109,756	€ 155,084	€ 8,728	€ 708,434

For the three and nine months ended September 30, 2018, total revenue from contracts with customers, excluding lease revenue, totaled €164,344 and €416,336, respectively. For the three and nine months ended September 30, 2017, total revenue from contracts with customers, excluding lease revenue, totaled €134,547 and €356,093, respectively. Lease revenue is recorded in modular space leasing revenue and remote accommodations revenue.

Contract Assets and Contract Liabilities

Accounts receivable are recognized in the period when the right to consideration is unconditional and net of an allowance for doubtful accounts. Judgment is required in assessing the likelihood of realization of receivables.

The timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets include unbilled amounts notably from our modular constructions projects when revenue recognized under the cost-to-cost measure of progress exceed the amounts invoiced to our customers, as the amounts cannot be billed under the terms of our contracts. Such amounts are recoverable from our customers based upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of a contract.

Contract assets do not include capitalized costs to obtain and fulfill a contract. Contract assets are generally classified as current within the consolidated balance sheets.

Contract liabilities includes advanced payments from customers on certain contracts. Contract liabilities decrease as the Company recognizes revenue from the satisfaction of the related performance obligation and are recorded as either current or long-term, depending upon when the Company expects to recognize such revenue. The long-term portion of contract liabilities is included in deferred revenue and customer deposits in the consolidated balance sheets.

Net contract liabilities consisted of the following:

	September 30, 2018		December 31, 2017	
Contract assets	€	32,069	€	28,271
Contract liabilities		(12,582)		(13,702)
Net contract assets	€	19,487	€	14,569

The €4,918 increase in net contract assets for the nine months ended September 30, 2018 is mainly due to the variation in the number of uncompleted modular construction projects. There was no significant impairment of contract assets during the period.

The revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period amounts to €11,402.

Transaction Price Allocated to Remaining Unsatisfied Performance Obligations

The following table presents the transaction price allocated to remaining unsatisfied performance obligations ("remaining performance obligations") for each of our reportable segments and their respective percentages of total remaining performance obligations:

	September 30, 2018		% of Total
Europe	€	40,957	59.43%
APAC		27,955	40.57%
North America		—	—
Total	€	68,912	100%

These remaining performance obligations are expected to be completed within one year after the balance sheet date. Remaining performance obligations increase with awards of new contracts and decrease as we perform work and recognize revenue on existing contracts. We include a project within our remaining performance obligations at such time the project is awarded and agreement on contract terms has been reached. Our remaining performance obligations include amounts related to contracts for which a fixed price contract value is not assigned when a reasonable estimate of total transaction price can be made.

The Company believes its reported remaining performance obligations are firm and contract cancellations have not had a material adverse effect.

7. Income taxes

Income tax expense was €11.1 million for the nine months ended September 30, 2018, compared to €0.9 million for the same period of 2017. The Company's tax expense was higher during the nine months ended September 30, 2018 as compared with the nine months ended September 30, 2017 as a result of increased profitability in tax paying jurisdictions and changes in the Company's discrete items as they relate to foreign currency gains, one-time items and the impact of non-deductible interest.

The Company accounts for income taxes in interim periods under ASC 740-270, Income Taxes – Interim Reporting, which generally requires us to apply an estimated annual consolidated effective tax rate to consolidated pre-tax income. This guidance also provides that certain items should be excluded from the estimated annual tax rate, and instead, the tax attributable to the item should be discretely recognized in the interim period in which they arise. In this regard, the Company records the tax effects of currency gains or losses from foreign exchange rate fluctuations discretely in the quarter in which they arise. The related tax expense recognized in the nine months ended September 30, 2018 was €1 million and in the nine months ended September 30, 2017 was nil. 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 resulting income tax expense is increased from that determined by applying the relevant local statutory income tax rates to jurisdiction profits due to non-deductible expenses and jurisdictions with a loss for which no tax benefit is recognized. It is decreased by the one-time utilization of unrecognized tax attributes.

The Company accounts for uncertain tax positions pursuant to the recognition and measurement criteria under ASC 740. It is reasonably possible that approximately €1.5 million of unrecognized tax benefits will be recognized within the next twelve months.

In October 2016, the FASB issued ASU 2016-16 Income Taxes (Topic 740), Intra-Entity Transfers of Assets Other than Inventory. ASU 2016-16 which requires an entity to recognize the income tax consequences of intra-entity sale or transfers of assets, other than inventory, at the time of transfer. The new standard requires companies to recognize the income tax effects of intercompany sales or transfers of assets, other than inventory, in the income statement as income tax expense (or benefit) in the period the sale or transfer occurs. The guidance is effective after December 15, 2018 and early adoption is permitted. The Company adopted the guidance on January 1, 2018 using the required modified retrospective method and recorded net deferred tax assets of €17 million and an increase to retained earnings.

On December 22, 2017, the US government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Act"). The Act makes broad and complex changes to the US tax code effective January 1, 2018. At September 30, 2018 and December 31, 2017, we have not completed our accounting for the tax effects of enactment of Act. We made a reasonable estimate of the effects on our existing deferred tax balances and effective tax rate for the matters that are continuing to be evaluated. We have not yet completed our accounting for the income tax effects of the deductibility of transaction costs and assets that qualify for immediate deduction. We will continue to make and refine our calculations as additional analysis is completed. The Company expects to finalize its assessment during the one year measurement period as prescribed by the Staff Accounting Bulletin 118.

8. Derivative financial instruments

As part of February 2018 New Notes Offering, described in Note 5, the Company obtained several three-year cross currency swaps for the US dollar-denominated Senior Secured Fixed Rate Notes and the Senior Notes. These agreements swap into EUR the principal and coupon of the $305 million Senior Notes, $230 million of principal and coupon on the $520 million US dollar denominated 8% Senior Secured Fixed Rate Notes, and $290 million of coupon on the Senior Notes and US dollar denominated 8% Senior Secured Fixed Rate Notes.

Giving effect to the swaps, the weighted average interest rates for the Senior Secured Fixed Rate Notes and Senior Notes is 6.64% and 7.74% respectively. The company uses these derivatives to hedge its exposure to foreign currency risks.

9. Fair value measures

Fair value measures

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

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

- Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2 - Observable inputs, other than Level 1 inputs in active markets, that are observable either directly or indirectly; and
- Level 3 - Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions

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

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

	Carrying Amount	**Fair Value**		
September 30, 2018		**Level 1**	**Level 2**	**Level 3**
Financial assets (liabilities) measured at fair value				
Derivative assets	23,772	—	23,772	—
Total	€ 23,772	€ —	€ 23,772	€ —
Financial assets (liabilities) not measured at fair value				
Senior notes	€ (1,419,208)	€ —	€ (1,512,193)	€ —

ABL facility	(152,237)	—	(162,476)	—
Total	€ (1,571,445)	€ —	€ (1,674,669)	€ —

	Carrying Amount	Fair Value		
December 31, 2017		**Level 1**	**Level 2**	**Level 3**
Financial assets (liabilities) measured at fair value				
Total	€ —	€ —	€ —	€ —
Financial assets (liabilities) not measured at fair value				
Senior notes	€ (1,717,758)	€ —	€ (1,666,793)	€ —
ABL facility	(161,509)	—	(164,996)	—
Total	€ (1,879,267)	€ —	€ (1,831,789)	€ —

Senior notes, and ABL Revolver

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

Derivatives

The company has elected to apply hedge accounting for its 18 cross currency swap contracts which are classified as Level 2, as these instruments are custom, over-the-counter contracts with various banks that are not traded in an active market. These derivatives have been classified as cash flow hedges and are included in other long-term liabilities on the consolidated balance sheet at September 30, 2018.

The amount of the gain recognized in other comprehensive income (effective portion) and the amount of the gain recognized for the three months ended September 30, 2018 are €(1,879) million and €7,361 million, respectively.

The amount of the loss recognized in other comprehensive income (effective portion) and the amount of the gain recognized for the nine months ended September 30, 2018 are (€9,155) million and €42,209 million, respectively. The gain, corresponding to the ineffective portion of the change in fair value has been recognized in Interest Expense, Net for an amount of €9,282 million and Currency Gains and Losses, Net for an amount of €32,927 million.

The maturity of these derivatives is February 2021. The notional amount covered by these derivatives is $825 million.

10. Restructuring

The Company incurred charges associated with restructuring plans designed to streamline operations and reduce costs of €4 million and €10 million, net of reversals, during the three and nine months ended September 30, 2018, respectively. The following is a summary of the activity in our restructuring accruals for the nine months ended September 30, 2018:

	Employee termination costs	Contract termination costs	Total
Balance at December 31, 2017	€ 6,623	€ 128	€ 6,751
Charges during the period, net of reversals	8,479	—	8,479
Cash payments during the period	(11,219)	—	(11,219)
Balance at September 30, 2018	€ 3,883	€ 128	€ 4,011

The Company paid restructuring expenses of €11 million in the first nine months of 2018 in relation to the closure of the corporate office located in the US and the integration of Touax. The Company will continue to recognize costs associated with this plan throughout the remainder of 2018 and anticipates completing the action by 2019.

11. Share-based payments

The Company maintains a management incentive plan (the "Plan"). Participants in the Plan include participants in a previous plan who exchanged shares in that plan for B and/or D shares in the Plan and new participants ("Joiners") who received C or E shares. These participants received shares of Algeco Management S.C.A. ("ASM"), a subsidiary of Holdings (that is not a subsidiary of the Company). Other than the potential payout described below, holders of shares of ASM have no rights.
Participants in the Plan are entitled to a payout, the amount of which depends on the enterprise value ("EV") of the Company at a sale (of all equity securities or substantially all assets), listing or liquidation ("Exit"). The payout increases as the EV increases and is payable in either cash or shares. The share-based payment awards under the Plan are considered to contain both service and performance conditions and the performance conditions would not be considered probable until an Exit occurs. Therefore, the Company has not recognized any compensation expense related to the Plan in the consolidated financial statements.

In June 2014, the Company implemented a long term cash incentive plan ("LTCIP") for active employees who participate in the Plan. The LTCIP is a cash award plan with annual contributions to a bonus pool based on the annual performance of the Company and is payable, in certain circumstances, on an Exit which, for purposes of the LTCIP does not include a liquidation. Participants vest over a four-year period beginning with the effective date of their award and fully vest at an Exit. At an Exit, a participant will receive the higher of the award under the Plan or the LTCIP. Payment will be made under the Plan first with any additional amount, if applicable, paid from LTCIP. Any amounts payable under the LTCIP are payable in cash. The share-based payment awards under the LTCIP are considered to contain both service and performance conditions and the performance conditions would not be considered probable until an Exit occurs. Therefore, the Company has not recognized any compensation expense related to the LTCIP in the consolidated financial statements. The estimated fair value of the payout under the Plan and the LTCIP upon an Exit was €28,391 and €30,508 at September 30, 2018 and December 31, 2017, respectively.

12. Contingencies

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

13. Related parties

The ultimate parent of the Company is Algeco Holdings S.a r.l. and the ultimate controlling shareholder of Algeco Holdings S.a r.l and the Company is TDR Capital ("TDR").

The Company had payables due to affiliates of €3,919 and €4,065 as of September 30, 2018 and December 31, 2017, respectively. Payables due to affiliates are included in accrued liabilities in the consolidated balance sheets.

In March 2018, the Company advanced €18,125 to an affiliate of the Company which has been classified in other non-current assets in the consolidated balance sheets. This note receivable has an interest rate of 2.3% and is due in January of 2020.

As more fully disclosed in Note 2, on December 15, 2017, Target Logistics purchased Iron Horse from an affiliate of TDR.

As more fully disclosed in Note 2, on November 29, 2017, the Company completed the sale of Williams Scotsman to an entity controlled by TDR and on December 6, 2017, the Company exercised a put option pursuant to which TDR purchased all of the associated Stock Consideration for $78.5 million (€67.3 million).

The Company entered into sale-leaseback agreements with affiliates of TDR for certain rental fleet. Under the terms of those sale-leaseback agreements, the TDR affiliates have the ability to require the Company to repurchase those fleet units two years after the first sale-leaseback which is June of 2018 or any time thereafter. At September 30, 2018 and December 31, 2017, the Company had €93.4 million and €67.0 million ($80.5 million) of financing obligations and €1.0 million and €1.0 million of accrued interest associated with the affiliated entity of TDR. Additionally, the Company incurred interest expense of €3.2 million and €7.5 million for the three and nine months ended September 30, 2018 and €0.1 million and €0.3 million for the three and nine months ended September 30, 2017, respectively, associated with this sale-leaseback arrangement.

Signor Management Agreement
On 10 September 2018 Target Lodging entered into a lease and services agreement with Arrow Bidco, LLC ("Arrow"), a wholly owned subsidiary of funds managed by TDR Capital, to operate and manage the business and assets of RL Signor Holdings, LLC ("Signor Lodging") on Arrow's behalf. Arrow acquired Signor Lodging on September 7, 2018.

The Company charged the TDR affiliate a management fee of $0.3 million which is classified within other income in the consolidation statement of operations and within accrued liabilities in the consolidated balance sheet at 31 September 2018.

14. Subsequent events

On November 13, 2018 certain subsidiaries have entered into a definitive agreement (the "Stock Purchase Agreement") with Platinum Eagle Acquisition Corp., a publicly traded special purpose acquisition company ("PEAC"), to sell the Algeco Group's North American remote accommodations business, Target Lodging, to Target Lodging Holdings Corp. ("Holdco"), a newly-formed subsidiary of PEAC (the "Transaction"). Simultaneously to the Target Lodging sale, TDR Capital LLP will be selling its Signor Holdings business to PEAC as well.

Pursuant to the Stock Purchase Agreement, the Algeco Group will sell Target Lodgings for an aggregate purchase price of $820 million, of which $562 million shall be paid in cash (the "Cash Consideration") to the Algeco Group and the remaining $258 million shall be paid in the form of a shares of common stock in the new PEAC.

The closing of the business combination is subject to the receipt of gross proceeds of at least $340 million of debt financing. The closing of the business combination is also subject to certain other conditions, including, among others, (i) the Company receiving gross proceeds of at least $340 million of debt financing, (ii) approval by the Company's shareholders of the Membership Interest Purchase Agreements, the business combination and certain other actions related thereto, (iii) the availability of at least $225 million of cash in the Company's trust account, after giving effect to redemptions of public shares, if any, and (iv) the receipt of consent from the existing lenders of Algeco and certain affiliated entities.

Under the Membership Interest Purchase Agreements, the total amount payable by the Holdco Acquiror will be $1.311 billion, which amount is inclusive of the amounts required to pay third party and intercompany indebtedness at the closing of the business combination and net of transaction expenses, of which (A) $562 million will be paid in cash (the "Cash Consideration") and (B) the remaining $749 million will be paid to the Sellers in the form of shares of common stock, par value $0.0001, of Target Hospitality, with (i) 25,800,000 such shares delivered to the Algeco Seller and (ii) 49,100,000 such shares delivered to the affiliated entity pursuant to the respective Membership Interest Purchase Agreements. The Cash Consideration shall come from the following sources: (1) proceeds available from the trust account, after giving effect to any and all redemptions; (2) the gross proceeds of a debt financing of the Holdco Acquiror and borrowings under the New ABL Facility in an amount equal to at least $340 million; and (3) subject to the prior consent of the Sellers: (x) the proceeds from a private placement of Target Hospitality common stock (the "Equity Offering") and (y) any additional equity offering to fund the shortfall of any minimum proceeds from the trust (the "Backstop Offering").

On 11 November 2018, Algeco Holding S.a r.l. ("Algeco Holding"), Target Logistics Management LLC ("Target"), WSII, Brian Lash as the Seller Representative (as defined therein) and the other sellers party thereto entered into an Amended and Restated Earn-Out Agreement (the "A&R Earnout Agreement") relating to certain earnout payments to be made to certain former equityholders of Target ("Target Sellers") as part of the total consideration paid or payable to Target Sellers for the sale of Target to the Algeco Scotsman group in 2013. The A&R Earnout Agreement amends and restates an Earn-Out Agreement dated 15 February 2013, by and among WSII, the Seller Representative and the Target Sellers. Pursuant to the A&R Earnout Agreement, Algeco Holding replaces WSII as the entity with the obligation for payment under the earnout. There is no contractual liability on the Algeco Global Sarl group in relation to payments under the A&R Earnout Agreement.

The A&R Earnout Agreement provides for payments (1) upon an Exit Event (as defined in the A&R Earnout Agreement) based on cumulative value creation over the years between the acquisition and the Exit Event; and (2) based on the achievement of certain EBITDA thresholds by Target during the period 1 July 2019 to 30 June 2020, subject to acceleration if those thresholds have been met and an Exit Event occurs prior to 20 June 2020.

Furthermore, on November 6, 2018, and in connection with the Transaction, Algeco Investments and the other parties thereto entered into an amendment to the ABL Credit Agreement to (i) permit the Transaction, (ii) terminate the commitments under the U.S. revolving facility provided pursuant to the ABL Credit Agreement, (iii) reduce the revolving commitments under the Australia/New Zealand and UK revolving facility provided pursuant to the ABL Credit Agreement and (vii) effect certain other amendments, releases and consents to the ABL Credit Agreement (the "ABL Credit Agreement Amendment"). The closing of the ABL Credit Agreement Amendment is conditional upon, and will occur simultaneously with, the closing of the Transaction. We currently anticipate that approximately $90 million of the Cash Consideration will be used at closing to repay certain amounts outstanding under the facilities provided pursuant to the ABL Credit Agreement, and we currently anticipate that we will use a further portion of the cash consideration to repay certain capital lease and factoring obligations. The remaining cash will remain on balance sheet to be applied by Algeco to fund strategic opportunities, debt repayment or other purposes determined by our board of directors.